

Workstream IV: Monitoring and Evaluation

Draft Terms of Reference for discussion at the first technical workshop

I. Introduction

1. Decision 1/CP.16 requires there to be a mechanism to ensure periodic independent evaluation of the performance of the Green Climate Fund (GCF). This is in addition to mechanisms to ensure financial accountability and to evaluate the performance of activities supported by the GCF, in order to ensure the application of environmental and social safeguards as well as internationally accepted fiduciary standards and sound financial management to the Fund's activities.

2. Accordingly, work under this workstream will be organized under two Tasks:

- (i) To develop and recommend a mechanism to ensure periodic independent evaluation of the Fund's performance (1/CP.16, Annex 3, para 1 (g));
- (ii) To develop and recommend mechanisms to ensure financial accountability and to evaluate the performance of activities supported by the GCF, in order to ensure the application of environmental and social safeguards as well as internationally accepted fiduciary standards and sound financial management to the Fund's activities (1/CP.16, Annex 3, Para 1 (h)).

II. Description of Tasks

Task A

3. The task under A refers to an evaluation mechanism that relates to the overall performance of the Green Climate Fund. It should look into the results achieved by, as well as the efficiency and effectiveness of the Fund. In order to develop such a mechanism there is a need to *inter alia*:

- (i) Take into account clear goals and objectives of the GCF;
- (ii) Look at mechanisms and learn from experiences of other climate and other relevant Funds;
- (iii) Consult with evaluation expertise in academia and relevant organisations;
- (iv) Consider the need to develop a mechanism that is reasonably practical and not too complicated;
- (v) Consider the specific characteristics of the GCF as well as the potential multiplicity and variety of windows and instruments of the GCF;
- (vi) Consider the special circumstances, relevance, concerns and national priorities of the LDCs and SIDS (because of their weak institutions, scarce financial and human resources and formidable structural constraints);
- (vii) Consider the need for initial base line studies of the GCF in order to facilitate subsequent evaluation studies; and
- (viii) Consider the institutional aspects of "ensuring periodic independent evaluations" with a stress on "independent".

Task B

4. The task under B refers to activities supported by the GCF. There are two sub-tasks here; (i) one relates to evaluation and monitoring of the activities to ensure the application of environmental and social safeguards; and the other (ii) to ensure financial accountability, good fiduciary standards and sound financial management.

5. To carry out the first sub-task there is a need to:

- (i) Define the concept of environmental and social safeguards;
- (ii) Consult with other organisations that have applied similar evaluation and monitoring systems;
- (iii) Develop simple guidelines that can be used by clients to the GCF; and
- (iv) Consider the institutional aspects of implementing this kind of monitoring and evaluation as well as division of responsibilities.

6. The second sub-task is focussing on financial issues. What is required is rather common practice in most international organisations. To carry out this task there is a need to:

- (i) Try to develop a definition as to what financial accountability, good fiduciary standards and sound financial management should mean in relation to the GCF and its activities;
- (ii) Consult other Funds and organisations to find good experience and good systems, i.a. the Adaptation Fund;
- (iii) Consult with financial expertise in relevant international organisations;
- (iv) Consider the need to develop standards that are not prohibitive to developing countries;
- (v) Develop suitable guidelines and protocol considering the national circumstances of developing countries and especially LDCs and SIDS;
- (vi) Delineate the potential need of capacity and technical support to clients of the GCF in the financial area; and
- (vii) Consider the the institutional aspects of developing this mechanism and the division of responsibilities

III. Analysis required from TSU

7. To provide the proper background for the work of WS-4, the TSU should be asked to provide the WS-4 with all relevant decisions and comments from Cancun and other negotiated documents that could influence our work and/or provide a better understanding of the context we are working in.