CSO Comments on Investment Criteria Indicators (BM21, October 2018)

As the development of indicators is an important activity for building a robust programme capable of discretion, evaluation and learning, it is key that this work be aligned with the update of the Results Management and Performance Frameworks so the various indicators utilized by the GCF operate as part of a cohesive system. Particularly, we are keen to see greater alignment of the indicators in light of the review of the RMF that should result from the IEU evaluation.

It is good that the decision document highlights that the proposed indicators should not be used as pass/or fail test and that the proposed pilot approach includes review after one year, especially in light of some serious concerns CSOs have with a number of the suggested indicators. We also want to ensure that any review process provides space for CSO engagement and feedback, such as that we offer now:

- On the adaptation impact indicator, the suggested indicator is too narrow and fails to recognize that there are many climate impacts beyond those experienced in extreme climate-related disasters.
- For the co-benefits indicator, while gender empowerment is one of the four sub-areas that the indicators aims to draw from, we are concerned about a check-box approach to the four areas of co-benefits that could leave AEs routinely focusing on just two of the four (which could exclude any social dimensions) and want to ensure no co-benefits such as non-carbon benefits, multi-stakeholder engagement are regularly left out of proposals.
- The needs of the recipient indicator as proposed is narrowly focused just on climate finance barriers (without differentiation for mitigation or adaptation) but completely disregards a focus on the components of vulnerability and the needs of PEOPLE and how the project addresses these. This is a disappointing and inadequate approach, especially as the GCF was not designed as and should not be operating as a fund of last resort. Need is indeed defined by vulnerability when it comes to adaptation, and need cannot be reduced to asking projects to prove how many other doors they have knocked on to find funding. Furthermore, this is not in line with the definition of needs of the recipient as "Vulnerability and financing needs of the beneficiary country and population." GCF funding must be responsive in order to be transformative.
- We appreciate improvements to the country ownership indicator to expand the scope beyond alignment with the NDC. On the new, second indicator, though, we certainly hope stakeholder engagement is revised to explicitly include civil society, including indigenous peoples' and women's groups.
- We would like to echo our previous comments on the efficiency and effectiveness indicator which is now "ratio of co-financing," which should be removed from the list of indicators. Co-finance is not an indicator of efficiency in terms of the project scope, let alone effectiveness. It can also be difficult in certain circumstances to raise additional funding in ways that do not reflect on the proposal's ability to fulfil the other investment criteria. There is a risk that this indicator would be understood as co-financing requirement. CSOs oppose such an approach.