



Edition 2, April 2020

**ABOUT GCF**

The Green Climate Fund (GCF) is the largest dedicated multilateral climate fund. It was set up in 2013 by the 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC). It aims to deliver equal amounts of funding to limit or reduce greenhouse gas emissions in developing countries and to help vulnerable societies adapt to unavoidable climate change impacts.

The GCF's initial resource mobilisation in 2014 received pledges worth US\$ 10.3 billion. These funds come mainly from developed countries, but also from some developing countries, regions, and one city (Paris). As part of the ongoing replenishment of the GCF, 29 countries so far pledged to provide an additional US\$ 9.8 billion for the next four years.

The GCF Secretariat is based in Songdo, South Korea. The fund is governed by a board of 24 members with equal representation from developing countries and developed countries. For more information, see: <http://www.greenclimate.fund>

**ABOUT GCF MONITOR**

The GCF monitor reviews the progress of the GCF's efforts to respond to the challenge of climate change. Each edition analyses and briefly describes a unique topic selected because of its high importance at the recent Board meeting or other relevant event. The GCF Monitor is produced by the FS-UNEP Collaboration Centre of the Frankfurt School of Finance and Management.

## Number of beneficiaries as an indicator for adaptation: do the numbers add up?

Like any other climate fund, the GCF faces the difficulty to measure the results and effectiveness of the adaptation projects it supports (see UNFCCC, 2019). The GCF's current core indicators to track adaptation impacts are the expected 'total number of direct and indirect beneficiaries' and 'the number of beneficiaries relative to total population' (GCF, 2014).

However, the six projects that were approved at Board Meeting 25 in Geneva in March (FP124-FP128 and SAP013) use different methods and underlying assumptions to identify the number of direct and indirect 'beneficiaries'. The GCF's project portfolio demonstrates wide diversities across projects in terms of the numbers of beneficiaries and the characteristics of such benefits. This raises the question how meaningful the indicator is. In the context of the GCF's current efforts to update and improve its Results Management Framework, this GCF Monitor analyses the 'number of beneficiaries' and its underlying sub-indicators in the GCF's current project portfolio.

**Key messages**

- Measuring, aggregating and comparing adaptation results across activities, countries and sectors is difficult. No universally accepted indicator for adaptation exists.
- The GCF is currently updating its Result Management Framework. Its core indicator for adaptation, the 'number of beneficiaries' should stay as an indicator, but more guidance and/or protocols are needed on how to identify the number of beneficiaries. The current heterogeneity of assumptions and calculation methods for determining 'direct and indirect beneficiaries' hardly allows for meaningful aggregation.
- Sub-indicators are important in identifying adaptation effectiveness. More guidance to AEs on how to select and appropriately use sub-indicators would lead to more relevant information on how sub-indicators are to be measured, and would provide some pragmatic means of verification, without compromising the local context in which a project is implemented. Such guidance is a prerequisite to make the introduction of more sub-indicators beneficial to the GCF.



## Introduction

Measuring, aggregating and comparing adaptation results across activities, countries and sectors is challenging (Christiansen et al., 2018). While mitigation can work with one relatively simple and universal metric of ‘tonnes of CO<sub>2</sub>eq reduced’, no such universally accepted indicator exists to aggregate outputs, outcomes and impact of adaptation in order to capture global progress towards strengthened adaptive capacity, reduced vulnerability or enhanced resilience. Like other climate funds, the GCF faces challenges to establish meaningful metrics for adaptation impacts (UNFCCC, 2019).

Universal results frameworks can basically be developed ‘bottom up’ – by those who implement projects on the ground – or ‘top down’ –based on common metrics defined by policymakers. The GCF does the latter and this makes sense. While the fund operates in highly diverse economic, environmental, cultural and social contexts it is also important to report aggregated expected results, for example to demonstrate effectiveness towards donor countries and the Paris Agreement.

Accredited Entities (AEs) of the GCF are required to estimate the expected total number of direct and indirect beneficiaries, and number of beneficiaries relative to total population, as core indicator for increasing adaptive capacity to respond to climate change impacts. They are presented in the logical frameworks of proposals in a clear and logical intervention structure that is based on “Theory of change”, where outcomes and impacts have causal links. The ‘number of beneficiaries’ is an indicator that is also used by other multilateral climate funds (GCF, 2020; UNFCCC, 2019). In fact, the GCF’s methodology for the ‘number of beneficiaries’ is based on the Adaptation Fund’s (AF) methodology.

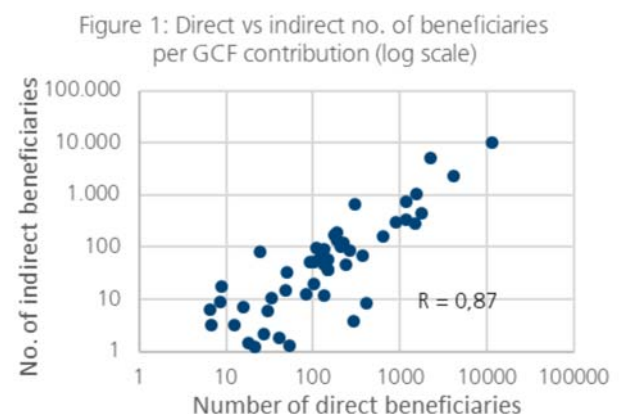
On paper, the GCF and the AF distinguish between direct and indirect beneficiaries. Projects that reach both should report on them separately. Both funds also define three intensity levels (low, medium and high) of support/effort provided per person. They consider ‘targeted’ beneficiaries as people (or households) who ‘can be identified’ as ‘receiving direct support’ with medium to high intensity. Beneficiaries can be ‘counted individually’ and ‘are aware they are receiving support of some sort’. For example, if a person is trained to use early warning systems, this counts as a direct beneficiary (‘targeted and high

intensity’). The person only counts as an indirect beneficiary if he/she only receives early warnings (‘target, medium intensity) or just lives in an area that is covered by an early warning system (not targeted, medium intensity). People with ‘low’ intensity level of support cannot be counted as beneficiaries (GCF, 2014; Adaptation Fund, 2014).

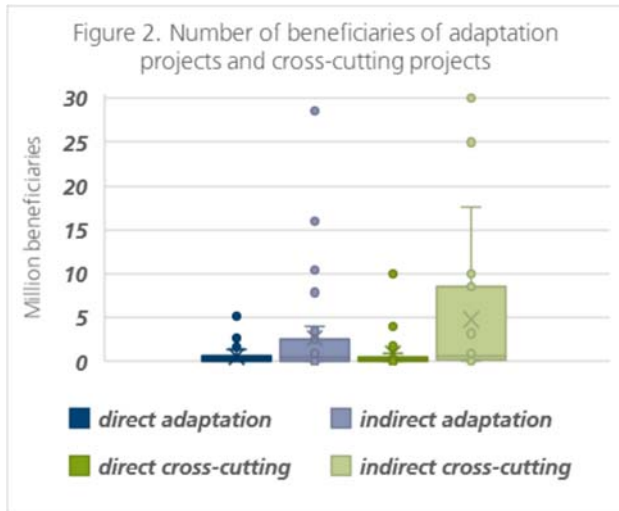
Something the GCF did not replicate from the AF, is that the number of beneficiaries ‘does not seek to measure the output of whether this support was successful in reducing the impacts of climate change events or effects on these people, or the outcome of increasing their resilience or reducing their vulnerability to climate change.’ In that sense, the GCF seems to adopt a much wider use for the indicator, for example by featuring the number of beneficiaries prominently on the website.

## Portfolio analysis

So far, the GCF has approved 58 adaptation projects and 35 cross-cutting projects with a total GCF volume of US\$ 3.4 billion. Fifty of those adaptation projects and 23 of those cross-cutting projects indicate both the number of direct and indirect beneficiaries. Across these 50 adaptation projects, the numbers of direct- and indirect beneficiaries are proportional to the GCF financing volume. Figure 1 shows a strong correlation on a logarithmic scale. A meaningful analysis of the number of beneficiaries per adaptation result area<sup>1</sup> is not possible because all but seven projects either address both mitigation and adaptation result areas or address multiple adaptation result areas. With the exception of three projects (including SAP013 and FP126) none of these indicate how they break down the share of activities among the eight result areas.



For both adaptation and cross-cutting projects, the number of indirect beneficiaries is much larger than the number of direct beneficiaries. For example, for adaptation projects, the average number of direct beneficiaries is 0.5 million, and the average number of indirect beneficiaries 2.7 million. The number of both direct- and indirect beneficiaries of cross-cutting is almost twice as high (see Figure 2).



To better understand how the number of beneficiaries is determined we look at the six project proposals that were approved at B.25. When comparing the number of beneficiaries against the financing volume,<sup>2</sup> the cross-cutting project SAP013 in Haiti has more than ten times more direct beneficiaries per dollar invested in adaptation by the GCF (and 4.2 times when looking at the total project volume) than cross-cutting project FP126 in Cuba. Such a comparison does not allow for a determination which project is ‘better’ in delivering impact or to judge on efficiency or effectiveness. Detailed insights into (non-public) background documents (demand assessments, feasibility studies, etc.) would be required to grasp qualitative and quantitative dimensions of the impact. For example, it could be that the Cuban farmers’ resilience increases more from the improved ecosystem services and productive agricultural systems than that the rural Haitian communities’ resilience will increase because of the micro-grids. Indeed the ITAP stated that SAP013 will contribute ‘appreciably’ to Haiti’s carbon emissions reduction – but it will only ‘indirectly’ meet ‘some’ adaptation needs. However, it could also be that the specific sector or local context simply require larger investments in order to provide adaptation support. Such important issues remain unclear under the core

indicator of ‘number of beneficiaries’ and in its underlying sub-indicator on diversified livelihood options that both projects apply.

Sub-indicators provide complementary information to core indicators and describe verifiable changes to demonstrate the impact of a project. However, the sub-indicators are not exclusive, are not aggregable, and most do not feed into the core indicator as they do not have ‘beneficiaries’ as a unit of measurement. The six projects that were approved at B.25 use different numbers of sub-indicators (varying from 0 to 7), interpret and apply these differently, and use different means of verification.

### What number of beneficiaries means in practice

The large differences in assumption and calculation methods originate, among others, from the limited guidance to AEs on how to count direct and indirect beneficiaries (IEU, 2018). Many AEs do not define their approach to calculate the number of beneficiaries sufficiently. Some applicants base their calculations on ‘actual population’ using the ‘unrealistic’ and ‘questionable’ assumption that every resident could benefit from the financed intervention (IEU, 2018; 22). In addition, our portfolio assessment found that most of the adaptation and cross-cutting projects neither indicate the ‘intensity’ of support explicitly nor whether the beneficiaries are ‘aware’ that they are receiving support.

So, in theory the ‘number of beneficiaries’ is an aggregable indicator on portfolio level - but in practice the heterogeneity of the assumptions and calculation methods makes a comparison of expected number of beneficiaries difficult, if not impossible.

In the context of the ongoing efforts to create an Integrated Results Management Framework (IRMF) and a Results Tracking Tool (RTT) (see GCF, 2020), it is important to improve or expand the number of sub-indicators in order to address the heterogeneity and the local context of projects. In addition, better guidance should be provided to AEs to select and appropriately use sub-indicators. This should lead to AEs providing more relevant information on how sub-indicators are to be measured, but also some pragmatic means of verification. For example, the number of participants that joined an awareness training might be insufficient, but evaluation sheets with information on the effectiveness of the training might). Ideally, this



approach on sub-indicators allows for alignment with indicators used in national systems for monitoring and evaluation. When developing such guidance, it is recommended to also analyse project performance indicators of individual projects, as these indicate the kinds of indicators AEs are typically using in the local contexts in which their projects are being implemented.

The more specific indicators are, the lower the aggregability across projects. Over time, the GCF will need to find the right level aggregability and to complement this with indicators that can be used flexibly in order to reflect local contexts and adaptation interventions.

### Recommendations

- The current usage of the 'number of beneficiaries' as an indicator hardly allows for meaningful aggregation. Strict application of the current methodology would be an improvement, for example because AEs would have to indicate the intensity level of support that beneficiaries receive. The GCF Secretariat should also consider how to improve the current methodology, for example by further explaining terms such as 'intensity' and by providing guidance on how to identify the number of beneficiaries of projects.
- Even if the above would be pursued, however, the 'number of beneficiaries' will remain a weak indicator for adaptation. Communication on the aggregated number of beneficiaries at portfolio level should be done with caution and ideally be supplemented with an explanation on the heterogeneity of project interventions.
- Sub-indicators are important in identifying adaptation effectiveness. More guidance to AEs on how to select and appropriately use sub-indicators would lead to more relevant information on how sub-indicators are to be measured,

and would provide some pragmatic means of verification, without compromising the local context in which a project is implemented. It might also improve the aggregability of projects.

- Such guidance is a prerequisite for an effective expansion of the number of sub-indicators that AEs can select for their projects (as suggested in the proposed updated Results Management Framework. More sub-indicators will allow the GCF to better reflect the highly diverse contexts in which it operates and to cover a broad variety of adaptation interventions. That would lead to a portfolio in which not every adaptation project is monitored against every sub-indicator, but it would allow the AE to be more specific when reporting results.

### Endnotes

<sup>1</sup>The four adaptation result areas are: most vulnerable people, communities and regions; health and well-being, and food and water security; infrastructure and built environment; ecosystem and ecosystem services.

<sup>2</sup>This ratio is similar to the average cost per beneficiary used as proxy for non-revenue generation projects.

### References

Adaptation Fund (2014). Methodologies for reporting adaptation fund core impact indicators.

Christiansen, L., Martinez, G. and Naswa, P (2018). Adaptation metrics: perspectives on measuring, aggregating and comparing adaptation results. UDP Perspectives 2018/1. UNEP DTU Partnership, Copenhagen.

GCF (2014). Further Development of the Initial Results Management Framework. GCF/B.08/07

GCF (2020). Report on the activities of the Co-Chairs – Addendum I: Linkages between the Integrated Results Management Framework and the Results Tracking Tool. Document GCF/B.25/Inf.11/Add.01

Independent Evaluation Unit (IEU) (2018). Independent review of the Green Climate Fund's Results Management Framework. Evaluation Report No. 2, Green Climate Fund, Songdo, South Korea

UNFCCC (2019), Methods and approaches for assessing adaptation, adaptation co-benefits and resilience, UN FCCC/SB/2019/1

### Authors

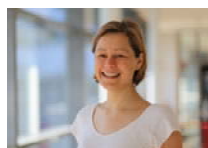
This GCF Monitor is written by:



Dr. W. Pieter Pauw



Dr. Christine Grüning



Carola Menzel

The GCF Monitor provides an independent analysis by the FS-UNEP Centre for Climate & Sustainable Energy Finance of the Frankfurt School of Finance & Management. It is published with financial support of the German Federal Ministry of Economic Cooperation and Development (BMZ).