

ExPost

Overview

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Joint evaluation of the IDFC Climate Facility



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Disclaimer

The analyses and conclusions of this document are those of its authors. They do not necessarily reflect the official views of Agence Française de Développement or its partner institutions.

Cover photo

Due to inadequate drainage, outlying neighborhoods are vulnerable to flooding—a paradox in a semi-arid region suffering from severe water scarcity. The AFD supports a program that includes drainage works, sewer access, and water supply improvements. Hope for the City Exhibition. February 2017.

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Forward

Nicolas Picchiottino, Secretary General of IDFC

“Evaluation is essential for us to understand how we can best make use of these limited resources at hand”. These words, written by Andrew Steer, then President and CEO of the World Resources Institute, resonate more powerfully than ever today. As the costs of climate change escalate and public resources come under increasing strain, the question of where and how to deploy scarce concessional finance more strategically becomes critical to achieving the scale and quality of climate action required, especially in the countries that need it most.

The pivotal role of public development banks in this landscape is now broadly acknowledged, as reaffirmed during the Fourth International Conference on Financing for Development (FfD4) and COP30, holding the potential to mobilize and channel larger volumes of international and domestic capital toward transformative investments aligned with national priorities and global goals.

IDFC (International Development Finance Club) members have collectively committed to aligning their financing flows with the Paris Agreement, and the Club is now the largest provider of public development and climate finance globally. Yet they operate in diverse contexts, with different historical mandates, priorities, starting points, capacities and results. This is precisely why the IDFC Facility was established in 2019: to accompany members in their long-term climate transition journey. Designed as an instrument to harness the “Club effect”, it promotes peer learning and strengthens internal systems and practices, through the production of curated knowledge, Capacity building, and the design of joint initiatives to enhance access to international finance and technical assistance, thereby helping IDFC members align with the Paris Agreement, the SDGs (Sustainable Development Goals), and, since 2023, the Global Biodiversity Framework.

The pilot phase of the Facility was completed at the end of 2024 and a new phase has just started. Evaluating the first implementation period is therefore crucial for taking stock of achievements, identifying areas for improvement, and guiding the design of its next phase. Rather than focusing only on the performance of individual institutions, the evaluation looked as much as possible at how the Facility has contributed to transformational and sustainable shifts in practices, mindsets, and emerging standards within the broader community of public development banks.

While this first five-year period is still too short to fully observe the systemic effects of the support provided through the Facility, several indicators already attest to its relevance and effectiveness: more than USD 22 million entrusted by external donors for joint thematic programs developed by the Facility, progress in GCF (Green Climate Fund) accreditation and pipeline development, and the growing adoption of climate and biodiversity strategies among members.

As the Facility enters a phase of consolidation and institutionalization, this evaluation offers a compass to further improve efficiency and effectiveness, strengthen leverage with external funders, and deepen its catalytic role within the IDFC community and beyond.

Much work remains for PDBs (Public Development Banks) to fully assume their transformative role in sustainable finance. Meeting this challenge will require mobilizing the full breadth of collective intelligence and shared experience across the PDB ecosystem, underscoring the continued importance of IDFC and its Facility.

Executive summary

Launched in 2019, the Climate Facility (CF) is the first operational and innovative tool launched by the International Development Finance Club (IDFC) designed to strengthen knowledge and leverage resources in the field of climate change mitigation and adaptation^[1]. With a dual objective of learning and accountability, the joint evaluation of the IDFC CF (co-steered by both Agence française de développement/AFD and West African Development Bank/BOAD) provided an external judgment based on four evaluation questions^[2] and recommendations to reflect on the orientations of a new phase of the Facility and its positioning. The evaluation focused on the appraisal and implementation of the Facility from October 2019 to the end of December 2023. It also covered all activity lines supported by the Facility (knowledge production and sharing, capacity development, access to international climate finance, development of joint business opportunities).

The following conclusions, drawn from the evaluation conducted between September 2024 and June 2025, result from cross-referencing several sources and analyses^[3]:

- **The Climate Facility has demonstrated significant relevance in addressing the growing demand for climate finance in a competitive landscape, but could refine its positioning to better meet the differentiated needs of its members, which stem from differing levels of maturity.** As a result, the

Capacity building activities provided by the IDFC may be too technical for some members while not advanced enough for others. The Facility is recognized for its relevance within the evolving landscape of climate finance. The IDFC Climate Facility adds significant value through its wide geographical coverage and diverse membership, fostering a unique platform for knowledge exchange and collaboration among development banks. By enhancing the visibility and collective voice of its members in global climate finance discussions, it supports the active participation of IDFC in key events such as the Conference of the Parties (COP) and the members' collaboration on initiatives such as the Common Principles. Additionally, its recognized technical expertise and Capacity building efforts are essential in facilitating members' access to climate finance. In the context of emerging initiatives, the Climate Facility has the potential to become even more distinctive to maintain member engagement and distinguish its value proposition with a niche approach.

- **The Facility has been largely effective in supporting Capacity building and Knowledge sharing activities.** However, while the Facility has made some progress in improving access to climate finance and fostering joint financing opportunities, these activity lines remain largely underdeveloped and the Facility's potential as a catalyst for climate finance remains untapped.
- **The operational model of the Climate Facility has proven effective during its pilot phase, despite some challenges.** The CF's operational model, involving a Coordination Unit (CU) and reliance on consultants, has proven to be effective and a pragmatic choice during the pilot phase. As the Facility's activities have expanded, this scheme may need to evolve, taking into account scenarios to address the growing volume of activities, staff turnover, and reliance on AFD. Additionally, while initial processes and tools for operation were well-developed, including an operating manual and monitoring frameworks, some of these have not been fully implemented. Although governance bodies are in place and there are some effective practices of collaboration, numerous stakeholders have identified the need for greater coordination

[1] idfc-pamphlet.pdf

[2] To assess the relevance and added value of the Facility, the effectiveness of the Facility and its activities during the pilot phase to communicate with IDFC members, the relevance, efficiency and sustainability of the operating model and financial model.

[3] 34 interviews including 18 transversal interviews and 16 case studies interviews; desktop review; a state of play and overall SWOT Analysis of the IDFC Climate Facility; in-depth analysis of four case studies (NUCA program; Capacity building activities, including especially trainings and mentoring program; GCF Readiness Program; Common Principles) covering six activities; online survey targeting current IDFC's Sherpas (14 responses/26); a field mission in Colombia (11 interviews realized with 23 stakeholders). Two prospective workshops with IDFC members were also held.

and clarity regarding the roles of each entity within IDFC (such as between the Facility, the Secretariat and the Climate Working Group).

- **Beyond the opportunistic approach adopted during the pilot phase, there is a need to better structure and balance the funding model as well as to optimize its potential to secure funding contributions and better support the delivery of the operational model.** The Climate Facility's funding model has proven to be flexible and opportunistic, tapping into various funding resources (direct and indirect contributions of members, delegated funds, other types of contributions), notably the €20 million received through the NUCA program (National Development Banks Urban Climate Action). This approach has secured significant external funding but mainly earmarked, posing challenges in achieving a more balanced, diversified and long-term funding sustainability model. Divergent views on the Facility's future ambition will influence its future funding and operational models. These views range from focusing on core activities (in a funding *status quo* scenario) to doubling budgets to strengthen all activities. Clarifying this ambition is crucial, as it will determine the resource mobilization required and necessitate adjustments to the operational framework.

Based on these conclusions, the evaluation makes three recommendations:

1. Update the strategic vision and orientations of the Facility and clarify its positioning in the architecture of Climate Finance and the landscape of Public Development Banks (PDB), as well as its offer of services;
2. Develop resource mobilization and long-term funding sustainability strategies;
3. Improve the operational model and visibility of the Facility.

1. Introduction

1.1 General background

Founded in 2011, the **IDFC** is the **leading group of currently 27 national and regional development banks worldwide, mainly from emerging markets**^[4]. The Club's work has highlighted the important and growing role that national development banks play in the international development finance architecture, thanks to their local roots and strong legitimacy. IDFC aims to **promote and leverage investment in sustainable development worldwide**. Members work together to align the operations of national and regional development banks with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the Kunming-Montreal Global Biodiversity Framework agenda.

With cumulative assets of more than US\$ 4 trillion, representing more than 20% of total assets of all PDBs in the world, and annual commitments of over US\$ 800 billion, IDFC is the **largest provider of public and climate finance**^[5]. The governance of IDFC (to which that of the Facility is aligned) relies on an annual meeting gathering all members of the Club, a Steering Group co-chaired by two member institutions on a rotating basis (BOAD and Bancoldex) and Sherpa meetings. The Club operates through a Secretariat hosted by AFD in Paris. IDFC activities are organized **through four thematic working groups and one cross-cutting group**: SDGs alignment, Climate, Biodiversity, Gender Equality, and Cooperation for Development.

Launched in 2019, the Climate Facility is the first operational and innovative tool launched by the IDFC aiming to strengthen climate finance experience and knowledge and to leverage resources in the field of climate change mitigation and adaptation, and since 2023, biodiversity,

for the benefit of its members. The creation of a Climate Facility was one of the ideas initiated during AFD's presidency of the IDFC. AFD hosted and implemented the Facility during a pilot phase set for an initial period of 4 years (2019-2023).

The mandate of the Facility is guided by five **strategic objectives**^[6], which are to:

1. **Increase the quality of climate finance** through further integration of climate change into the members' mandates;
2. **Increase volumes of climate finance** by promoting the development of innovative and more flexible financial products, the mainstreaming of climate finance into operations, and the development of private sector engagement;
3. **Increase collaboration between IDFC members**, in particular through Knowledge sharing and networking events, and the joint development of common principles and tools;
4. **Seize upcoming financing opportunities and enhance innovation** by facilitating access to international climate finance and the development of new and possibly joint projects, through training, coaching programs, and the creation and sharing of methodological tools;
5. **Enhance the influence and outreach of IDFC** by fostering multi-actor partnerships between development banks from developed and developing countries, as well as with private actors and by increasing mobilization of local and international capital towards climate action.

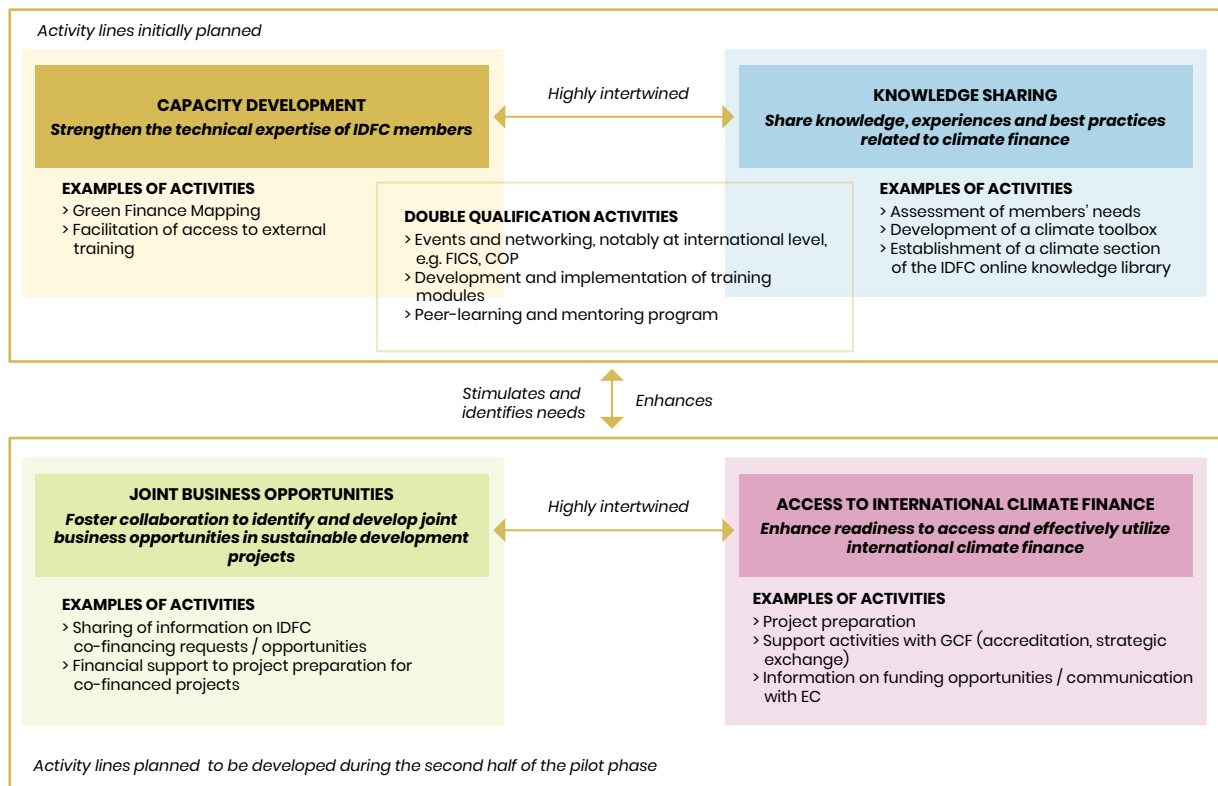
In line with these objectives, activities have been divided into **four main lines of activities**: (1) Knowledge production and sharing, (2) Capacity building, (3) access to international climate finance, and (4) development of joint business opportunities.

[4] Mission & Vision - IDFC

[5] IDFC General presentation and roadmap - 2024.

[6] As presented in the Facility Operational Manual.

Figure 1 – Facility’s main lines of activities



Source: IDFC, EY Elaboration

1.2 Objectives, scope and methodology

1.2.1 – Objectives and scope

With a dual objective of learning and accountability, this evaluation aimed to assess the IDFC Climate Facility. This evaluation responds to both retrospective and prospective objectives:

- **Retrospective objective:** to make an external evaluative judgment notably assessing the relevance and added value of the Facility, the effectiveness of the Facility and its activities during the pilot phase in communicating with IDFC members, the relevance, efficiency and sustainability of the operating model and funding model (accountability and strategic decision support). The evaluation focused on the appraisal and implementation of the Facility from October 2019 to the end of December 2023. It covered all activity lines supported by the Facility (Knowledge production and sharing, Capacity building, access to international climate finance,

development of joint business opportunities). It included four detailed case studies covering the four activity lines and six activities: i) NUCA program; (ii) Capacity building activities, including in particular trainings and mentoring program; (iii) Green Climate Fund (GCF) Readiness Program; (iv) Common Principles).

- **Prospective objective:** to reflect on the orientations of a new phase of the Facility, on its positioning within the IDFC ecosystem and the broader technical assistance and donor community landscape supporting PDBs and the donors’ community, as well as on resource mobilization by sharing these reflections with potential contributors to the new Facility.

The evaluation of the Climate Facility relies on an analysis at two complementary levels:

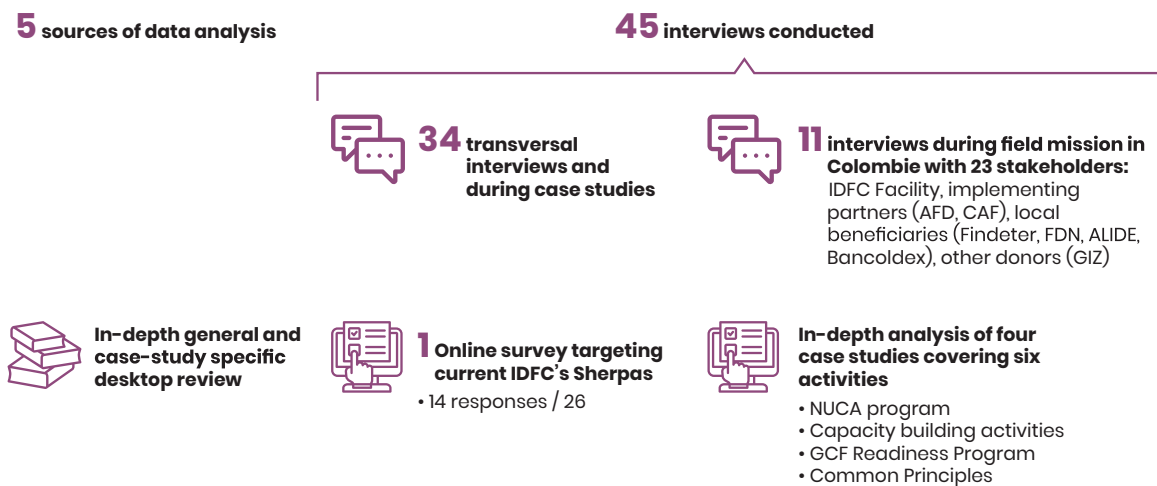
- **At the Facility level,** notably focusing on its operating and funding models.
- **At the activity levels,** notably through four case studies as mentioned above.

1.2.2 – Methodology and evaluation questions

The conclusions of the evaluation conducted between September 2024 and June 2025 are the result of cross-referencing several sources and analyses: 34 interviews^[7] including 18 transversal interviews and 16 case studies interviews^[8]; desktop review; a state of play and overall

SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) of the IDFC Climate Facility; in-depth analysis of four case studies; online survey targeting current IDFC's Sherpas ; a field mission in Colombia (11 interviews realized with 23 stakeholders)^[9]. Two prospective workshops with IDFC members were also held.

Figure 2 – Collection, analysis and participation tools



[7] (+ 2 written contributions) with CF's actual and former staff (5), IDFC secretariat (2), IDFC working groups (2), AFD/BOAD (3), others climate, biodiversity and SDGs initiatives (FICs, Green Climate Fund, World Bank - Sustainable Development Group) (3), think tanks and external experts (2).

[8] 5 on NUCA program, 3 on Capacity building (mentoring program and trainings), 4 on GCF Readiness Program, 4 on Common Principles.

[9] Interviews to collect elements of perception related to the Facility and the activities implemented related to case studies.

Four main evaluation questions (EQ) were proposed to respond to the objectives and expectations formulated with regard to the evaluation. They are broken down into sub-questions and judgment criteria/ sub-themes. These questions and themes have been enriched/adjusted during the scoping phase based on the documentary review and scoping interviews.

Some limitations have been noted through this evaluation such as distinguishing the Facility's effects from those of the IDFC as a whole, complex assessment of long-term impacts, data-related challenges^[10], equitable regional representation with limited representativeness of Asian stakeholders and response rate constraints regarding the survey^[11].

Questions	
Question 1 [RELEVANCE]	To what extent and how has the Facility been relevant since its inception considering the evolving context and differentiated needs of its members? Has it complemented and added value to other climate, biodiversity and SDGs initiatives? (<i>relevance/ added value</i>)
Question 2 [EFFECTIVENESS]	To what extent has the Facility been effective? To what extent have the activities enabled the Capacity building of IDFC members, accompanied their transformation and increased their capacity to influence in a sustainable way? To what extent have they enabled the emergence of climate and biodiversity projects? What factors contributed to the achievement of results? (<i>effectiveness</i>)
Question 3 [OPERATION]	Has the Facility's operating model been relevant and efficient? How could this be optimized? To what extent and how has the Facility integrated monitoring and evaluation into its own procedures and practices and among its members? (<i>relevance/ efficiency</i>)
Question 4 [FUNDING]	Is the Facility's financial model relevant, efficient and sustainable? Has the fundraising mechanism effectively enabled the Facility to increase its outreach and develop activities in response to the differentiated needs of members? How could it be improved? (<i>relevance/ efficiency/ sustainability</i>)

[10] Challenges were encountered regarding the evaluability, accessibility, and quality of the documentation provided by the CU, for instance, to assess the achievement of objectives in terms of trainings participants, no consolidated data on the results achieved were provided, the evaluation team undertook to aggregate data from the documentation provided, notably the list of participations. Also, the lack of post-training follow-ups makes it difficult to assess the actual impact of the activities and ensure knowledge retention and application over time within banks. Finally, some documents have internal limitations. For instance, the Survey on IDFC training 2024 only received two responses from participants, which limits the relevance of the results. To limit this impact, data were combined with interviews, the survey and additional research carried out by the evaluation team.

[11] However, efforts were made to mitigate this limitation through direct interviews with Asian stakeholders, ensuring their perspectives were captured.

2. Results of the evaluation

2.1 Relevance of the Climate Facility to PDBs' growing demand, but room for a refined positioning in a competitive landscape

The Facility is recognized as a relevant mechanism for enabling PDBs to navigate the evolving climate finance landscape. The Climate Facility aims to further integrate climate change into the strategies and activities of its member institutions. This initiative directly addresses the increasing demand for climate finance, Capacity building, awareness-raising and cross-cutting integration of climate finance topics. It aligns with international frameworks such as the Paris Agreement and the 2030 Agenda. 82% of the Sherpas who responded to the survey believe that the objectives of the Facility are aligned with the emerging needs and context of climate finance. Members generally hold a positive view of the Climate Facility, as it clearly communicates that climate finance is a priority for IDFC members. The inclusion of biodiversity topics in the Facility's mandate and activities in 2023 was well received, demonstrating its capacity to adapt to the evolving international environmental debates and negotiations.

The four activity lines have proven relevant in addressing members' different institutional and operational priorities. All activity lines are perceived as equally relevant by members (for each activity line, 69% of the Sherpas who responded to the survey agreed that they were relevant). The Knowledge sharing activity line is particularly appreciated by members with less technical expertise, who benefit from the IDFC "Club" effect. Similarly, the Capacity building activities are well appreciated and address a variety of topics that align with members' needs, such as climate finance reporting and climate strategy. The Access to International Finance activity line is quite unique in the climate finance landscape, as it enables access to the GCF for members who would not have otherwise been able to obtain it through the GCF Readiness Program.

The Joint Business Opportunities activity line has not been developed as extensively as the others so far, but it is planned to be a growing priority for the Facility.

The Facility could have further tailored its activities to better address the different needs and profiles of IDFC members. Though every annual work program has been discussed with the relevant working group and approved at the Sherpas as well as at the CEO level, the objectives of the Facility are not always clear to members and external partners. 2 out of 13 surveyed Sherpas disagreed with the statement "The objectives of the Facility are clearly defined", while they serve as focal points, and are expected to know well the Facility and its objectives. While several Needs Assessments have been conducted, the practice should be systematized to ensure that activities are always conducted in alignment with members' needs and priorities, particularly before implementing new activities. Some training sessions, such as Common Principles, and Climate Strategy, have been perceived as not fully aligned with the participants' needs. This misalignment can be attributed to the large number and diversity of participants, each with varying levels of maturity. As a result, the content was too technical for some participants while not advanced enough for others, leading to a lack of engagement and participation among members. The timeline of some projects (e.g. GCF Readiness Program) has made it difficult for some members to participate, even when they were useful and relevant to their activities.

However, the Facility has demonstrated adaptability by prioritizing certain activity lines based on the available budget and resources. For example, the activity line "Joint Business Opportunities" has not been developed as thoroughly as the others, as the needs assessment conducted in 2021 showed that Knowledge sharing and Capacity building activities were the main priorities for the members. Additionally, the Facility has adjusted the format of activities when necessary. For instance, during training sessions on Common Principles, additional sessions were held to address the questions of members with less technical capacities.

The Facility provides clear added value in the climate and biodiversity finance and technical assistance landscape for members. The wide geographical coverage of the IDFC and the diversity of its members create an ideal platform for exchanging experiences and knowledge. Members greatly appreciate the “Club” effect, as the activities are exclusive to them and can foster further collaboration with partners. The Facility enhances the collective voice of development banks as a club in global climate finance forums such as COP events as well as establishing connections among various international organizations. Its technical expertise is recognized in the climate finance landscape both by other stakeholders and by members themselves, as Capacity building and Knowledge sharing activities are crucial in facilitating their access to climate finance.

In the context of emerging initiatives, the Climate Facility has the potential to be even more distinctive to maintain member engagement, as development banks are increasingly being solicited, and to reinforce the value proposition of this niche approach. The Facility is the unique Technical Assistance and Capacity building facility developed by banks for banks.

2.2 Strong Capacity building and Knowledge sharing support, but untapped catalytic potential on climate finance

The Facility has supported the progressive delivery of planned activities. It has been largely effective in implementing Capacity building and Knowledge sharing activities, as initially planned and has consequently enhanced the capacity of its members, although some planned activities have not yet been implemented (e.g, online library).

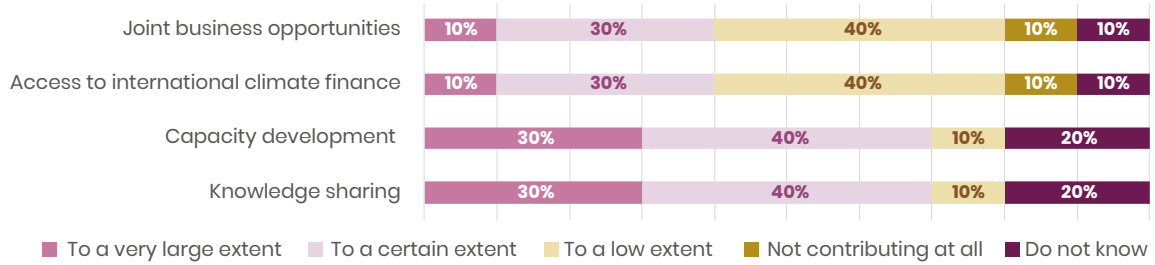
The Facility has successfully trained over 220 participants and influenced the strategies and operations of several member institutions. The «Club» effect has fostered mutual learning, Knowledge sharing and collaboration, leading to tangible outcomes such as bilateral partnerships. This is illustrated by the partnership between **BOAD and DBSA** (Development Bank of Southern Africa),

which successfully enabled joint project development, demonstrating the Facility’s role as the operational arm of IDFC in supporting this bilateral relationship and fostering cooperative efforts.

The Facility has also contributed to enhancing the visibility of IDFC members and the Club in global climate finance discussions and to increasing their influence on the international stage by participating jointly in COP events and by setting up the Common Principles in collaboration with other Multilateral Development Banks (MDBs).

However, while the Facility has made some progress in improving access to climate finance and fostering joint financing opportunities, these activity lines remain largely underdeveloped and the Facility’s potential as a catalyst for climate finance remains untapped. While 70% of members stated that the Facility effectively implements Capacity building and Knowledge sharing activities, 50% indicated that it contributes “to a low extent” or “not at all” to facilitating access to international climate finance and developing joint business opportunities.

Figure 3 – To what extent do you believe the CF is effectively contributing to the activities initially set?

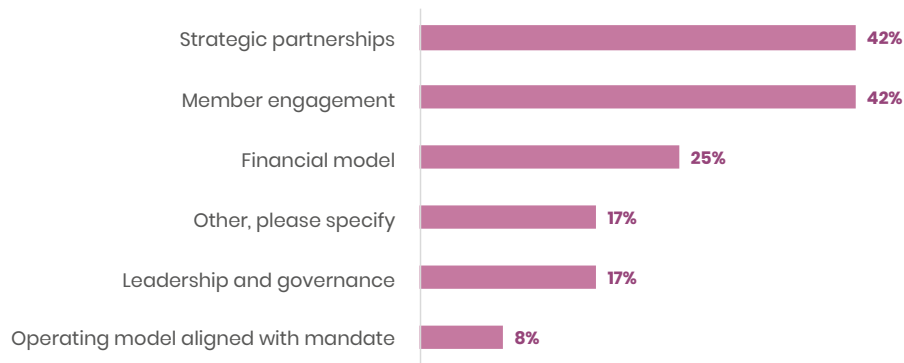


Source: EY, Survey to IDFC Sherpas, 2025, 10 respondents

Overall, the essential drivers of the Facility’s success are its partnerships with key climate finance actors, the strong willingness of its members to share their experiences and collaborate, the interactive learning formats, a strategic focus on global climate priorities, and a **participatory, tailored approach** to activity

design. However, challenges such as the format of certain activities (diversity of participants, short timeframes, one-off sessions), staff turnover, resistance to change within banks, and external events like the COVID-19 pandemic have hindered its effectiveness

Figure 4 – What do you think have been the most significant factors contributing to the Climate Facility’s achievements?

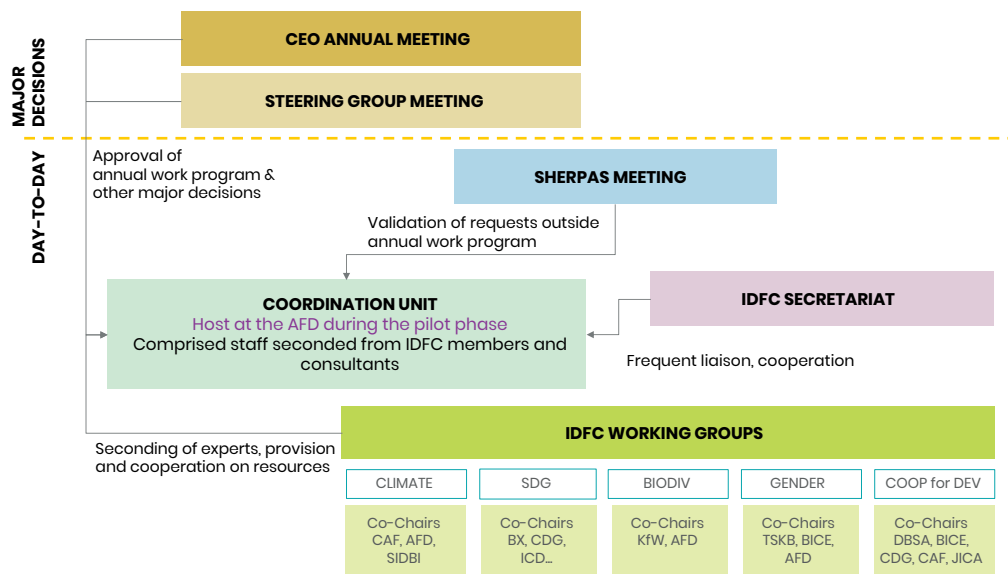


Source: EY, Survey to IDFC Sherpas, 2025, 10 respondents

2.3 Effective operational model during the CF pilot phase, despite some challenges

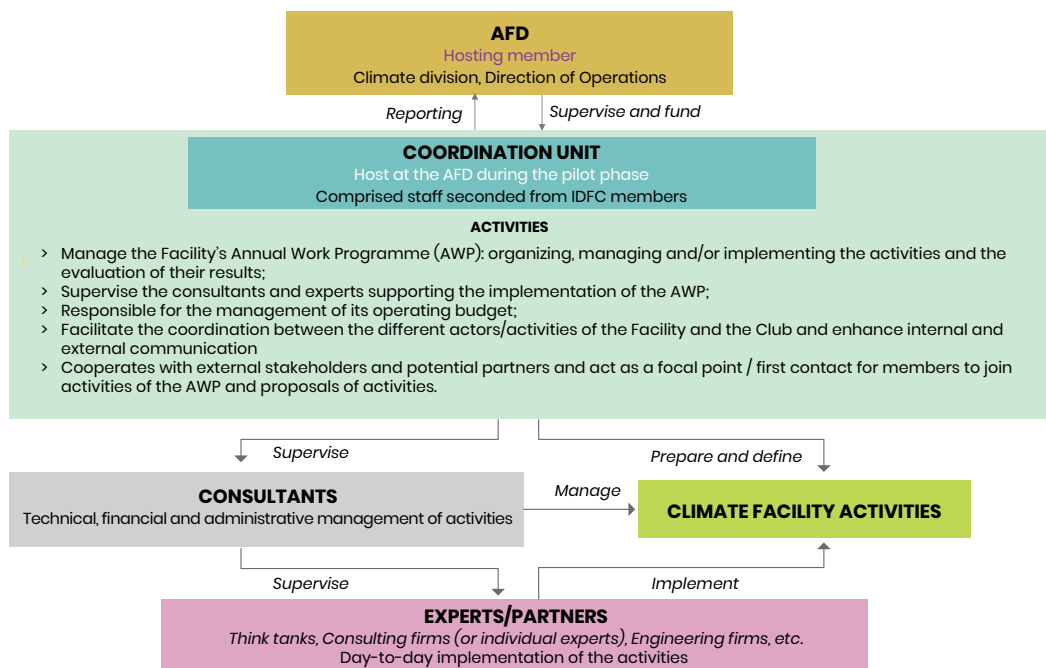
The CF’s operational model, involving a CU and reliance on consultants, has proven to be effective and a pragmatic choice during the pilot phase.

Figure 5 – IDFC governance units in relation with the Facility coordination unit



Source: IDFC, EY Elaboration

Figure 6 – Internal organization of the Climate Facility



The affiliation with the AFD without a separate legal entity has both advantages and disadvantages: on one hand, it allows for benefiting from due diligence processes, expertise of the AFD and its credibility as financial institution. On the other hand, this dependence has led to a perceived lack of ownership among members. Also, as the Facility's activities have expanded, this scheme may need an evolution reflecting on different scenarios (a current study is ongoing) to address the growing volume of activities, staff turnover, and reliance on AFD.

Additionally, while initial processes and tools for operation were well-developed, including an operating manual and monitoring frameworks, some of these have not been fully implemented. Delayed payments to consultants have impacted their retention, while the lack of comprehensive monitoring and evaluation system have led to mixed stakeholder feedback. The development and consistent use of monitoring and evaluation tools at both strategic and financial levels are crucial for assessing the impact of activities and ensuring transparency.

Although governance bodies are in place and there are some effective practices of collaboration (such as between the Facility and the Climate Working Group), **numerous stakeholders have identified the need for greater coordination and clarity regarding the roles of each entity within IDFC.** This underscores the necessity for enhanced communication and alignment of objectives.

2.4 Need for better-structured core funding model and external fundraising strategy to ensure the Facility's operational viability and consistency

The proposed initial funding model for the operations of the Facility was planned to be heavily subsidized, relying on voluntary cash contributions, fees, and in-kind contributions from members^[12].

In practice, the funding strategy of the Facility has been flexible and responsive to emerging opportunities leveraging targeted external grants to complement core funding contributions coming from a few contributors, thus constituting **an opportunistic approach, that allows the Facility to engage with various external donors and gain experience in the management of large-scale delegated funds,** such as €19.7 million from the International Climate Initiative (IKI) earmarked for a new program NUCA involving several IDFC members as well as non-member PDBs.

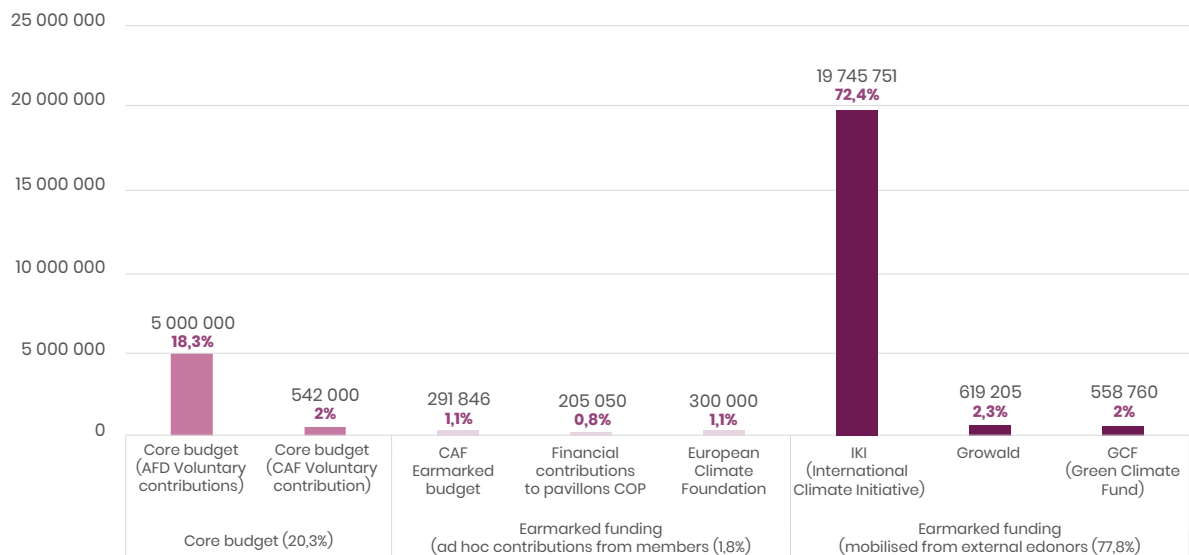
As of October 2025, approved funding to support the Facility's activities amounted to €6 038 896 (including €5 542 000 in members' voluntary contributions and the remaining from *ad hoc* contributions for specific activities of the work program), which helped the Facility mobilize **€21 223 716** from external donors earmarked for new activities and thematic programs. The annual membership fee *per* member initially planned was not implemented during the pilot phase. **Most of the funds received by the Facility (79.7%) are earmarked, while 20.3% rely on core funding.**

This resulted in a funding model distinguishing different types of resources:

- **Core resources (20.33%),** coming from direct voluntary contributions from IDFC members: €5 million grants from AFD (initial funding in 2019 reflecting a political will), and €542,000 grants from CAF.
- **Earmarked funding (79.67%),** mobilized through *ad hoc* contributions from members (1.82%) and from external donors (77.85%).

[12] Source: Note de présentation d'un Financement d'une Facilité d'assistance technique Climat au Comité des Etats étrangers – AFD – January 2019.

Figure 7 – Facility’s Budget as of October 2025

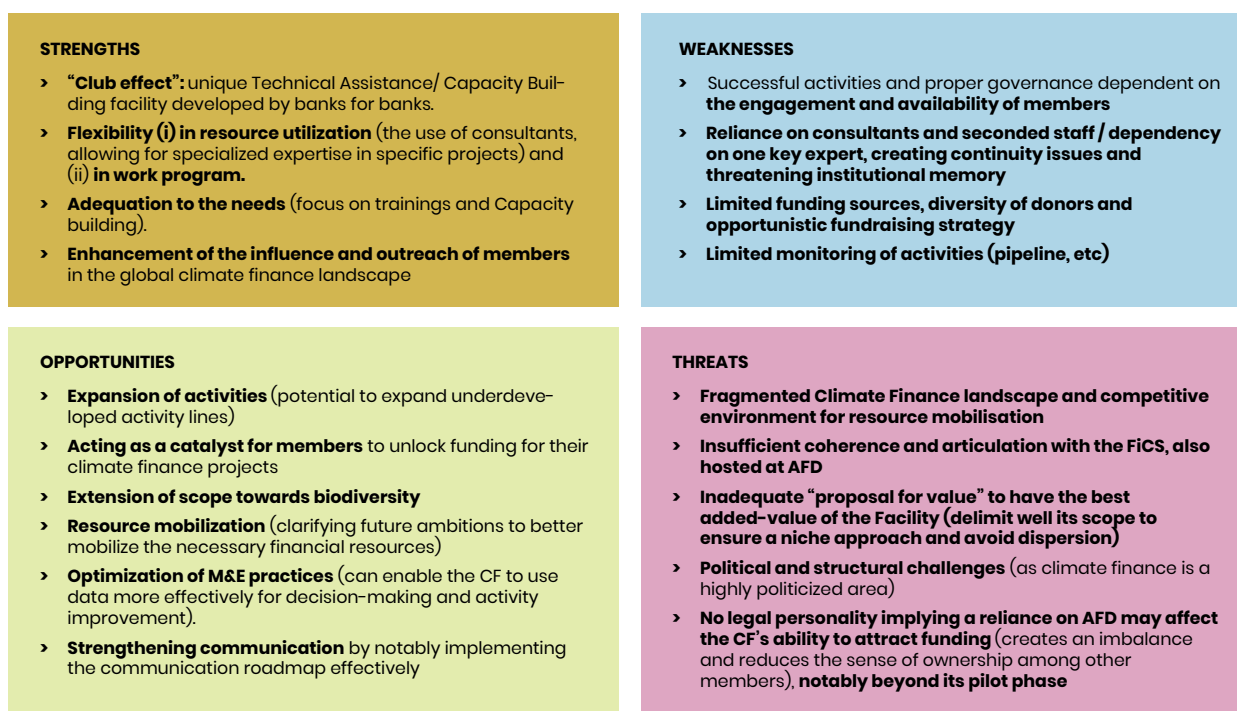


Source: IDFC, EY Elaboration

While this approach has demonstrated the Facility’s ability to attract significant external funding, most of these resources are earmarked for specific programs involving a sub-group of members, which creates a risk of dependence on donor agendas and limits IDFC ownership. It also poses challenges for achieving a more balanced, diversified, and financially sustainable model in the long term. The reliance on earmarked resources may hinder the Facility’s ability to secure stable funding for its core business and could lead to fragmentation of priorities, with greater dependence on donors’ requirements. The absence of a distinct legal personality may affect the CF’s ability to secure funding, due to limited member ownership and some donors’ inability to provide grant funds through AFD. Mixed views were expressed regarding the consequences of this legal situation. Furthermore, there are currently no strategies for resource mobilization and long-term funding sustainability, nor comprehensive monitoring or adequate communication on the funding model of the Climate Facility.

Divergent views on the Facility’s future ambition will influence its future funding and operational models. These views range from focusing on core activities (in a funding *status quo* scenario) to doubling budgets to strengthen all activities. Clarifying this ambition is crucial, as it will determine the resource mobilization needed and require adjustments to the operational framework.

Figure 8 – Global SWOT



Source: IDFC, EY Elaboration

3. Recommendations

The evaluation makes **three recommendations** relating to

1. the Facility’s vision and orientations, as well as its results-oriented operational implementation;
2. the clarification of the services offer and positioning within the sustainable finance and PDB landscapes;
3. the enhancement of the governance and stakeholders’ engagement.

These three general recommendations were discussed during the 2nd steering committee of the evaluation to ensure their relevance and ownership. Further discussions related to the operationalization of these recommendations were held during dedicated workshops with IDFC Secretariat, CF CU and IDFC Sherpas. Proposals are based on the following analytical framework:

Degree of priority
● ● ● High: The recommendation addresses priority needs/issues
● ● Fairly strong: The recommendation addresses less priority needs/issues
● Medium/low: The recommendation addresses low priority needs/issues
Degree of feasibility
The degree of feasibility takes into account available resources (financial, human), political will, the socio-economic and political environment (e.g., stability, predictability), and/or operational aspects (need to adapt existing mechanisms, etc.).
● ● ● Sub-recommendation relatively simple to implement (low cost and subject to easily overcome internal or external constraints)
● ● Sub-recommendation moderately simple to implement
● Complex sub-recommendation
Timeframe
Short-term: 2026-2027
Medium-term: 2028-2030

3.1 Update the Facility’s strategic vision and orientations in a clear and shared manner while promoting results-oriented operational implementation

Key conclusions :

- There is an opportunity to update strategic priorities to ensure continued relevance for different members’ needs.
- The development and consistent use of monitoring and evaluation tools are crucial for assessing the results and impact of activities and ensuring transparency.

3.1.1 – Formalize an updated concised strategic vision that is shared by the various stakeholders

- **Launch a new needs assessment survey** to gather expectations from IDFC members regarding IDFC CF’s ambition.
- **Target few short term and medium term priorities.**

Among the key outcomes the Facility should achieve in the next years, participants of the prospective workshop have raised the following elements:

- Develop activities/programs aligned with member’s needs – depending on their climate finance maturity.
- Support the development of climate finance portfolio and projects of IDFC members (institutional level).
- Increase climate capacities of IDFC members (technical/individual level).
- Provide technical support to facilitate access of IDFC members to international funds (e.g.: such as GCF Funding proposals).
- Develop and maintain closer relationships with all members, notably promoting its “Club Dimension” and incentivize them to become more active.

In charge of implementation	Implementation
IDFC CF’s Coordination Unit IDFC’s Members	Priority ● ● ● Feasibility ● ● ● Timeframe : Short-term and medium-term

3.1.2 – Prioritize a pragmatic approach to implement this vision through:

- **Continuing to implement a co-constructed operational roadmap updated annually and supporting a pragmatic approach involving:**
 - Strengthening the missions already carried out that work well.
 - Identifying a limited number of priority projects and easily actionable levers for short-term action to facilitate this operational approach.
 - Establishing agile governance (see details in recommendation 3.3).
- **Updating the intervention logic and designing a simple and improved results-oriented monitoring, evaluation and learning framework.**
 - Implementing a dashboard to monitor the contribution of the IDFC Climate Facility based on a limited number of SMART indicators.
 - Supplementing this quantitative approach with qualitative “impact stories” from beneficiaries to communicate to a wider audience.
 - Reinforcing formative and summative evaluations of projects to promote learning and accountability.

In charge of implementation	Implementation
IDFC CF’s Coordination Unit IDFC’s Sherpas	Priority ● ● ● Feasibility ● ● ● Period : Short-term

3.2 Clarify the range of services including possible differentiation based on members’ needs and profiles, and their positioning within the sustainable finance and PDB landscape

Key conclusions :

- The Facility provides clear added value in the climate finance and PDBs landscapes. Its technical expertise is recognized both by other stakeholders and by the members themselves.
- However, as more climate finance initiatives arise, it may become challenging for the CF to sustain member engagement, which requires a refinement of its value proposition with a niche approach.

3.2.1 – Define a new value proposition and clarify the activity and support offering including possible differentiation by thematic depending on members’ needs and profiles.

• During the prospective workshops, members have raised the following activities that should be supported:

- trainings *in situ* (as it was the case in Colombia);
- mobilize more GCF to strengthen access to GCF support and funds;
- catalyse funding (including through co-financing, leveraging the potential of private capital mobilization and other sources of funding- notably building climate country platforms);
- scale up Climate Fast Track Onboarding (especially adaptation and biodiversity), Green Finance Mapping (GFM) especially deep dive into case studies;
- develop more mentorships considering members are at different stages of development.

In charge of implementation	Implementation
IDFC CF's Coordination Unit	Priority ● ● ● Feasibility ● ● ● Period : Short-term

3.2.2 – Clarify the Facility’s new positioning and range of services within the sustainable finance and PDB landscapes with a “niche” approach such as:

• Refine the mapping of the IDFC CF positioning based on:

- its updated ambition (see recommendation 3.1.1.) considering the competitive environment, based on different scenarios:
 - (i) *status quo* (with constant budget)
 - or (ii) extended scope to capture a broader scope (SDG) or emerging topics (e.g.: nature-based solutions) with increased budget (see recommendation 3.3.2) or considering activity and support offering.
- and range of services (see recommendation 3.2.1).
- the competitive environment.

In charge of implementation	Implementation
IDFC CF's Coordination Unit IDFC's Members	Priority ● ● ● Feasibility ● ● depending on resource mobilisation) Period : Short-term

3.3 Enhance the governance and stakeholder's engagement

Key conclusions :

- Further strengthening the operational model to reach highest results is a priority.
- Although governance bodies are in place and there are some effective practices of collaboration, numerous stakeholders have identified the need for greater coordination and clarity regarding the roles of each entity within IDFC. This underscores the necessity for enhanced communication and alignment of objectives. Additional daily Human Resources and project management challenges have been identified.
- There is a need to better structure and balance the Facility's core funding model and its external fundraising strategy to ensure operational viability and consistency. The most significant factors contributing to the Facility's achievements are the strategic partnerships and the member engagement.

3.3.1 – Enhance the governance and daily operationalization of the Facility

- **Reflect on different scenarios regarding a potential evolution of the institutional model of the Facility** depending on the agreed degree of ambition and targeted level of mobilized resources.
This reflection could draw on various scenarios for autonomy outlined in a parallel study commissioned by the CU.
- **Clarify the roles, responsibilities and synergies** between the Facility and other IDFC entities (such as working groups).
- **Redefine the secondment and consultancy strategies** to ensure better retention and continuity within the CU (e.g. extent assignment durations for seconded staff and encourage full-time positions, clarify the role and responsibilities within the CU, implement structured onboarding, improve project management to ensure realistic workloads, enhanced communication and coordination).

In charge of implementation	Implementation
IDFC CF's Coordination Unit IDFC's members and other entities (working groups)	Priority ●●● Feasibility ●● Period : Short and medium terms

3.3.2 – Enhance partnerships, resource mobilization, and communication of the Facility

- **Develop detailed resource mobilization and long-term funding sustainability strategies.**
 - Clarify the expected objectives of these strategies, such as:
 - Increasing the level of resources (minimum doubling the amount if this scenario is chosen);
 - Rebalancing the share between core resources and non-core resources;
 - Expanding and diversifying the donor base, as well as identifying potential innovative funding sources or unexploited sources (annual fees, income from costs of participation in certain activities by external participants).
 - **Identify potential barriers for current or potential donors** to contribute to resource mobilization efforts.
 - **Develop a funding sustainability strategy**, including securing more predictable and long-term funding commitments from partners as well as other potential sources of income.
- **Operationalize these strategies through partnership/member engagement, fundraising and outreach activities.**
 - Implement a systematic and more detailed communication strategy around IDFC Climate Facility's operational progress and current funding state of play, including different types of mobilized resources (core, earmarked resources – *ad hoc* contributions from members, earmarked funding – mobilized from external donors). A more executive communication format was also encouraged during the workshop (e.g. through infographics).

- **Design a roadmap to support fundraising efforts** including engagement with external stakeholders and at summits.
- **Support member engagement through specific activities:**
 - Introducing *ad hoc* flexible task forces or additional working groups to reinforce the Club spirit and operationalize, in a more flexible way, some under-exploited and priority workstreams (including co-financing opportunities).
 - Improving consultation and feedback processes (systematizing needs assessments, improving the bottom-up approach to better incorporate members' needs).
 - Incentivizing members to become more active and appoint IDFC champions within member institutions to better disseminate information (from sherpas), share best practices, and promote the Facility's instruments and activities. Consider whether a minimum contribution could help secure greater ownership and decision-making power. Distinguishing between listeners and active contributors on specific topics can help. A consultative board with sectoral/regional experts is another recommendation from the workshop, as well as an open call to members on new IDFC Facility initiatives.

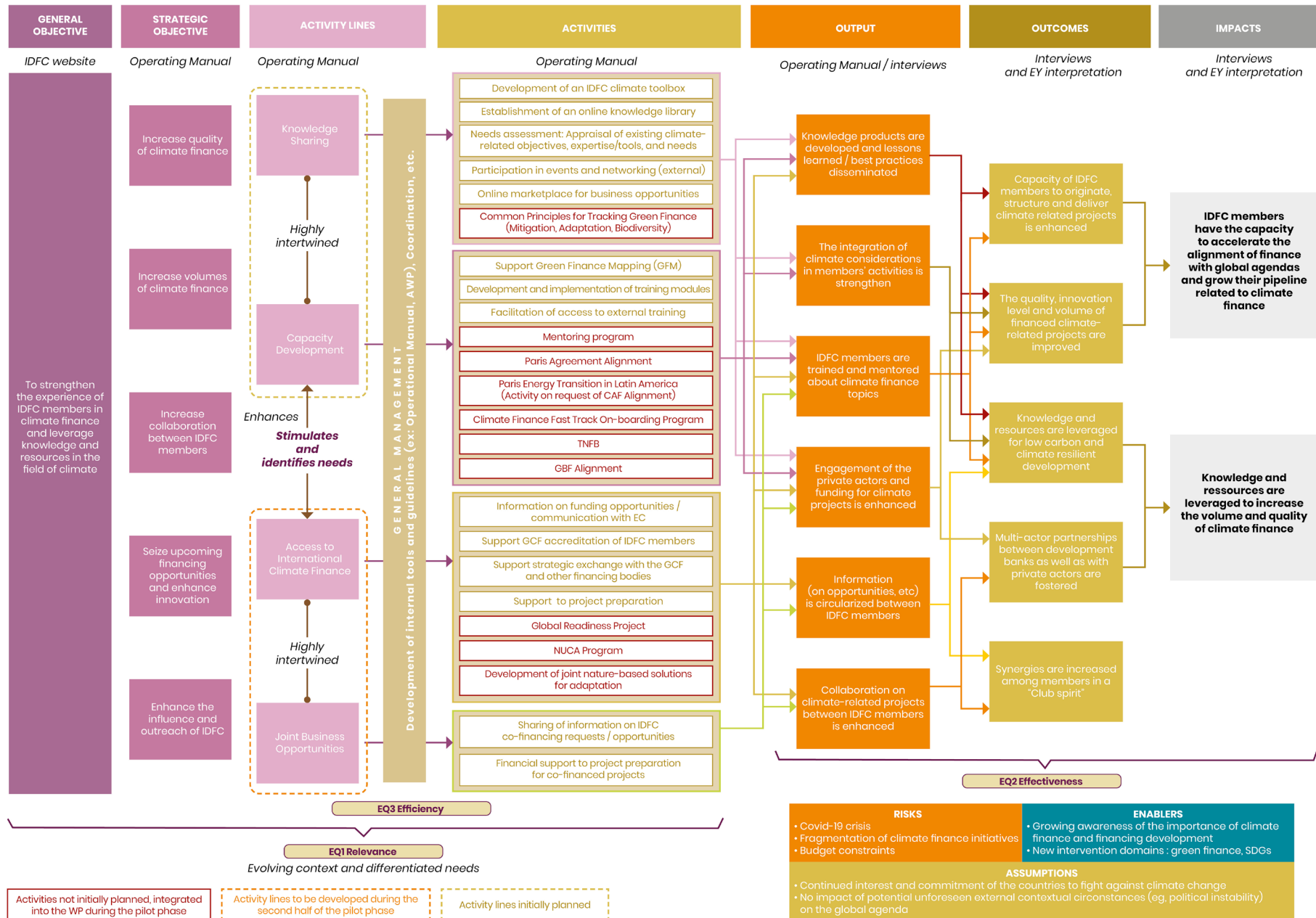
In charge of implementation	Implementation
IDFC CF's Coordination Unit IDFC's members	<p>Priority ● ● ●</p> <p>Feasibility ● ● (depending on resource mobilisation)</p> <p>Period : Short and medium terms</p>

Abbreviations and acronyms

AFD	<i>Agence Française de développement</i>
ALIDE	Latin American Association of Development Financing Institutions
BNDES	<i>Banco Nacional de Desenvolvimento Econômico e Social</i>
BOAD	West African Development Bank
CAF	Development Bank of Latin America
CF	Climate Facility
COP	Conference of the Parties to the UN Framework Convention on Climate Change
CU	Coordination Unit of the Facility
DBSA	Development Bank of Southern Africa
EQ	Evaluative Question
FiCs	Finance in Common Summit
GCF	Green Climate Fund
IDFC	International Development Finance Club
IKI	International Climate Initiative
MDB	Multilateral Development Bank
NDB	New Development Bank
NUCA	National Development Banks Urban Climate Action
PDBs	Public Development Banks
PT SMI	<i>PT Sarana Multi Infrastruktur</i>
SDGs	Sustainable Development Goals
SWOT	Strengths, Weaknesses, Opportunities, Threats
TBD	The Eastern and Southern African Trade and Development Bank
WG	Working group

Annexes

A.1 Intervention logic



A.2.1 – Capacity building activities including training and mentoring programs

The Climate Facility's Knowledge sharing and Capacity building activities have demonstrated significant achievements in strengthening the technical and strategic capacities of IDFC members. Overall, the Knowledge sharing and Capacity building activities were well received by members. Feedback from participants in the annual trainings indicated that these trainings were highly relevant and useful, with an 87.5% satisfaction rate recorded for the 2023 training sessions^[13]. The Istanbul Training Week 2022^[14] also received strong appreciation, with all respondents rating it as either "good" or "very good." Participants particularly valued the training's ability to enhance their understanding of complex tools, especially in physical climate risk assessment and green finance methodologies. Moreover, participants indicated that these trainings helped them consolidate knowledge for refining their institutional climate strategies (scoring 7.4/10) and physical risk assessment approaches (7.6/10).

Considering the mentoring program, feedback from mentees and mentors highlighted strong engagement and positive learning experiences^[15]. All respondents found the program beneficial for their professional development and expressed willingness to continue participating. 83% of respondents believe that discussing challenges with peers helped them advance on key climate topics and felt their technical skills had improved throughout the program. The program successfully **helped mentees, and their institutions develop solutions** to their climate-related challenges. 83% of respondents found the program beneficial to their institution's growth. All mentees agreed that the mentorship contributed to advancing their climate strategies.

The Mentoring program has demonstrated its potential for replication and expansion. Based on its success and positive reception, the Climate Facility aims to scale up the program, extending participation to all IDFC members and broadening its thematic scope to encompass sustainability and biodiversity concerns. The March 2023 Climate Facility survey shows high demand for an extension of the program as 12 additional IDFC members expressed interest in joining, with four institutions requesting more information on participation^[16].

Several key enablers have facilitated the program's adaptability and potential for expansion^[17]:

- **Its flexibility.** The program was designed to accommodate diverse institutional needs and resource constraints, ensuring effective engagement through preliminary needs assessments, shared roadmaps, and a self-directed learning model. It allowed mentor-mentee pairs to define their own pace, focus areas, and learning priorities. This ensures that there is no «one-size-fits-all» approach, making the program suitable for a wide range of participants across different roles, expertise levels, and institutional priorities.
- **Its structured approach to Knowledge sharing and Capacity building.** The program provided interactive webinars featuring expert insights on climate finance, ensuring high-quality content delivery and addressing specific challenges identified by participants. It also encompasses group discussions and collective mentoring sessions, fostering peer-to-peer learning and informal peer interactions, and ultimately deepening relationships and enhancing collaboration between members.
- **Its consideration of participant feedback.** It enabled continuous improvements in the program structure and results.

[13] Survey on Climate Facility of March 2023.

[14] IDFC – Istanbul trainings week overall evaluation – 2022.

[15] Results to the questionnaire on Mentoring Program – 2022.

[16] Survey on Climate Facility of March 2023.

[17] 3rd collective meeting – Minutes of the Day 2 meeting – Mentoring Program IDFC.

Several improvements have been identified to further strengthen the structure, thematic scope, and long-term impact of the mentoring program in the event of replication and scaling-up:

- **Regarding the design of the program**, adding more collective mentor-mentee meetings can help facilitate peer learning and exchanges. Also, “Ask an Expert” sessions can be separated from collective mentoring meetings to allow for deeper discussion and reflection. Finally, a post-program in-person event can strengthen networks and encourage long-term collaboration. Regarding the tools and learning resources, a simplified toolkit is needed to make program materials more user-friendly.
- **The thematic scope** can broaden to include sustainability, biodiversity, SDGs, and gender. Additionally, the program can integrate expertise from MDBs and international organizations, bringing in external insights to enrich discussions and diversify perspectives.

To enhance long-term impact, clear success indicators can be defined to measure progress at both individual and institutional levels. This will help participants track their achievements and assess the program’s contribution to their professional growth.

A.2.2 – NUCA Program

The preparation phase of the NUCA program, spanning from November 1, 2022, to December 31, 2023, was successfully completed, resulting in the approval and award of a grant. This program, initiated by the Coordination Unit of the Facility, aims to enhance the institutional capacity of New Development Banks (NDB) in urban climate finance and advisory services. By fostering financial collaboration between public and private entities, it seeks to facilitate the implementation of transformative urban projects, ensuring sustainable development and climate resilience.

During the preparation period, essential groundwork was laid to ensure the smooth transition into the implementation phase (2024–2028). First, strategic planning and program coordination were established. The Coordination Unit, supported by a dedicated Program Support Team, oversaw the implementation, including detailed project planning, budget allocation, and the structuring of management frameworks. During the preparation phase, the Facility contributed to stakeholder engagement and strengthened partnerships through country missions and a multi-stakeholder meeting in Berlin. In parallel, collaborative frameworks were developed to align stakeholders’ objectives with program goals.

Furthermore, to ensure alignment with the broader objectives of the Climate Facility, NUCA program activities were integrated into the activity lines “Access to International Climate Finance” and “Joint-Business opportunities”. The program is also expected to benefit from collaboration with MDBs in the framework of the Common Principles for Climate and from support for GCF accreditation processes. With a solid foundation established during the preparation phase, the implementation phase will focus on delivering technical and financial assistance to NDBs and urban stakeholders. Implementation itself will be carried out by the IDFC members designated as implementation partners in five countries: Brazil (*Banco Nacional de Desenvolvimento Economico e Social/BNDES*), Colombia (Development Bank of Latin America/CAF), Indonesia (*PT Sarana Multi Infrastruktur/PTSMI*), Mozambique (Eastern and Southern African Trade and Development Bank/TDB), and South Africa (DBSA).

At present, the implementation faces several challenges. Delays have been encountered during the inception phase due to difficulties related to team structuring and staff turnover at the Facility level (as raised through several interviews) as well as internal constraints within the banks responsible for implementation, notably the late signature of Letters of interest and the limited availability of implementation partners to organize field missions. These challenges have led to a three-month extension of the inception phase.

In addition, the program’s progress is uneven across countries, as it heavily depends on the commitment of the banks managing actions within their regions. Multi-stakeholder workshops bringing together the implementing banks, local stakeholders (municipalities, civil society, local

banks) and other locally present donors (e.g. World Bank) were organized in several countries (Brazil, Colombia, South Africa, Indonesia). The objective was to define the technical assistance program with partner banks, assess their needs, and determine how the program could be implemented locally. A similar workshop remains to be conducted in Mozambique. The field mission in Colombia (at the end of January) also noted some delays in the submission of key deliverables (compared to the initial planning) including the stakeholder engagement strategy and the final list of selected cities. At this stage, it is planned to support 20 cities, including approximately ¾ through Capacity building assistance and ¼ through the funding of (pre)-feasibility studies to structure projects. Maintaining a degree of flexibility regarding the number of cities involved locally through these two types of support, as well as the corresponding funding amounts, has been identified as a good practice: given that the amount allocated to studies can vary considerably depending on the cities' level of preparedness, it may be preferable to reduce the total number of beneficiary cities – particularly for studies – in order to ensure that the selected cities receive sufficient funding and that their projects reach an adequate level of maturity.

A.2.3 – GCF Readiness Program

The GCF Readiness Program, supported by a contribution of USD\$ 700,000 from the GCF, aims to enhance the capacities of IDFC members to access resources from the GCF and scale up climate finance initiatives.

Following an initial phase that began in Q4 2020, a second edition was implemented in 2023 to build upon the achievements of the first edition. The main objectives of the program are to (i) enhance Capacity building by supporting Direct Access Applicants and Accredited Entities among IDFC members in securing GCF co-funding and (ii) create strategic frameworks for guiding and developing climate-related project pipelines, with a focus on sectors relevant to post-COVID-19 economic recovery.

The main activities of the program include:

- Accreditation support for members seeking GCF accreditation, with the Facility providing technical assistance.
- Development of concept notes for climate projects. Two members' ideas for multi-country concept notes have been selected: CAF: Decarbonization of the tourism sector in selected countries; DBSA: Development of novel mini-grid technology.
- Creation of Knowledge exchange platforms on GCF-related topics, promoting collaboration among IDFC members and harmonizing competencies and standards of practice. This ensures alignment with common standards and facilitates comparability among members.
- Needs assessment and capacity development to strengthen institutional capacities, governance mechanisms, and planning and programming frameworks in support of a transformational long-term climate action agenda.
- Assessment of the impact of portfolios on mitigation and adaptation.

Some notable achievements from the first edition include^[18]:

- GCF accreditation progress: Bancoldex: Completed a gap assessment and submitted an action plan for stage 1 accreditation; TDB: Awaiting feedback on stage 1 accreditation.
- Implementation of online training: Interactive sessions held in May and June 2022, open to all participating members.

[18] Source: GCF Readiness Program Completion Report.

A.2.4 – Common Principles

The Common Principles for Climate Mitigation Finance Tracking have been developed by the IDFC and the Joint Climate Finance Tracking Group of MDBs.

These principles provide definitions, guidelines, and an overall framework for accounting and reporting Climate finance activities, aligned with the Paris Agreement.

A series of Training sessions have been organized for all voluntary members to help them build capacity on the Common Principles and enable them to report and account for Climate Finance. Approximately 150 people participated in these Training sessions.

The IDFC publishes its Green Finance Mapping report annually. This report consolidates all Green Finance Commitments among members, who are all committed to reporting according to the Common Principles. However, to date, not all members have the same level of maturity and are able to report in accordance with these principles (approximately 50% of members are able to do so, according to a member in the Facility's Secretariat). Additionally, for some members, local regulations regarding Climate finance reporting differ slightly from the Common Principles, leading to limitations in the publication of consolidated results.

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