

INDEPENDENT EVALUATION UNIT
OFFICE OF EVALUATION AND INTERNAL OVERSIGHT

INDEPENDENT TERMINAL EVALUATION

Independent evaluation of the programme “Hosting and Managing
the Private Financing Advisory Network (PFAN)”

UNIDO Project ID: 150346



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Distr. GENERAL

EIO/IEU/22/R.10

July 2023

Original: English

This evaluation was managed
by the responsible
UNIDO Evaluation Officer
with quality assurance by the
Independent Evaluation Unit

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This document has not been formally edited.

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Acknowledgements

The evaluation team would like to thank all the individuals and institutions that volunteered their time to be interviewed for this evaluation. Their perspectives and inputs were essential for the assessment, and it would simply not have been possible to undertake this evaluation without their contribution.

Particular thanks are extended to Patrick Nussbaumer, Duygu Aladag Baldauf, Marko Van Waveren Hogervorst of UNIDO Vienna, all of whom supported the evaluation coordination and data provision process. Thanks are also extended to all the representatives of donors of the programme. Finally, thanks to Adot Killmeyer-Oleche and Thuy Thu Le of UNIDO's Independent Evaluation Unit for their support and guidance throughout the process.

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Acronyms and abbreviations

Acronyms	Definition
AECF	Africa Enterprise Challenge Fund
AFCEF	Asia Forum for Clean Energy Financing
AWCE	Accelerating Women Climate Entrepreneurs
AWEDI	Africa Women in Energy Development Initiative
CCA	Central American & Caribbean
CCREEE	Caribbean Centre for Renewable Energy and Energy Efficiency
CRM	Customer relationship management
CTCN	Climate Technology Centre and Network
CTI	Climate Technology Initiative
DBSA	Development Bank of Southern Africa
DNSH	Does no significant harm
ECREE	ECOWAS Centre for Renewable Energy and Energy Efficiency
EEP	Energy and Environment Partnership trust fund
EGTT	Expert Group on Technology Transfer
ESS	Environmental and Social Safeguards
FDB	Fiji Development Bank
FREF	Fiji Rural Electrification Fund
GCF PSF	Green Climate Fund Private Sector Facility
GCIP	Global Cleantech Innovation Program
GCTI	Global Clean Tech Innovation
GEF	Global Environment Facility
GN-SEC	Global Network of Regional Sustainable Energy Centres
IRENA CIP	International Renewable Energy Agency Climate Investment Platform
ISID	Inclusive and Sustainable and Industrial Development
K-CEP	Kigali Cooling Efficiency Program
KPI	Key performance indicators
LAC	Latin American & Caribbean
LDC	Least Developed Countries
M&E	Monitoring and Evaluation
ME&L	Monitoring, Evaluation and Learning
MOU	Memorandum of Understanding
MSME	Micro, small and medium-sized enterprises
MTO	Medium-Term Outcomes
MTR	Mid-Term Review

Acronyms	Definition
PFAN	Private Financing Advisory Network
PMU	Programme Management Unit
PPF	Project preparation facilities
PPSE	Pakistan Private Sector Energy
PSF	Private Sector Facility
R&D	Research and Development
REEEP	Renewable Energy and Energy Efficiency Partnership
RFP	Request for proposal
SDG	Sustainable Development Goal
SEFA	Sustainable Energy Fund for Africa
SIDS	Small Island Developing States
SMEs	Small and medium-sized enterprises
ToC	Theory of Change
ToR	Terms of References
UNIDO	United Nations Industrial Development Organization
WB	World Bank

Glossary of evaluation-related terms

Term	Definition
Quality at Entry	It refers to the quality of the project design. Whether the defined timeframe, the identified stakeholders, and assigned roles were adequate, and the indicators were SMART, etc.
Coherence	Logical relationship between the parties so that there is no contradiction or opposition between them, including within the UN system.
Exit Strategy	A strategy established so that results persist in the future, after project completion.
Effectiveness	The extent to which objectives stated were achieved.
Efficiency	This is a measure of how the resources invested in the activities were converted into results.
Impact	Positive and negative intentional, and unintentional, direct and indirect effects produced by an intervention in the long-term.
Smart Indicators	The criterion used to assess whether the indicators to measure progress towards objectives are specific, measurable, achievable, realistic, and time-bound.
Intervention	External action to support a national effort to achieve specific development goals.
Lessons Learned	Generalizations based on evaluation experiences to be applied in broader contexts.
Baseline	The pre-intervention status against which the impact of the intervention is measured.
Logical Framework	Planning and management tool used to guide the planning, implementation, and evaluation of an intervention, in keeping with an objectives/results-based management system.
Outputs	Outputs in terms of physical and human capacities resulting from an intervention.
Relevance	The extent to which the objectives of an intervention are consistent with the beneficiary's requirements, country needs, global priorities, and partners' and donors' policies.
Results	The expected effects of an intervention's outputs.
Risks	Factors, usually beyond the scope of the intervention that could affect the fulfilment of objectives.
Sustainability	The likelihood for a continuation of an intervention's benefits after completion.
Theory of Change	A tool to identify causal relationships between outputs, outcomes, and impacts, as well as the drivers and barriers to achieving them.

Key terminology used in the PFAN process

Key terms	Description
Active projects	Projects that are supported by PFAN and between call-off
Archived projects	Projects that PFAN will no longer work with. Project developers decided not to work on project/application anymore, not heard back from Project Developer or other reason why work on project was not continued. No more potential for closing the project (bankruptcy, fraud, no interest anymore, etc.).
Call-off	Represent each stage of the PFAN Journey. There are seven call offs in total.
Closure rates	Financial closure rates
Contracted	Advisory services are being provided to the Project Developers
Declined projects	Application/project declined by PFAN
Eligibility review	Application submitted to PFAN; Initial check conducted by PFAN Team
Financial closure	A project is considered to have reached financial closure when it has secured financing: full or partial amount of the total investment ask amount.
Investment ask	Defines the dollar amount that the projects are seeking investments for.
PFAN portfolio	All the projects that are: supported, support completed, declined, archived, on hold, eligibility review, PFAN external evaluation prep, PFAN pending contract, PFAN pending investigation, PFAN Technical Committee Review
PFAN pipeline	All the projects that PFAN have supported before and those that they are currently supporting (i.e. projects contracted and the ones between Call-Offs)
PFAN external evaluation prep	Application has passed eligibility review and external reviewers are assigned to application: external reviewers evaluate the application, assign scores, and provide their recommendations
PFAN Technical Committee Review	The Technical Committee Reviews the recommendations of the external reviewers and either approve or decline their recommendations
PFAN pending contract	Call-offs contracts are being drafted by the PFAN team and sent to the Advisors for their signature
PFAN pending investigations	The External Evaluators and Technical Committee can request additional investigations by the Regional Coordinator. These investigations are conducted in the PFAN Pending Investigation workflow step.
Supported	Advisory services are being provided or have already been provided to the Project Developers

Key terms	Description
Support completed	There is no contract in place. A coaching service provided to the project has been completed, but the support is not necessarily finished. Between two Call-Offs, projects are assigned to “support completed”.
On hold	Unclarities that need to be solved before work on project can be continued

Executive summary

The Private Financing Advisory Network (PFAN) is a multilateral public-private partnership that provides project development and pipeline origination services in clean energy; energy-efficiency; and climate adaptation projects. These services are delivered by a network of business advisors recruited globally. PFAN was initiated in 2006 and has been implemented by the United Nations Industrial Development Organization (UNIDO) in collaboration with the Renewable Energy and Energy Efficiency Partnership (REEEP) since 2016. Projects selected for support by PFAN are introduced in the PFAN Journey, where they go through a four-step process from the development of an action plan, to project development, investment facilitation and financial closure.

Objective of the evaluation

The purpose of the evaluation was to identify findings and lessons, and propose recommendations based on the progress made by the program so far to enhance PFAN's operations and articulate strategic opportunities that can be explored to better position PFAN going forward. The scope of the evaluation includes PFAN activities implemented under the new hosting arrangement from July 2016 onwards and covers both global and specific activities supported by the program. The evaluation covered the criteria of relevance, coherence, effectiveness, efficiency, impact, and sustainability. Data collection involved extensive document review, interviews and an online survey to advisors and project developers. Direct analysis included a portfolio analysis, thematic deep dives on Gender, Adaptation, Partnerships and Emerging Trends, and a benchmarking exercise.

The evaluation proposes recommendations that serve both learning and accountability functions as well as a forward-looking vision that helps guide the current work program and upscaling strategy. The evaluation has been carried out in such a way that it is utilization-focused and useful to its intended users, in particular the Steering Committee and PFAN Program Management Unit (PMU) and Secretariat.

Key findings

Portfolio analysis

Over half of Small and Medium Enterprises (SMEs) applying for support through PFAN make it into the PFAN pipeline. Of these 527 projects (39 percent of all projects applying) from 63 countries spread across 8 regions are currently being coached or have received coaching. The rest are either declined, archived, being contracted, on hold, or going through a review process prior to entering the pipeline. The average total investment ask of projects in the pipeline is USD 21 million, while the median is much lower (USD 4 million). Most projects in the pipeline are renewable energy projects focused mostly on Solar Photo Voltaic (PV), Biofuels, and Energy Efficiency, while 11 percent of the projects are adaptation projects. Closure rates vary significantly across technologies. However, the data reviewed shows that technologies with lower investment asks have higher rates of financial closure compared with projects that have high investment asks.

The project pipeline is evenly spread geographically. PFAN focuses on frontier markets with some countries showing a higher number of projects in the pipeline in each region. Least Developed Countries (LDCs) and Small Islands Developing States (SIDS) are also included in the pipeline even though PFAN does not have a mandate to focus on these groups of countries. The investment ask is much higher in Eastern Europe and Central Asia (median is USD 11 million) than in other regions, potentially due to these markets being more mature and lower risk.

Efficiency of PFAN's operational model and management

PFAN has made efforts to increase the efficiency of the PFAN Journey. That is, improve the time to enter the journey (match project developers with advisors), and move through the journey. However, work remains hindered by the variable quality of services provided by different Advisors and by the success- and fixed-fee structures, which may be contributing factors to many projects remaining at Call-Offs 1 and 2. The implementation of a Project Developer-Advisor Matching tool was useful, but did not resolve all efficiency issues, and a single Project Developer may still require support from several Advisors across the Journey. While access to tailored advisory services is useful to meet different needs of Project Developers, it was reported that this could cause significant delays in the Journey as initial matches may not be adequate or unanticipated needs could arise at later stages. The overall quality of support to advisors as well as regional and country coordinators from the Project Management Unit is moderate due to factors such as delays in contract and payment issuance, as well as ineffective communication with beneficiaries, while support from Advisors is good but uneven and depends highly on which advisor is assigned.

Furthermore, PFAN's governance faces some challenges for being too broadly spread among several groups of stakeholders, resulting in a disconnect with activities on the ground for the Secretariat and the PMU, but also from overlapping responsibilities and an insufficiently diverse Steering Committee.

The expected annual budget for PFAN has been increasing, and overall, the rates of expenditure vs. planned expenditures remain good (88 percent on average), with some level of underspending being natural. The proportion of earmarked funding vis-à-vis the total budget has increased over time, indicating that PFAN is a donor-driven program. This could become a challenge if Global Funds cannot support a broadened intervention scope, but the practice of earmarking funding has so far been helpful in advancing highly relevant issues like gender and adaptation thereby offering increased opportunities to the program. In other words, the donors in the program support a relevant focus for PFAN.

Relevance of PFAN

PFAN's overall strategic focus is relevant to international agreements and the Sustainable Development Goals, the objectives of the Paris Agreement and its scope has evolved to increase its strategic relevance to the ongoing climate change dialogues, for example by integrating more adaptation and gender aspects in its operations. It also aligns well with, and supports, the 2030 Agenda for sustainable development contributing clearly to several Sustainable Development Goals (SDGs), particularly SDG 13 on climate action, SDG 7 on affordable and clean energy, and SDG 9 on industry, innovation, and infrastructure. Furthermore, PFAN activities are aligned with the specific cross-cutting areas under the Addis Ababa Action Agenda, which provides a global framework for financing sustainable development and supports implementation of the 2030 Agenda.

PFAN's relevance to Agenda 2030 and the international climate dialogue (as noted above) fits with UNIDO's corporate objectives to create shared prosperity (poverty reduction), reinforce economic competitiveness, safeguard the environment, and reinforce knowledge and institutions, and makes it equally relevant to UNIDO's Industrial Sustainable and Inclusive Agenda. This evaluation finds that PFAN is actively working to align the PFAN work program with UNIDO's portfolio of projects, and there is plenty of alignment to do so as it fits with the environmental and social objectives of UNIDO.

The objective of PFAN continues to be relevant for Project Developers, Investors, and Advisors, and is aligned with donors' interest in unlocking private finance in developing countries. All PFAN services (technical assistance, project identification and assessment readiness, strategic Advisory and coaching, and financing facilitation) scored extremely relevant across Project Developers and Advisors. While the highest value added for Advisors through interviews revealed that the attraction to PFAN was because of the potential for business, Project Developers noted that the potential for access to investors was most relevant. Investors interviewed for the evaluation generally agreed that the technologies and focus of PFAN are relevant to them. A few investors interviewed reported that their attraction to PFAN was driven by the focus on clean energy and energy access projects, which aligns with their own interest. However, there were also indications that the expanded PFAN portfolio including water, adaptation, health and sanitation, agriculture, and women's empowerment is of interest.

PFAN's expanding geographic scope is relevant to its focus on frontier markets, but it does not have a strong inclusion yet on the most vulnerable countries like LDCs and SIDS where the capacity to access climate-related investments for SMEs is much more needed and challenging to access. However, there is a clear increased strategic focus and interest to engage more in SIDS, driven by the Steering Committee agenda to especially expand work in the Pacific. Furthermore, the program attests that in recent years as markets mature, they have automatically been pushed into more difficult and risky markets (like LDCs) hence the increased share of LDCs in the portfolio.

PFAN aligns with and is relevant to global trends as its portfolio clearly reflects what is considered global trends on renewable energy. This particularly includes a strong focus on solar photovoltaic and energy efficiency projects. It continues to evolve along with global trends to include emerging markets in, for example e-mobility, which shows the potential of the PFAN pipeline.

Coherence and coordination of PFAN

With its focus on growth-stage businesses, its coverage of the entire climate change mitigation and adaptation spectrum along with its wide geographic scope, PFAN is strategically positioned to address key gaps in the increasingly complex and populated ecosystem of programs supporting SMEs to access climate finance. It is complementary to incubators and accelerators and shares the workload with other project preparation facilities (PPFs) through a mix of collaboration and competition. PFAN is helping address the gap in support for adaptation SMEs, which exists at every stage of maturity, but not the gap in providing funding for growth-stage businesses. Also, despite not being a direct PFAN mandate, the wealth of market intelligence captured at PFAN offers opportunities for knowledge sharing with and amongst partners, which is an opportunity that not yet have been grabbed.

Partnerships are central to PFAN's implementation model, yet they are not guided by a need assessment or an explicit strategy. PFAN's efforts have focused on building partnerships to stabilize their flow of projects, but not on achieving partnerships that would complement their efforts to address barriers faced by SMEs in terms of enhancing the enabling environment and market intelligence. In recent years, there have been increased efforts to identify partners that can bring higher quality projects to PFAN (e.g., accelerators); hence switching from an approach that focused on quantity to one that prioritize quality projects. However, the program remains lacking an explicit partnership strategy that guides the process and determines the goals moving forward. Operational collaborations with other programs supported by UNIDO, REEEP or by the same donors as PFAN have been identified, but the extent of their contribution to generate synergies is unclear.

Effectiveness of PFAN

PFAN reporting is done (1) according to cumulative targets based on Key Performance Indicators and (2) activity level targets set by annual work programs – this reporting is done with mixed results. Overall, PFAN consistently reports impressive achievements in terms of investments leveraged and its other overall KPIs. In 2021 alone, PFAN reports that it leveraged 302.5 million USD in investments. However, when reviewing the pipeline of financially closed projects (those that have received investments), the evaluation team found evidence that not all project developers perceived PFAN to be the contributing factor to the investments raised; hence the numbers reported by PFAN cannot be validated as only an unknown fraction of the 11 percent of projects in the pipeline that have reached financial closure can be attributed to PFAN.¹ When reviewing annual targets (which differ every year), achievements have not been consistent. PFAN's annual targets usually involve a wide threshold comprising a minimum and a maximum target, and in many cases, PFAN's achievements are at the middle of that threshold. While this represents a rather good performance for these specific targets PFAN has not consistently achieved its annual targets as determined by its work plans, except for in 2019. As of 2020 the program was not meeting the targets of its scale-up strategy.

PFAN has been effective at building capacity and helping Project Developers improve their business models and prepare to meet investors. However, PFAN's ability to help Project Developers obtain an investment is hindered by the presence of projects at the start-up stage in the pipeline, which PFAN is not designed to support and by the limited opportunities of Advisors to strengthen their capacities. PFAN is not fully able to leverage its impressive network of advisors to help projects engage with investors and is lacking some transaction management capacities to help close deals. Notably, PFAN recognizes this limitation, and is building internal capacity in transaction management. Support to Investors is effective for building their awareness of available projects, but not their capacity to understand the environments within which Small and Medium Enterprises work or the technologies with which they work. PFAN does not contribute sufficiently to share knowledge (in particular market intelligence) to help improve the enabling environment (e.g., awareness and knowledge of investors and governments).

¹ The PFAN project management team is fully aware of the challenges around attribution and is actively working to find a method by which attribution can be better assessed.

The COVID-19 pandemic generated significant challenges for SMEs. However, it did not significantly affect the achievement of 2020 activity-level targets as PFAN adapted rapidly and as its first trimester had yielded exceptionally good results. PFAN provided technical assistance and access to a database of resources to SMEs.

PFAN's M&E Framework and KPIs are not sufficient to monitor and measure its actual results, mainly because of a heavy focus on impact indicators which are outside the Sphere of Control of the programme and because the programme does not measure key contributions to capacity-building of project developers, which is where their biggest achievements lie. Operational risks associated with PFAN's model are defined and mitigated, and efforts to integrate social and environmental safeguards have been initiated through additional checks on projects during review prior to pipeline acceptance, and during Call-of 1 where on-site verification is carried out (if deemed necessary). However, its capacities to assess and manage Environmental and Social Safeguards risks within the portfolio are limited.

Adaptation remains a novel sector to PFAN, which currently has limited involvement in the adaptation space. However, the program offers the right types of services to support leveraging private financing for adaptation, but its limited engagement has not yet shown significant results in this space. The program aims to increase its share of adaptation in the pipeline to 40-50 percent in the next planning period. PFAN's current engagement in SIDS is minimal, but it is working actively to increase it. This will be limited by the fact that PFAN's replication model does not work in the SIDS, which have spurred the program to modify its model for SIDS.

PFAN recognizes its responsibility and opportunity to contribute to gender equality and the empowerment of women within both its internal and regional operations and have made significant efforts to achieve its gender objectives. In recent years, PFAN has set an ambitious goal to mainstream gender and has made increased efforts to implement action that advance gender equality in its operations, but its effectiveness may be hindered by varied leadership buy-in and implementation across the portfolio, and low implementation capacity. The program has started collecting gender-disaggregated data, but the consistency of reporting and the use made of this data are still unclear. The effectiveness of the recruitment of regional Gender Focal Points positions is also still to be demonstrated. The capacity to effectively embed a gender focus in business models and in the gender-balance of the portfolio is still limited and faces challenges from the PFAN Secretariat approach to integrated gender equality.

Impact and Sustainability

The ability of PFAN's intervention to spur sustainability is deeper and broader than what is accounted for in terms of investment mobilized by the projects receiving direct support. However, attribution of contributions towards long-term impact (i.e. SDGs and the goals of the Paris Agreement) can be difficult to measure. This evaluation therefore takes a theory-based approach through the reconstructed Theory of Change as well as presentation of credible Impact Pathways from activities towards end results (impacts) to address this challenge, and an overall evidence-based communication of impact. PFAN's contributions towards impact are therefore presented along those Impact Pathways, with the programme's own Outcomes logically expected to contribute to Medium-Term Outcomes (outside PFAN's Sphere of Control, but within its Sphere of Influence).

- PFAN is making significant contributions towards the reconstructed Theory of Change Mid-term Outcome (MTO) 1 "Entrepreneurs, including women, are empowered to actively

participate in the low-carbon and climate-resilient economy”, with its contributions to building the capacity of project developers. However, there are some gender gaps. Overall, female entrepreneurs only occupy a low percentage of the entire portfolio still, and female-run projects often have a lower-than-average investment ask. More attention needs to be paid to the engagement with female entrepreneurs, both in terms of understanding their needs, tailoring PFAN outreach and services (through the PFAN model or through partnerships) and leveraging opportunities through investors.

- A few examples of projects that have continued to secure funding following financial closure with PFAN have been identified, but the evidence is limited.
- The fact that some financial advisors are becoming independent market players and moving towards self-sustainability indicates that PFAN is contributing to MTO 2 “Self-sustained Financial Advisory Services in Frontier Markets”.

PFAN is not currently contributing to the reconstructed Theory of Change MTO 3 “National level policy and regulatory frameworks are revised to drive scaling up climate investments” as it is not sufficiently engaging in policy dialogue with the public sector. As indicated above, PFAN has not fully achieved its Outcome 2 to increase knowledge and awareness amongst investors, there are some indications that PFAN helps raise the confidence of private sector players (MTO 4) by increasing their engagement in the sector and providing a “stamp of approval” to some projects.

The PFAN transformational impact on the global long-term objectives is difficult to assess, however its portfolio is a testament to its contribution to build a low-carbon, climate resilient economy, with likely a higher contribution to climate change mitigation than adaptation. PFAN is likely having an impact on the overall global objective to transition to a low-carbon climate resilient economy.

The current exit strategy envisaged by PFAN does not have specific guidelines whereby PFAN shall refrain from offering its services as the market becomes self-reliant and is able to cater for financing advisory services on a commercial basis.

Conclusions and Recommendations

PFAN’s objectives are relevant and needed on the ground. Its value added is deeply embedded in its coaching and support to SMEs, which are key drivers to help bring SME projects to bankability and financial closure. However, financial closure is not a certainty through PFAN and many of its key performance indicators are highly reliant on projects financially closing and being implemented. That is, the Key Performance Indicators are largely outside PFAN’s control. Rather than measuring achievements in terms of greenhouse gas emissions reduced, number of people with vulnerability reduced, etc. PFAN should be able to focus on where it may have the *greatest* impact in terms of capacity built, for all stakeholder types, which is where the need is highest. To this end, the evaluation has developed a series of operational and strategic recommendations to guide a forward-looking vision. This would allow PFAN to pivot direction from frontier markets to geographic areas (for example, LDCs and SIDS) and sectors (such as adaptation) that is in more need of PFAN services, and where the program can apply its technical capabilities in areas where its own capacity is highest.

Operational Recommendations to be implemented immediately can help improve PFAN’s overall efficiency of operations and Strategic Recommendations feeds more into the broader objective and strategic vision forward. The latter goes beyond adjusting internal operational

features, and makes suggestions for how PFAN can refocus its objectives and scope to maximize its impacts as determined by its Theory of Change.

Operational Recommendations

Recommendation 1: PFAN should slim down its network operational model to enhance communication and efficiency of operations. This entails that the Steering Committee commissions a review of the operational and implementation model of PFAN in particularly focusing on the value added and roles and responsibilities of the various levels of stakeholders and engaged personnel.

Recommendation 2: PFAN needs to strengthen its ability to enhance its investment facilitation with a focus on building capacity and enhancing advisor incentives, developing a database of investors, and refining the objective and use of the Tipping Point Fund.

Recommendation 3: PFAN needs to improve its overall monitoring, evaluation and learning (MEL) framework to allow for better tracking and reporting on results and achievements. The PFAN secretariat needs to launch revisions and improvements of its reporting on indicators and ensure more consistent reporting as well as include the recently defined gender indicators. A particular point of improvement is also the need to improve measurement of attribution to funding leveraged. Finally, it is highly recommended that the Secretariats budgets for the investment in an online database tool to better organize its pipeline.

Recommendation 4: The PFAN Secretariat needs to develop and publish an exact partnership strategy that defines the structure of its partnerships so that it is based on needs and prioritize efforts. Such a strategy must be three-fold, which continue partnership building internally within UNIDO, and externally with upstream organizations, as well as with local and regional commercial banks and impact investors.

Recommendation 5: Further efforts and resources need to be dedicated to continuing the work on gender mainstreaming both internally in the PFAN operational structure and to engage more women in SMEs. This should be targeted both internally within the PFAN Secretariat to on-board more women, as well as in the PFAN Pipeline where more work needs to be done by the Secretariat and Advisors to listen to, and understand, the needs of female enterprises in the market and to improve and provide specific advisory support that may touch on issues not currently covered by PFAN e.g., navigating work-life issues, self-efficacy and coping with sexual harassment.

Recommendation 6. The PFAN Steering Committee needs to revisit its own terms of references to enhance buy-in and increase inclusivity in its structure. The Steering Committee TORs are outdated and not followed in terms of composition of the Steering Committee. In particular, the lack of developing country representation does not allow for a voice on the steering committee in terms of what PFAN target countries need.

Recommendation 7. PFAN needs to fully leverage the advantages of the network to enhance learning and knowledge across advisors and project developers as well as externally with other PPFs and central level ministries. Internally, The Secretariat could launch more knowledge-sharing thematic events that allows Advisors and Project Developers to connect and share experience on how they tackled specific financial barriers, local risks, adaptation etc. in projects. Going beyond its own network, PFAN could also do more to launch

networking and learning across the broader landscape of PPFs and engage with the public sector to enhance the enabling environment for PPFs.

Strategic Recommendations

Recommendation 8: PFAN needs to narrow its scope and focus on more vulnerable countries and innovative emerging technologies in existing markets. Given the knowledge and expertise that PFAN has in its network, the evaluation team encourages consideration for a move towards riskier markets where the assistance is much more needed. This does not mean that PFAN should end its support in more advanced frontier/emerging markets, but the support should be specific as opposed to its currently too wide range. To target support, such a strategy could be operationalized through the development of ‘windows for support’ based on specific selection criteria to determine SMEs’ eligibility for support. For example, windows of support could be split into LDCs and SIDS (highest need countries) and Non-LDCs/SIDS (to advance new and more innovative technologies).

Recommendation 9: PFAN should use its UNIDO forces and increase advocacy and networking with the Public Sector and Governments to better influence the enabling environment. Though it is presently outside PFAN’s mandate to advocate with Governments, one of its key medium-term outcomes is to enhance the political enabling environment and advance transformational change. PFAN could develop knowledge products, to be used by UNIDO or external partners to help advance policy and regulation which may build an enabling environment for SMEs.

1. PFAN Overview

1.1. Governance and stakeholders

PFAN is a multilateral public-private partnership that provides project development and pipeline origination services in clean energy; energy-efficiency; and climate adaptation projects (including energy access) in developing countries and emerging economies. PFAN was initiated in 2006 by the Climate Technology Initiative (CTI), a technology cooperation mechanism under the International Energy Agency, and the Expert Group on Technology Transfer (EGTT) of the UNFCCC. To scale up operations for larger impact by a factor of two to five by 2022-25, PFAN has undertaken an institutional transition at the initiative of its main donors. PFAN is now hosted by the United Nations Industrial Development Organization (UNIDO) and executed in collaboration with the Renewable Energy and Energy Efficiency Partnership (REEEP). The Institutional structure of PFAN is shown in **Error! Reference source not found.**

1.1.1. PFAN Governing Mechanism

The **Steering Committee** of the PFAN Program is the governing board providing guidance to PFAN. This group is consulted for decisions of strategic importance, such as the program's overall direction, issues, and priorities considering evolving circumstances. It also provides programmatic oversight, including guidance on the program's strategic objectives and work program and budget. The Steering Committee TORs is designed to have both voting² and non-voting³ members, which is determined by their contribution to the program. It is presently chaired by Sweden/SIDA (outgoing), and as of the 12th SC meeting there were five (5) voting members (all PFAN donors), but no non-voting members. In addition, a variety of observers (bilateral, NGOs, UNIDO and REEEP) are also invited to join the Steering Committee meetings. These observers can vary for each meeting, depending on the topics to be discussed.

The PFAN Secretariat and **Programme Management Unit (PMU)** is made up of staff from UNIDO and REEEP, and coordination is carried out through a Memorandum of Understanding (MOU).

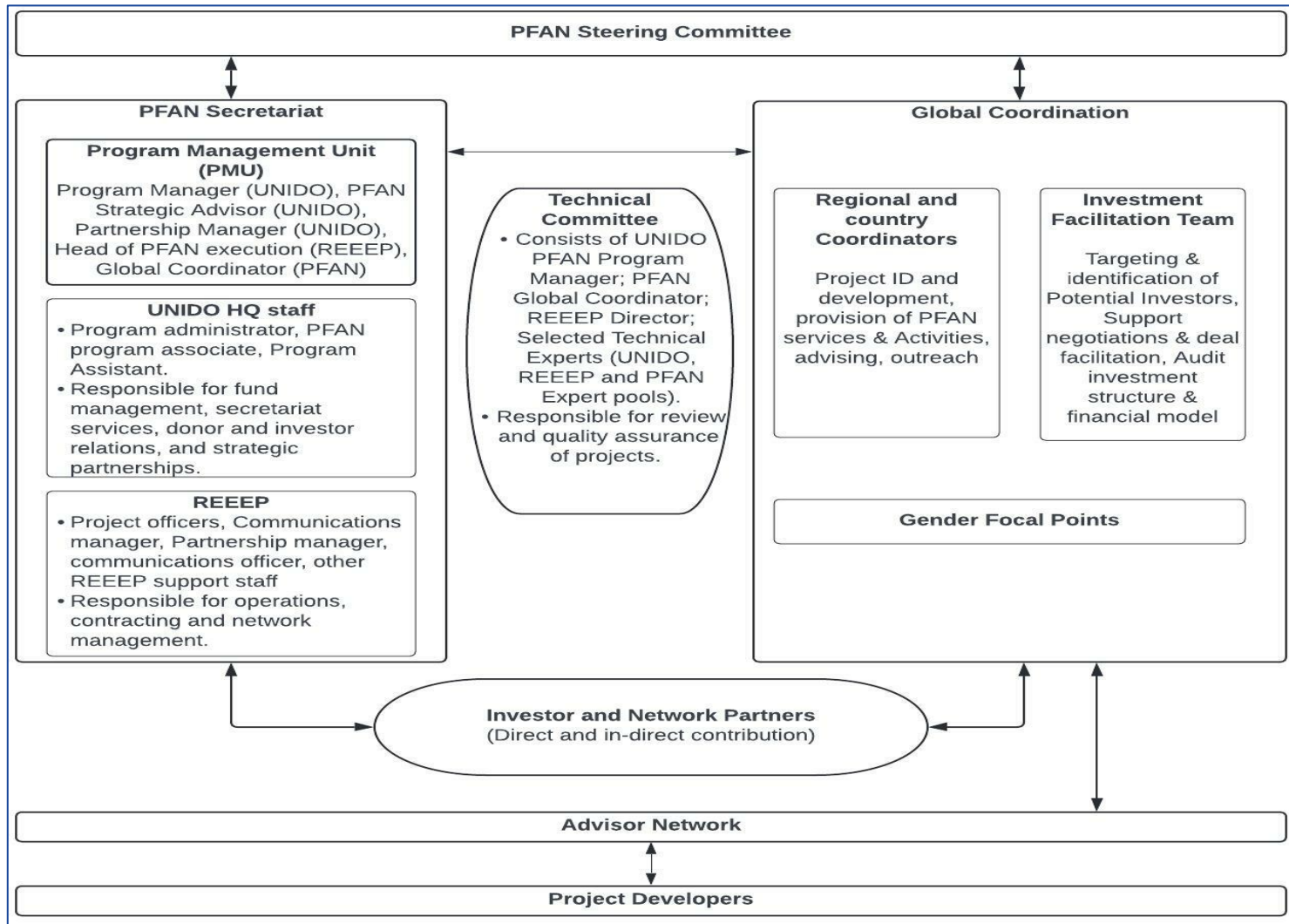
- UNIDO, as the hosting institution, has overall responsibility for the implementation of PFAN, management of the funds, including contracting of experts and consultants. UNIDO interacts with the Steering Committee and donors; and liaise with partners. UNIDO is also responsible for monitoring and evaluation (M&E), and reporting. PFAN is integrated into UNIDO's operational structure.

² Voting members constitute of: (a) Representative of developed country or regional economic integration organization that provides a minimum financial contribution to core funding of USD 300,000 annually in average over 3 calendar years; (b) Representative of developing country and emerging economy that provides a minimum financial contribution to core funding of USD 150,000 annually in average over 3 calendar years; and (c) Representative of UNIDO.

³ Non-voting members constitute of: (a) Representative of REEEP; (b) Representative of the Climate Technology Initiative's (CTI) Executive Committee (until existing PFAN contracts with CTI are closed out); (c) Representative of each country providing a financial contribution below the amounts listed above; and (d) Representative of each strategic and implementing partners, as determined by the Steering Committee.

- REEEP, as the executing partner of the arrangement oversees day-to-day operations of the program. They are responsible for managing relationships with the SMEs; the project Advisors; and financial and technical experts. REEEP also manages the Network of PFAN Country Coordinators and liaises with the Regional Coordinators. REEEP is also responsible for developing market intelligence and analysis, as required.

Figure 1: PFAN Organizational Chart



Source: Based on Prodoc (2016) and Evaluators' assessment

PFAN is also supported by a **Global Coordinator**, which is tasked with the management of PFAN services and activities in addition to network buildout (according to the ProDoc). The Global Coordinator also liaises with the **regional and country networks** (responsible for project identification and project support) as well as an **investment facilitation team** (responsible for targeting of potential investors and support negotiations and deal management).

PFAN also has put together a **Technical Committee**, which is responsible for review and quality assurance of individual PFAN projects and authorization of fund allocations. The Technical Committee consists of the UNIDO PFAN Programme Manager; the PFAN Global Coordinator responsible for private sector interface; REEEP Director; and a set of technical experts selected on a case-by-case basis from UNIDO, REEEP and PFAN expert pools, according to technical and geographic priorities.

1.1.2. PFAN Stakeholders

Investment partners are entities investing in PFAN projects, covering a wide range of investment interest and appetites, from philanthropic foundations and impact investors looking for relatively low returns and high social and environmental benefits, to private equity and venture capital type institutions looking for high financial returns as well as development and environmental benefits. The network is also open to development and commercial banks and specialist investors like carbon investors.

Network Partners are strategic partners who can help advance the PFAN pipeline. Some Network partners provide funding to PFAN (and join the Steering Committee), while other partners provide in-kind services or work with PFAN to maximize efforts towards investment facilitation in developing countries (See section 6.3 for the kind of partnerships in PFAN).

Advisors are specialized in-country consultancies or individuals with experience on delivering financial services within their country or region. Advisors are carefully selected and promoted by the Regional Coordinators. Per the ProDoc, Advisor membership and access is criteria-based, considering the track record of the entrepreneur or business in raising finance in low carbon energy in markets where PFAN operates; company and personal profiles; and whether their interest aligns with PFAN's, and vetted through documentation, references, and interviews.

Project developers are PFAN's clients. They come from a diverse range of backgrounds and consist of small and medium-sized enterprises (SMEs) and entrepreneurs.

1.2. PFAN Services

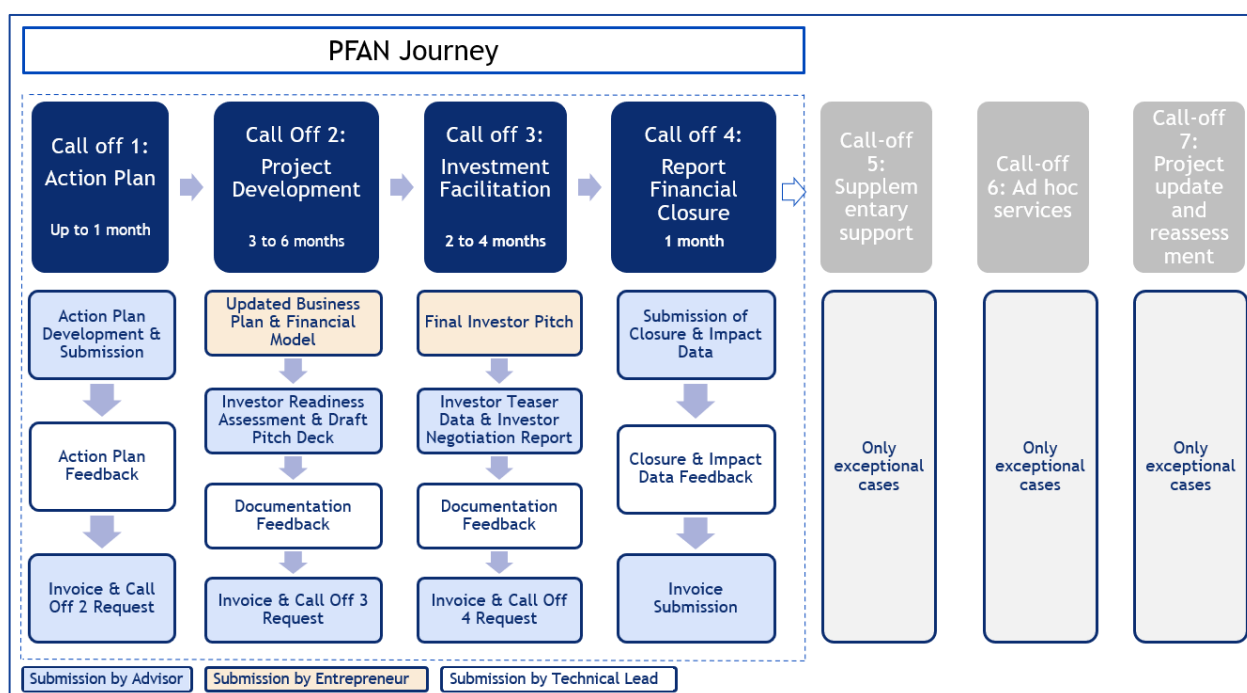
The main purpose of PFAN is to enhance investment facilitation by capacitating SMEs and entrepreneurs to prepare bankable projects and introduce them to investors. This is done through a varied range of services and offers as described below.

1.2.1. Project Identification, Strategic Advisory, and Investment Facilitation

The PFAN Business Advisory service is the primary service of the program. Projects are identified from a variety of sources such as through introductions from Advisors; PFAN Network Partners; and PFAN Donors. The introduction can be direct, or through pitch competitions (prior to COVID-19) where projects compete to be part of the program based on their pitch. Prior to any project inductions, potential projects must apply to PFAN through an on-line submission form. Applications consist of the Proposal Document (plus annexes including a cash flow model) as well as the completed online application forms. Once applications are submitted, projects are evaluated through a set of defined **selection criteria** including those associated with Environmental and Social Safeguards (ESS) (section 7.3.3).

If the project satisfies the selection criteria, they are introduced in the PFAN Journey (Figure 2), where projects go through a four-step process, from the development of an action plan, to project development, investment facilitation and finally financial closure.⁴ The process is targeted to be flexible and adjusted according to the stage of the concept idea. The most mature projects may eventually jump Call-Off 2 and go directly to Call-Off 3, and some projects may go through additional Call-Offs if necessary, such as supplementary support, ad hoc services, or project update and reassessment⁵ (Figure 2). This model of one-on-one services delivery is deemed to be replicable anywhere by PFAN.

Figure 2: PFAN journey process



The PFAN journey itself consists of several services. In the first stage (Call-Off 1) of the PFAN Journey Advisors work with Project Developers to determine an action plan and road map to make the project bankable based on assessment and verifications of the project

⁴ Financial closure is when a project meets all the conditions to raise financing from an investor.

⁵Call-offs 5, 6 and 7, respectively.

documents. In the second stage (Call-Off 2), Advisors offer more in-depth project development support, where support is offered to improve the business plan and financial model. Once deemed bankable, projects enter the third stage of the implementation process, which corresponds to investment facilitation (Call-Off 3). In this stage, Advisors help develop a financing strategy and facilitate investor introductions. This can be done on a one-on-one basis or through **PFAN's roadshows** and **investor forums** (prior to COVID-19). During the last stage (Call-Off 4) a finance mobilization report is developed that details financing or investment raised and evidence of financial closure. Stages (Call-Offs) 5, 6 and 7 are only provided when needed. Stage 5 is only absolute exceptional cases and corresponds to supplementary support to complete previous service (after Call-Off 2 or Call-Off 3). Stage 6 consists in the participation in events, forums, or workshops, and stage 7 is a project update and re-assessment which provides recommendation for ways forward.

1.2.2. Tipping point technical Assistance/funding

Tipping point technical assistance/funding are provided as small-scale co-financing grants. They can be offered in the late stages of project support if requested by the Project Developer and Advisor. The funding can only be requested when an interested investor has been found. It is aimed to help remove the final barriers standing in the way of investment, and can take the form of a legal opinion, technical review, or engineering feasibility report, or to support due diligence and meeting of conditions precedent.

1.3. Reconstructed Theory of Change

This evaluation takes a theory-based approach and proposes a reconstructed Theory of Change as well as credible Impact Pathways from activities towards end results (impacts). The reconstructed ToC and associated Impact Pathways help address the key challenge of attribution of contributions towards long-term impact (i.e. SDGs and the goals of the Paris Agreement).

The reconstructed Theory of Change (ToC) is based on a thorough analysis of PFAN documents done during the Inception Phase. The full analysis is presented in Annex B: Theory of Change Analysis. This step was deemed essential to better capture the full scope of PFAN activities and the pathways of change it has adopted to yield transformational change, since PFAN's ToC and logical framework have evolved significantly over the years. This reconstructed ToC has been used to guide the structuring of the evaluation report and the overall analysis.

Below is the narrative describing the reconstructed ToC diagram (Figure 4).

Problem Statement

To deliver on the Sustainable Development Goals (SDGs) and the Paris Agreement, the world is looking to transition to a low-carbon and climate-resilient global economy (Long-term Objective). However, frontier markets face low private sector investments in climate adaptation and mitigation, leading to missed opportunities from entrepreneurs and investors alike, continued reliance on the public sector financing for climate action, and ultimately a slow uptake of climate technologies, which impedes the transitions to this global long-term objective.

PFAN Main Objective

To help address this problem, PFAN has defined its Main Objective as “Facilitating finance for low carbon, climate-resilient projects/businesses in developing countries”.

Barriers preventing the achievement of the main objective and long-term impacts

The key barriers along the impact pathways, which prevent the achievement of the PFAN Main Objective, and which are directly addressed by PFAN are assessed as follows:

- Barrier 1: Limited capacity of Small and Medium Enterprises (SMEs) in frontier markets to develop bankable projects contributing to a lack of investor-ready projects.
- Barrier 2: Inadequate policy and regulatory frameworks for climate investments (Enabling environment).
- Barrier 3: Risk averse attitudes towards low-carbon and/or climate-resilient investments.
- Barrier 4: Investors’ low familiarity with climate technologies and business models.
- Barrier 5: Absence of platform for project proponents to interact with financiers.
- Barrier 6: Limited access to quality and affordable financial Advisory services for SMEs.
- Barrier 7: Limited access of SMEs to relevant business networks.

Impact Pathways

To help lower these barriers and achieve the main outcome, the reconstructed ToC defines five (5) Impact Pathways, which trace the process of change supported by PFAN from the Problem to the Long-term Objective, by addressing the underlying barriers. From Outputs to Outcomes, the Impact Pathways then lead to Medium-Term Outcomes, and ultimately make contributions to the Long-term Impact (beyond PFAN’s control which contribute to the global objective). Medium-Term Outcomes are transformational and defined as changes in behaviour, attitude, or decision-making of the beneficiaries, while Program-level Outcomes carry elements of the transformational change and refer to specific changes in capacity, knowledge, resources, skills, and abilities. The reconstructed ToC therefore defines the following Program-Level Outcomes:

OUTCOME 1: Project developers have the capacity to increase the supply of investment-grade projects.

OUTCOME 2: Increased awareness and understanding of the specificities of the low-carbon, climate resilient market.

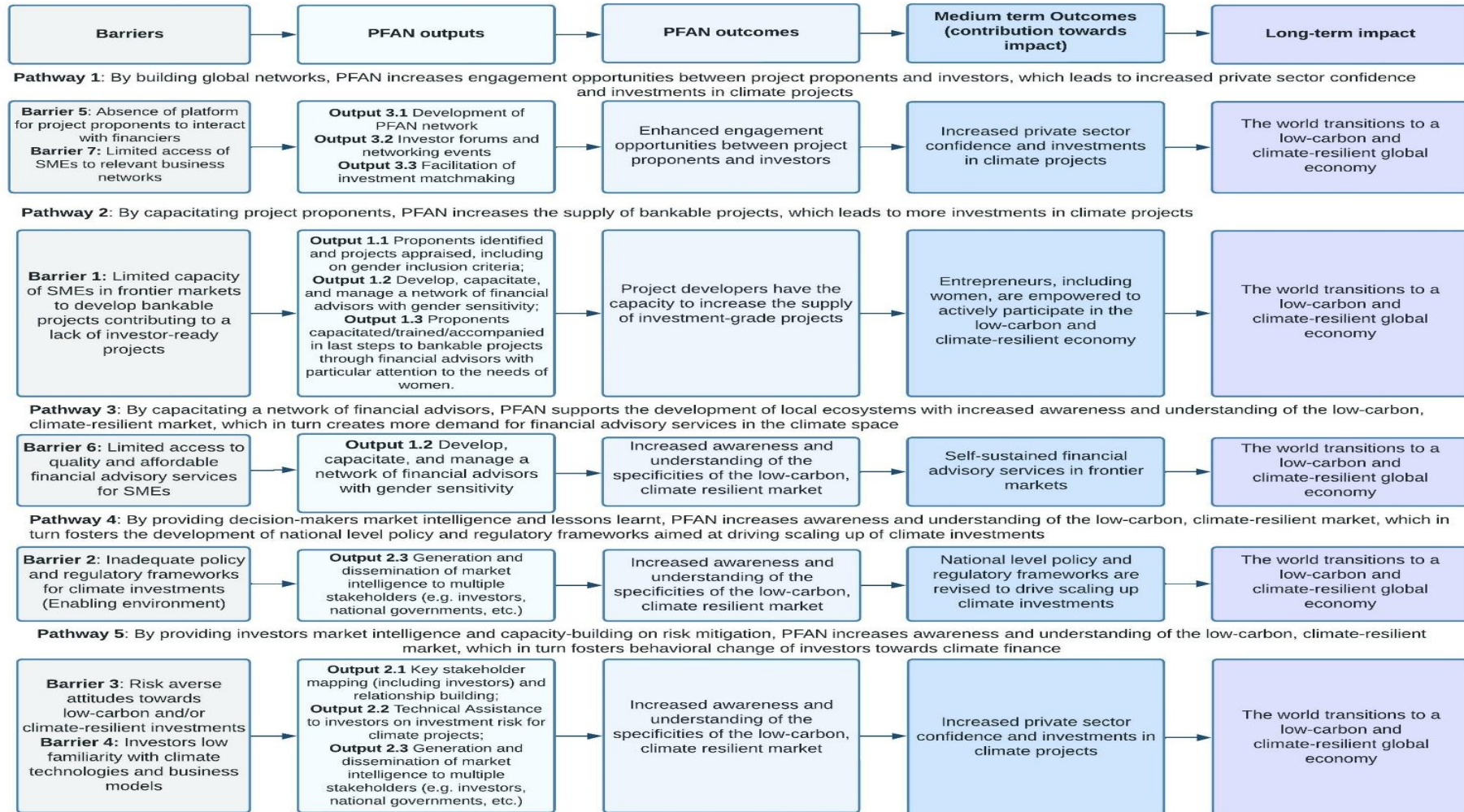
OUTCOME 3: Enhanced engagement opportunities between project proponents and investors.

These should lead to the achievement of PFAN’s Main Objective (PFAN Sphere of Control). Subsequently, through both PFAN and other initiatives, Medium-Term Outcomes could be achieved (PFAN Sphere of Influence). These were defined as:

- **MT01:** Entrepreneurs, including women, are empowered to actively participate in the low-carbon and climate-resilient economy.
- **MT02:** Self-sustained financial Advisory services in frontier markets.
- **MT03:** National level policy and regulatory frameworks are revised to drive scaling up climate investments.
- **MT04:** Increased private sector confidence and investments in climate projects.

Therefore, the Impact Pathways were defined as in Figure 3:

Figure 3: Impact Pathways



Assumptions underlying the PFAN reconstructed ToC

The reconstructed PFAN ToC makes the following assumptions (Table 1: Assumptions of the ToC) as conditions to the achievement of outcomes from the outputs, and the achievement of longer-term outcomes.

Table 1: Assumptions of the ToC

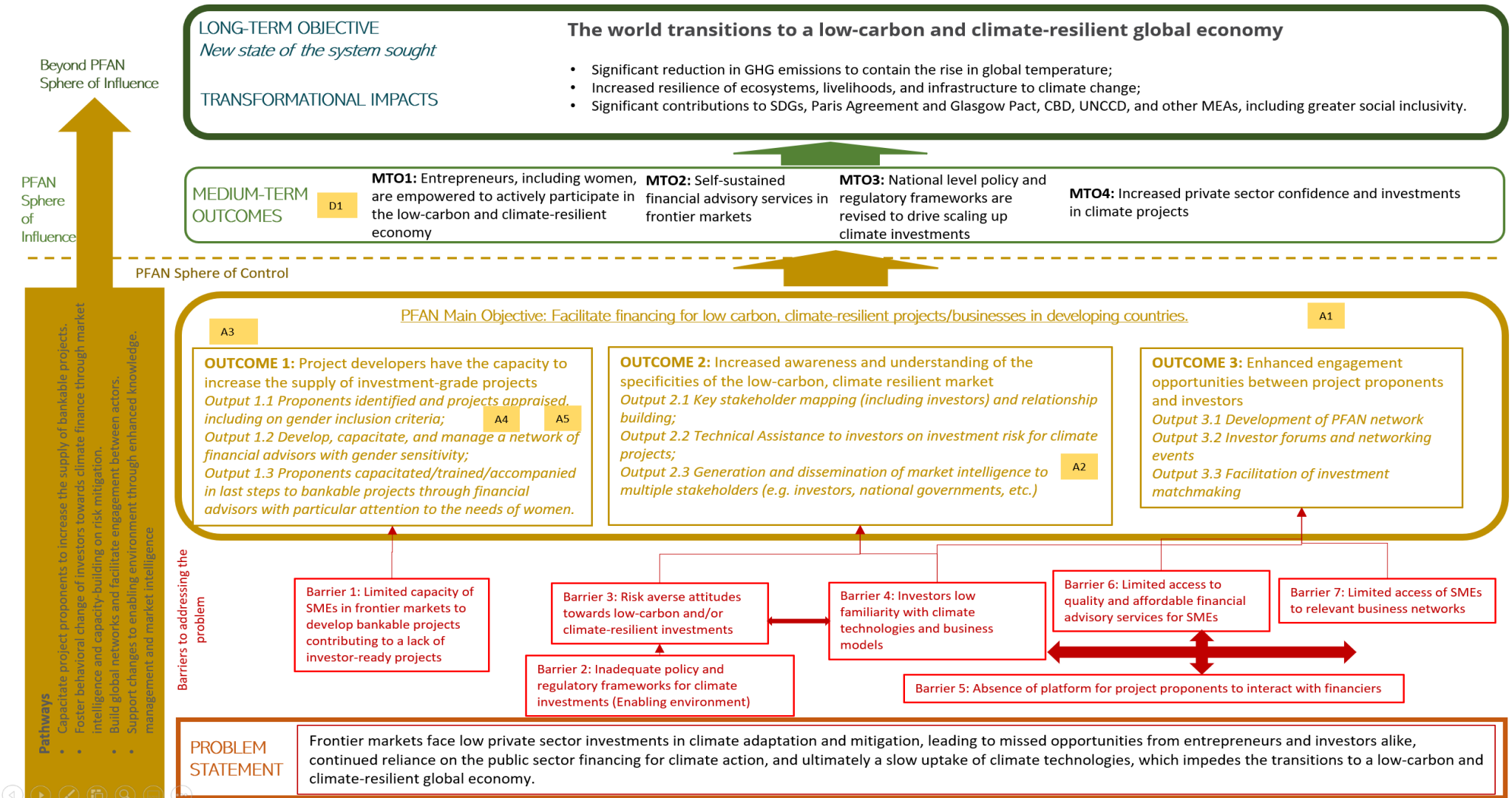
1. PFAN’s business model is easily replicable, and services provided do not require significant adjustments to meet local needs.
2. There are large supplies of untapped private sector financing available for low-carbon and climate resilient projects.
3. Successful projects help demonstrate the business case for private sector investment and ultimately increase private sector investments.
4. Socio-economic circumstances including societally enforced gender roles, access to finance, networks and information and time poverty of women are limiting their ability to invest and scale viable businesses. ⁶
5. There is a continued influx of innovation, including of business models, ready for entrepreneurs to take up.

There is also one key external outcome driver/enabler as follow: Adequate infrastructure, including transportation, water, and energy access are present to support SMEs.

The reconstructed PFAN ToC diagram is presented below and integrates the above assumptions (labelled A1-A5) as well as the key driver of change (labelled D1).

⁶ Atela, J., Gannon, K.E. and Crick, F., 2018. Climate change adaptation among female-led micro, small and medium enterprises in semi-arid areas: a case study from Kenya.

Figure 4: Reconstructed Theory of Change



2. The External Evaluation

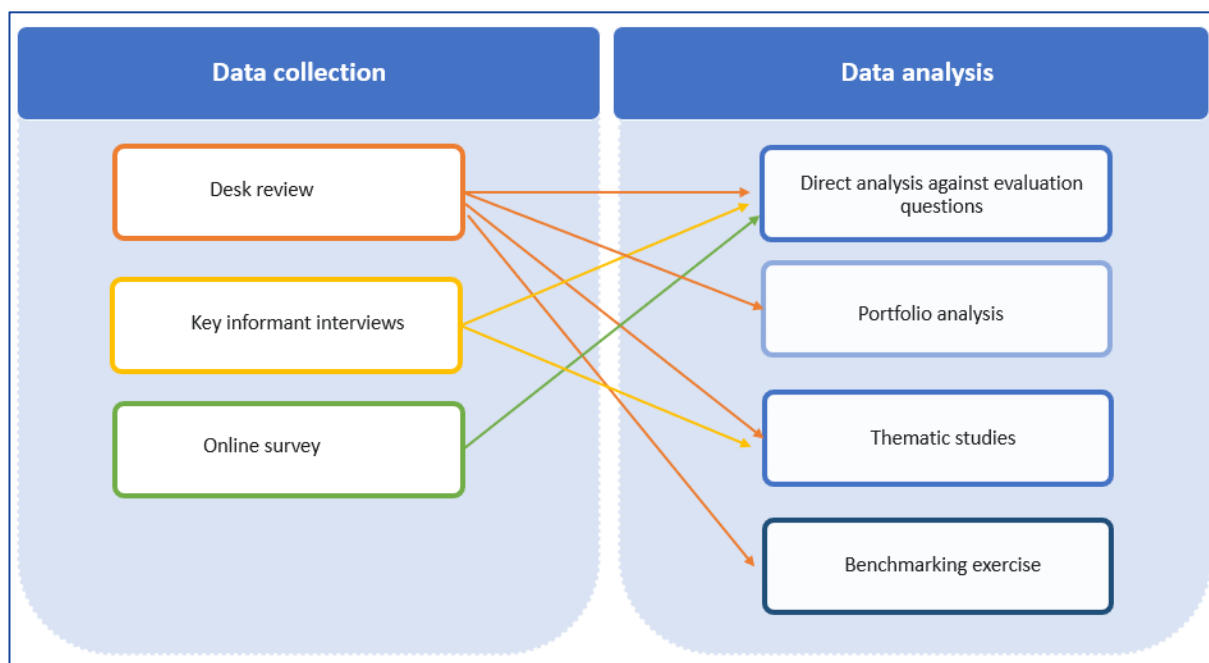
2.1. Objective and Scope

The purpose of the evaluation was to *develop a series of findings, lessons, and recommendations based on the progress made by the program to enhance PFAN's operations and articulate strategic opportunities that can be explored to better position PFAN going forward.* The scope of the evaluation includes PFAN activities implemented under the new hosting arrangement from July 2016 onwards and cover both global and specific activities supported by the program. The evaluation produces recommendations that serve both learning and accountability functions as well as a forward-looking vision that help guide the current work program and upscaling strategy. The evaluation has been carried out in such a way that it is utilization-focused and useful to its intended users, in particular the Steering Committee and PFAN Secretariat including the Program Management Unit (PMU).

2.2. Methodology

A **mixed-methods approach** has been used to collect and analyze qualitative and quantitative data from different sources (Figure 5).

Figure 5: Mixed-methods approach



Data collection was carried out between March and May 2022. The evaluation team conducted an *in-depth desk review* of all program level PFAN-related documentation, as well as information about similar programs and literature about climate finance. These were complemented by *interviews and focus groups* with a total of 65 participants from the PFAN Secretariat; PMU; Steering Committee members; donors; Technical Committee members (including Value for Women); network partners; investment partners; as well as Regional Coordinators; Country Coordinators; Advisors; and Project Developers. An *online survey* was

also conducted and distributed to Project Developers and Advisors to complement other types of information in the evaluation report.

All data collected have been validated and triangulated, and data analysis was carried out between March and June 2022. A **Portfolio Analysis** has been carried out based on the information available in the PFAN project database to provide an overview of the portfolio based on variables such as geographic distribution, status of projects in the pipeline, technology area, investment ask, etc. In addition, to explore in detail specific issues of interest for PFAN, the evaluation team planned to carry out **five thematic studies** through a combination of document reviews and interviews⁷: gender responsiveness, partnerships, climate change adaptation, technological innovation, and out scaling, and economic and financial sustainability of supported projects. The findings from the case studies were compiled in a report and used to feed into the specific findings of the evaluation. Finally, to assess coherence with other organizations active in the same sector, the evaluation team also conducted a **benchmarking** exercise of relevant organizations that could be compared to PFAN to analyze the additionality and complementarity of PFAN with other organizations.

All evidence collected were reviewed against the evaluation questions and data from different sources were triangulated to ensure that evaluation findings are grounded in evidence and reflect the perspectives of different stakeholders, resulting the present evaluation report.

2.3. Limitations of the evaluation

The evaluation experienced good collaboration with the UNIDO Evaluation Office and the PMU and had regular and timely interaction to solve discrepancies and issues when they arose. Despite this, the following limitations hampered some of the data analysis:

1. **Interview Response rate:** The evaluation suffered from a low interview response rate; though mostly from Country Coordinators and network partners. The lists of investment partners and network partners was very short, and the evaluation team contacted all of them, but only received a few responses. The short list of investment partners was raised in emails and through virtual meetings on several occasions with the Secretariat and the PMU as well as the Evaluation Office. No Country Coordinators attended or were responsive for focus group requests. Most difficult was the Project Developers. The response rate was extremely low, and for those the evaluation team interviewed the information provided was limited and not often very useful for the evaluation.
2. **Database Discrepancies:** The data obtained on PFAN's project portfolio did not contain all the information necessary for the evaluation analysis. For many projects information was not completed, or there was a lack of precise data on certain points, for example dates for when each project went from one Call-Off to another⁸ (to be used to measure efficiency) and information on locations of advisors and project developers, which hampered the analysis on whether advisors were primarily selected locally or not. Some information in the database did not match the information collected during the interviews, for example some

⁷ The interviews focused on a sample of up to 15 projects per case study.

⁸ The Call Off structure was introduced in July 2022, therefore data on how long which project is in which phase for projects inducted before that does not exist.

projects that were declared in financial closure in the database, was not considered financially closed by the Project Developers as the financing they had obtained was prior to PFAN collaboration and not because of PFAN. The different definitions of the project status were not clear. The data obtained on investors also did not seem to be up to date, given the very short list provided.

3. **Budget Discrepancies.** The data concerning the budget did not make it possible to see the budget spent by activity, which limited the value for money analysis. PFAN monitors their budget according to the UNIDO financial system, which only provides detailed information by output; this is a limitation of the system.

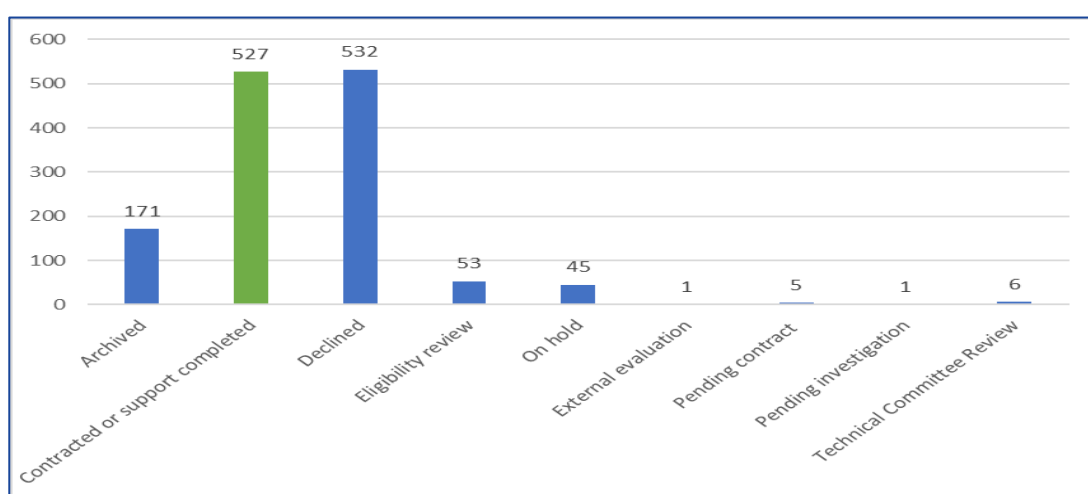
4. **Low-quality information for Deep-Dive Studies:** The deep dive studies were to be generated from interviews with Project Developers, which had been selected to fit the subjects. But the low response rate and the information provided was not sufficient to produce adequate reports. The interviews were used to inform the evaluation, but the team had to change strategy on the deep dives. Since these were not requested deliverable per the TORs, but a suggested data collection method to get deeper information from beneficiaries on some key subjects, some of the subjects were changed and one deep dive was eliminated; the one on financial sustainability as all the information the evaluation team gathered on financial sustainability did not surpass what could just go in the evaluation report.

5. **Difficulty with attribution of financing secured:** The analysis on PFAN outcomes and impact was hampered by the difficulty to attribute financing secured by project developers to PFAN. It became apparent through interviews that some of the financing reported as leveraged by PFAN, was not necessarily attributable to PFAN activities and support. The PFAN team is aware of the difficulty with attribution and is actively searching for better methods to account for the finance it helps secure for project developers. However, for the purpose of this evaluation, the findings on funding leveraged will be reported according to the database of the five years evaluated but noting the discrepancy that the actual amount of funding leveraged may be lower than the database indicates.

3. Portfolio Analysis

Over half⁹ of SMEs applying for support through PFAN make it into the PFAN pipeline with 39 percent of the projects in the portfolio currently being or having been coached as of April 2022. The current active¹⁰ project pipeline of PFAN consists of 527 projects (contracted or support completed) from 63 countries in addition to five (5) projects that are pending contracting. This constitutes 39 percent out of overall 1341 applications received from June 2017 to February 2022, which made it through to the support stages of PFAN. Another 40 percent have been declined, while the rest are archived¹¹ (13 percent), on hold¹² (3 percent), or going through one of the application review-stages¹³ (5 percent). In the entire pipeline, 11,2 percent of projects have reached financial closure.

Figure 6: Status of PFAN projects



The average total investment ask of projects in the pipeline is USD 21 million, while the median is much lower (USD 4 million). This is mainly because some extreme projects push the average up (see Figure 8 and Table 2: Investment ask in the pipeline). For example, one west African biomass project has an investment ask of more than USD 2 billion in equity, and four other projects (biomass, wind, and solar projects) has investment asks beyond USD 200 million in equity and debt. Financially closed projects (43 projects with data) have a much lower average investment ask (USD 5 million), and the median is slightly lower (USD 2 million). There are only 16 projects that have reached financial closure and are still contracted, and the average investment ask is USD 5 million, with the median being USD 2,5 million.

9 Includes Archived projects, Contracted or support completed, eligibility review, external evaluation, pending contract, and pending investigation.

10 For this evaluation when referring to active project, we include those that are being coached or have completed coaching.

11 Projects that PFAN will no longer work with. Project developers decided not to work on project/application anymore, not heard back from Project Developer or other reason why work on project was not continued. No more potential for closing the project (bankruptcy, fraud, no interest anymore, etc).

12 Unclearities that need to be solved before work on project can be continued.

13 One project is in the external evaluation review phase, six projects are under Technical Committee review, and one project is pending investigation. These stages are explained in the key terminology table above.

Table 2: Investment ask in the pipeline

Investment ask	Average (million)	Median (million)	Max	Min	Total projects
Entire pipeline	21	4	2 147 483 647	10 000	369 ¹⁴
Financially closed projects	5	2	37 400 000	200 000	43
SIDS	8	2	37 400 000	155 000	9
LDC	12	2	249 100 000	10 000	95
Women ownership >50 percent	15	3	138 000 000	105 025	35

3.1. Technologies in the Pipeline

Overall, renewable energy technology dominates the PFAN pipeline, but with varying financial closure rates across technologies. Only 59 projects in the pipeline are adaptation projects (11 percent), and 154 projects are both adaptation and mitigation projects (29 percent)¹⁵. The rest is defined as mitigation, with wind, hydro, and solar projects showing the highest rates of acceptance in the PFAN pipeline compared with the number of applications received. Solar projects take up the largest part (28 percent) of the pipeline trailed by biofuels/biomass/biogas/waste-to-energy projects and energy efficiency projects. Despite a high rate of acceptance for wind and hydro projects, they only take up 10 percent of the pipeline. To date, there are no wind projects reported as financially closed. However, this is likely explained by the fact that most of the wind projects are very recent (applications at the end of 2021). Biofuel, biomass, and waste to energy projects also show lower rates of financial closure, while biogas projects have a very high rate of financial closure (22 percent). Distributed and off-grid generation projects have a higher-than-average acceptance rate (60 percent) but have a lower-than-average financial closure rate (6 percent). Energy efficiency and demand reduction projects have a lower-than-average acceptance rate (33.8), but also achieve less financial closure (7.7 percent). Interestingly, even though clean transport projects are a bit of a newcomer, it shows a high acceptance rate, and comparatively a very high rate of financial closure.

Table 3: Acceptance rate by technology

Technology	Number of applications ¹⁶	Acceptance rate	Financial closure (% against total accepted projects)
Biofuels	47	51,1	4,2
Biomass	80	55,0	2,3
Biogas	59	45,8	22,2
Waste to energy	81	43,2	5,7

¹⁴ All other projects do not have data on their investment ask.

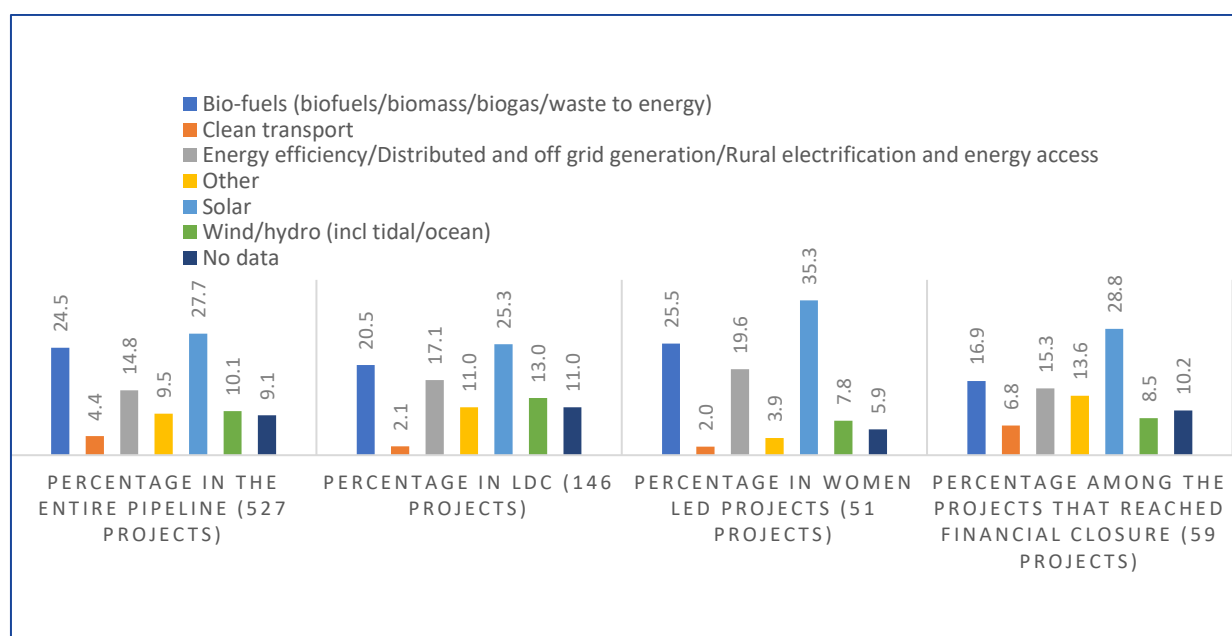
¹⁵ 98 projects have no data, representing 20% of the pipeline.

¹⁶ Only applications that are contracted, support completed or declined are counted here.

Clean transport	39	59,0	17,4
Energy efficiency and demand reduction	77	33,8	7,7
Distributed and off grid generation	30	60,0	5,6
Rural electrification and energy access	65	52,3	17,6
Other*	147	34,0	16
Solar	251	58,2	11,6
Wind	20	70,0	0
Hydro	55	69,1	13,2
No data	105	45,7	12,5
Total (Mean)	1059	49,8	11,2

Note: Green indicates higher than average figures and grey indicates lower than average figures.
 *Others include emission reduction, energy products from forestry, energy storage and conservation, rural electrification and energy access, and other technologies that do not fit into any category.

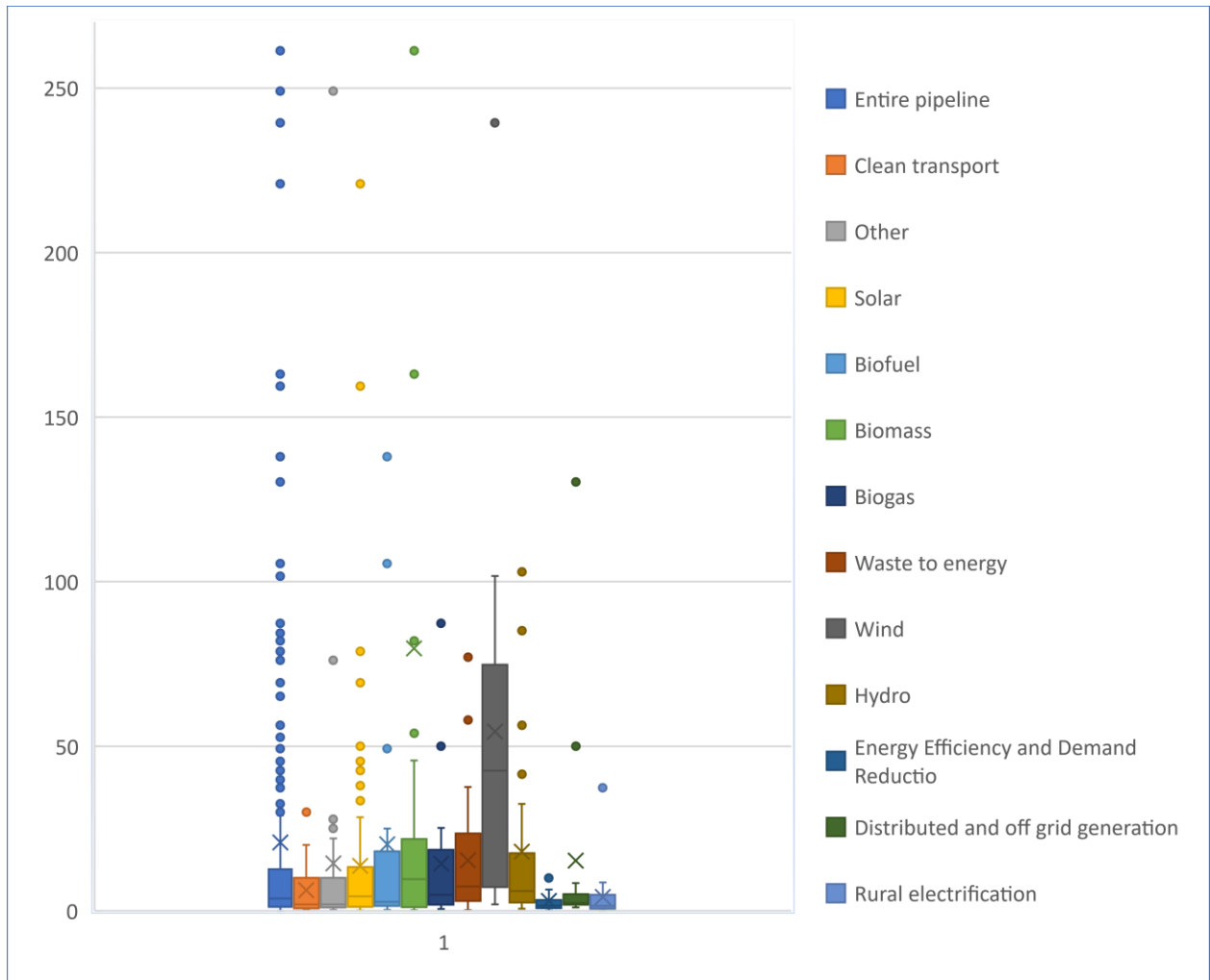
Figure 7: Technology areas in the pipeline



Technologies with lower investment asks show higher rates of financial closure compared with projects that have high investment asks. When looking at investment asks versus financial closures wind projects and biomass projects tend to have a higher investment ask, averaging USD 54 million and USD 80 million, respectively (Figure 8). Comparatively, solar, rural electrification and clean transport investment asks are much lower (Figure 8). However, according to the analysis of technologies, investment ask and financial closures, lower investment asks seem to heighten chances of financial closure. This contradicts findings from interviews with investors, which have indicated that the projects in the PFAN pipeline have too low investment asks to satisfy investor appetite. It deserves mentioning though, that a higher investment in turns heightens risk, which may be a significant factor for investors to

determine whether to invest or not. In other words, finding an investor for a high investment is more certain to take longer time.

Figure 8: Investment ask by technology (in million)¹⁷



3.2. Geographic and Country Distribution of the Pipeline

The project pipeline is evenly spread geographically. PFAN’s geographic scope is global in scale covering seven regions that include some of the poorest and most vulnerable countries and markets.¹⁸ The PFAN geographic scope has significantly grown within the evaluation period with several regions being added to the work program since UNIDO inherited the program in 2016. These geographic zones cover some of the poorest and thus most vulnerable

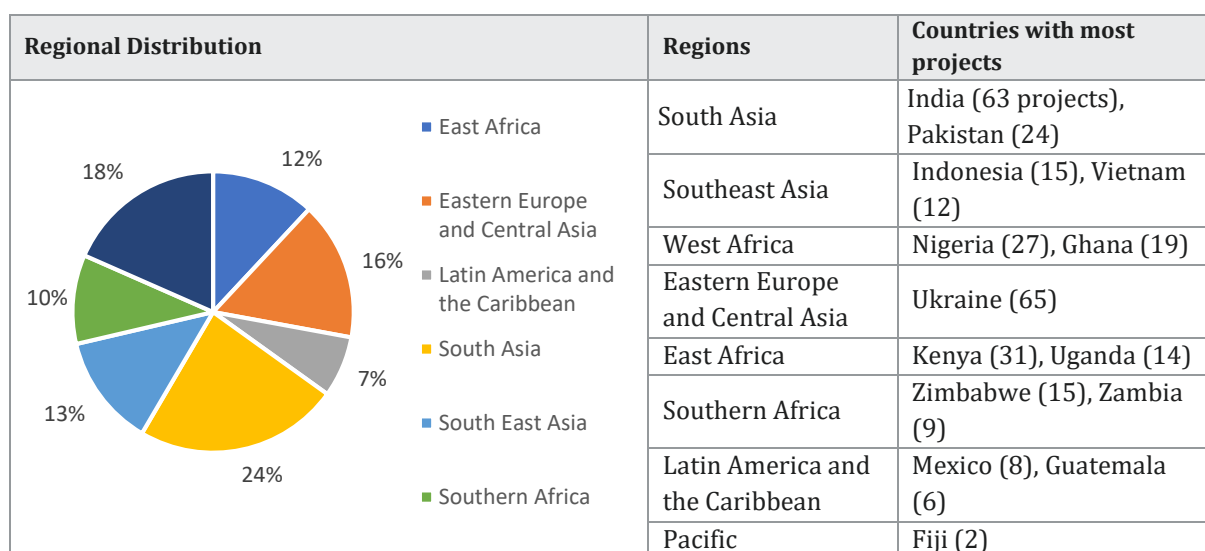
¹⁷ A west African biomass project with an investment ask of more than 2 billion dollars was removed from this graph and the graph below to make them more readable.

¹⁸ South Asia, Southeast Asia, West Africa, Eastern Europe and Central Asia, East Africa, Southern Africa, and Latin America and the Caribbean.

countries in the world and are comprised of a mix of emerging markets including frontier and LDCs markets.¹⁹

PFAN focuses on frontier markets with some countries dominating the pipeline in each region (Figure 9), however projects in LDCs and SIDS are also included. Within the regions, some countries - mainly the most advanced countries - tend to have more projects in the pipeline in terms of numbers (Figure 9). It should be iterated that PFAN does not have any specific mandate to focus on LDCs or SIDS. The focus of PFAN is clearly on generating financially sustainable business models in climate solutions as opposed to specifically generating benefits for the most vulnerable populations; there are no specific aims from the PFAN operational team to focus efforts on one region (beyond the Pacific, which currently features strongly in their agenda). That said, a progression into more difficult and risky markets has been reported to happen automatically as many of the markets that PFAN have been operating in are coming to maturation. For example, in the last 15 years PFAN has worked a lot in Southeast Asia, Thailand, and Vietnam, which are all markets that are reaching maturation. In 2020, the PMU reported to the steering committee (SC8) that some of its markets have evolved/matured, and the program is increasingly being pushed upstream where investment challenges are greater in terms of the size of projects, bankability, risks, etc. Hence PFAN is seemingly becoming active in more challenging markets.

Figure 9: Regional and country distribution of projects



The investment ask is much higher in Eastern Europe and Central Asia (median is USD 11 million) than in other regions (

Figure 11), probably due to the regions' level of development. Latin America and the Caribbean also have a higher-than-average investment ask. West Africa has a particularly high

¹⁹ While emerging markets are usually countries with markets that are “experiencing rapid growth and development with low per capita income and less mature capital markets than developed markets”, frontier markets are a “subsection of emerging markets” – generally with much lower market liquidity. Frontier markets are one step ahead of LDC markets.

average (USD 47 022 446) due to some extreme outliers, but the median investment ask is like East Africa. The investments achieved are increasingly higher over time, with the median increasing from 500,000 in 2019, to 685,000 in 2020 to 1,100,000 in 2021. The total amount of funding leveraged by financially closed projects was USD 303 million in 2021 and USD 142 million in 2020. However, the amount leveraged does not necessarily mean that we can attribute it to PFAN, as some Project Developers found the resources before PFAN’s support or without its assistance. We do not know exactly how much is attributable to PFAN, and this attribution challenge remains common to other such project preparation facilities as no clear methodology exists to assess attribution.

Figure 10: Investment ask (in million)

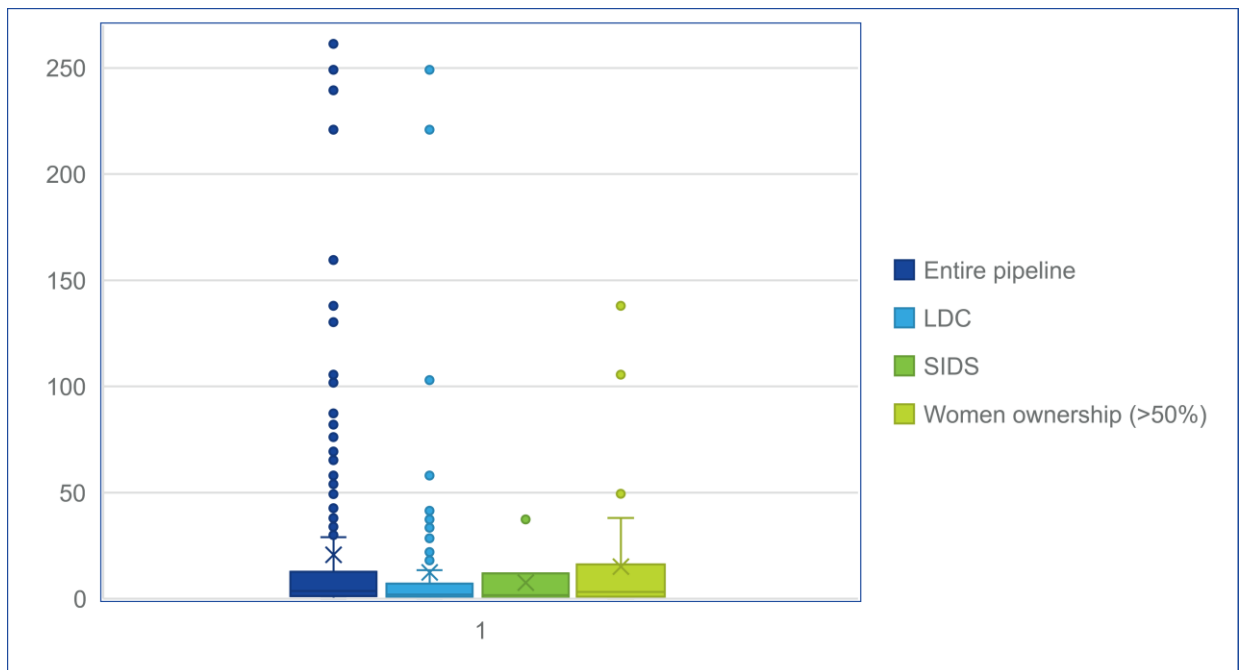
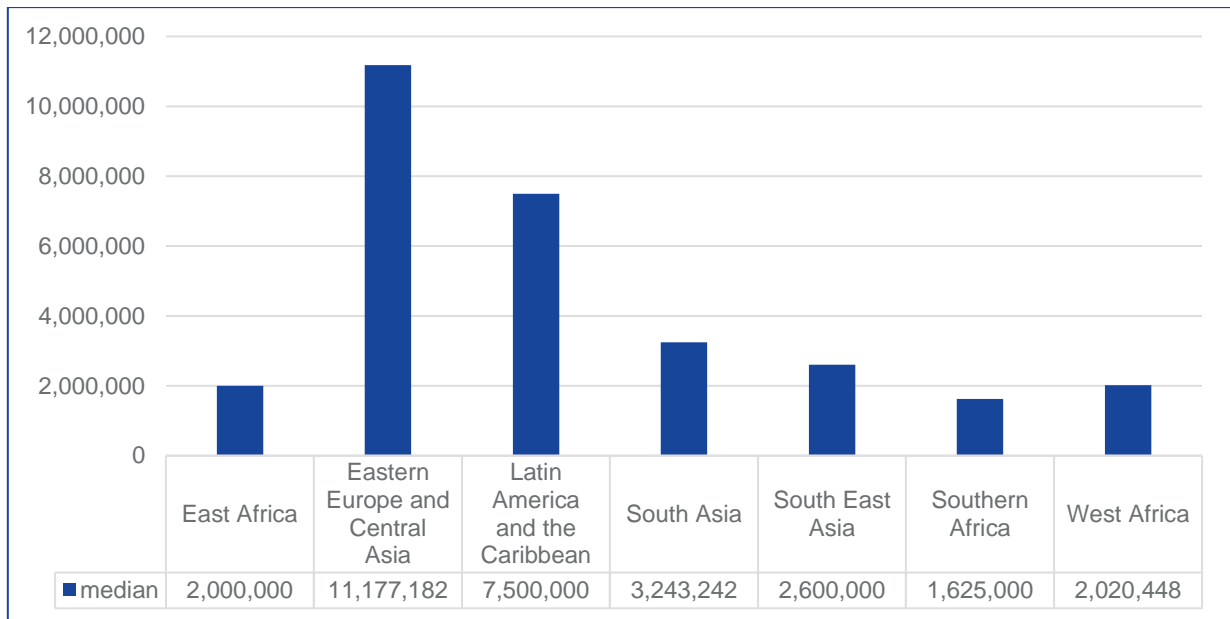


Figure 11: Median investment ask by region



4. Efficiency of PFAN's Operational Model and Management

This section assesses the overall efficiency in terms of: (i) PFAN Governance and Organizational Coordination; ii) the PFAN Model, the PFAN Journey and the associated Call-Off process; (iii) the quality and timeliness of support from PFAN Secretariat including the PMU and the PFAN advisors/coaches; and (iv) budget and expenditures.

4.1. Efficiency of PFAN Governance and Organizational Coordination

The present Steering Committee is highly engaged in the program and offers good support to program operations and targeted thematic areas. The evaluative evidence found that the Steering Committee is supportive of program activities and all report to be confident in the objective and value added of the program. Donors on the steering committee find the program necessary, and it supports their own development objectives and agendas. The Steering Committee has also offered qualitative and good support in specific key areas in particularly gender and support to SIDS (mainly Pacific).

The present Steering Committee does not match the TORs in terms of composition and misses clear guidance on chairmanship. The TORs for the Steering Committee were adopted in the first Steering Committee Meeting in 2016. It determines that the Steering Committee shall be made up of voting and non-voting members. Within the voting membership, representatives should include developed countries (donation of >USD 300,000), developing countries (donation >USD 150,000), and a UNIDO member. Within the non-voting members, representatives can be any country providing a financial contribution of less than USD 150,000 and representative of strategic partners. The Steering Committee has not been able to recruit

developing countries to support the program as it has proven difficult to engage a developing country to contribute; as such there has been no developing country Steering Committee member in the time that the program has been with UNIDO/REEEP. Furthermore, the TORs do not contain clear guidance on rotation of the chair within the steering committee, which happens on an ad-hoc basis, and the chair and vice-chair are selected amongst voting members and based on the highest contribution to the program. This can provide a clear imbalance on the Steering Committee, which is largely governed by developed countries donating the most.

The PFAN Governance model contains several layers of interaction and communication which hampers its efficiency, with indications that the PFAN Secretariat is largely disconnected from the ground (advisors and project developers). In other words, the coordination mechanism of PFAN has become too broadly spread. Recalling the organizational chart in the introduction (**Error! Reference source not found.**), PFAN includes several layers of interaction and there is no direct line of communication from the ground to the PFAN Secretariat. Project Developers interviewed and surveyed often explained that they only communicate with Advisors, which keeps them too much at bay from the actual program in case grievances arise on the ground with Country Coordinators or Advisors. Most of those interviewed were not part of any PFAN LinkedIn group or were not aware of a PFAN newsletter but were interested in hearing more about what other SMEs do. During interviews, the case of two business developers from different continents but with questions and ideas about similar business models were identified - giving them the opportunity of exchanging ideas would have been beneficial.

The vertical structure of the network of Advisors and of Project Developers is not conducive to the creation of strong, self-sustained networks (Pathway 4). The partnerships with Advisors are managed contractually by REEEP, and individually by Regional Coordinators, Country Coordinators and/or the Secretariat. Beyond initial screening and training on PFAN processes, the relationship with Advisors is relatively informal. According to interviews, they receive regular communications from PFAN, can join a LinkedIn group, and receive some specific trainings virtually or during PFAN events, but they are not invited to connect with each other (beyond meeting at events) to exchange knowledge. Most Advisors interviewed did not report communicating with other Advisors on a regular basis, only with PFAN staff, although some PFAN staff reported organizing events at the country level for Advisors to meet with each other. The network of Advisors can therefore be described as vertical, as it flows from the Advisor up to the PFAN Secretariat, directly or through country/Regional Coordinators. According to the PMU, the COVID-19 pandemic has further enhanced this situation. This is not favourable to the establishment of networks of professionals and to the exchange of knowledge and experience globally, regionally or within countries. Furthermore, this structure places an undue weight on the PFAN staff which has the responsibility to address the needs and requests of all Advisors, which is a limit to scale-up opportunities. As Advisors report relying in part on their own networks of investors and in part on PFAN's, there is a missed opportunity for Advisors to help each other connect their clients to Advisors without PFAN's intervention.

4.2. Efficiency of the PFAN model

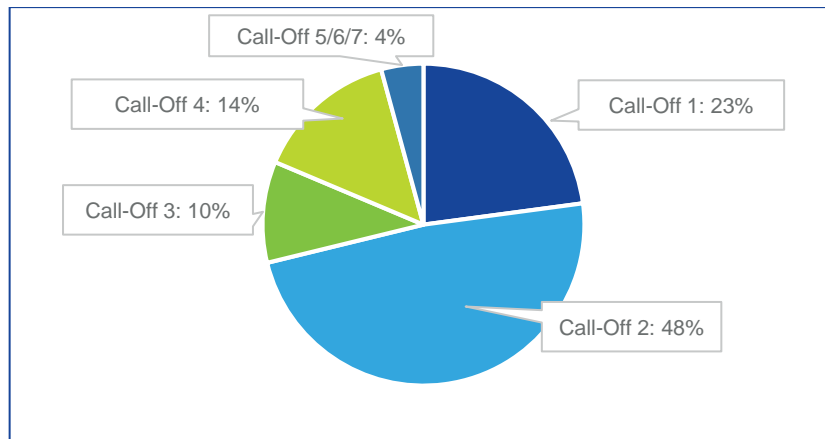
Improvements have been made to increase the flexibility of the PFAN Journey, however each Call-Off is longer than expected. Despite the flexibility of the PFAN Journey to skip stages, some more mature projects (interviewed) felt forced to take part in some stages that were redundant, and it is difficult to say if there is true flexibility in terms of moving between Call-Offs. While the data does not indicate how long the projects have been in each of the stages, the evaluation team can gather from the database that most of the projects that have entered the pipeline in 2020 and 2021 are still in the Call-Off 1 or Call-Off 2 stages (**Error! Reference source not found.**). Indeed, of projects having applied in 2020, 23 percent remain in Call-Off 1, and an additional 48 percent remain in Call-Off 2. This may be because of COVID-19, which could have hampered progress towards Call-Off 3.

No project is the same, and the action plan and project development phase may take longer for some projects. However, according to the PFAN project cycle, Call-Off 1 is estimated to take one month, and Call-Off 2 is supposed to last between 1 and 6 months. Once projects have moved through Call-Off 1 and Call-Off 2, they proceed to remain in Call-Off 3 (investment facilitation) for a prolonged time before they are considered financially closed. According to the survey carried out for this evaluation, Advisors were more inclined to agree that the length of all stages of the PFAN journey was adequate (71-91 percent), while Project Developers only agreed that the length of time for Call-Off 1 (77 percent) and Call-Off 2 (74 percent) was adequate. 28 percent and 35 percent of Project Developers found investment facilitation and financial closure to be too long, respectively. However, this may largely be related to misinterpretations and miscommunication about what is on offer from PFAN to project developers as well as unrealistic expectations of investor readiness from a project developer side.

PFAN has attempted to reduce the time required to assign Advisors (since 2019), by now identifying the top five Advisors automatically from a database instead of working through recommendations from their network of regional and Country Coordinators. In 2019, to accelerate the matchmaking of Advisors and Project Developers, an algorithm (Matching Tool) was developed to identify potential Advisors from PFAN database based on pre-determined parameters.²⁰ Geographic proximity was prioritized and given an amplifying factor and has double the weight of other criteria. The current pipeline data shows that the median time between application and contracting for Call-Off 1 is currently about 65 days. The data analyzed did not allow for a time-series analysis, as it represented a single snapshot of the current PFAN pipeline, and it was not possible to say if the current matchmaking process has been shortened since the implementation of the Matching Tool. There are remaining issues with the Advisor matching process timeliness, as reported by several Project Developers who noted that the process could take several months, longer than their expectations.

²⁰ Financials; Technology Area; Value Proposition & Investor Network; Market Understanding; Maturity & Experience; Developmental Focus.

Figure 12: Current Call-Off of projects having applied in 2020²¹

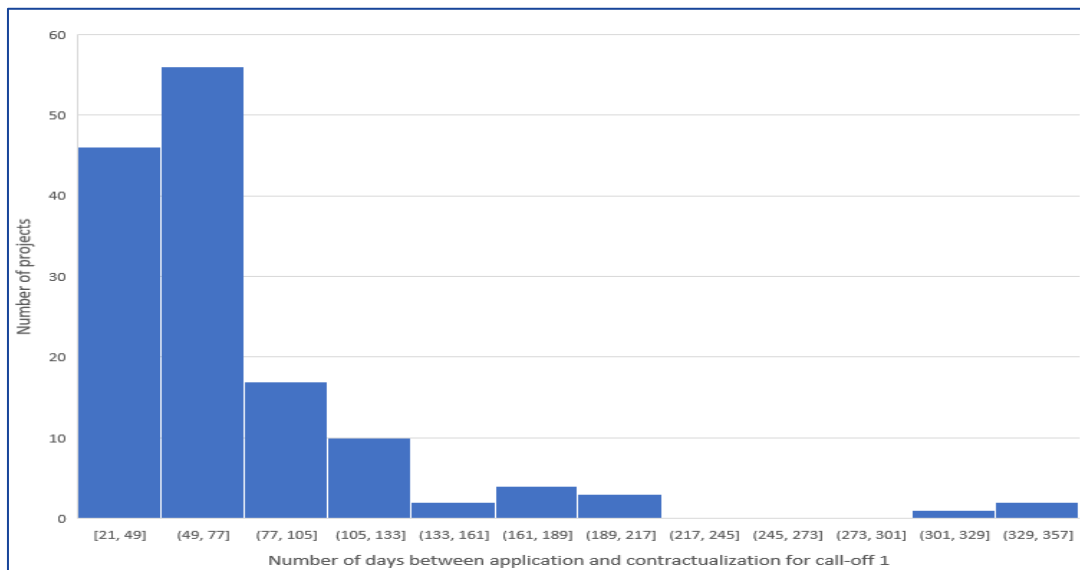


Advisors have a disproportionate influence on the efficiency of the PFAN Journey. Several Project Developers reported to have been assigned several different Advisors over time, with varying reasons for changing Advisors; for example, conflict of interest on the Advisor side or specific additional need of the Project Developer in a technical area that is not covered by the assigned Advisor. This alone can significantly impede the efficiency of the PFAN Journey in terms of the time it takes to make it through each step, particularly because according to interviews, the interpretation of the requirements to stay in a specific stage of the PFAN Journey can change with the new Advisor, which may not always align with the process as stated by PFAN or the previous Advisor. Additionally, the fact that Advisors are in practice not really connected through a network reduces the efficiency of the PFAN process, since they are largely isolated, cannot exploit knowledge sharing opportunities, share good practices, and share contacts that could be helpful to Project Developers.

Low fixed fees for each Call-Off phase for Advisors and the success fee structure may have adverse effects on efficiency. Evaluative evidence from interviews suggest that Advisors often lack the financial incentive to prioritize PFAN projects, as they are unlikely to gain much from the support provided in the short-term. Several Advisors interviewed noted that while PFAN is good for some cost recovery on services offered, it was often not enough to recover the actual level of effort that Advisors put in. Compounded by the fact that each PFAN stage can take longer than expected, and that the overall process can take years, the fixed fees and overall success fee structure makes little sense financially to many Advisors. As a result, Advisors may be disincentivized in the long run to dedicate enough time and effort to Project Developers in, and the success fee structure can create resentment and stall the progress in support provided to Project Developers.

²¹ Call-off 1 = Action Plan; Call-off 2 = Project Development; Call-off 3 = Investment Facilitation; Call-off 4 = Finance mobilisation; Call-off 5 = Supplementary support; Call-off 6 = Ad hoc services; Call-off 7 = Project Update and reassessment.

Figure 13: Time (days) between application and contracting for Call-Off 1



The PFAN Journey and model of investment facilitation is sufficiently flexible to be applied everywhere, but require modifications to meet local needs, which can reduce economies of scale. One clear assumption for PFAN’s ToC is that the model is replicable (i.e., services required across regions and sectors are largely the same). Yet, PFAN has had to change the way it operates and adjust its focus across regions due to differing needs across regions and countries. This flexibility is considered in the model and contributes to greater effectiveness. For example, how PFAN operates in West Africa is different than how it operates in Latin America and the Caribbean. In the Pacific region, the need for a transition to sustainable energy is the main driver for investment needs presently, while in Central America and the Caribbean, the importance of considering adaptation projects has been stressed. On the other hand, , it needs to be acknowledged that there can be significant modifications required at regional and national levels in terms of implementation, which negatively affects efficiency. A key example was the requirement for PFAN to adopt an entirely new strategy for the SIDS alone (see Engagement on SIDS for more information).

Access to the Tipping Point Funds is experienced as tedious and bureaucratic. Per Steering Committee documents,²² the Tipping Point Fund was one of four services presented in 2016 as part of the renewed PFAN. However, evaluative evidence (Interviews and analysis of performance against targets) revealed that very few projects had accessed the Tipping Point Funds. Data analyzed showed only four (4) projects supported: one (1) project in 2018, two (2) in 2019, and one (1) in 2020, although there were some discrepancies in the numbers reported. In 2020 the target was to have 1-3 projects supported at "Tipping Point": with a budget of approximately US\$50,000 earmarked for this. In 2019, the target was 5-10 projects, with a budget of US\$109,913. The analysis of budgets and expenditures did not allow for an analysis of cost-efficiency, because the projects having benefited from these could not be readily identified, and expenditures were not reported by activity. The outcomes for these projects were also not found. It should be noted that PFAN recognizes the present limitations and tediousness surrounding the Fund’s procedures, which have resulted in the development

²² See Steering Committee Meeting 1, 2016. Minutes of the Meeting.

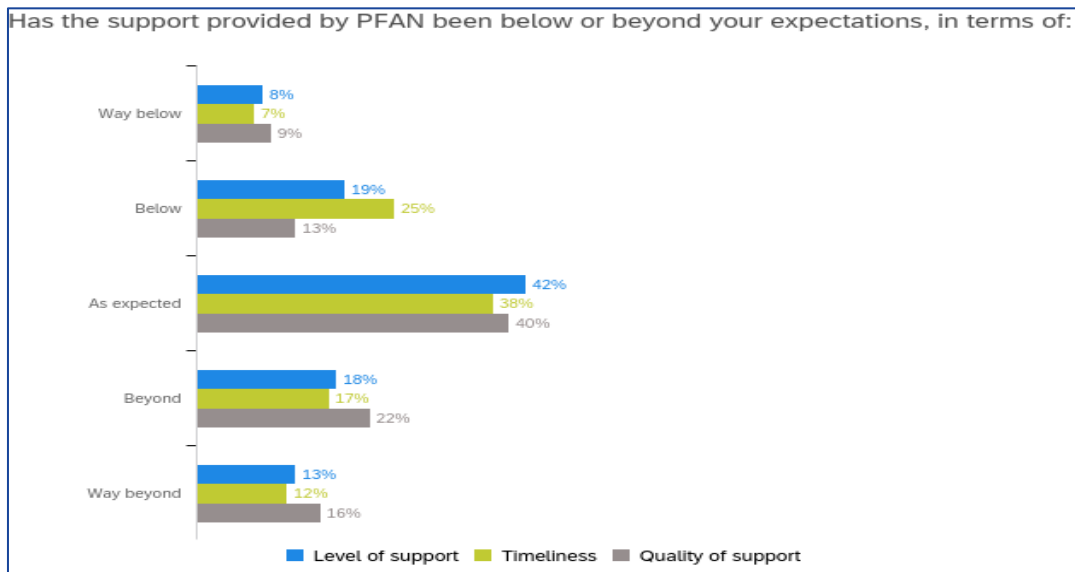
of a new methodology for the Fund through the PPSE program in Pakistan. Interviews with Project Developers, Advisors, and coordinators revealed that there was high demand for these funds, though, and as such there is significant scope to advance tipping point funding beyond Pakistan once the new model is tested.

4.3. Quality of support by PFAN Secretariat and Advisors

The overall quality of support from PFAN secretariat is moderate and mainly hampered by a lack of good and consistent communication. Indeed, the flow of information from PFAN secretariat to the Project Developers is being hampered by its many layers of operation. The organization chart is complex (recalling **Error! Reference source not found.**) and the flow of communication between the various levels of coordination (global, regional, local, Advisors, Project Developers) is unclear. Interviews indicated that some Project Developers, for instance, are entirely unaware of the existence of the management in PFAN secretariat while others lamented the fact that it had taken several months to be assigned an Advisor (note that it was unclear whether this was before or after the change to the new algorithm, which in theory should increase the efficiency of the process). Another area impeding the quality of PFAN Secretariat support is the fact that English is PFAN's administrative language while Advisory services are also carried out in French, Portuguese, and Spanish.²³ As indicated through interviews, this may hinder some Project Developers from effectively communicating with the PFAN Secretariat if needed, as well as restrict their access and response to Call for Proposals. The overall response times of the Secretariat to different requests, including processing of payments to Advisors was considered slow (Survey responses and interviews), as was responsiveness of the PFAN Secretariat to Network Partners.

²³ Steering Committee Meeting 3, 2017

Figure 14. Perceived expectation related to Advisor support (n=95)



The support from Advisors is largely perceived as adequate and as expected in terms of the level of support, timeliness, and quality, but with high variability (Figure 14). According to survey results, the level of support provided by PFAN Advisors to Project Developers was at least as expected in 73 percent of cases; timely in 67 percent of cases, and of sufficient quality in 78 percent of cases. However, interviews as well as written survey responses from Project Developers provided more nuance to the perception²⁴, highlighting that the capacity of Advisors remains variable, and their ability to support projects adequately remains inconsistent. Verbal responses and interviews indicate that the timeliness and quality of support from Advisors is roughly split down the middle with positive and negative feedback. Several Project Developers noted that response time is slow, and Advisors engaged in very limited interactions (e.g. one or two 30-minute meetings over the course of several months), and instead of offering guidance and support, simply assigned new tasks to the Project Developers. On the other hand, about equally as many noted that their Advisors were highly responsive, very attentive and provided in-depth guidance on business plan design, pitch, and financial modelling. This indicates that Advisors may not all be fully aware of what exact expectations and responsibilities they carry and thus advising services are highly reliant on each Advisors incentive and commitment to support.

4.4. Budget analysis

The PFAN Budget is made up of a global budget and earmarked budget for specific activities based on donor support. Donors can contribute through two windows: (1) Pooled Funds for global activities (global funding), which include contributions for central structure and services and global PFAN operations, programmed with the guidance of the Steering Committee through the annual program of work and budget process. Or (2) Earmarked Funds for specific activities, which can be contributions for special activities to address specific

²⁴ There were 95 survey respondents and 26 project developers interviewed.

objectives, work streams, countries, or regions, in line with priorities and requirements given by an individual donor, which will be managed individually.

The PFAN budget has increased over time, and expenses have been reasonable (88 percent of the budget has been spent over the years), but targets have not always been met. This number increases to 90 percent when not accounting for 2021, which experienced some delays because of the establishment of the operations in Pakistan (see below). The budget is planned according to outputs (Table 4: Outputs of the PFAN) and constructed based on funding expected to be available. The share of Output 1 (i.e., Proponents capacitated to develop bankable projects) in the total budget tends to increase over time, from 32 percent in 2017 to 45 percent in 2021, reaching over US\$2 million. Despite this budget increase, targets were not met for this output in 2017, 2018, or 2020 (see section 7.2.1 on achievement against targets). The budget spent on Output 2, Investors' risk mitigated, is each year lower than planned, even though this Output already represents less than 20 percent of the total budget. The target of this Output was not achieved in 2018 but was well achieved in 2019 and 2020. An accurate comparison is not possible due to the changes in the indicator between years. The increasingly small share of the budget allocated to this Output does not seem to prevent the achievement of results (see section 7.2.1). Output 3 represents between 40 and 57 percent of the total budget and the budget for this component has increased significantly over the years, from 1.4 million in 2017 to 2.3 million in 2021. Performance against targets for Output 3 was not assessed due to lack of reported data. See Annex C: PFAN performance against its targets for detailed table of budget against targets.

Table 4: Outputs of the PFAN program

Outputs
Output 1: Proponents capacitated to develop bankable projects
Output 2: Investors' risk mitigated
Output 3: Mainstreaming investment in low carbon, climate resilient projects

The PFAN budget has been conservative in its planning which have to – each year – be based on funding expected, due to its heavy reliance on donors; and the program has experienced some delays in operations, often pushing expenditures from one year to the next. In 2019, the budget was overspent by 115 percent compared with the planned budget. This was mainly because the planned budget for 2019 had been very conservative, due in part to uncertainty about the level of global funding available for 2019 and in part to the withdrawal of a donor from a pledge. Except for 2019, the budget was a little underspent (Figure 15). Only 62 percent of the budget planned was spent in 2017 due to delays in operations, so funding needed to be rephased to subsequent years. Some activities planned for 2020 could not be carried out because of the COVID-19 pandemic, so around 200,000 USD had to be carried over to 2021. In 2021, 82 percent of the budget planned was spent, and most of the unspent resources belong to the earmarked operations in Pakistan as there was substantial delays in kick-starting the operations, resulting in unutilized resources which have been programmed for 2022. Continued COVID-19 restrictions have further affected expenditures due to unspent resources allocated to travel and physical events. However, overall, the rates of expenditure vs. planned expenditures remain rather high (88 percent on average), with some level of underspending being natural.

Figure 15: Overall evolution of the budget

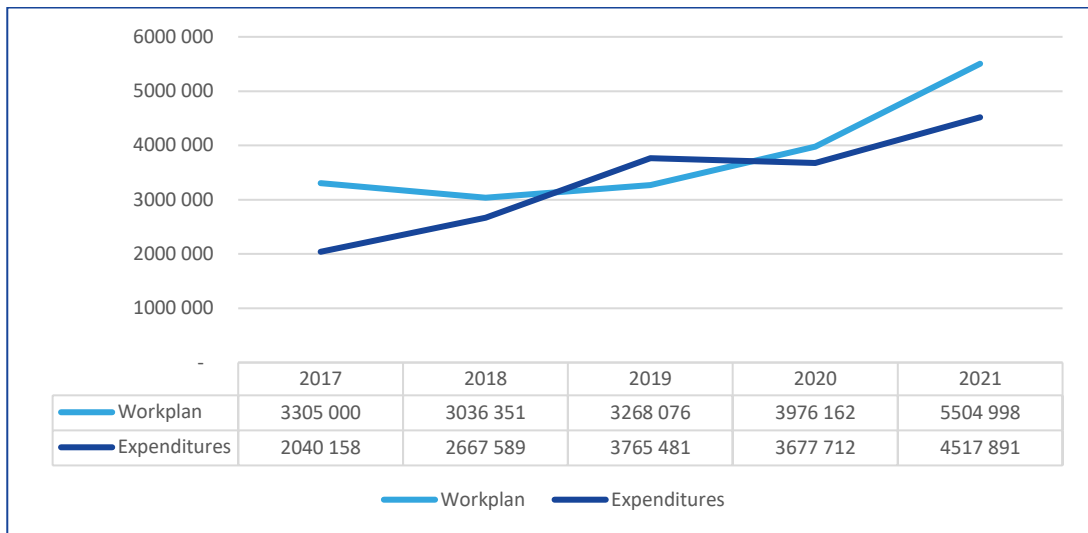
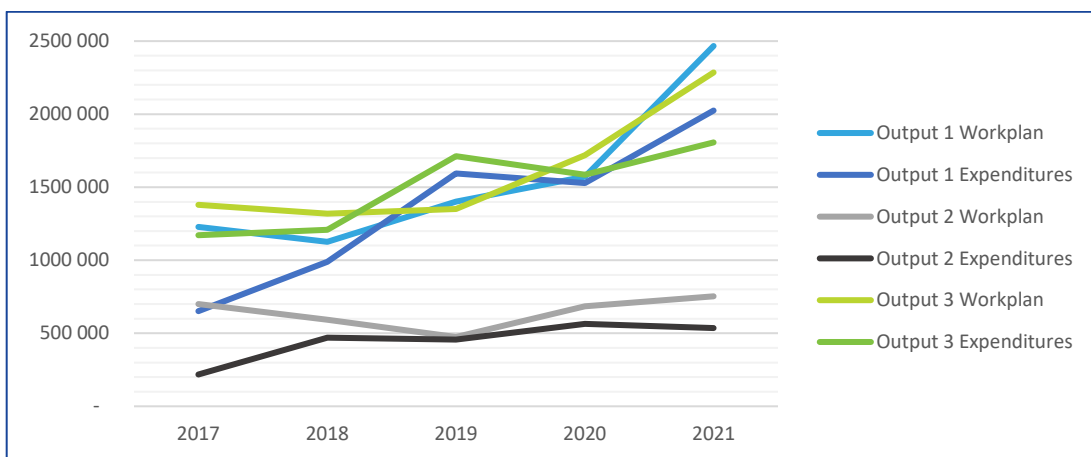


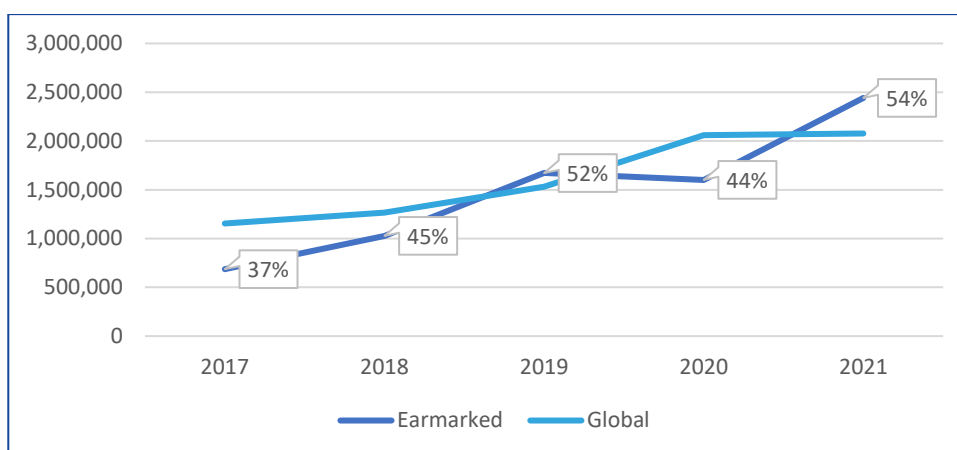
Figure 16: Evolution of the budget by outputs



The proportion of earmarked funding vis-a-vis the total budget has increased over time, making PFAN a highly donor-driven program. The increase in support to PFAN from donors over the years is a good indication that the donors support the program’s objectives and are convinced of the program’s impact. Donor contributions to the global fund were larger than their earmarked contributions in 2017 and 2018, where earmarked funding represented only 37 percent and 45 percent, respectively.²⁵ Over time, this has reversed with 52 percent of earmarked funding in 2019 and 54 percent in 2021 (see Figure 17). The revised work plan for 2022 foresaw an even larger share of earmarked funding, with approximately 68 percent of the total budget being earmarked.

²⁵ Source: Expenditures 2016-2022

Figure 17: Contribution from donors



Source: PFAN Expenditures 2016-2022

Earmarking funds allow donors to advance PFAN operations within their own strategically targeted areas and introduces highly relevant issues like gender and adaptation. However, this could require significant improvements in the efficiency of PFAN if Global Funds cannot keep up with its broadened scope and areas of intervention. For example, Sweden has historically had a specific interest in supporting the Africa region, for which it has earmarked funding and pushed PFAN towards a focus on Africa. Similarly, Australia has a keen interest in seeing good progress in the Pacific region and is eager to differentiate PFAN from other initiatives. Furthermore, both the gender and adaptation agendas have been advanced by the PFAN donors and the Steering Committee. In 2018, for example, the Steering Committee recommended to further assess specific barriers faced by women-led projects to access financing, and to develop strategies with the view to mainstream gender into PFAN activities, which have launched the development of the overall PFAN Gender agenda (See section 7.4).²⁶ Similarly, the adaptation agenda has featured strongly on the Steering Committee agenda since 2016 and continues to be raised as an important intervention area where PFAN should enhance its efforts (See section 7.3.1). On the flip side, this means that PFAN must engage in more areas than initially planned for, and it is unclear if the resources from the Global fund are sufficient to cover those additional costs. For example, and as discussed later, PFAN Secretariat capacity to address ESS effectively remains limited. Expectations in terms of Gender are also high, with limited capacity for implementation (see Section X). And the broadened mandate on adaptation, as well as geographical scope (beyond Frontier Markets, to include LDCs, SIDS, etc.) would require significant improvements in efficiency of the Programme to meet its ambition.

5. Relevance of PFAN

This section will explore PFAN's relevance in relation to its potential for advancing countries' commitments towards achieving Agenda 2030 and international climate targets (Paris Agreement and Glasgow Climate Pact) as well as the program's objectives and activities' direct relevance to meet its beneficiaries' needs. The section will assess if

²⁶ Steering Committee Meeting 4, 2018.

the design, activities, and objectives were developed to support the relevant needs within the program's Sphere of Control to help alleviate SME barriers to investment (see Figure 4). The section will not review whether the program has been effective and impactful in achieving specified outcomes, targets, and objectives as stated in the Reconstructed ToC. This will be explored more deeply in the following sections (Effectiveness and Impact).

5.1. Relevance towards global objectives on climate change, the Sustainable Development Goals (SDGs) and UNIDO's Inclusive and Sustainable and Industrial Development (ISID) agenda.

PFAN's overall strategic focus is relevant to the Paris Agreement and has evolved according to the ongoing international climate agreements like the Glasgow Pact and the Kigali Amendment to the Montreal Protocol. Inherent in its project design is the role to support projects and business that contribute to building low carbon, climate resilient markets. PFAN's key target groups are businesses - primarily but not exclusively SMEs - and projects deploy low carbon, climate resilient technologies to generate mitigation or adaptation benefits and which need investment and financing sources. As such it targets the right beneficiaries and meets a recognized need in international development and climate policy circles to address barriers to climate finance at the SME level and expose socially conscious investors to bankable projects. The program only supports projects that promote solutions, which expressly provide for a transition out of fossil fuel use and towards a low carbon economy. Its project portfolio (3.1) is a clear image of business solutions that aim to decrease emissions and build a low-carbon economy. With planned increased effort on adaptation, PFAN is also further supporting the Glasgow Pact's goal to double adaptation finance by 2025 from 2019 levels. Though adaptation support is not yet fully up to par (see section 7.3.1), PFAN has indeed integrated adaptation in its portfolio and continues to evolve to better align with the adaptation markets. Finally, through its partnership with the Clean Cooling Collaborative (Formerly Kigali Cooling Efficiency Program (K-CEP)) PFAN supports efforts to decrease GHG emissions in the cooling sector in a range of countries that will benefit both the climate and local economies, but also allows PFAN to generate results in an area that is quickly emerging as one of the most essential areas in global climate efforts (sustainable, efficient, and low-carbon cooling).²⁷

PFAN has evolved its scope to be more strategically placed and relevant in terms of the 2030 Agenda:

- **The program contributes clearly to several of SDGs, particularly SDG 13 on climate action, SDG 7 on affordable and clean energy, and SDG 9 on industry, innovation, and infrastructure.** In its infancy, PFAN's primary objective focused on renewable and clean energy to decrease carbon emissions, which directly contributes to SDG 7 and SDG 13. The

²⁷ With increasing temperatures and as many countries' economies continues to grow, the implementation of A/C units, both industrially and at the residential level, will rise. While cooling is a kind of adaptation strategy to survive increased temperatures, it is generally inefficient and emits HCFCs a GHG gas - currently responsible for 10% of global emissions.

specific focus on enhancing business opportunities is directly relevant for sustainable industrial development (SDG-9). The evaluation notes that PFAN has made specific efforts to integrate social and environmental safeguards as well as applying a gender lens to projects (see sections 7.3.3; 7.4; and 7.6), this allows for a direct linkage between PFAN's objectives and outcomes to the advancement of SDG 5 (Gender Equality), SDG 15 (Life on Land), and SDG 8 (Decent Work and Economic Growth). At the same time, the inclusion of health and sanitation projects and efforts to increase adaptation and circular economy projects (see section 7.3.1) contribute to SDG-3 (Good Health and Well-being), SDG 6 (Clean Water and Sanitation), SDG 11 (Sustainable Cities and Communities), and SDG 12 (Responsible Consumption and Production). Finally, embedded in its name and the purpose of the program is the objective to build a network and develop partnerships to advance global goals (SDG 17 on Partnerships for Goals).

- **PFAN activities are aligned with the specific cross-cutting areas under the Addis Ababa Action Agenda**, which provides a global framework for financing sustainable development and supports implementation of the 2030 Agenda. PFAN's focus on facilitation of enhanced support for sustainable, accessible, and resilient quality infrastructure aligns with the Addis Ababa Agenda's objective to establish a forum that helps bridge the infrastructure gap. Furthermore, by building capacity and job opportunities through the advancement of SME's and PFAN's focus to integrate environmental and social (including gender equality) supports the agenda's aim to promote inclusive and sustainable industrialization and generating full and productive employment and decent work for all and promoting, micro, small and medium-sized enterprises (MSME and SMEs).

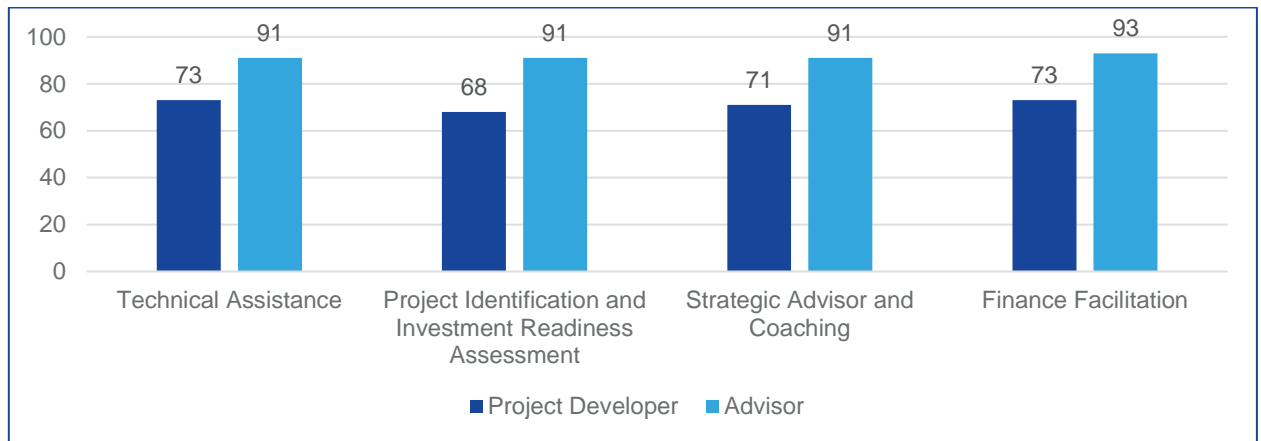
PFAN's relevance to Agenda 2030 and the international climate dialogue (as noted above) fits with UNIDO's corporate objectives to create shared prosperity (poverty reduction), reinforce economic competitiveness, safeguard the environment, and reinforce knowledge and institutions, and makes it equally relevant to UNIDO's Industrial Sustainable and Inclusive Agenda. This evaluation finds that PFAN is actively working to align the PFAN work program with UNIDO's portfolio of projects, and there is plenty of alignment to do so as it fits with the environmental and poverty-reducing objectives of UNIDO. At the seventh steering committee meeting it was noted that various activities pursuing similar objectives are ongoing and being planned within PFAN, warranting coordination between UNIDO and PFAN. UNIDO has some private sector related programs where PFAN aligns, e.g., PFAN has engaged with the Global Clean Tech Innovation (GCTI) Program, which also works with SMEs and entrepreneurs, but operates more like an incubator. Interviews confirm that some early engagement through UNIDO to build country pipelines of private sector projects (through e.g., GCTI) shows up on the PFAN's radar later as a project indicating the linkages between UNIDO's overall ISID agenda and PFAN.

5.2. Relevance of PFAN to its beneficiaries

PFAN's objective and services/activities that help advance the main objective to "facilitate finance for low carbon, climate-resilient projects/businesses in developing

countries” continues to be relevant for its beneficiaries.²⁸ The survey carried out for this evaluation revealed a high level of relevance of PFAN services for both Advisors and Project Developers. All PFAN services (technical assistance, project identification and assessment readiness, strategic Advisory and coaching, and financing facilitation) scored extremely relevant. Project developers indicate a lower relevance than Advisors; that is, over 90 percent of Advisor respondents found PFAN extremely or somewhat relevant across all four service areas defined in the survey. Comparatively, the level of relevance was only 60-70 percent for Project Developers (Figure 18). This mirrors findings from the mid-term review, which found 71 percent relevance across Project Developers and Advisors. The MTR only assessed relevance to finance facilitation, whereas the present evaluation provides a broader view of PFAN’s services. And, indeed it was generally agreed in interviews that the business advice provided to create pitch decks, define the business value proposition, and develop the financial plans and a business organizational infrastructure fits the needs of the projects developers as does the promise of investment facilitation. Furthermore, relevance was indicated in several commentary in the survey, as indicated in box 1.

Figure 18: Relevance of PFAN to Project Developers and Advisors, in percentage (n=143)



Box 1. Accounts of relevance from Advisors and Project Developers interviewed and survey

“PFAN is relevant, but more effort should be made in bringing value from Advisors”

“PFAN services are relevant to Project Developers because it helps to build and up scale the business at large”

“The services received so far from my Mentor were extremely relevant”

“Process is too mixed in bureaucracy, inefficient and slow although intent is admirable and relevant”

²⁸ The direct beneficiaries as defined by PFAN include Project Developers (SMEs and entrepreneurs), investors, Advisors, plus the funding partners.

“I think TA services (prior to submitting a formal project proposal or for upgrading a project proposal to a full FS) have been reduced, but I believe they remain extremely relevant.”

“The concept is quite relevant – PFAN is the bridge between developers and investors.”

“PFAN is relevant for small projects. Large projects have the means to seek funding.”

Relevance for Investors and Network Partners

The investors interviewed for the evaluation generally agreed that the technologies and focus of PFAN is relevant to them. A few investors interviewed reported that their attraction to PFAN was driven by the focus on clean energy and energy access projects, which aligns with their own interest. However, there were also indications that the expanded PFAN portfolio including water, adaptation, health and sanitation, agriculture, and women’s empowerment is of interest. Investor with a specific regional interest also found that PFAN was a good source to identify potential investment opportunities within their own targeted region, and that the PFAN projects within the regions match the regional technology needs to be further developed, and which need private sector investment. As such PFAN helps break barriers 4 and 5 (reconstructed ToC) by raising investor familiarity with climate technologies and business models and providing a platform where Project Developers can interact with financiers.

The PFAN brand carries significance in the finance community. Some of the Investors noted that PFAN projects are of high quality, and they can use PFAN as a validation platform to ensure projects match their specific portfolios. It is relevant to have PFAN as a validation platform, they have selection criteria which are applied to any business in the PFAN portfolio, so there is some amount of assurance that a business/project in the portfolio is something that has potential for growth, that can be replicated, sustainable, impactful on people, the environment, and the bottom line (Investor interview).

Advisors

The value added to PFAN Advisors comes through the access to new business opportunities and being exposed to projects as well as the availability of a platform for Advisors’ existing clients to gain additional assistance. PFAN opens doors to new business opportunities for Advisors, and allows Advisors to bring in their own clients, which may need additional technical assistance, but do not have access to the funding. There is overall agreement that, while PFAN does not provide a large revenue stream for Advisors (individuals and companies), it is mostly relevant in terms of identifying business development opportunities and gaining access to projects within Advisors’ field of expertise. It is also perceived as opening doors to a wider variety of projects, which have helped expand the Advisors’ horizons, broadened Advisors’ skill sets, and increase Advisors’ portfolios. A few Advisors expressed the difficulties in finding projects in their own line of work, which is where PFAN can come in handy, i.e., PFAN brings the projects to the Advisors directly. Furthermore, several Advisors expressed the convenience of PFAN access for their own clients, which may not always have the funding to pay for Advisory services. These companies need support to raise investment, but they do not have the liquidity to pay the advising companies. This leaves Advisors with the choice to not work with them at all or at least gain some fee recovery through PFAN for the work performed through PFAN’s fixed fee structure.

Project Developers

In practice the Advisory services (Call-Offs 1 and 2) offered to support Outcome 1 of the ToC (Capacity increased of Project Developers) by PFAN is considered relevant and is much welcome by Project Developers. The relevance of PFAN's ability to offer coaching on project preparation and development was expressed as extremely relevant across the board of Project Developers interviewed. Nearly all interviews confirmed that the Project Developers in the PFAN portfolio lack technical capacity to develop the right messaging so that investors understand the value proposition of their businesses. Project developers interviewed specifically indicated that their main need to access finance is for tailored advice to adjust their business and their financial models and ensure they are attractive for potential funders.

The most urgent need that Project Developers express is exposure to investors. Accessing investors is a major challenge for SME's and entrepreneurs in developing countries. As small businesses, it was confirmed that SMEs do not have the network of investors; and even more so, those investors may not necessarily be available within their country of operation. Through Outcome 3 of the reconstructed ToC (Figure 4) PFAN aims to enhance engagement opportunities between project proponent and investors. It does so through several investment facilitation activities, including introduction to investors, participation in investment forums, and (prior to COVID-19) roadshows. As such, the outcome and services are relevant to cover the needs; however, many Project Developers express dissatisfaction as they do not manage to close on an investor, which from the Project Developer perspective, is the real incentive for joining PFAN (See more in Effectiveness of PFAN results).

Access to technical assistance and funding support to conduct studies and validate the business model and potentially build prototypes was raised as a significant need from Project Developers, which is not covered by PFAN. Several Project Developers had the expectation that PFAN would provide grant funding to cover early expenses. However, at present, PFAN does not fund specific technical assistance that support the development of feasibility studies, piloting of projects and technologies, project-specific gender action and stakeholder engagement plans etc. to advance the outcomes under the theory of change. However, it may be considered as a need that PFAN could cover as the need directly relates to Outcome 1 of the reconstructed ToC, but also further along the pathway of change, it is relevant for MTO 4 (Increase private sector confidence and investment in projects). A tried and tested technology and/or concept, with clear assessments to back up the business model is likely to raise the confidence of investors even further.

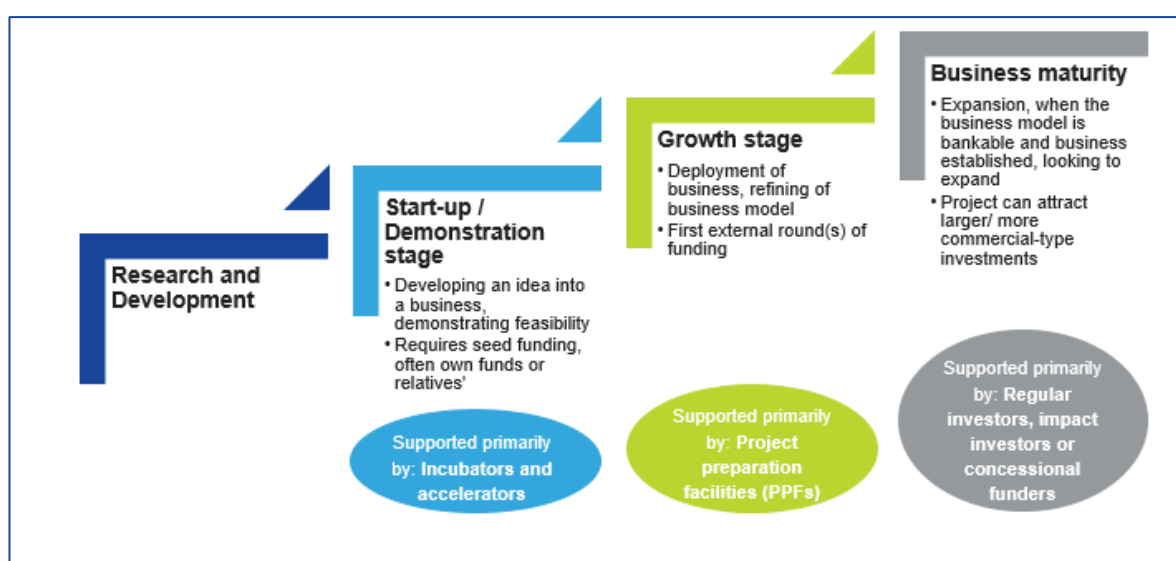
Relevance for Funding Partners and Donors

Donors/Steering Committee is very engaged in the program and is highly interested in unlocking private finance in developing countries, which is directly aligned with PFAN's objectives. Donors expressed high satisfaction with PFAN as a good example of a catalytic approach which helps mobilize private sector resources to generate development outcomes. Donors interviewed confirmed that PFAN is an important complement to their own contributions in developing countries where they operate.

6. Coherence and Coordination of PFAN

When PFAN was created in 2006, it was the first program of its kind, providing technical support and investment facilitation for growth stage SMEs in the clean energy sector. Now, an entire ecosystem of organizations and programs exists, which seeks to support private sector investments in cleantech and climate change, helping businesses move from developing an idea to business deployment, to business maturity, as illustrated in Figure 19. The research and development (R&D) stage is also crucial but not explored in this evaluation. This process is a spectrum, and thus has no clearly defined borders within stages. Incubators and accelerators are the programs supporting very early-stage businesses (demonstration stage businesses and start-ups), while project preparation facilities (PPFs) support slightly more mature businesses (end of demonstration stage and start-ups) in becoming bankable.

Figure 19: Stages of growth of a business



Given the growth of this ecosystem, which now includes a myriad of programs, incubators, and project preparation facilities, it has become increasingly important to gauge how PFAN fits within this system, its value added, and how it may place itself best to provide the support needed to its targeted beneficiaries. This section considers how PFAN's role in this ecosystem positions it to help address the barriers identified in the reconstructed ToC through the different pathways of change. Through document review and interviews, the evaluation mapped out the ecosystem of programs in which PFAN evolves according to two main variables: the level of maturity of businesses supported and the type of support provided. Figure 20 and Figure 21 depict these programs, although these figures are far from exhaustive.²⁹ Figure 20 focuses on programs providing the same type of support as PFAN, namely technical assistance and/or connection to investors,³⁰ while Figure 21

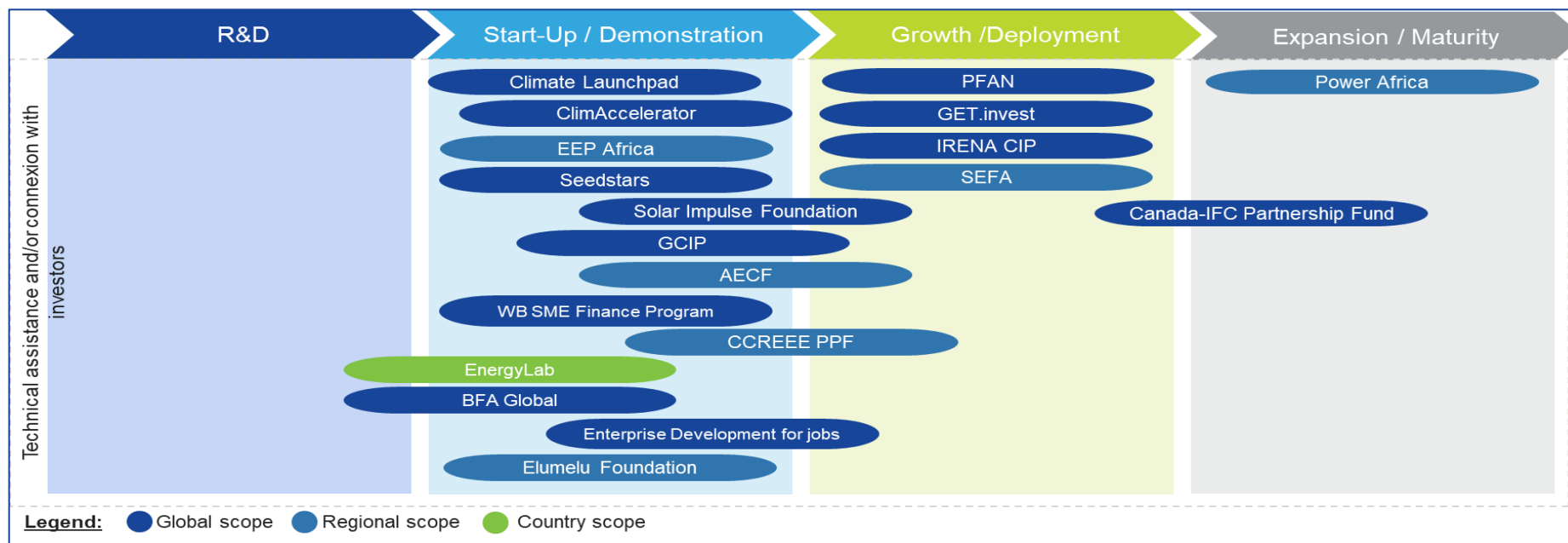
²⁹ The focus was primarily on global and regional programs and not specifically on national programs although one (EnergyLab) was identified.

³⁰ While PFAN also provides funding through the Tipping Point facility, only a few projects have accessed it (see Effectiveness section) and it is therefore not considered here.

represents the organizations that provide support to address the different barriers faced by SMEs at the growth stage.

6.1. Role of PFAN in the ecosystem of organizations supporting SMEs in clean energy and climate change

Figure 20: Programs providing technical assistance, funding and or connection with investors to developing country SMEs in the clean energy and climate change sectors³¹



³¹ The mapping of the different programmes is based on information available on their respective websites and on GET.invest's Funding Database, not on a detailed assessment of each programme. Acronyms used: Africa Enterprise Challenge Fund (AECF); Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE); Global Cleantech Innovation Program (GCIP); Global Environment Facility (GEF); International Renewable Energy Agency Climate Investment Platform (IRENA CIP); Sustainable Energy Fund for Africa (SEFA); Green Climate Fund Private Sector Facility (GCF PSF); Energy and Environment Partnership trust fund (EEP); World Bank (WB).

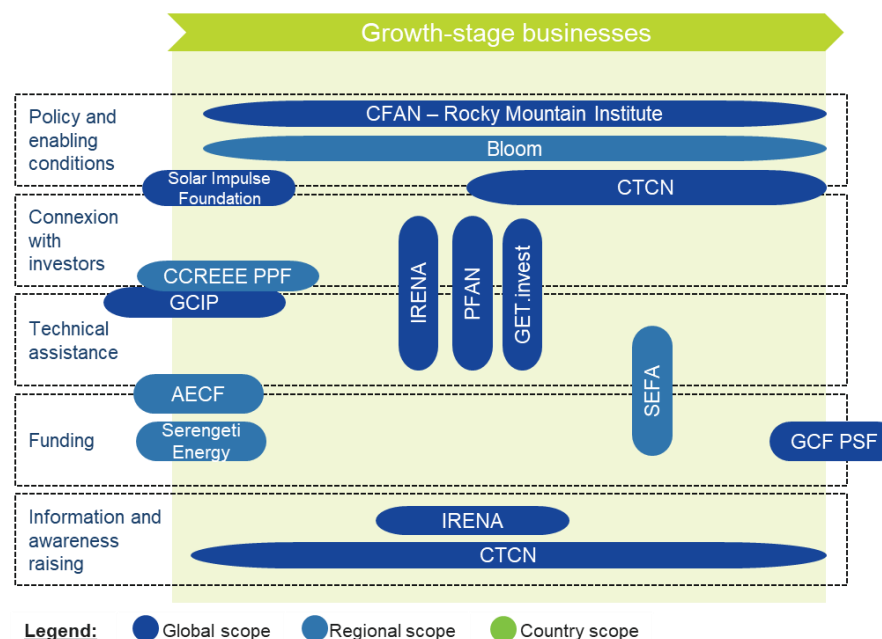
The crucial gap in the ecosystem of programs providing technical assistance and connections to SMEs is at the growth stage, where PFAN is located. As per Figure 20, along with PFAN, only a few other global and regional PPFs were identified that provide support for growth stage businesses. Many incubators and accelerators support start-ups, and some like the Solar Impulse Foundation support demonstration and early-growth businesses. The pool of programs that support businesses in their expansion stage (more mature businesses) is much more limited mainly because at that stage it is expected that businesses have the financial capacity to pay for Advisory services. In addition to financial institutions, some programs (like the GCF Private Sector Facility – PSF) provide support at concessional rates. PFAN’s position is coherent with its own analysis in its 2021 Theory of Change which states that “PFAN is one of the PPFs filling the “missing middle” in the entrepreneurs’ transition to commercialization” and that “PFAN acts as catalyst between [accelerators and challenge funds] and the private and public sector institutions/initiatives providing finance to more established business models”.³²

PFAN is among the few programs that offer technical support and connections for adaptation businesses and non-energy mitigation to growth-stage businesses. Most of the programs identified in Figure 20 support primarily businesses in the clean energy sector, and only a few of them cover adaptation, including the Africa Enterprise Challenge Fund (AECF). The PPFs identified (GET.invest, IRENA’s CIP, SEFA and CCREEE PPF) focus on the energy sector. However, as discussed in the Performance on balancing adaptation section, the effective contribution of PFAN to adaptation is relatively limited.

PFAN is well positioned to complement several of the programs supporting start-ups, especially as many accelerators have a regional scope. The incubators and accelerators that cater to start-ups provide crucial support to get SMEs off the ground, including a combination of connections, technical assistance, and funding. Some programs aim to help start-ups reach the next level, seeking to bring them to the growth stage (e.g., Elumelu Foundation, AECF...). There have been cases where SMEs have been supported by these programs prior to moving to PFAN to continue growing their business. AECF has also supported SMEs in applying to PFAN. Several of the incubators and accelerators target only a limited number of countries, and many of them focus on Africa. There is thus a geographic dimension to complementarity, as PFAN is currently active in 86 countries. PFAN becomes an option for businesses previously supported by regional programs that reach the growth stage. The geographic scope of some of the other PPFs (e.g., GET.invest, SEFA) is also limited and focused on Africa, which enhances PFAN’s relevance for the other regions.

³² PFAN Theory of Change and Transformative Impact

Figure 21: Programs or facilities supporting different needs of growth-stage SMEs in developing countries in the clean energy and climate change sectors per type of support provided³³



This figure considers the main types of support provided based on the barriers faced by developing country SMEs in the cleantech and climate change sectors, namely (i) inadequate policy and regulatory environments (Barrier 2 of the revised ToC), (ii) limited access to relevant business networks (Barrier 7), (iii) limited access to quality and affordable financial Advisory services (Barrier 6); (iv) lack of funding; and (v) investors low familiarity with climate technologies and business models (Barrier 4).

The figure focuses specifically on the ecosystem of organizations supporting growth stage SMEs, depending on which barriers each program helps primarily address. It focuses on global and regional programs and does not consider national programs.

³³ The mapping of the different programmes is based on information available on their respective websites and on GET.invest’s Funding Database, not on a detailed assessment of each programme. Acronyms used: Climate Finance Access Network (CFAN); Climate technology centre and network (CTCN).

There is a gap in providing funding for growth-stage businesses, which PFAN is not contributing to address. As discussed in the section 5.2, the most pressing need of growth-stage businesses is funding. Among the programs that provide concessional funding for SMEs, most support less mature projects, while the GCF PSF provides funding to more mature projects. SEFA, with its grants for technical assistance and concessional funding between USD 500,000 and 1 million supports growth stage businesses, like PFAN, but only in Africa. Beyond the Tipping Point Fund, which has a very specific purpose, no financial support accompanies PFAN's services.

6.2. Additionality of PFAN support against a selection of comparable programs

PFAN's value added relative to comparable programs is towards more mature businesses rather than start-ups, as revealed by the comparative analysis (benchmarking) that was carried out as part of this evaluation between PFAN and some of its most similar programs, namely GET.invest, AECF and Energy Lab (Annex F: Benchmarking Results). This exercise confirmed that AECF and Energy Lab are locally/regionally based and target early-stage businesses, whereas GET.invest, like PFAN, targets projects and SMEs that are already established and looking for growth. Indeed, the depth of support that PFAN can provide is too light touch for start-ups, unlike AECF and Energy Lab that can be more hands on with projects. As an example, Energy Lab can provide "co-working space, ideation and opportunity analysis" (Energy Lab website, 2022). Although the term "growth stage" is not mentioned on its website, PFAN's minimum amount of investment ask (over US\$1 million)³⁴ and application requirements clearly target Project Developers with a business that is already running.

While PFAN is comparable to GET.invest, which it often collaborates with; the main difference between these two programs is in their implementation model. PFAN is comparable to GET.invest in terms of support provided and SMEs targeted, just with a much wider geographic coverage (GET.invest has clients in 38 countries to date) and thematic coverage (GET.invest focuses on renewable energy). PFAN support is delivered by a specific Advisor who - in theory - should be in the Project Developers' country or nearby³⁵ and follows a structured step-by-step process to assess and help the project progress. On the other hand, GET.invest works through a closed network of international Advisors who can join forces to support one single project as needed but tend to be more geographically distant from the project. Both models have advantages and disadvantages. PFAN's model builds on country expertise, but requires a lot of contractual efforts, and involves different levels of quality of support (section 4.3). On the other hand, GET.invest's support is lighter contractually, allows collaboration between the Advisors – something that several Advisors said was lacking in PFAN - and is more homogenous. However, it is limited to the availability of its small network of Advisors, which may be less familiar with the specific context of projects developed, especially as half of the Advisors are in developed countries. This difference in approach is visible in the differences in geographic coverage between the programs. The PFAN model was designed to be more easily replicable across countries as the network can keep growing simply

³⁴ Although growth stage businesses can also be smaller and require less investments, start-ups would typically not require such investments.

³⁵ In practice, as discussed in section 4.3, local Advisors have not been used as often as Project Developers would have liked.

by recruiting on-demand qualified Advisors in any country, but there is a limit to which the number of PFAN Advisors can be increased without also requiring an increase in management and administrative support.

PFAN's relationship with each of these programs is a mix of collaboration and competition, with the extent of needs justifying the existence of several programs. No occurrences of undue competition have been identified during this evaluation. Given the extent of the needs (see Relevance section), the evaluation finds that the presence of several PPFs is not counterproductive. As discussed above, the evaluation identified occurrences of AECF and Energy Lab referring projects that they had supported into the PFAN pipeline. Furthermore, resources are often shared among these programs. PFAN's country coordinator for Cambodia is also an Advisor with Energy Lab, and some of PFAN's Advisors as well as its Global Coordinator are among GET.invest's narrow list of 29 Advisors. With GET.invest, which is the program with which PFAN overlaps most significantly, a detailed collaboration agreement has been signed to avoid duplicating efforts and ensure that SMEs receive the most suitable support to their needs. It involves regular coordination meetings to identify duplicates in their respective project pipelines and subsequent agreements on division of support for each project.

6.3. Role of partnerships in PFAN implementation model

PFAN's partnerships are central to its capacity to deliver its results and a key strategic focus for the program, as acknowledged in the project document and on PFAN's website. The PFAN model is relatively simple: it develops and manages a network of capable and established business Advisors that it connects to people who are developing businesses in the cleantech and climate change sector to help them access investment funding. Therefore, it needs to find Advisors, investors, and Project Developers, and connect them to each other for the Pathway 1 of the reconstructed ToC to take place. However, partnerships are also required for Pathways 4 and 5 to be completed (Figure 20).

PFAN's approach to partnerships is evolving but is not yet guided by an assessment of needs and strategic priorities. The PFAN 2021 Guidelines on Relationship Management define partnerships as "the outcome of an ongoing, collaborative relationship." In previous years, PFAN focused on creating collaborative relationships with a variety of organizations which then were labelled "network partners" and allocated a space on the website. The focus is now on establishing specific collaborations with identified possible partners, such as specific calls for proposals. This is in line with PFAN's increased efforts to identify partners that can deliver high quality projects (e.g., accelerators) rather than many projects, thus prioritizing quality over quantity. The Guidelines introduced the following main types of partnerships:

- Potential investors in projects.
- Source of high-quality projects.
- Structure investment vehicles, access to investors.
- Platforms to reach multiple investors, link investors with projects.
- Capacity building, impact measurement.

These are functional relationships that can optimize the delivery of PFAN's services directly to SMEs. They are in line with the recommendations of the MTR which stressed the importance of partnerships for PFAN, mentioning them in two of its recommendations. These stated that,

as part of its scale up effort, “strategic partnerships with local and international financial institutions, impact funds and clean tech investors are recommended.” It then mentioned that “Strategic partnerships may be developed with financial institutions, project-preparation facilities, banks, and funds.” However, no evidence was found that a PFAN-wide analysis was conducted to map out what specific needs these partnerships were expected to fulfil and how they were expected to influence PFAN’s results.

6.3.1. Key achievements in coordination and partnerships

PFAN’s approach to partnerships focuses on ensuring a flow of projects (upstream/downstream) and has helped it avoid duplications with other programs.

PFAN reaches out to a variety of actors to strengthen its pipeline of projects in line with its scale-up ambition, and to connect with more investors and Project Developers (Pathway 1). It reaches out to (i) networks and philanthropic organizations to increase its visibility and positioning on specific markets, (ii) to national institutions to strengthen its pipeline in specific countries, and (iii) to financial institutions to develop a pipeline of investment grade projects for the wholesale for the capital market. PFAN has also partnered with similar programs, MDBs and research institutions to collect information that helps improve PFAN’s programming, for example by improving its understanding of investor needs. The evaluation identified several partnerships that PFAN has established:

- a) **Collaboration to share the pipeline of projects:** this has mostly taken place informally with AECF, IRENA, and possibly others, and through an established agreement with GET.invest.
- b) **Connection with investors:** PFAN looks for potential investors interested in the type of projects that PFAN promotes – usually smaller and riskier projects.
- c) **Joint organization of events** with MDBs, including with the West African Development Bank (BOAD), ADB and AFDB to raise awareness about PFAN.
- d) **Joint calls for proposals:** in collaboration with the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREE) and CTCN, a call for proposals targeting women entrepreneurs was launched in the context of the project “Mainstreaming Gender for a Climate Resilient Energy System in ECOWAS”, and in particular of the stream “Gender-responsive clean energy investment promotion”. Fifty projects were shortlisted, 12 were considered “Investment Forum Ready” and two reached financial closure. Several other targeted calls for proposals have been launched with various partners.
- e) **Collaboration mechanisms** have been established with GEF/UNIDO GCIP in which (i) PFAN has launched specific calls for proposals for the program, (ii) projects have been passed on from GCIP to PFAN pipeline, and (iii) PFAN is expected to be part of the program’s coordination mechanism in its next phase. Another example is the collaboration agreement with GET.invest.

There is limited information on the effectiveness of these partnerships and to the extent to which synergies with key potential partners are leveraged. Despite an initial attempt to map out the potential partners and ongoing relationships with them (SC1 (2016) Partner map summary) and the use of a customer relationship management (CRM) software, information on partnerships and collaborations is scattered across work plans, progress reports, and meeting minutes, with no consistent reporting on the outcomes of such partnerships. As an

example, the above-mentioned partnership with CTCN on the gender call for proposals is the only documented partnership with CTCN, an organization with tight links to PFAN.

PFAN tried to target its regional approaches through partnership programs which could help upscale investment opportunities. The main purposes of these partnerships have generally been two-fold: (1) Increase support for early-stage projects (from start-up to growth); and (2) Strengthen the demand side of the pipeline. In most cases, it is too early to speak about the effectiveness of these partnerships. The partnerships established include:

- **Kigali Cooling Efficiency Program (K-CEP)** has been funding PFAN to use its model to support the development and investment facilitation to increase cooling access while also improving energy efficiency and phasing of harmful refrigerant GHGs (CHFCS) from cooling technologies worldwide. This two-year program supported 23 projects and brought investments to four projects.
- **Pakistan Private Sector Energy Project (PPSE) with USAID:** The PPSE involves the creation of a local advisor and project developer network. It also includes a small accelerator component which adopts a more integrated approach to help them access finance, starting with a training program for startups, followed by six months of coaching. The PPSE includes exploring several partnerships with national financial institutions:
 - **JS Bank:** The partnership is expected to provide PFAN access to JS' countrywide network which can be leveraged to originate projects to "accelerate the deal flow for its clean energy portfolio". JS Bank is a GCF Accredited Entity, and it is expected that PFAN will help some projects funded by the GCF.
 - **Habib Bank & Allied Bank:** This partnership would provide opportunities for PFAN supported projects to access a wide variety of financial instruments used by these banks, including Islamic finance, private equity and the GCF. It will leverage synergies with the USAID financed guarantee schemes in Pakistan (PPSE Market Scoping Study).
- **Results-based financing partnership with the Fiji Rural Electrification Fund (FREF):** this collaboration with PFAN aims to bring electricity to the 5 percent of the Fiji population currently without access to energy. It would involve a blended finance mechanism. PFAN has focused work on cooperation with two key partners in Fiji, signing partnership agreements in 2020 with the FREF and the Fiji Development Bank (FDB). PFAN has also become a member of FREF's Steering Committee and is now working to support the development of FREF's business and financing plan to complete the electrification of Fiji's last 5 – 10 percent of population most of whom are on outer islands with either no existing power supply or with only intermittent poor quality and expensive diesel driven generation (SIDS strategy Paper, SC 10 (2021)).
- **Confederation of Indian Industries:** series of webinars to reach out to climate mitigation and adaptation businesses in the region, such as the Climate Smart Agriculture Investment Opportunities in Southeast Asia held together with USAID Green Invest Asia
- **CCREEE PPF.** Throughout 2020 and continuing in 2021 PFAN invested considerable time and effort working with GET.invest on the design of a dedicated PPF for the CCREEE. As proposed to CCREEE this would see PFAN and GET.invest operate the PPF on behalf of CCREEE, building on the PFAN experience, expertise, and market knowledge. Final proposals were delivered to CCREEE in early 2021, but there has not been any movement since.
- **Development of a GCF project to increase the flow of projects:** In Southern Africa, PFAN has been making steps towards the development of early-stage development funding and investment facilitation with a specific focus on adaptation. This responds to a need to de-

risk adaptation projects, and the proposed intervention aims to unleash the flow of private sector capital to climate adaptation projects in this region. This shows a clear purpose to narrow in on adaptation, which is a key need in the South African Region. PFAN has exchanged ideas and had discussions with the Development Bank of Southern Africa (DBSA). In the end, PFAN has partnered with Camco Limited for the development and submission of a proposal for GCF funding. The Resilient Investment in Southern Africa (RISA) Programme has two major components: Technical Assistance Facility and Investment Facility. The TA Facility is to be managed by PFAN, while the Investment Facility is to be managed by Camco. In total, USD 68M funding is being asked from the GCF. As of writing, PFAN had recently submitted the Concept Notes to the GCF. (SC10 (2021) Background Paper on Early-Stage Development Funds & Investment Facilitation and PMU).

- **Reverse-engineering of projects:** Sustainability Division of Société Générale: an agreement for sourcing a pipeline of projects and reverse-engineer them to align their specific impact requirements (SC10 (2021) Background Paper on Early-Stage Development Funds & Investment Facilitation).

PFAN is lacking in partnerships to promote change in the enabling environment through knowledge management and market intelligence (Pathway 4 of the reconstructed ToC). As illustrated in Figure 21, organizations that focus on enhancing the enabling environment as well as on information and awareness raising are complementary to PFAN's efforts, as they are in a good position to help address barriers that PFAN is not addressing. Indeed, as discussed in the Effectiveness section, PFAN's contribution in terms of knowledge-sharing and at influencing policy is minimal. However, no key partnerships were identified to help share the wealth of information and experience that PFAN has accumulated over the years.

While PFAN collaborates operationally with other PPFs and programs supported by the same donors, mechanisms to share knowledge and experience are insufficient, leading to missed opportunities to align and maximize efforts. Several PPFs (identified in Figure 20) involve the same actors – donors, implementing agencies, executing agencies, which could provide for enhanced alignment amongst initiatives to maximize efforts. For example, UNIDO is also the implementing agency for GEF's Global Cleantech Innovation Program (GCIP) and for the Global Network of Regional Sustainable Energy Centres (GN-SEC) which supports CCREEE and its PPF. In fact, both PFAN and GET.invest provided technical assistance for the development of CCREEE and its PPF and are being considered for its implementation. Some of the examples mentioned above also reflect efforts to collaborate with key actors of the ecosystem, and Steering Committee minutes show that the PMU consults with its donors on opportunities to align efforts. The extent of these collaborations and their effects on efficiency are unclear as they are punctual and not all reported on. However, no mechanism is in place to share knowledge among these actors, which could generate effectiveness and efficiency gains for all programs. A Sida study on PPFs found "several gaps and challenges in the PPF industry concerning its effectiveness in catalyzing renewable energy investments" and made recommendations for a workshop program to share lessons and insights as "the PPF industry comprises a highly fragmented group of over 300 people with vast knowledge of issues on the ground in targeted countries". This study identified PFAN as a likely lead for this process, but these recommendations have not been taken up as no funding was allocated to this end by Sida.

7. Effectiveness of PFAN results

Effectiveness is considered in terms of the performance of PFAN against targets (quantitative), as well as against the impact pathways as defined in the reconstructed ToC (qualitative). That is, the evaluation (1) considers PFAN’s self-reported performance against the targets set by the program; and then (2) uses the reconstructed ToC to guide the analysis of the project’s results, focusing on its Outputs and Outcomes. Further progress towards transformational change along the impact pathways is discussed in Impact and Sustainability (section 8).

This section will also discuss the effectiveness of the M&E framework, key performance indicators (KPIs), and risks. It will then consider the effectiveness of PFAN in terms of addressing ESS concerns; gender; engagement with SIDS; and balancing adaptation and mitigation in its portfolio. 45 Achievements against targets

7.1.1. Achievements against annual targets

For the indicators that are reported on most consistently, cumulative results may be presented as in

Table 5, but with several caveats. The results presented are aggregated based on values reported by PFAN and could not be fully validated by the evaluators as PFAN’s databases do not provide details for these numbers. Results for indicators not reported consistently, or for activities, have not been aggregated due to the variability of formulations and reporting. Furthermore, the definitions and the validity of indicators used are unclear (see section 7.5). Detailed results are presented in Annex C: PFAN performance against its targets, along with targets and specific formulations used on each given year.

Table 5: Cumulative results for key indicators for 2017-2021

	Indicator	Total for 2017-2021
Objective: Increased investments for sustainable development	Total investment leveraged (million USD)	961
	Metric tons of CO2equivalent reduced, sequestered, or avoided (direct and indirect)	993,197
	MW added generation capacity	610
Outcome: Financing facilitated for low carbon, climate resilient projects	# of low carbon, climate resilient projects supported reaching financial close	110
Output 1: Proponents capacitated to develop bankable projects	# of bankable projects developed	78*
Output 2: Investors' risk mitigated	# of investors engaged in PFAN activities	Not aggregable**

*Not reported on in 2019 and 2021.

** PFAN reported 32 in 2018, 49 in 2020. Information is not available for other years. It is unclear if the indicators refer to the same or new investors (e.g., whether these numbers can be aggregated or not).

Source: Summary by the evaluation team of reporting in multiple sources – annual overview reports, progress reports, donor reports, annual work plans, and the database provided by PFAN etc., see Annex C: PFAN performance against its targets for detailed sources

PFAN’s annual targets usually involve a wide threshold comprising a minimum and a maximum target, and in many cases, PFAN’s achievements are at the middle of that threshold, which represents a rather good performance for these specific targets. That said,

Table 6 below shows that achievement targets have not been consistent over the years, except for 2019, even though the use of wide thresholds makes annual target achievement more accessible. As will be discussed in section 7.5, limitations on reporting on annual targets made it challenging for the evaluation team to accumulate annual targets to assess progress. In 2019, the outcome and objective targets were achieved and most of the activity targets³⁶ set were also achieved – even though that year, the “usual” output indicators were not reported on.

Table 6 below presents achievement of targets using a colour coding that represent whether the annual targets have been met. When data was provided for several indicators under a single result area (output/outcome/objective), the proportion of indicators achieved is indicated in text in the corresponding field. Yellow indicates that the main indicators were not reported on, making it unclear if targets were reached. For details on this cumulative analysis see Annex C: PFAN performance against its targets,

Table 6: Achievement of annual targets for outputs, outcomes, and objectives

	2017	2018	2019	2020	2021
Objective: Increased investments for sustainable development	2/3	2/4	4/4	2/4	1/3
Outcome: Financing facilitated for low carbon, climate resilient projects					
Output 1: Proponents capacitated to develop bankable projects	0/3		3/4		
Output 2: Investors' risk mitigated					
Output 3: Mainstreaming of investments in low carbon, climate resilient projects			2/3		
Legend: Target achieved – Target not achieved – Unclear - No target available or no result reported					

Source: Summary by the evaluation team of reporting in multiple sources – annual overview reports, progress reports, donor reports, annual work plans, etc., see Annex C: PFAN performance against its targets for detailed sources.

7.1.2. Achievements against the scale-up strategy

By 2020, PFAN was not achieving most of its scale-up targets. The first Steering Committee meeting in December 2016 endorsed PFAN’s scale-up ambition. Targets were proposed for 2020, which are reported in Table 7. For the year 2020, the implementation of some activities

³⁶ In 2019 PFAN used activity targets to make output targets (instead of using just 1 output target as defined in their log frame).

was hindered by the COVID-19 pandemic (section Responsiveness to, and effects of, COVID-19 on PFAN results). However, the Secretariat and the PMU explained that other factors impacted this situation, including the trend for projects reaching financial closure to have smaller sizes as PFAN's focus shifts to markets where access to finance is more difficult and to projects focusing on energy access and adaptation which have smaller investment asks.³⁷ The scale up trend is mostly visible in terms of number of countries in which PFAN is present, and the related number of advisors (from 99 in 2018 to 182 in 2021) and regional coordinators which has consistently increased since 2016.³⁸

Indeed, there is a mismatch between the funding ask by the PFAN projects compared with the level investors are looking to finance. PFAN's primary target is projects or investments with transaction value ranges between USD 1-50 millions of initial total investment. In addition, PFAN also dedicates a certain portion of its portfolio to smaller micro projects (under USD 1 million), especially in the access to energy / rural electrification space, where multiple development benefits can be derived, and can also consider larger projects on a case-by-case basis (Programme Document, 2018). As noted in the Portfolio Analysis, the average ask of the 'active' and financially closed projects is USD 5 million. Most of the technologies with the highest financial closure rates have a median investment ask of around USD 2 million. The PMU indicated a trend for projects reaching financial closure having smaller sizes³⁹ and this statement was supported by a Country Coordinator. On the other hand, investors generally express a concern that the beneficiaries are small, and the kind of investment they need, is less than what the investors PFAN has relationships with want to invest. Despite this, as was indicated in the Portfolio Analysis, projects with smaller investment asks tend to close with an investor more often.

³⁷ Steering Committee Meeting 9, 2020

³⁸ PFAN SC4 (2018) Progress Report, PFAN SC10 (2021) Annual Report 2020, PFAN Annual Report (on PFAN website).

³⁹ Steering Committee Meeting 9, 2020

Table 7: Achievements against targets established for PFAN scale-up

Indicators	Target 2020	Target 2020 (from Workplan 2020)	Status end FY 2020*
Budget	Funding: USD 6,220,000 Core: USD 2,235,000 Earmarked: USD 3,985,000	Funding: USD 3,976,162 Core: USD 2,229,612 Earmarked: USD 1,746,550	Expenditures: USD 3, 677, 712
Outcomes			
# of projects originated:	430 – 600	200-250 ⁴⁰	279
# of projects in pipeline:	164 – 211	100-150	159
# of projects reaching IM:	58 – 95	No data	No data
# closed projects:	22 – 67	15-30	28 ⁴¹
Av. Investment/project:	USD 7 – 20 million		USD 3,4 million ⁴²
Av. Financing project:	USD 2.5 – 7 million		Definition unclear
Total financing:	USD 54 – 466 million	62-200	USD 142 million ⁴³
Average leverage:	6 – 51		Definition unclear
MW of clean capacity:	121 – 1,066	70-300	63
CO2 mitigation tpa:	377,708 – 2,331,000	110,000-750,000	514,000
Strengthening of project origination			
1) Wider and deeper networks and increased number of coaching opportunities	<ul style="list-style-type: none"> Country coordinators and coaches are incentivized to identify projects and introduce them to the network Coaches are the multipliers 		<ul style="list-style-type: none"> Small lump sum amount implemented The level of engagement is highly variable among coaches

⁴⁰ Number of projects appraised.

⁴¹ Reaching financial closure, according to progress report.

⁴² Average investment received by projects in 2020.

⁴³ Total investment received by projects in 2020.

Indicators	Target 2020	Target 2020 (from Workplan 2020)	Status end FY 2020*
2) (Formal) interfaces and cooperation with strategic partners	<ul style="list-style-type: none"> • Project referrals 		<ul style="list-style-type: none"> • It has happened informally. One partnership with Société Générale has started to yield referrals (2021)
3) Re-focusing of project origination and investor for a activities	<ul style="list-style-type: none"> • Wide scale rolling RFPs for project origination, selection for baseline pipeline, induction and project development • 4-5 invesfor afora p.a. • Forum projects will be selected from pipeline (1 forum in US /Europe) 	<ul style="list-style-type: none"> • 10-18 investor outreach events held 	<ul style="list-style-type: none"> • Achieved: 3-4 RFPs per year • 1 investor outreach event held • Achieved: forum participants are selected from pipeline. In-person forums are on hold due to COVID-19 pandemic

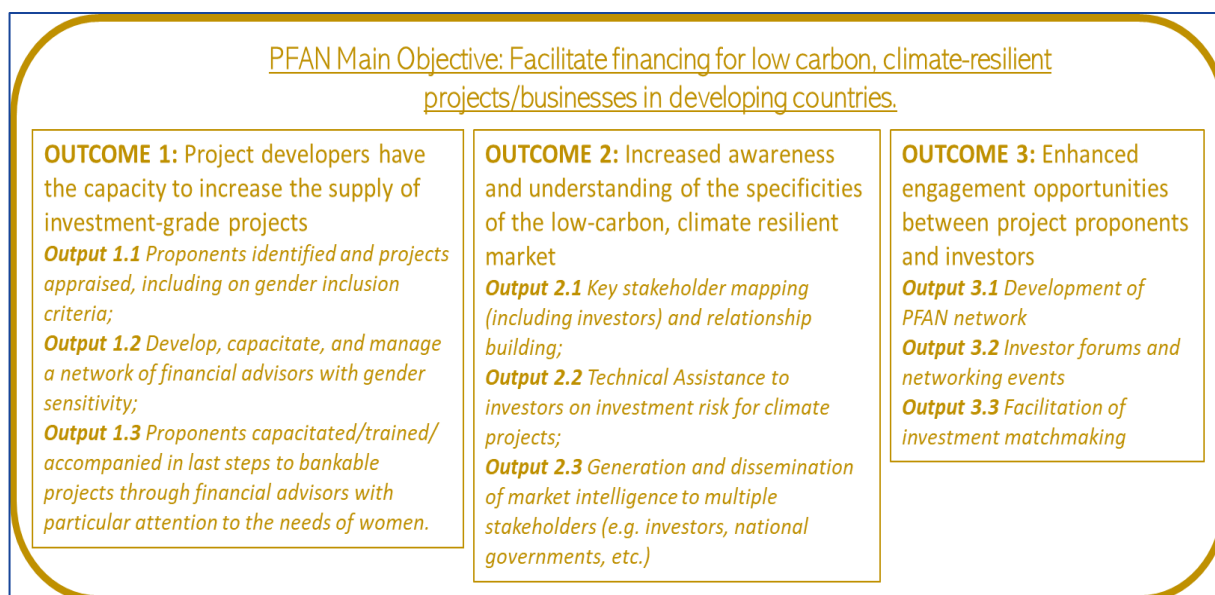
Source: Presentation to First Steering Committee (2016), workplan 2020, quarterly update progress report 2020, annual progress report 2020, expenditures 2016-2022, updated PFAN database.

* Next targets are for 2023 and thus not included in this evaluation.

7.2. Achievements in PFAN’s Sphere of Control

The following section will assess PFAN’s achievements in its Sphere of Control, considering the Outputs, Outcomes and Objective of the reconstructed ToC (Figure 4).

Figure 22: PFAN’s Outputs, Outcomes and Objective from the Reconstructed ToC



7.2.1. Achievement of outputs and outcomes against reconstructed TOC

Outcome 1: Project developers have the capacity to increase the supply of investment-grade projects

The evaluation team identified many projects in the start-up stage in the project pipeline rather than projects at the growth stage (Output 1.1). This runs counter to what has been identified as PFAN’s niche beneficiaries (more in section 6), and the way the program was initially designed. It should be noted however, that because the PFAN database does not identify whether projects are in start-up or growth stage, this finding is based purely on qualitative data from interviews.⁴⁴ This pipeline composition is also reflected in some of the additional needs earlier mentioned such as access to TA for financing pilots, proof of concept, feasibility assessments etc., which PFAN is not designed to address.

The PFAN pipeline induction process limits its ability to influence pipeline composition (Output 1.1). PFAN’s strategy does not entail influencing the nature of

⁴⁴ The evaluators interviewed 26 project developers, most of which were still in the start-up phase. These were selected at random and thus deemed representative of the evaluation. The sample was shared during the inception phase.

projects being inducted in its pipeline (e.g., technology agnostic), and therefore has little or no control on a) the technologies being presented for appraisal, and b) the effective integration of aspects such as gender or overall environmental impact, which may be particularly interesting to certain types of investors (e.g., Impact Investors). This is visible in the process to select projects which involves four layers:

- Layer 1: PFAN scope check.
- Layer 2: Exclusion criteria.
- Layer 3: Technology check – environmental impact.
- Layer 4: Business plan and financial model assessment (including applying gender lens assessment).

While PFAN *screens* projects with a certain set of impact characteristics in those areas, it does not generally influence the grass root development of those projects, which can be a bottleneck to the expansion of its pipeline (see more about this in PFAN Action on Gender Mainstreaming). Influencing the nature of projects being submitted into the pipeline is therefore outside PFAN’s Sphere of Control, beyond its stated focus on climate mitigation and adaptation overall. However, it has adopted several strategies to mitigate these issues, including targeted RFPs.

PFAN’s network of Advisors is qualified but has limited opportunities to strengthen its capacities and enhance the quality of its support (Output 1.2). Interviews with the PMU, the PFAN Secretariat, and with Advisors indicate that Advisors are selected based on being already qualified professionals. PFAN’s on boarding training thus focuses on understanding PFAN’s processes (especially the PFAN Journey, fee structure etc.). Advisors then have access to some trainings provided by PFAN, such as the recent gender training, and can build their capacities by participating at PFAN events. Opportunities for deepening their expertise are thus limited, especially considering that the vertical structure of the network does not facilitate knowledge exchange among Advisors. While the evaluation did not conduct a mapping of the capacities of the Advisors, it is clear that each Advisor may not be an expert on all relevant needs of a project, which may explain why the quality of Advisor support was described as “variable” (see section 4). Capacity-building of Advisors thus remains relevant to enhance the quality of support.

Table 8: Survey responses of Project Developers to the following statements (n=96)

To what extent do you agree with the following statements?	No answer	Don’t know	Strongly disagree	Somewhat disagree	Somewhat agree	Strongly agree
PFAN’s support allows Project Developers to develop an effective action plan to get the project ready to meet investors	3%	1%	6%	4%	20%	65%
PFAN’s support helps Project Developers to prepare/improve all the documents needed to approach investors	2%	1%	5%	3%	23%	66%

To what extent do you agree with the following statements?	No answer	Don't know	Strongly disagree	Somewhat disagree	Somewhat agree	Strongly agree
PFAN's support gives Project Developers a great opportunity to practice their investor pitch and receive feedback from experienced Advisors	3%	6%	5%	5%	20%	60%

Source: Evaluation online survey

PFAN is successful at preparing Project Developers to meet with investors, but not at making projects fully investor ready (output 1.3). As detailed in Table 8, between 74 and 82 percent of Project Developers having responded to the survey agree that PFAN is allowing them to better prepare to meet with investors, when it comes to having a clear action plan, preparing documentation and practicing their pitch. This was confirmed through interviews with Project Developers, who appreciated being able to refine their business model and improve their pitch deck and messaging to make it more attractive. Interviewees confirmed that their final documentation would not have been as solid and good quality without the support of PFAN's Advisors. For the above survey questions, the opinions of Project Developers that have not reached financial closure are more positive than those of Project Developers having reached financial closure. Although the number of respondents from the latter category is low (n=9), this hints at additional barriers being encountered by Project Developers after support is received from Advisors, as discussed in the following paragraphs.

Despite these positive contributions to Output 1.3, many projects do not make it to Call-Off 3 (Investment Facilitation). There are indications that Project Developers need more in-depth support than the current light-hand touch provided by PFAN, such as local/on-the-ground support, development of feasibility studies and pilots, which is currently not part of the PFAN services.

Outcome 2: Increased awareness and understanding of the specificities of the low-carbon, climate resilient market

PFAN makes little contributions to the capacity of investors to de-risk climate projects and is only partially conducive to attracting new investors in the climate sector (Output 2.2). One of the key activities mentioned under Output 2 of the logframe is the capacity-building of investors, to help them mitigate the risks they perceive with regards to climate-related investments. This is included in the revised ToC under Output 2.2: Technical Assistance to investors on investment risk for climate project. The 2021 ToC states that:

“The ability of investors to assess and mitigate risk is improved through capacity building delivered by PFAN: financial institutions – particularly those that are less specialized – become more adept in understanding the intricacies of low carbon, climate resilient projects and businesses, and hence, they can more adequately assess and mitigate risks associated with those and similar projects.”

The evaluation team found that PFAN is not engaging in a meaningful way in this space. No evidence was found of the existence of a clear mapping of its potential investors, consequently it also does not have a clear idea of their respective capacity-building needs. As discussed in Coherence and Coordination of PFAN, PFAN mapped out its partner network, but has not elaborated on an engagement strategy or specific priorities. PFAN’s strategy to address risk-averse attitudes of investors towards low-carbon or climate-resilient investments is built around networking and engaging potential investors in PFAN events. According to PFAN work plans, this mostly involves one-on-one meetings and organization of investor forums where they are exposed to Project Developers and information about success stories. While this approach is effective in raising investors’ awareness about successful business models (Barrier 4 in the ToC), it is not designed to address the need for investors to get a full understanding of the risks related to different types of investments and how to approach risks when considering an investment. This would be mostly useful for investors who are new to the sectors supported by PFAN. Forums are thus mostly useful to (1) raise awareness of potential new investors in the field and (2) expose experienced investors to investment opportunities, but not clearly at enabling new investors to become actively involved in the sector. While this is not a stated objective of PFAN, increasing the number of investors in the sector is part of the pathway of change to increase investment in climate projects.

PFAN generates a vast amount of market intelligence every year that is useful to PFAN stakeholders and beyond, but awareness of access to this wealth of information is insufficient (Output 2.3). Case studies are the main method used by PFAN to share its market intelligence. Several case studies are developed each year (51 in 2018, 24 in 2019) and showcased in the Annual Report and on social media, as well as presented during PFAN events. Twelve are currently showcased on the PFAN website. However, as discussed above for the forums, this does not provide detailed market intelligence and risk analysis that would illustrate how investment risks can be mitigated. Several stakeholders, and the Project Document itself, state that it is PFAN’s extensive experience building the capacity of SMEs and facilitating investments that constitutes its value added. Yet, its communication efforts do not include sharing this experience, and only focus on showcasing the program itself. PFAN’s 2021 ToC states:

“Investors’ decision-making improved. PFAN gathers and shares information surrounding climate mitigation and adaptation sectors. This market intelligence informs investors and helps the broader investor community understand market dynamics, guiding their strategies around market opportunity, penetration, and development.”

This statement entails that PFAN is actively influencing investors’ strategies and managing their appetite through the provision of knowledge/market intelligence. However, there was no evidence found of this happening. Multiple interviewees, including with Regional

Coordinators and the PMU, said that PFAN was not involved in managing investor appetite, but were merely gauging their interest. This approach was reflected in different attempts to meet investor needs, such as the bundling strategy (e.g. for small hydro projects).

Outcome 3: Enhanced engagement opportunities between project proponents and investors

PFAN has built an impressive network of investors, Advisors, and Project Developers (output 3.1), but has not been fully able to leverage this network to enhance engagement opportunities:

- **PFAN relies on a strong, but fluid network of investors aimed at enhancing engagement opportunities.** While many consider it a key feature of PFAN, the evaluation team could not ascertain the extent of this network.⁴⁵ The Project Document states that “the network’s familiarity with a wide range of investors permits PFAN to strategically identify and match investors to projects by their desired level of risk and return, saving time and money for both the developer and the investor”. However, this does not mean that investors are readily available waiting for the next PFAN project to come along. Relationships with investors are fluid and have required ongoing work from the PFAN team. A few partnerships are currently being explored to stabilize the demand for projects (see section 6), but for the most part, project matching with investors still happens on a case-by-case basis. Even if the PMU maintains good relationships with many investors, including private investment firms, impact investors, foundations, but also MDBs and climate funds, this does not easily translate into investments in PFAN projects.
- **The network at the core of PFAN is the Advisor network, and its development and management has been a key achievement of the program.** Yet, this network is mostly vertical, and does not enable communication and exchanges among network members. In addition to limiting knowledge and experience sharing across its members, the structure requires more coordination efforts, which hinders scale up and is not self-sustainable as it requires ongoing management from the PFAN Secretariat to keep functioning. The same dynamic was observed with Project Developers who are not systematically connected to other developers, and for investors whose engagement with PFAN requires ongoing efforts from staff. For these two types of stakeholders, there may be confidentiality challenges in terms of openly discussing investments and business models with potential competitors, but networking is a common practice in these circles, and with the right structure, PFAN could have created a safe space for these actors to interact and learn from peers, beyond what PFAN can directly provide for them.

Advisors expect a wealth of networking opportunities through PFAN, but the program misses the mark to ensure this expectation and need is met. Across the Advisors interviewed for this evaluation, clear sentiments were expressed that when joining PFAN, Advisors expected the program would ensure close coordination with other Advisors as well as networking with investors. The understanding from many sides is that PFAN is a large umbrella of Advisors with experience in a broad variety of SME business

⁴⁵ The evaluation team only received a very short list of investors for interviews.

solutions and markets. However, PFAN is not materializing on this strength in the program, and Advisors fail to see the networking effects (Advisor focus groups).

PFAN is currently developing a team dedicated to transaction management since this is an area that Advisors do not have the capacity in (Output 3.3). PFAN has recruited a network of 172 Advisors in 57 countries, of which 39 are female (22 percent). Among these, 37 Advisors also function as Country Coordinators, Regional Coordinators or Project Developers. According to interviews, most of these Advisors are primarily business specialists with specific experience in one or several of the technologies or sectors supported by PFAN (although some are technical specialists) which is aligned with the selection criteria mentioned on the PFAN website. According to the PFAN Charter, some Advisors were also to be selected as Designated Investment Facilitation Consultants to help structure transactions, but it is unclear whether this was implemented. The lack of this skill set limits PFAN's capacity to help Project Developers finalize investment transactions. PFAN is currently in the process of establishing a dedicated transaction management team as was confirmed in interviews.

Advisors and Project Developers express that the PFAN brand provides some leverage to projects when they are brought in front of investors. There is an understanding in the investor network (within PFAN) that projects from PFAN have good quality business plans and a well thought-through business design. However, the lack of transaction management skillsets, amongst others, impedes PFAN's ability to leverage this advantage.

PFAN's ongoing diversification of its methods to connect investors and Project Developers is likely to increase cost-effectiveness (Output 3.2 and Output 3.3). PFAN has actively tried to improve and diversify the ways in which it connects investors and Project Developers in attempts to improve investment facilitation matchmaking. In 2016-17, PFAN organized several events for investors each year, but this strategy shifted in 2019 as a way of "decreasing its dependency on Forums as a way to introduce projects to investors", as the cost-effectiveness of such events was assessed.⁴⁶ This is coherent with the assessment of several Project Developers interviewed who reported that the investors present at the forum to which they participated were not relevant to their needs. One-on-one introductions are more likely to be tailored to the investors' and Project Developers' profile, but the approach is also quite time consuming. PFAN recently launched the PFAN Deal Book which is an interesting initiative that showcases ready and non-ready projects to potential investors. PFAN's website also includes a page with the list of investment-ready projects under the "For Investors & Partners" tab. These initiatives allow potential investors to connect with Project Developers – through PFAN staff – although no evidence was found about it having happened yet as it was launched in Q2 2022. This could be a first step in establishing more open platforms for investors and Project Developers to find each other. In the meantime, in-person forums remain the main opportunities for all PFAN stakeholders to get to know each other and share their knowledge.

⁴⁶ Steering Committee Meeting 8 (2020), Annual Overview.

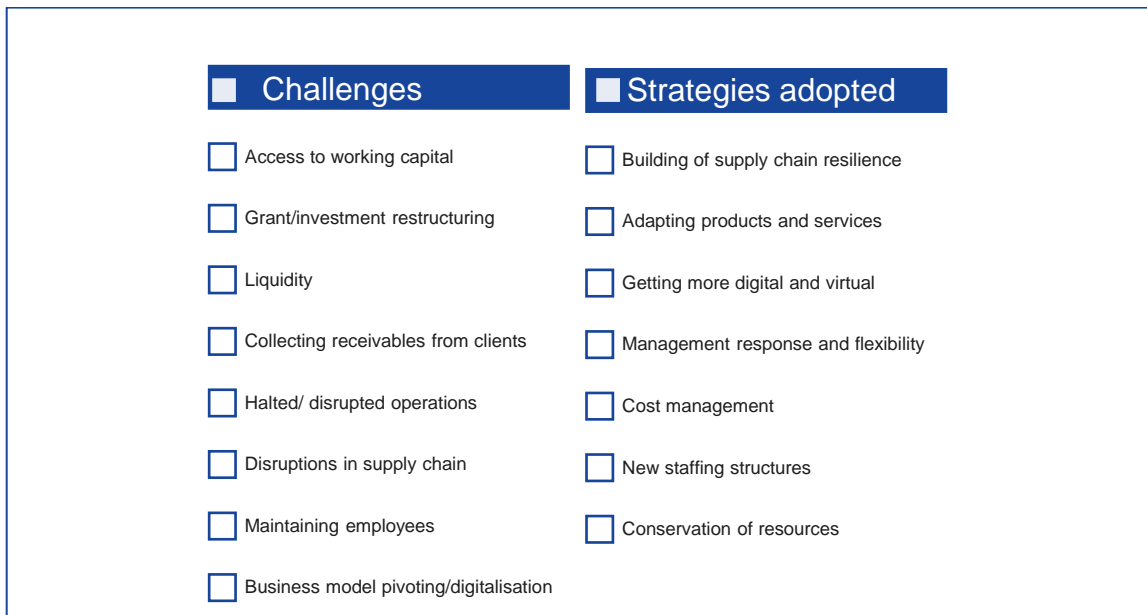
7.2.2. Responsiveness to, and effects of, COVID-19 on PFAN results

PFAN was quick to respond to the COVID-19 pandemic understanding the potential ramifications it could have on SMEs and offering a variety of solutions to help mitigate the effects on SMEs. As a first step to understand its Project Developers' needs during COVID, PFAN surveyed Country Coordinators on the challenges faced by SMEs (Figure 23). Building on this, at its 8th Steering Committee meeting in June 2020, PFAN presented its response strategy to COVID-19, which was "in line with its core expertise around the areas of developing bankable projects and enabling access to finance",⁴⁷ focusing on mentoring on business continuity and enabling access to special COVID-19 Relief Funds and financing facilities from investors and donors as well as supporting rescheduling and renegotiation of existing facilities. It involved a 3-step approach (

⁴⁷ Steering Committee Meeting 8 (2020) PFAN COVID-19 response

Table 9), which would be provided to approximately 100 businesses. As part of this support, PFAN also developed a database on COVID-related support initiatives jointly with GET.invest. The budget allocated for this strategy is unknown, and no specific performance indicators were established to track its performance. While this approach was not directly in line with the main PFAN outcomes sought, it was relevant in the sense that (i) not intervening would have threatened PFAN’s achievements, and (ii) PFAN’s support had to remain relevant to Project Developers’ needs.

Figure 23: Challenges faced by SMEs and strategies adopted, as per Country Coordinators



Source: Country coordinator survey in COVID-19 and Climate SMEs: Insights from PFAN’s COVID-19 response (SC9 (2020) COVID-19 Response)

Table 9: PFAN’s 3-step approach to respond to COVID-19

1. Informative Webinars	2. Virtual Clinics	3. Tailored 1-1 Consultations
Project developers provide feedback on the PFAN support approach and share their needs, which would serve to fine-tune the scope of the clinics and 1-1 tailored support.	Project developers receive expert help to evaluate the current status of the business and to identify steps to address immediate challenges.	Project developers receive 1-1 tailored advise to help towards ensuring the business continuity (incl. renegotiating, rescheduling and preparing funding applications).
2 sessions to small, targeted groups	Structured consultations with dedicated Advisors	1-1 intensive advise with dedicated Advisor

Source: PowerPoint Presentation for SC8 (2020)

The pandemic posed an important threat to PFAN’s achievements with Project Developers, but also to its engagement with investors and investment mobilization, but not to its management model. On the one hand, as a global program, a significant proportion of its operations are already managed and set to function virtually. The threat was therefore at two levels: country-level operations and forums. With regards to country-level operations, PFAN’s strategy is unclear, and approaches likely varied from country to country. PFAN rapidly shifted its in-person operations to virtual or hybrid modalities. This was significant as in-person events are at the center of its approach to engaging with investors (Outcome 2) and connecting Project Developers and investors (Outcome 3).

However, the COVID-19 pandemic did not significantly affect the achievement of PFAN’s 2020 activity-level targets. A review of the performance of PFAN against its 2020 targets indicates that despite the COVID-19 pandemic, PFAN was able to reach most of its activity-level targets. The ones that were not achieved were those involving the mobilization of investors, including investment facilitation (Activity 3.1) and organization of forums (Activity 3.2), as well as capacity-building of investors (Activity 2.2). In relation to years before and after, these results are not significantly worse. The achievements of the targets were driven mostly by the results in the first quarter which were exceptionally good, while the second quarter was not as good. The pipeline was also affected with less new projects selected in the second quarter and third quarter, which translated into less “investment-ready” projects by the fourth quarter.

These results hide the fact that PFAN staff had to put in significant efforts to adapt its operating modalities and ensure the continuity of its services. The main change was the organization of online forums, which on the one hand had the advantage of allowing a wider participation, especially from Project Developers, but on the other hand missed some of the human contact that make them valuable. Feedback from Project Developers and Advisors on online forum generally indicated that the in-person contact was missed, and both Advisors and Project Developers found the online forums to not be very effective, as they involved mostly exchange of ideas and no clear engagement with investors, several of them noting that it was not clear what investors, if any, were on the call. The support from Advisors also had to be provided virtually in many cases (depending on country

restrictions), and some Advisors and Project Developers lost touch completely during COVID-19. PFAN staff had also had to adopt new ways to reach out and engage with investors.

The PFAN strategy was to a moderate extent successful at supporting its SMEs. In the end, 18 projects were supported through PFAN’s COVID-19 response strategy, but more than 1200 downloads of the database of support initiatives were reported. As noted by PFAN, “technical assistance is not enough”;⁴⁸ i.e., while the support provided by PFAN was technically relevant, the priority and immediate need of Project Developers was primarily on accessing funding. Furthermore, according to this evaluation’s survey, out of 93 answers from Project Developers, 33 percent found that PFAN supported them to put in place elements to be more resilient during the COVID-19 pandemic. This figure should be considered in relation to the fact that some businesses were not significantly affected by the pandemic and therefore did not require additional support from PFAN to be more resilient. This was backed up by several Project Developers who said that they were able to make it through COVID-19 without PFAN support. Project developers also reported in the survey that Advisors helped them understand the impact of COVID-19 on their business, identify risks and opportunities, capture elements to address the resiliency of their project, and then focus on key areas to strengthen their business.

Key takeaways from the pandemic and its response include (i) the need to look into the possibility of coupling technical assistance with financial support, (ii) the importance and early achievements in introducing resilience elements in the capacity-building provided to Project Developers, and (iii) the fact that, despite its limitations, the use of virtual tools and communication modalities is more widespread among PFAN stakeholders, including Project Developers, and could be leveraged for future interventions.

7.2.3. Achievement of the main objective

PFAN consistently reports impressive achievements in terms of investments leveraged and its other KPIs. PFAN’s main objective as per the reconstructed ToC is “to facilitate financing for low carbon, climate-resilient projects/businesses in developing countries” is achieved through the conjunction of all three outcomes, but operationalized under Outcome 3, and Output 3.3 of the reconstructed ToC. Through PFAN, investors have access to investment opportunities that otherwise would not have been available to them, and investors are aware and interested in investing in PFAN-supported projects. In its 2021 annual report, PFAN reports its results as represented in Table 10. In 2021 alone, PFAN reports leveraging 302.5 million USD in investments.

Table 10: PFAN Cumulative self-reported results 2006-2021

Total investment leveraged (USD billions)	2.14	Total projects supported by PFAN	1143
Clean energy capacity added (MW)	1275	Total projects that reached financial closure	196

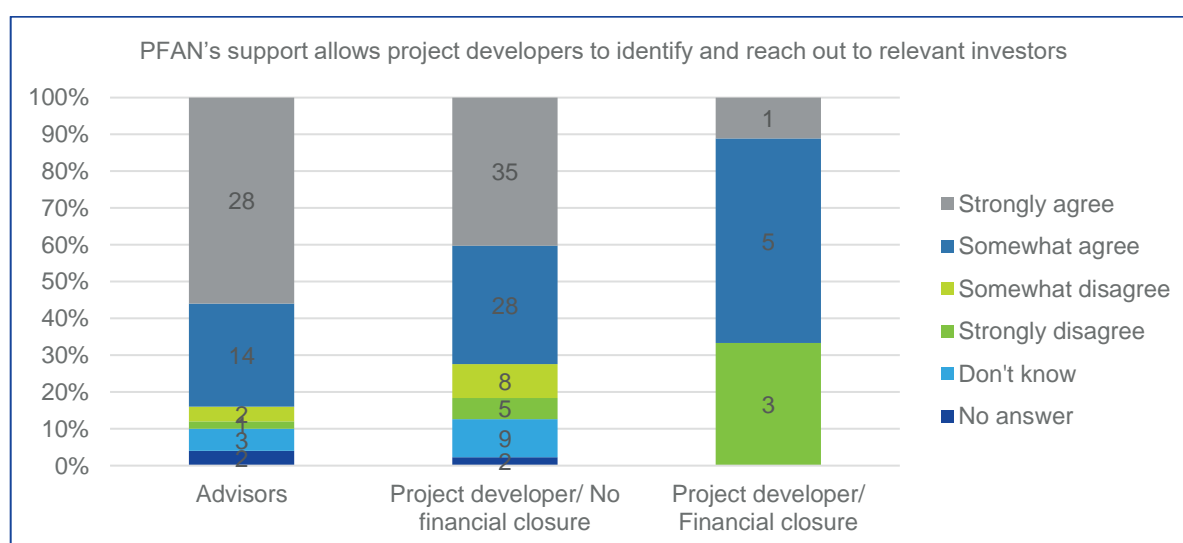
⁴⁸ SC9 (2020) COVID-19 Response.

Potential CO2 emissions mitigation in megatons/year	4.26	Projects that reached financial closure (%)	17
Pipeline size (projects)	504	Number of countries in which financial closure was reached	39

Source: [PFAN Annual Report 2021](#)

Most Project Developers interviewed had not reached the stage of investor matchmaking and overall 17 percent of Project Developers have reached Call-off 3. This can be explained in part by the nature of projects and markets PFAN works with, and thus not all projects are expected to go from Call of 1 to Call of 3. Nonetheless, according to the online survey, 72 percent of Project Developers surveyed for this evaluation (96 respondents) consider that PFAN has helped them connect with relevant investors. This may have taken place during PFAN’s in-person or virtual events, or in-country events organized by Country Coordinators, although the support to meet investors mainly occurs for projects at Call-off 3.

Figure 24. Proportion of survey respondents who consider that PFAN helped Project Developers identify and connect with relevant investors (n=161)



Source: Evaluation survey

Given challenges to make the investor connection and securing investments, PFAN is not yet fully meeting the primary need expressed by beneficiaries. As indicated earlier, 11 percent of projects in the pipeline have reached financial closure (See Portfolio Analysis) in the 2017-2021 period, indicating investments have been reached. The survey responses also show that a significant proportion of Advisors and project respondents only “somewhat agree” that PFAN helps connect Project Developers with relevant investors, especially among respondents having reached financial closure (Figure 24). While securing investments is difficult at large in the finance community, the achievement of the PFAN objective could also be hindered by some of the following factors:

- It may be a challenge to ensure that the investors identified are the best fit for Project Developers.

- Gaps in support and engagement of investors in building the capacity of investors with a new interest in the sector to becoming fully involved.
- Most of the Project Developers interviewed had not reached the stage of investor matchmaking.
- Less mature projects in the pipeline may not be ready to obtain funding even after PFAN support.
- Project Developers were sometimes already making connections with investors, without PFAN intervention.
- The Tipping Point facility, which is the only way through which financial support can be provided to Project Developers, is not yet scaled up. Over the years, only a handful of projects have benefitted from it, while this was presented as an important feature of the “new” PFAN in 2016. The focus amounts and outcomes of this support was not reported on.

Many Project Developers who did obtain financing would not directly attribute it to PFAN support.⁴⁹ Attribution is difficult because what happens after PFAN delivers its support and introduces a project to a potential investor is largely beyond PFAN’s control.⁵⁰ If an investor introduced by PFAN agrees to invest in the project, then it may be attributed to PFAN.⁵¹ However, if an investor is identified through other means, then, at best, PFAN may be contributing to this success, and the extent of this contribution is variable and has not been assessed in PFAN’s past operations. As argued by some PFAN representatives, even if an investor is found through other means or not immediately found, the capacity built by PFAN remains an asset to this Project Developer. This is indeed true, and most Project Developers agreed that any sort of assistance is helpful, but as earlier mentioned (Section 5) it is the investment facilitation and promise of potential investors that is attractive about PFAN.

7.3. Effectiveness of PFAN strategic priorities to balance adaptation, expand into SIDS, and integrate Environmental and Social Safeguards (ESS).

7.3.1. Performance on balancing adaptation

Despite high portfolio numbers of projects tagged with adaptation (cross-cutting 35 percent or only adaptation 13 percent), PFAN – in practice - has minimal involvement in the adaptation space. While there is a strategic focus on adaptation, resulting from a Steering Committee and donor request, PFAN has not been able to originate a significant number of bankable adaptation/climate resilient projects, which is a key bottleneck to growing private sector financing for adaptation. While the Portfolio Analysis indicated that nearly half of the PFAN portfolio of supported projects has an adaptation focus, the analysis

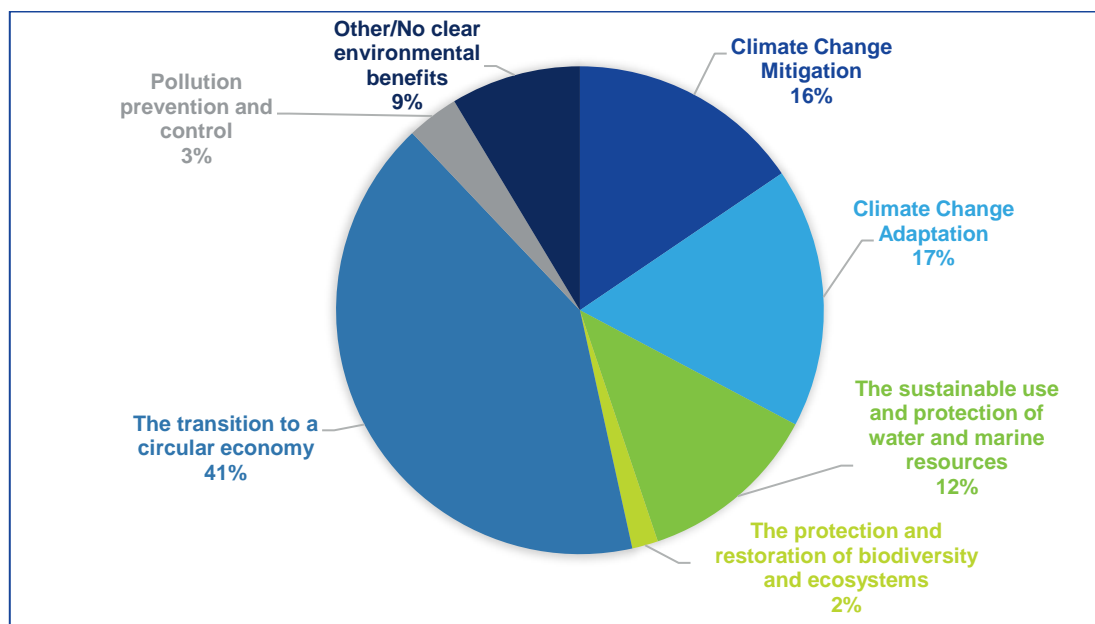
⁴⁹ PFAN recognizes this limitation on reporting on investments – i.e. that attribution is difficult to make - and hope to be able to apply a better methodology on attribution, which is currently being worked on by the OECD.

⁵⁰ For this reason, the revised ToC considers increased investments as a mid-term outcome.

⁵¹ Although one might also consider it as a “contribution” to this achievement since PFAN only puts in part of the effort to get there, while the PD has been the one developing its business. It may be worth reconsider the use of attribution here.

carried out by the evaluation does not represent the same numbers⁵². In fact, the actual adaptation portfolio currently represents only 5-10 percent of PFAN supported projects (i.e., according to the Lightsmith Group Adaptation Taxonomy definition⁵³), while more than 40 percent of projects classified as adaptation would be better classified as Circular Economy projects. These numbers do, however, align with those quoted by PFAN Secretariat staff and Regional Coordinators. The discrepancy in numbers is likely since Project Developers self-report their project categorization, and all those who do not qualify as a mitigation project are being tagged as adaptation projects (e.g., circular economy projects, protection of ecosystems, etc.).

Figure 25 Reclassification of the 58 adaptation-only projects of the PFAN pipeline, according to the 6 environmental objectives of the EU Taxonomy on Sustainable Finance and the Lightsmith Group adaptation taxonomy



⁵² An analysis of the portfolio was conducted by extracting data from the FLUX database for the 58 projects classified as adaptation only. The Lightsmith Group adaptation taxonomy was used to review the short project description provided for each project to first assess whether projects classified as adaptation. If they did not, projects were reclassified amongst one of the 6 environmental objectives of the EU taxonomy. Overall, 17% of the 58 were fully related or somewhat related to adaptation. When extrapolating those numbers to the projects not reviewed which were classified as both adaptation and mitigation projects, close to 8.5% of the current portfolio of 430 projects contracted by or with PFAN support completed could be considered as being adaptation projects.

⁵³ An “Adaptation SME” is a company providing technologies, products and/or services that: Address systemic barriers to adaptation by strengthening users’ ability to understand and respond to physical climate risks and related impacts and/or capture related opportunities and/or contribute to preventing or reducing material physical climate risk and/or the adverse associated impacts on assets, economic activities, people or nature. According to the EU Taxonomy on Sustainable Finance, “systemic adaptation” activities aim to “actively reduce vulnerability and build resilience of a wider system, or systems, such as a community, ecosystem, or city”. According to the Joint-MDBs/IDFC (2019), “system” refers to the “wider context e.g., livelihood, transport and logistics, supply chain, value chain, information and communication, market, ecology”. As per the EU Taxonomy, “material physical climate risk” refers to the risk of financial and/or non-financial losses occurring due to performance failures, performance delays or incomplete performance of an economic activity/assets resulting from climate-related hazards. Materiality is location- and context-specific.

The lack of involvement in the adaptation space can also be explained by several other factors related to misunderstanding and overall low level of knowledge of adaptation to Project Developers and Advisors.

- The interviews highlighted that there remains a lack of understanding amongst Projects Developers and PFAN Coordinators alike as to what constitutes adaptation. In development, there is still no consistent, or mainstream, definition of adaptation which is understood by both public and private sectors alike, although there is significant progress in this space. Indeed, PFAN has already adopted the Lightsmith Group Adaptation Solutions Taxonomy as well as the EU Taxonomy for Sustainable Finance and should therefore be able to effectively communicate what is an adaptation project as well as effectively identify them in its own portfolio.
- Interviews across all stakeholder types also cited low levels of knowledge on climate change adaptation, climate risks, and the implications for businesses which need to be addressed to raise awareness of the needs of the sectors and existing opportunities. This is also true for investors, who have a limited understanding of these topics generally, and may not understand the risks (transition and physical) and opportunities associated with climate change.
- There is also limited market intelligence for adaptation and in several areas, it is unclear how mature the market is to consume adaptation projects. However, markets which may be more mature in terms of adaptation are those which are the most exposed to the physical risks of climate change. This includes in large part SIDS and LDCs, both of which are gaining more traction in the PFAN pipeline (Section 3.2), and where it has set target of 50 percent adaptation projects (Proposed SIDS Strategy for 2021 and beyond).

PFAN offers an appropriate model (e.g., network of advisors, developers and investors) to support leveraging private financing for adaptation but have not yet had significant results/impacts in this space and need to adapt better to the market context and needs of project developers working on adaptation. Findings from the evaluation analysis highlights that PFAN does provide a set of services that are particularly relevant for leveraging private financing for adaptation, including for instance Market Assessment & Pipeline Screening; Project Preparation Support; and Downstream Transaction Demonstration⁵⁴. However, it needs to carefully consider whether it chooses to retain a strategic focus on adaptation as part of its focus on the efficient use of its resources. If PFAN deems it relevant to remain in the adaptation space, to be successful it needs to address several challenges it currently faces in terms of tailoring the services it offers. That includes, first and foremost, refining the technical skills of individuals within PFAN, including coordinators and Advisors, which are currently highly focused on energy. Working in the adaptation space will require identifying, fostering, and developing a new set of technical skills to be successful.

⁵⁴ Tall, Arame; Lynagh, Sarah; Blanco Vecchi, Candela; Bardouille, Pepukaye; Montoya Pino, Felipe; Shabahat, Elham; Stenek, Vladimir; Stewart, Fiona; Power, Samantha; Paladines, Cindy; Neves, Philippe; Kerr, Lori. 2021. Enabling Private Investment in Climate Adaptation and Resilience: Current Status, Barriers to Investment and Blueprint for Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35203> License: CC BY 3.0 IGO

7.3.2. Engagement on SIDS

There is a clear increased focus on SIDS, mostly driven by the Steering Committee agenda to expand PFAN work in the Pacific. SIDS are an important group of countries in need of the kind of support offered by PFAN. In the legacy operation PFAN has already worked successfully with projects from Cabo Verde (wave technology) and Guinea Bissau (SHS distribution for energy access) and in the Maldives (solar). Activities in the Caribbean SIDS have been organized under the responsibility of the Latin American & Caribbean (LAC) Region (previously Central American & Caribbean - CCA), financed through Global funding. Since 2018 activities in the Pacific have been organized and treated as a dedicated regional effort, predominantly financed through Australian earmarked funding. Activities in the African SIDS (Indian and Atlantic Ocean) have been organized within the Southern Africa and West Africa regional networks, financed through soft earmarking within the Global funding. While the agenda in SIDS have been very donor driven (especially expansion in the Pacific), there is a clear understanding from donors that the metrics on the return are going to be lower in SIDS.⁵⁵

It is recognized that PFAN's traditional approach to project origination, development and financing facilitation would need to be adapted for the market context and needs of the SIDS. Accordingly, as reported in the SIDS Strategy Paper in the 10th Steering Committee (2021), "PFAN has adopted a different market entry strategy and approach in each of the three main SIDS regional markets – Caribbean, the Pacific, and Africa. As an initial step, PFAN has expanded the jurisdiction of existing Country Coordinators in Madagascar and Mozambique to include the two main groups of African SIDS – Francophone and Lusophone, and a Country Coordinator has been hired for the Pacific. In addition, PFAN is currently working on 4 projects (mini-hydro and solar mini-grids) in Madagascar with a total aggregate investment ask of USD 32m with all projects showing good potential for advancing to financial close."⁵⁶

7.3.3. Integration of ESS in the Pipeline

Appropriate considerations of environmental and social safeguards can increase confidence of investors in projects and help leverage investments. PFAN has sought to apply social and environmental safeguards in project selection criteria in line with UNIDO's policy. The projects that PFAN may eventually consider supporting are guided by the following key project selection criteria: commercially viable; growth potential; experienced management team; development and gender impact; climate impact; and level of technical viability. An exclusion list also makes any project or company that meets one or more of the following criteria ineligible for PFAN support: energy produced from nuclear energy; aim of project carbon capture and/or storage; electricity primarily gained through combusting fossil fuels; gas venting or flaring part of electricity generation process; undermining the protection of critical habitats; use of banned pesticides and/or chemicals; cause any involuntary resettlement or physical and economical displacement; alter, damage or remove cultural heritage and/or sites; use forced, trafficked or child labour.

⁵⁵ SIDS strategy paper, 2021 Steering Committee Meeting 10.

⁵⁶ SIDS strategy paper, 2021 Steering Committee Meeting 10.

Since Q4 2021, PFAN has been implementing a 2-step verification process by the eligibility review and the external evaluation teams (an additional on-site verification step by the assigned PFAN Advisor during Call-Off 1 will be considered if deemed necessary). Should the Advisor conclude that the project does not comply with ESS criteria, PFAN's support will stop.

In practice, PFAN has been using the EU Taxonomy for Sustainable Finance as part of the selection process of projects in its pipeline. The EU Taxonomy provides a classification tool for determining what is an environmentally sustainable activity and aims to make truly green activities more visible and attractive to investors. The EU Taxonomy Regulation establishes six environmental objectives⁵⁷:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

PFAN follows the basic structure of the taxonomy by assessing if a project: (1) Significantly contributes to at least one of the six environmental objectives as defined in the Regulation; (2) Does no significant harm (DNSH) to any of the other five environmental objectives as defined in the proposed Regulation; and (3) Complies with minimum safeguards.

The second step of the EU Taxonomy screening therefore considers trade-offs in adaptation and mitigation⁵⁸ (amongst others). However, the PFAN PMU reported not having looked at this aspect closely enough to date. Due to limited human resources, PFAN's implementation of the DNSH principle into its filtering of project application relies on a high-level judgment call, as it is not possible to run an environmental impact assessment when selecting projects. Moreover, project proposals generally do not contain sufficient information for a proper assessment of ESS risks, and PFAN proceeds on a concessional basis. If concerns are raised, an Advisor can dig deeper and provide additional information if necessary. Moreover, the EU Taxonomy is currently limited to environmental objectives, so PFAN screens for gender aspects in a separate, additional step. On another note, Project Developers reported having been made aware of environmental and social safeguards requirements, but it was unclear to what extent or of which frameworks.

⁵⁷ It is important to note that the EU Taxonomy covers only environmental topics, and that in 2018 the TEG started working out criteria for climate-change mitigation and adaptation specifically due to the pressing need to mitigate climate change and mobilise more private capital for investments in this area. At the time of writing, only Climate Change Mitigation and Climate Change Adaptation are covered under the Climate Delegated Act, which means companies can start reporting against the EU Taxonomy and it gives the market a clear environmental performance benchmark.

⁵⁸ In 2020, the TEG revised the criteria for adapted activities to be more consistent to ensure that an economic activity and its adaptation measures: a) do not lead to increased climate risks for others or hamper adaptation elsewhere; b) do not increase the risks of an adverse climate impact on other people, nature and assets; c) consider the viability of 'green' or 'nature-based' solutions over 'grey' solutions to address adaptation. The TEG has not yet fully resolved its views on whether an economic activity can ever be said to be fully 'resilient' to climate change. Adapting to climate change is an ongoing process that may not be final at any stage.

7.4. Delivery and opportunities for Gender Mainstreaming, capacity building, and Raising Gender Parity and Capacity

7.4.1. PFAN Action on Gender Mainstreaming

PFAN recognizes its responsibility and opportunity to contribute to gender equality and the empowerment of women within both its internal and regional operations and have made significant efforts to achieve its gender objectives. In 2019 PFAN adopted a Gender Strategy, closely followed by a Gender Action Plan, both of which builds on the UN and UNIDO mandate-specific objectives. The objectives and action points of the Action Strategy and Plan is presented in Table 11. Respondents interviewed for this evaluation and evaluation survey results from across the PMU, The PFAN Secretariat, Advisors, Country Coordinators and Project Developers confirmed that PFAN as a response to its strategy and action plan, the PFAN Secretariat launched a series of activities and actions, including:

- (i) Development of a Women in Clean Energy Business Toolkit,
- (ii) Two women-only calls for proposals in Asia and in West Africa
- (iii) Two gender-specific entrepreneurship workshops and
- (iv) The collection of sex-disaggregated data at the portfolio level

Further to this, in 2021 with the support of Value for Women (VfW) and funding by Australia's Department of Foreign Affairs and Trade (DFAT), PFAN conducted an organizational culture and satisfaction survey and key informant interviews with all PFAN employees (including internal stakeholders and contractors) to understand gender issues further in its operations. Actions, amongst others, have included:

- (i) Gender awareness training/webinars for Advisors in four regions and three masterclasses per regions⁵⁹ (voluntary participation)⁶⁰, collecting and reporting gender-disaggregated data on network composition for 2020-2021,
- (ii) Capacity building for evaluators and the onboarding of Gender Focal Points (March 2022).
- (iii) Various updated to the M&E system, including the TOC and gender indicators (June 2022)

Plans on gender going forward are focused on rolling out further masterclasses, review of PFAN's anti-harassment policy, development of a toolkit to help project developers develop a gender action plan and financial incentives for advisors in Call-Off 2 to develop gender action plan with project developers and integration of gender in key PFAN events.

⁵⁹ For PFAN Advisors, Country Coordinators and Regional Coordinators

⁶⁰ About 100 advisors did not attend the trainings

Table 11. Gender Strategy and Action Plan Objectives

Gender Strategy Objectives	Gender Action Plan – Action Point Focus
To achieve greater, more sustainable, equitable outcomes and impacts in an efficient and comprehensive manner by empowering women to actively contribute to and benefit from PFAN’s network and services.	PFAN supports female entrepreneurs in accessing financing and expects to increase the pool of women-led and gender-focused projects by creating and promoting role models and success stories for other women.
To encourage every project supported by PFAN to be gender-responsive so that women’s and men’s resilience and ability to address climate change, as well as access to clean energy, are equally enhanced.	PFAN intends to play a central role in sensitizing Project Developers and investors on the strengths of gender-balanced portfolios and influence the climate finance environment by educating and raising awareness of the benefits of gender equality.
To increase the pool of women-led and gender-focused projects in the clean energy and climate adaptation sector to reduce the gender gap of climate change-exacerbated social, economic and environmental vulnerabilities.	PFAN adds different sets of skills and improves team dynamics by providing women and men with the same opportunity to be part of PFAN: as employees, coordinators, Project Developers, or network members.

Communication and visibility of gender equality issues and priorities has progressed at PFAN recently, but there are still a few gaps to ensure awareness is raised internally and at the Advisor-Project Developer level. A dedicated website has been developed containing an overview of the commitment on gender equality, in addition to a video, case studies in the annual report, tip sheets and social media activities and campaigns. Efforts were intensive from September 2021 onwards with the launch of a Gender Mainstreaming campaign to enhance and promote gender equality and the empowerment of women in the clean energy and climate adaptation sector. Outcomes of this campaign cannot yet be assessed on as results are yet not reported. However, in the survey carried out for this evaluation, respondents indicated low awareness of the PFAN Gender Strategy and Gender Action Plan, and the need for further communication on it through various challenges especially across the PFAN network, beyond the PFAN Secretariat and PMU. This was backed by feedback from interviews, which indicated that further opportunities to showcase best-practices on gender interventions was wanted. Particularly, to Advisors and Project Developers to motivate them to take further action on gender in the Advisory support and the project design and business models.

Gender equality, although now more of a focus, seems to still largely be a donor-driven agenda with varied leadership buy-in at PFAN and limited investments in technical experts with formal qualifications on gender. This has led to a mixed level of integration and commitment to the agenda across the institution especially at the PFAN

Secretariat including the PMU, Advisors, Project Developers, investors, and partners' level. A significant leadership and staff capacity gap exist at the Secretariat and PFAN network level, especially given that PFAN has thus far relied mainly on one focal point on gender at the Secretariat level with 10-15 percent allocation of time of their overall work program, external consultants (contract initially supposed to end June 2022, but since extended) and six Gender Focal Points (appointed and onboarded in March 2022) to deliver its gender equality objectives.

PFAN can be more intentional about understanding and tackling its own business case for enhancing gender equality and will need to help guide PFAN network stakeholders prioritize multiple seemingly competing mandates. This is especially true at the project development level, specifically the Project Developer support and the investment facilitation stage. For example, little evidence was found that PFAN has leveraged Gender Impact investors or countered investor bias to enhance investment facilitation for female-led enterprises. The evaluation found that gender mainstreaming is also one of many competing corporate agendas advanced by PFAN, making prioritization difficult.⁶¹ For example, interviews emphasized Advisors may not have sufficient knowledge and capacity to provide tailored feedback on equality entry points in the business models projects; are prioritizing other cross-cutting issues above gender equality given limited time allocated for the work with Project Developers; or operate based on personal biases and preferences. Project developers overall, may have limited resources to develop a strategy on issues such as women's leadership in their company given budget constraints.

The evaluation found that there is a perception among key PFAN Secretariat staff that women and men have the same opportunity to be part of PFAN, as employees, coordinators, network members and Project Developers; this is possibly harmful and hinders progress on closing key gender equality gaps. These views can be problematic as they do not recognize systematic gender equality issues at the societal, institutional, and personal level and perpetuate the idea that gender neutrality is a pro-active approach to address equity issues. Certain respondents indicated the existence of a "boys club" within PFAN, yet some evaluative evidence shows that some progress has been made in terms of the PFAN staff footprint and gender equality with an enhanced gender balance evident in the Regional Coordinators and Advisors. Certain regions lag on progress towards the PFAN ambitions on gender equality⁶² in team composition within the network and pipeline e.g., women hold below 25 percent of advisory and country-coordinator roles at PFAN⁶³ and in Latin America and Southern Africa, women represent 13 percent and 19 percent of the workforce in projects respectively (Figure 26). Feedback from some interviewees indicates presence of tokenism⁶⁴ when it comes to selecting female speakers from the network for panels and events i.e., women are assumed to know about gender equality and are invited to events and workshops to demonstrate representation. This is unlikely to improve the

61 Others being enhancing adaptation in the portfolio, focusing on the Pacific islands etc.

62 Ambition is not clearly defined but indicators adopted June 2022 that track % of female Advisors and Country Coordinators (network members) and % of women in management roles.

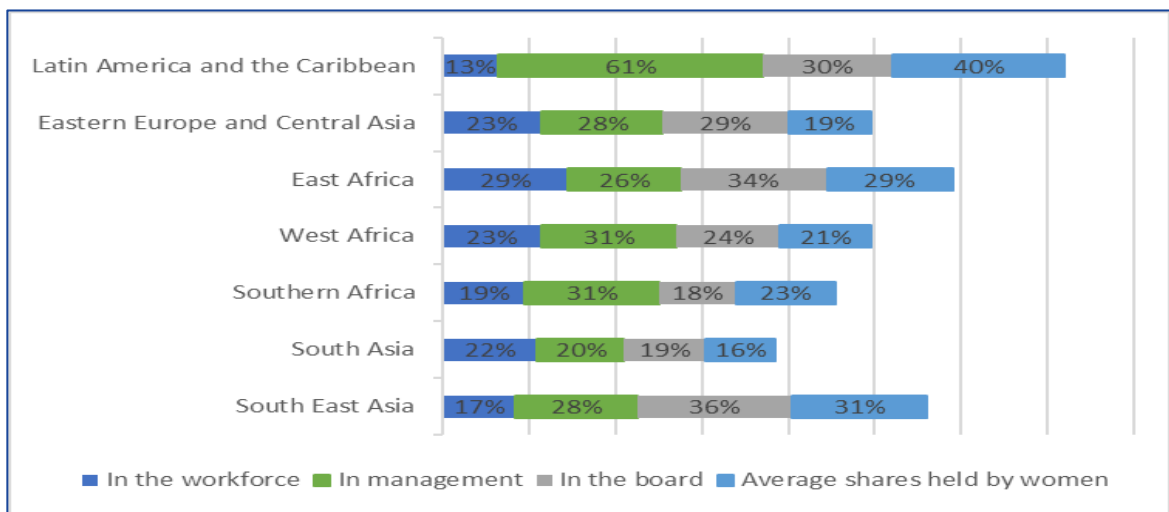
63 Exact numbers needs confirmation from PFAN PMU.

64 The practice of making only a perfunctory or symbolic effort to do a particular thing, especially by recruiting a small number of people from under-represented groups in order to give the appearance of sexual or racial equality within a workforce.

gender balance or encourage women’s increased participation in PFAN activities and should be addressed.

Though some partnerships have commenced to advance gender, there are still limited working partnership with public institutions, investors, domestic finance institutions, banks in focus countries and regions, and with global competitors on gender equality. Existing collaborations and partnerships are recent with organizations such as ENERGIA, Accelerating Women Climate Entrepreneurs (AWCE) initiative and African Private Venture Association (AFPA). Not much information is available to expand on the nature and scope of the partnerships. Examples of partnerships include e.g. hosting webinars with Africa Women in Energy Development Initiative (AWEDI). Interviewees indicated untapped opportunities in terms of partnerships with female-focused business support organizations, financial service providers, etc.

Figure 26: Average Participation of Women⁶⁵



7.4.2. Realization of Gender Integration in the Pipeline

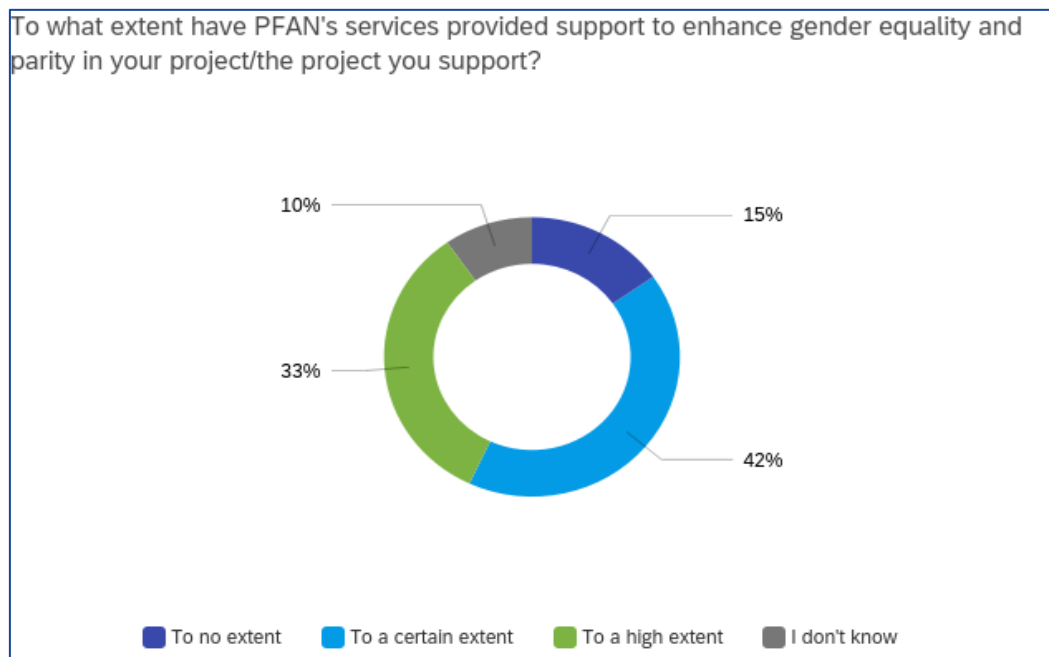
There is limited success in developing a pipeline of projects that are female-led, especially in later call off-stages where the percentage of female-led enterprises drops significantly, and gender gaps are prevalent in the investment ask and financial closure (Outcome 1). Currently 14 percent of all projects are women led (51 projects out of 353 projects with data on gender). In Call-Off 1 the number of female-led enterprises sits at 41 percent and then in Call-Off 3 it is only 4 percent compared to 9 percent in the entire pipeline. This could be a result of specific difficulties female-led projects may face to move to the investment facilitation stage and other factors could include that most of these projects have not reached Call-Off 3 yet. In terms of the average investment ask, women led projects have a significantly lower investment ask by 29 percent compared to the entire pipeline (15 million vs. 21 million for the entire pipeline) – this may be related to the kind and type of projects led by women. For the financial closure, female-led projects make up 8 percent compared to 11 percent for projects. Results from the evaluation survey focused on

⁶⁵ Value for women utilised the aggregate data in 2021 to present a pipeline assessment based on the 2x Challenge Criteria to the Steering Committee indicating that participation of women in decision making roles and in workforce by region and type of project.

Project Developers and Advisors, finds that only 23 percent of respondents indicated *definitely yes* and 39 percent *probably yes* to the question on if PFAN is empowering women entrepreneurs to actively participate in the economy.

PFAN has piloted a few initiatives to address gender gaps in its pipeline, but overall, its services are gender blind across its offerings to Project Developers (Output 1.2). Anecdotal evidence from interviewees indicated that initiatives such as ‘women only’ call for applicants across West Africa has previously been impactful⁶⁶ in reaching women entrepreneurs.⁶⁷ Women felt more comfortable being part of a competition for women only rather than against men even when no requirements changed. Interviewers⁶⁸ including Country Coordinators, Advisors, gender focal points and Project Developers indicates that PFAN should build on this approach and reflect further on how to understand the opportunities and constraints of female-led enterprises and tailor its offerings accordingly. This is because the approach of issuing the women-only call does not address other barriers beyond informational and self-efficacy⁶⁹ based aspects. Results from PFAN’s organizational culture and satisfaction survey of 2020 indicate that only 55 percent of men and 59 percent of women strongly agree or agree that PFAN tries to ensure that products or services respond to women customers’ needs and preferences. In the evaluation survey 33 percent of respondents (projects developers and Advisors) indicated that PFAN services provided support to enhance gender equality and parity in projects (for Project Developers) of projects supported (for Advisors) *to a high extent* (see Figure 27), indicating some room for improvement.

Figure 27: PFAN Services enhance gender equality and parity (n=144)



⁶⁶ Not defined- it is assumed that impactful is measured in terms of number of applicants

⁶⁷<http://cti-pfan.net/event/pfan-ecreee-and-ctcn-call-for-proposals-women-led-sustainable-energy-enterprises-in-west-africa/>

⁶⁸ Country coordinators, Advisors, gender focal points and Project Developers

⁶⁹ The belief in one’s capabilities to organize and execute the courses of action required to manage prospective situations.

Recently PFAN has expanded its support on gender directly to Project Developers through the selection of Gender Focal Points from its existing list of Advisors, but the effectiveness of this approach to impact the portfolio level outcomes on gender are yet to be seen (Output 1.3). No formal qualifications were required for selection in the position, which may weaken the delivery of the Gender Strategy. That is, Gender Focal Points had to submit a short write-up indicating their background and motivation for wanting to be Gender Focal Points in line with a TOR that was developed. The Gender Focal Points are available for five (5) to six (6) days over a six (6) month period to provide support to evaluators, country coordinators, and Advisors on gender issues. This level of effort is very low given the details of tasks covered in the TOR, which covers a focus on capacity building, outreach, and MEL Reporting on the targets outlined.⁷⁰ Interviewees indicated that the days allocated for the role do not really allow for the kind of support that would be transformative e.g., advising on data collection, specific analysis and country-specific recommendations on e.g., access to finance or sexual harassment issues. *No further insights can be provided on the impact of the Gender Focal Points as these roles have only existed for a few weeks at the time of the evaluation.*

PFAN recognizes what the drivers of change are on gender in its portfolio through a focus on building PFAN Advisors' capacity on gender, but this is done with varying success (Output 1.3). There remains a lack of understanding among Advisors, Country Coordinators, and projects developers alike, as to what is expected on gender equality as there is no consistent methodology on what best-practice is nor a set methodology on what a gender lens is. PFAN Advisors could be untapped potential counterparts for gender equitable outcomes across the portfolio given their "agents of change" position and influence⁷¹. However, the current PFAN approach relies heavily on Advisor interest, skills, and bandwidth to integrate a focus on gender issues across the portfolio. Some respondents also expressed doubts about if the advisor focused model is a good fit for supporting the delivery of the Gender Strategy objectives, especially when it comes to influencing project design and aspects in value chains, given that advisors are mainly focused on shaping the narrative towards the investors. Advisors' roles are currently not defined or set-up to provide e.g., deep changes in company operations and advisors also cannot tackle more strategic issues such as developing programs e.g., specific business coaching or investor matchmaking that foster female-led enterprises. PFAN may need to also focus in on the role of regional coordinators and evaluators given that they are more closely embedded in-country and with project developers. If more focus was however placed on gender lens investors, the incentives for advisors are likely to also shift.

PFAN has focused on capacity building of evaluators, Advisors, and gender focal points, but this may not be sufficient for delivery on the Gender Strategy and Gender Action priorities (Output 1.3). Currently no technical assistance budget for projects is available on gender, which means that Project Developers need to draw on their own resources to find ways to integrate gender equality aspects in their project, with limited incentives currently driving actions on gender given the limited focus on gender-lens

⁷⁰ Adopted targets June 2022 (TBC)

⁷¹ Per V4W assessments" The experience of the PFAN Journey really stands or falls with the individual Advisor that entrepreneurs are matched with"

investment facilitation etc. This could limit the amount of progress against the Gender Strategy and Action Plan and limited case studies and best-practice examples.

7.5. Effectiveness of PFAN Monitoring and Evaluation Framework

PFAN's M&E Framework and KPIs are largely insufficient to monitor and measure its actual results. In Annex E: Analysis and recommendations on PFAN KPIs) we reviewed the 2020 Logical Framework, including Objective, Outcomes, Outputs, and associated Indicators, and included updates made to the ME&L Framework in late 2021.⁷² We analyzed whether the indicators were adequate to measure the intended results, and made some suggestions for improving the quality and meaningfulness of these indicators. Overall, some key elements to take into consideration are as follow:

Outcomes and Outputs are not well defined, and as such indicators cannot capture the real results of PFAN. PFAN has a single Outcome, and several Outputs. The latter, however, should normally be at Outcome level as they refer to specific changes in capacity, knowledge, resources, skills, and abilities. This discrepancy has led to what are the actual PFAN Outcomes to be assigned Output-level indicators, rather than Outcome-level indicators. As such, PFAN does not have good indicators capturing changes in capacity, which is central to its strategy. Indeed, PFAN also builds capacity for those who do not reach the end of the journey, and those benefits need to be measured to accurately capture PFAN's results.

PFAN does not have an effective framework for measuring impact beyond financial closure, but has adopted various approaches (e.g., RETScreen) to attempt to estimate potential impact. It is to be expected that an initiative such as PFAN not be able to measure impact beyond financial closure. However, heavy focus has been put on attempting to measure the immeasurable, including mitigation and adaptation benefits that have not necessarily been realized, and that may never be realized. On the other hand, the approach to attribution towards mobilization of private sector finance has not yet been finalized, but work is ongoing with new developments from the OECD. This is a significant challenge, not unique to PFAN, and one where PFAN should rightly continue to focus on.

By compounding the two issues discussed above, PFAN therefore does not have adaptation indicators that are adequate to measure its contributions to that sector. Indeed, adaptation benefits from PFAN are already likely to occur at the Outcome level (capacity-building, knowledge sharing and awareness raising), yet is not being measured. Moreover, PFAN continues to attempt to measure impact level results, by defining indicators such as Number of beneficiaries with vulnerability to climate change reduced, which again is both immeasurable and outside the Sphere of Control of PFAN. Progress in developing appropriate adaptation indicators has also been stalled by the perception that the small size of the adaptation portfolio (5-10 percent) with respect to the overall M&E needs of PFAN in relation to its complex log frame, would create an undue burden to the Secretariat. However, since the services for adaptation and mitigation should be the same,

⁷² Steering Committee Meeting 11, 2021

there should not be a significant need for new adaptation indicators. Rather, they could be mainstreamed through better Outcome and Output indicators across the log frame.

Continuously evolving indicators and inconsistent reporting make it difficult to assess cumulative results over the evaluation period. The PFAN logframe includes a set of indicators and targets for activities, outputs, outcomes and PFAN's overall objective, which were meant to monitor its performance, as stated in the ME&L Framework. In addition to this, specific targets are set on a yearly basis in the Work Plans. While several objective, outcome and output targets are set and reported on yearly, some of their indicators have evolved over time (e.g., Output 2), some do not exist (e.g., Output 3) and some have varying scopes (e.g., amounts invested). Indicators at the activity and output levels vary from year to year and even when targets are set for them, they are not necessarily reported on. It is often unclear whether indicators are used as individual activity indicators, or as output indicators. PFAN had not designed gender disaggregated indicators until June 2022⁷³.

On this last item, it is important to note that focus is placed on gender-disaggregated data collection and gender-specific monitoring and evaluation actions, but gaps remain in the integration of the priority areas of the Gender Strategy and Gender Action Plan on M&E framework. Starting with the reconstructed ToC, there is limited focus on gender-disaggregated data at the input/activity level and at the outcome level, there is no emphasis on women entrepreneurs supported and in the inclusivity of projects and businesses, and the Advisors engaged during the PFAN journey. At the impact level, the gender objectives in the PFAN Gender Strategy are missing. The PMU and the Secretariat has worked to strengthen M&E aspects of the Gender Action Plan. Specifically, a proposal has been made that focuses on various gender indicators which have been adopted in June 2022. PFAN PMU has indicated that these indicators have been included in the PFAN log frame, but no further information is available on what progress has been made on reporting against these indicators and no clear targets seem to be included.

PFAN has embedded the collection of gender-disaggregated data in its Monitoring, Evaluation and Learning (MEL) framework, but more progress could be made in how consistently PFAN validates data, reports on progress made⁷⁴ and how it uses this information to inform actions on gender equality ⁷⁴At the program level, efforts to collect gender-disaggregated data includes tracking of gender mix of Project Developers, Advisors, investors, judges, keynote speakers and master of ceremonies through the automated workflow management system. PFAN also monitors the gender split of the PFAN Advisors etc. At the project level, PFAN implements UNIDO's gender focus classification for all projects in the PFAN Pipeline. That is, when applying for PFAN support, Project Developers classify their own project's focus with respect to gender: *main focus (11 percent), significant (35 percent), limited (38 percent), somewhat (0.02 percent) or no expected contribution (14 percent)* (see

Figure 28). Projects are also reporting on (i) gender mix at Board, Ownership, Project Developers, Staff and (ii) beneficiaries gender mix and project's impacts on gender. This

⁷³ New set of gender indicators adopted at SC in June 2022 (see further details in M&E section)

⁷⁴ E.g., some annual progress reviews since 2020 reflect reporting on gender indicators but they do not seem consistent across years.

information is self-reported and not all Project Developers submit this information, which means not all data is verifiable and 35 percentage of projects report no data. PFAN has been capturing these results in the PFAN Annual Programme Overview since 2020.

Figure 28. UNIDO’s gender focus classification

Gender focus of the project	Number	Percentage
Gender equality/women empowerment is main focus	39	7.4
Significant expected contribution to gender equality	119	22.6
Limited expected contribution to gender equality	130	24.7
Somewhat	5	0.9
No expected contribution to gender equality	48	9.1
No data	186	35.3
Total	527	100

Some work has been done to improve tracking and monitoring of gender integration at the portfolio and project level (reconstructed ToC Output 1.1). In 2022, the Value for Women team made recommendations for PFAN evaluators and Advisors (training held March 2022) in applying a gender lens during the assessment of projects from proposal submission to the Call-Offs. This spurred changes in the application form to integrate a Gender Marker self-assessment following a new definition and question about the presence of company- or project-level action plan or strategy^{75,76}. In the evaluation stage further questions have been added to guide the application’s evaluation process⁷⁷ and at Call-Off 1, changes have been made to the reporting template⁷⁸. It is too early to tell if there are any contribution of these changes vis-à-vis the Gender Strategy and Action Plan.

7.6. Assessment of Operational Risks

Operational risks associated with the PFAN model are clearly defined and mitigation measures implemented, but not all mitigation measures are equally effective. Using the PFAN Risk Table, we assess below the different findings of this evaluation in this respect.

⁷⁵ Percentages based on projects that have self-reported against the Gender Marker.

⁷⁶ For example, do you have a gender action plan or policy in place? Yes/No.

⁷⁷ Gender considerations have been integrated throughout the existing tool and additional questions added, with guidance on what to look for in the proposal.

⁷⁸ Recommendations from the evaluators on what to specifically check with regards to the gender marker and different gender lenses the Advisor should be looking at. Includes the same questions used in the evaluation tool. Includes the new Gender Marker definitions. Note that the action plan should include considerations on how to apply different gender lenses to the project operations (Women in leadership / in the workforce / in the value chain / as beneficiaries).

Table 12: Analysis of the PFAN Risk Table

Risk	Mitigation Measures	Findings
<p>Low interest of Project Developers for PFAN support.</p>	<p>Increase and diversify PFAN promotional efforts, including through social media; Regularly evaluate and adjust outreach strategy; Coordinate with other project preparation facilities to limit competition for projects and identify areas of complimentary support.</p>	<p>Project Developers mentioned multiple times having been reached through PFAN promotional efforts on social media, and their interest remains high. However, an additional dimension of this risk is in the management of expectations from Project Developers, which is currently not fully matching the services provided (in particular investment matchmaking) and the timeliness of the provision of service.</p>
<p>Inadequacy in terms of quality/maturity of projects applying for PFAN support.</p>	<p>Regularly monitor the quantity and quality of projects originated; Source projects through alternative avenues than Calls for Proposals, including through selected partners; Collaborate with other support mechanisms, particularly upstream.</p>	<p>As mentioned earlier, this risk is not fully mitigated at this time, and multiple projects interviewed were found to be more at the start-up stage than at the growth stage.</p>
<p>There is insufficient/inadequate expertise in a specific market for PFAN services to be delivered effectively.</p>	<p>Continuous efforts to maintain the network; Capacity building of Advisors complemented by adequate support through the network structure; Where insufficient/inadequate, complement local knowledge with expertise from abroad; Performance monitoring of Advisors; Incentive alignment and performance-based remuneration; Conservative assessment prior to entering a new market.</p>	<p>As stated earlier, the quality of services varies widely by Advisor, as does their capacity to provide the key PFAN services. As such, this risk is not fully being mitigated at this time. Moreover, expertise in the field of climate change adaptation is woefully lacking to achieve PFAN's ambition in this sphere.</p>
<p>Insufficient investor's appetite for PFAN supported projects.</p>	<p>Continuous interaction with investors to gauge appetite and guide project sourcing and development; accordingly, Structured knowledge</p>	<p>While the mitigation measures are being applied, they may be insufficient to fully meet the needs of the investors, as highlighted earlier. The size and</p>

Risk	Mitigation Measures	Findings
	management related to investors' appetite, by mapping the relevant investors and building relevant relationships; Buoyant and quality pipeline of investment-ready projects; Capacity building of investors and financiers Actively contributing to designing investment vehicles that will unlock investments from investors currently not served by existing vehicles.	nature of projects are not currently meeting investor appetite. In terms of mitigating this risk, there may be room for PFAN to work further on the capacity-building of investors, which would aim to create appetite for climate investments, in particular adaptation projects.
Exposure to economic cycles and related fluctuations in investment confidence and activity.	Geographic and sector diversification; unlikely that all sectors and regions are affected simultaneously; Long term nature of the project development cycle is an inherent hedge; Integrate resilience as key dimension of business mentoring; Cultivation and maintenance of high-quality investor relationships to constantly monitor and understand investment appetites and be able to feed this into the origination and development processes.	As highlighted earlier, the "Cultivation and maintenance of high-quality investor relationships to constantly monitor and understand investment appetites and be able to feed this into the origination and development processes" may be insufficient to mitigate this risk, and PFAN may need to enhance its involvement with investors, in particular capacity-building and awareness-raising.
Disruptive market development (e.g. pandemic).	Work through various geographies to mitigate the local risk; Integrate resilience as key dimension of business mentoring; Reinforce integrity of operating procedures and ensure flexibility / alacrity of (emergency) assessment and response.	See further assessment of COVID-19 response.
Reliance of key individuals.	Institutionalize processes through Standard Operating Procedures; Establish knowledge management to capture and record data, documents, and experience; Cultivate an environment of open exchange and communication; Share roles and responsibilities; Establish back-ups.	There is currently a very high reliance observed on key individuals, Global and Regional Coordinators.

Risk	Mitigation Measures	Findings
<p>Resources not adequately available to support PFAN operations.</p>	<p>Maintain performance and impact; Continuous dialog with funding partners and Steering Committee to meet expectations; Resource mobilization strategy in line with targets.</p>	<p>Given its high reliance on donor funding, any changes to donors switching priorities and potentially lowering and/or discontinuing funding puts PFAN's operations at risk. Funding and long-term commitment from donors is critical for sustainability of PFAN's operations. Some donors either reduced their involvement (such as METI Japan and the Clean Cooling Collaborative) or in some cases did not renew support to PFAN (such as SIDA in 2022). This is most often attributed to several reasons outside of PFAN's control, such as evolving development priorities of the donors in terms of investment size, clean technologies, countries of operation or strategic change in development cooperation at ministry level, which was the case recently in Sweden. This is an important risk that directly impacts the operations of PFAN, including human resources. If PFAN continues its donor-driven approach a new donor may put further pressure on the Program to focus on new geographic regions or technologies, unless requests from a new donor aligns with existing areas of PFAN support.</p> <p>With the current withdrawal of SIDA, PFAN is actively fundraising to mitigate this issue. The budget for 2022 has been revised to reflect SIDA's exit and to ensure smooth continuity of PFAN operations in 2023. It represents a 13 percent decrease in the 2022 budget. According to the revised workplan and budget 2022, major changes</p>

Risk	Mitigation Measures	Findings
		include (i) the cancellation of the planned recruitment in 2022 of a Knowledge Management and Communications expert, and (ii) the replacement of three Regional Coordinator positions for sub-Saharan Africa with a Pan African Regional Coordinator position.
Nonadherence to social and environmental safeguards.	Apply social and environmental safeguards in project selection criteria in line with UNIDO's policy, including a 2-step verification process by the eligibility review and the external evaluation teams (an additional on-site verification step by the assigned PFAN Advisor will be considered if deemed necessary)	This risk is also particularly important to be considered at project level and is therefore discussed in the section considering ESS integration in the pipeline.
Fraud, corruption, and conflict of interest.	Apply anti-fraud and whistle-blower policy; Hedge against fraud, corruption, and conflict of interest through adequate contractual clauses and verifications;	At this time, it is unclear how the policies are being disseminated/disclosed to the PFAN stakeholders, and what are the grievance mechanisms in place. Moreover, there appears to be some conflicts of interest at the level of Advisors who are also Project Developers. How those are being managed by PFAN is unclear.
Lack of institutional support from host agencies (UNIDO and REEEP).	Maintain internal communication and engagement at various levels; Establish a sound and resilient institutional framework; Having contingency plans in place to address institutional issues at the hosting agencies.	This risk appears well mitigated at the time of the evaluation.

Source: PFAN SC11(2021)_8c_Updated PFAN's Risk Matrix.pdf

8. Impact and Sustainability

8.1. Introduction to Impact and Sustainability

In this section, Impacts and Sustainability of PFAN is considered in terms of progress towards Medium-Term Outcomes and the Long-Term Objective along its Impact Pathways from the reconstructed Theory of Change prepared for this evaluation. We build on the gaps in the Impact Pathways identified within PFAN's Sphere of Control (Effectiveness Section), and how this is contributing to the ability to progress towards Medium-Term Outcomes. We also challenge the ToC and identify additional gaps that could prevent the achievement of MTOs. Finally, we assess factors affecting the long-term sustainability of interventions and provide an assessment of PFAN's exit strategy; as well as assess the potential for replication of the PFAN model to other sectors.

8.2. Contributions towards Medium-Term Outcomes (MTO)

8.2.1. MTO1: Entrepreneurs, including women, are empowered to actively participate in the low-carbon and climate-resilient economy

The ability of PFAN's intervention to spur sustainability is deeper and broader than what is accounted for in terms of financial closures and investment mobilized by the projects receiving direct support. Given PFAN's Advisory services, the program can impact its stakeholders directly and indirectly by capacitating them to potentially raise funding in some cases even without PFAN's continued support in the long run; and thus, become long-term active players in the low-carbon, climate resilient economy. Even though the level at which this has been achieved cannot be directly measured because PFAN does not have a framework for measuring impact beyond its reported financial closures (See section MEL), there is strong evidence that progress along Pathway 2 and towards Outcome 1 (see Effectiveness) means that PFAN is making significant contributions towards MTO1.

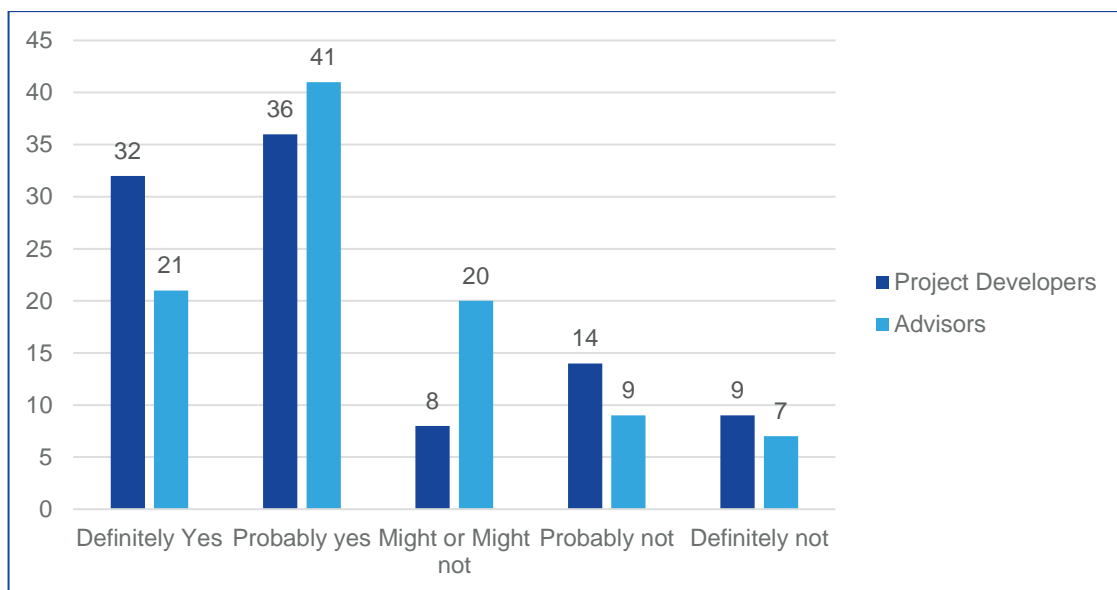
As explained earlier (see Section 7.2.1) PFAN has been playing an important role in capacitating Project Developers to access to financing of projects. 74 percent of Project Developers and 89 percent of Advisors acknowledged in their responses to the survey that PFAN has been playing an important role to some extent in capacitating and raising their awareness. Although PFAN also encourages the Advisors to capitalize on the peer support from PFAN's global network, this does not seem to working effectively in practice (as explained previously under the section on Effectiveness).

8.2.2. MTO 2: Self-Sustained Financial Advisory Services in Frontier Markets

According to the PFAN Annual Report of 2020, financial Advisors are becoming independent market players and are moving towards self-sustainability. This would

mean that they have gained confidence to offer their services on market terms to non-PFAN associated Project Developers, which results in a developing finance Advisory industry with increasing businesses supported and more entrepreneurs raising funds. Contributions towards this MTO include evidence that several Advisors recognized that they could use PFAN for their own clients, which may not necessarily have the funding to pay for services. Furthermore, survey results indicated some movement towards this MTO as 21 percent of Advisors were recorded in the online survey giving a Definite Yes (while another 41 percent were recorded as probably yes) to PFAN being able to ensure self-sustained financial Advisory networks in frontier markets.

Figure 29: Do PFAN ensure self-sustained financial Advisory networks in frontier markets



Source: Online Evaluation Survey, 2022

8.2.3. MTO 3: National Level Policy and Regulatory Frameworks are revised to drive scaling up climate investments

A conducive enabling environment would help deter some of the risks and break down barriers to sustained impact both during and beyond PFAN support (Pathway 4 of the reconstructed ToC). The success of PFAN in realizing its mission and vision ultimately depends on its ability to nurture and support the creation at local, national, regional, and global level of enabling environments, where capacity building, financing, and private sector involvement are critical. Key barriers and challenges that hamper the presence of a low risk enabling environment, which is likely to attract foreign investments include (i) local currency risks; (ii) regulatory risks; and (iii) competitive pricing. Currency risk is historically one of the biggest risks for investors, and a widely known barrier, which prevails in accessing Foreign Direct Investment in many of the countries where PFAN supports Project Developers. This is an important risk as most of the projects that reach financial closure generate cash over the lifetime of the projects, which can be a couple of years to more than a decade. Given these long project implementation timelines, the currencies of some of these developing countries (where the project is located) can

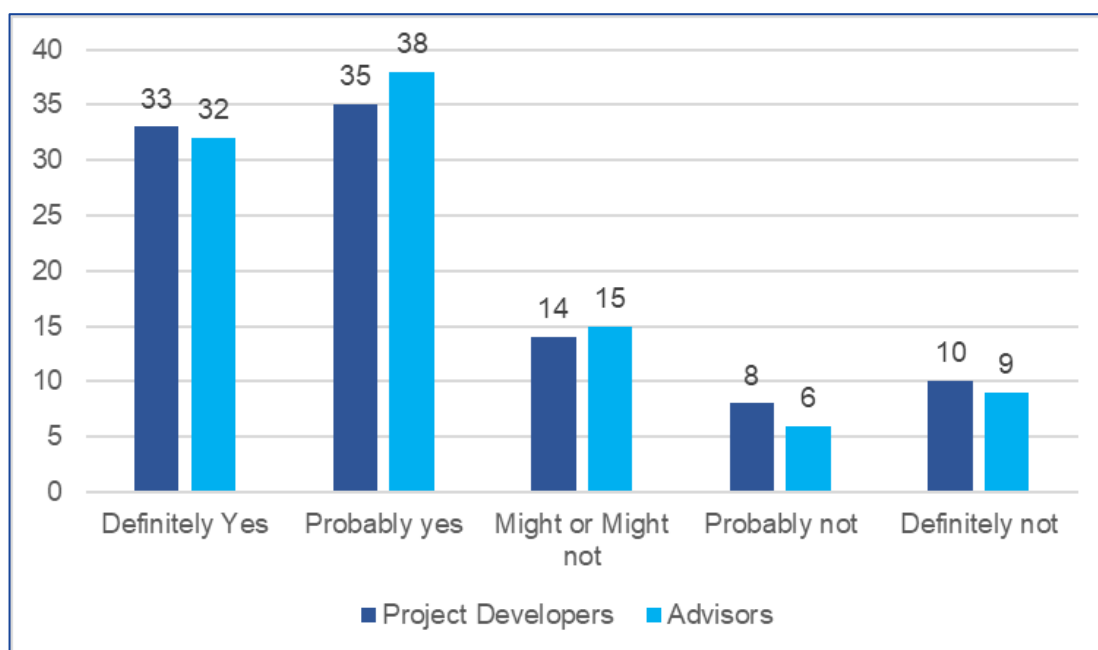
devalue significantly (for example one of the interviewees gave example of Zambian currency losing over 50 percent in just a year; and similarly, it recently happened in Lao PDR as well). Such currency risk has a negative impact on the rate of return expected by the investors and may deter investment in countries with histories of fluctuating currencies. Finally, SMEs struggle with regulatory and compliance risk; in particularly in energy markets, which is highly regulated and competitive from a price standpoint. Indeed, the competitive price risk, which favours the use of fossil fuels, poses an ongoing risk to PFAN projects. Several interviewees (Project Developers and Advisors) suggested that PFAN could play an important role in engaging in a policy dialogue with the public sector to create more conducive environments that help lower these risks.

Although PFAN has commenced some interactions with the public sector, activities thus far have not helped spur wider governmental, institutional, or policy change within the markets it operates to help lower some of these barriers. PFAN, with its location within UNIDO, is in a unique position to help influence the public sector. By providing decision-makers market intelligence and lessons learnt, PFAN can increase awareness and understanding of the low-carbon, climate-resilient market, which in turn fosters the development of national level policy and regulatory frameworks aimed at driving scaling up of climate investments. However, due to limited contributions to date to Output 2.3 of the reconstructed ToC, and consequently limited progress towards Outcome 2 (see Effectiveness Section), PFAN has not been able to show much of an impact in areas of governmental, institutional, or policy change. The program has commenced some public sector dialogue prior to COVID-19, where public sector actors were invited to knowledge-sharing events and workshops. While this is a step in the right direction, it is far from the impact that PFAN could have on the public sector to advance a more conducive enabling environment, if considering the wealth of market analytics, the program has. Creating a conducive environment for investment in low carbon, climate resilient projects through granular market data have the potential to create deep changes.

8.2.4. MTO 4: Increased Private Sector confidence and investment in climate projects

Even though this evaluation indicates that PFAN has not fully achieved its Outcome 2 to increase knowledge and awareness amongst investors (see Effectiveness), there are some indications that PFAN helps raise the confidence of private sector players. A few investors interviewed agreed that PFAN is a sort of ‘stamp of approval’ on projects and proof of a higher quality project. Furthermore, according to the survey responses for this evaluation, there was general high agreement amongst Project Developers and Advisors that PFAN helps increase climate finance through increased private sector engagement, which requires a raised level of confidence (Figure 30).

Figure 30. Does PFAN help achieve sustainable climate finance through increased private sector involvement (n=139)



According to the reconstructed ToC, the impact pathway to increase confidence of private sector players is through provision of market intelligence and capacity-building on risk mitigation, which leads to this increased awareness and understanding of the low-carbon, climate-resilient market, that in turn should raise confidence. PFAN’s TOC acknowledges capacity building and regular engagement with financial institutions as the most important drivers to overcome barriers in achieving PFAN’s impact objectives and raising investor confidence.

- Regular engagement with financial institutions by the Secretariat and the PMU encourages additional investment in low carbon, climate resilient projects; however, PFAN’s relatively limited investor network decreases engagement opportunities.** To address the challenges associated with the lack of financing for cleantech and climate resilient projects PFAN engages with investors where they have existing established relationships. These financial institutions often have limited expertise about the climate risks (actual and perceived) related to investing in low carbon, climate resilient projects and businesses. Additionally, emerging evidence from interviews with Project Developers indicate that financial institutions also lack a clear understanding of the financial environment and risks that SMEs in frontier and emerging markets work in. To this end, PFAN’s experience in cleantech investments is highly useful to help build the capacity of these financial institutions, i.e., PFAN can provide detailed insights related to technologies, sectors, and countries, including information about similar successful business models and operations in markets with similar risk profiles and characteristics. However, interviews carried out for this evaluation indicate that the investor network is not as broad as initially perceived by Project Developers and Advisors; in fact, most Project Developers and Advisors noted that the PFAN network of investors was very limited.

8.3. Long-Term Objective and Transformational Impact

The PFAN transformational impact is too early to tell but given the deficiencies in the M&E framework it will be difficult to assess. However its portfolio as earlier mentioned (Relevance of PFAN and Portfolio Analysis, is a testament to its contribution to a low-carbon, climate resilient economy; though the contribution towards GHG emission reduction is likely to be greater than its contribution to resilience. At present, PFAN officially reports to reduce GHG emissions by 4 megatons of CO₂ emissions annually. However, not much evidence is currently collected by PFAN that validates this impact, and at present the program only has GHG emissions for 25 projects (representing potential emission reductions of 313 497 tCO₂e) that have reached financial closure. This discrepancy in data for GHG emissions is recognized by PFAN, which have only recently started using a RETSCREEN to determine actual emission reductions, which is a good tool to better assess the actual emissions impact. However, actual emissions are only ever achieved by the projects that reach financial closure if they are implemented to their full ability and scale after receiving finance. With regards to resilience, PFAN's current impact is assumed to be not significant due to the very small size of its portfolio.

Given the moderate effectiveness of PFAN's achievement on its outcomes and outputs, it can be assumed that the program has some impact on the overall Global objective to transition to a low-carbon climate resilient economy. The impacts are driven through its five (5) pathways of change in the reconstructed ToC, which ultimately all support a move to the transition. However, these impact pathways are implemented with varying levels of success. It is without a doubt that PFAN's impact could be improved through refinement of the impact pathways.

8.4. Sustainability of PFAN's interventions

Despite the lack of reporting beyond financial close, there is still evidence that some of PFAN projects keep growing even after the services provided by PFAN's are ceased, but the evidence is very low. While it has been difficult to get a complete overview of projects, which may have been able to leverage additional rounds of finance after PFAN support, some evidence points towards the potential for additional rounds leveraged. The survey asked Project Developers that had reached financial closure if they were able to leverage additional rounds of funding post-financial closure. While the response rate was extremely low (only 9 answered the question), four (4) responded that additional rounds of funding had been leveraged.⁷⁹ In addition, a review of a random selection of projects and success stories from the PFAN website indicated additional funding leveraged, including:

- An electric scooter manufacturing project that was introduced to PFAN through the fourth AFCEF (Asia Forum for Clean Energy Financing) Business Plan Competition in India. Here, PFAN's support was catalytic for the Project Developer to advance from an early business development stage to investment readiness. Subsequently, with no further PFAN

⁷⁹ 2 projects responded that they had not reached financial closure yet; even though the PFAN database reports that they have.

involvement, the project raised several rounds of financing that amount in total to around USD 114 million so far, and the company is aggressively expanding its presence in the electric mobility market in India.

- “Atomberg Technologies”, an Indian company that manufactures a range of ceiling and wall fans was one of PFAN’s global finalists in 2018 and since participating in the program has raised more than US\$13m for their scale up operations.
- “Radix Lifespaces” an Indian Biogas company which was coached by PFAN from the very beginning in 2013, when the company was just an idea. Radix has raised investment of about US\$750,000 to date, out of which only around US\$200,000 in equity and debt through PFAN.
- “Fourth Partner Energy”, a leading solar energy company from India, improved its skills and knowledge to establish sound business models and financial plans, as well as to present them effectively to investors. The enhanced capacity helped Fourth Partner Energy raise subsequent rounds of financing without the need for continued PFAN Advisory services (in a major milestone in 2021, they received an investment worth around USD 35 million from UK-owned development finance institution CDC).

The current exit strategy envisaged by PFAN does not have specific guidelines whereby PFAN shall refrain from offering its services as the market becomes self-reliant and is able to cater for financing Advisory services on a commercial basis, i.e., without donor funding. As mentioned above, PFAN does not seem to have any guidelines on its exit strategy. During one of the SC meeting brainstorming sessions, the PFAN Management Unit presented the exploratory work carried out on the exit strategy. While PFAN works towards having a fully implementable exit strategy, below are few of the recommendations to be considered while forming a strategy:

Table 13: Recommendations to be considered while forming a strategy

Exit When	Exit Strategy
Maturity of market has been attained	PFAN will operate only where its services are vital and additional. It will discontinue support when the market is mature enough and established. As PFAN do not have any guidelines pertaining to its exit strategy, it needs to define a state where a type of sector/project in a particular geography is considered to have matured. PFAN should establish procedures to ensure it operates only in those frontier markets where commercial lending and equity investment could not yet adequately support specific low carbon, climate-resilient opportunities. PFAN’s exit strategy guidelines should focus on the level of development of the market, rather than level of a country’s economic development.

Exit When	Exit Strategy
ESS sustainability is achieved	<p>The projects supported by PFAN that reach financial closure may still take years to deliver on their results as that is strongly linked with their quality of implementation/commissioning. The continued involvement or follow-up of PFAN with those projects even post the financial closure would allow to ascertain their ESS sustainability. PFAN's exit strategy should take this into account moving forward.</p> <p>In the case of adaptation, it is not only about ESS, but also about vulnerable communities and ensuring ecosystems are less vulnerable.</p>
Mature enabling environment	<p>In countries that have already a mature enabling environment for low carbon, climate-resilient investments, long term planning of PFAN should include those considerations. Often as the market becomes saturated, the government rolls back its "stimulus packages" and doing business might then become less profitable. This is something that PFAN should consider reflecting in its exit strategy for such countries. The aim is to couple PFAN's skills and experience with established and reputable financial institutions such that even when PFAN make an exit from the market, the market would still have tailored financial instruments supporting such project going forward.</p>

9. Conclusions and Recommendations for PFAN's forward-looking strategic vision

9.1. Conclusions

PFAN has added value to the urgent crisis of climate change and its impacts, this cannot be disputed, and the assessment of the evaluation team is that the program is delivering Satisfactorily with Impacts and Sustainability to be Likely (Error! Reference source not found.). The program is relevant and needed, aligns with the global climate change dialogue, and supports several SDGs. Furthermore, it is well-aligned with UNIDO's overall goals and ISID agenda. There has been consistent and consecutive growth in catalyzing and mobilizing the private sector financing into clean energy, and to a lesser extend resilience building for SMEs. Furthermore, PFAN coaching and support for capacity

development are key drivers to bring SME projects to bankability. However, the value has not materialized so far in terms financially closed projects (financing secured). If PFAN desires to gauge how well they fare on investments closures in the wider market, there is scope to launch a benchmark study to determine how the program fare overall on financial closures or a research study that reviews financial closures for SMEs in developing and emerging markets.⁸⁰

Table 14. Performance Rating Table

Criteria	Rating	Justification
Efficiency	Moderately Satisfactory	The PFAN Journey's efficiency is sometimes hindered by the variable quality of services provided by Advisors, changes in Advisors, and by the success and fixed-fee structures, which may be contributing factors to many projects remaining at Call Offs 1 and 2. There is often a disconnect between the PFAN Secretariat and activities on the ground. The expected annual budget for PFAN has been increasing, and overall the rates of expenditure vs. planned expenditures remain rather high (88 percent on average), with some level of underspending being natural.
Relevance	Highly Satisfactory	PFAN is highly relevant not only to the problem statement that it is trying to solve, but also to the beneficiaries and stakeholders of the program. Its objectives, activities and focus directly supports the Paris Agreement and international climate dialogue as well as movement towards Agenda 2030 and the SDGs. As such, it is also aligned with UNIDO's ISID agenda and environmental goals.
Coherence/ Coordination	Satisfactory	PFAN is strategically positioned to help address key needs in terms of technical assistance and connections for SMEs and does not duplicate efforts with other project preparation facilities. It has sought multiple partnerships to stabilize the supply and demand of projects into its pipeline, however it is insufficiently seeking partnerships to ensure all barriers faced by SMEs are effectively addressed.

⁸⁰ It was not possible for the purpose of this evaluation to carry out a benchmark on whether the reported financial closure is high compared to similar programs and in the market. This would take additional and significant work, which was outside the scope of this evaluation. However, the evaluation team agrees that it would be an interesting area to research further and an area where PFAN has significant knowledge and experience.

Criteria	Rating	Justification
Effectiveness	Satisfactory	PFAN has been effective at helping Project Developers improve their business models and prepare to meet investors. However, the program has not consistently achieved the high-level targets it sets in its yearly work plans, and as of 2020 did not meet its scale-up targets. PFAN is not fully able to leverage its impressive networks to help projects engage with investors and is lacking some transaction management capacities to help close deals, which is being added. PFAN also recognizes its gaps and are actively working to close them. PFAN has made good progress on integrating gender considerations, and provide good support to LDCs and SIDS, which could be further leveraged. Work on adaptation is also underway with goals to scale up this area in coming years.
Impact/ Sustainability	Likely	Impact is difficult to measure for PFAN as impact occurs ex-ante. However, the evaluation estimates through its theory-based approach that the program has made significant contributions towards Medium-Term Outcomes, which should then ultimately lead to impacts in terms of SDGs and Paris Agreement. Furthermore, there is some indications that projects can leverage additional rounds of funding post-PFAN support, though it is difficult to attribute this funding to PFAN.

Based on the evaluative findings, several overarching conclusions can be drawn:

PFAN is a recognized brand globally, and it is the assessment of the evaluators that there is scope to continue PFAN's operations, but with some adjustments to its operational and governance model. The program suffers from a series of structural and operational barriers, which have made it difficult to achieve the targets that the program has set. The network's modes of operation and communication was found highly inefficient and largely hampered by cumbersome processes involving too many players and layers. PFAN coordination seem complicated where Project Developers in some cases are not aware there is a PMU and Secretariat as well as Regional Coordinators, Country Coordinators, etc. While this model is part of PFAN's strength in terms of its global reach, and interaction within the regions, it has not been possible for the evaluation team to assess that it produces successful results and achievements. On the contrary, it seems to be a significant barrier to effective communication through the channels of, and it seems to keep the PFAN Secretariat largely out of touch with the environment on the ground amongst Advisors and Project Developers. It does not maximize the global reach it has.

There is a need to communicate much more clearly what PFAN does and define which areas (technologies and countries) should receive support, and how this support should be offered to ensure its continued relevance and optimize potential impact.

PFAN should be able to focus on where it may have the *greatest* potential impact, which is where the need is highest. This can be done through leveraging the vast experience that PFAN already has in the market to support SMEs in higher risk and more vulnerable countries such as LDCs and SIDS, as well as focus on technologies where it may provide more value, i.e., technologies with high PFAN experience and emerging technologies in the market. Furthermore, PFAN's placement within UNIDO is an opportunity that has not been leveraged to its full potential. UNIDO has a powerful mandate to advance SDG-9 as well as related SDGs and engages with several national public sector entities and ministries worldwide. This is an open door for PFAN into the public sector where the enabling environment needs to be enhanced to have more suitable national platforms that support the investments in low carbon, climate-resilient SMEs. It is the assessment of the evaluators that the PFAN operational model, with the above recommendations in place, would be able to support a pivot of PFAN to reconsider its geographic and technical scope as well as how it may better advance the transformational impact that it targets.

Several barriers prevent the effectiveness of PFAN's delivery model to realize actual investments. This includes limited capacity in the Advisor network to support Project Developers, lack of capacity and interest of investors to understand the markets within which SME's operate, and unaddressed needs of both Advisors and Project Developers to access climate investments. Furthermore, the PFAN investor network remains unclear in several standpoints. How many there are in the network; what kind of investors they are; what they finance; what kind of ticket-sizes they manage; and what is their capacity when it comes to financing low carbon and climate resilient projects. This may be one of the most significant barriers to a network that aims to build partnerships that advances investments in SMEs. The evaluators were not able to identify and localize a lot of investors involved with PFAN, and as such conclude that the investment networks need to be built and formalized.

PFAN has done well on building partnerships, which is central to its upscaling model. PFAN is already looking internally at UNIDO to programs like GCIP and the GN-SEC and has also collaborated with CTCN, in addition to looking upstream for partnerships with financial institutions and other project demanders. However, there is a significant gap in terms of partnering with institutions in the knowledge management and advocacy areas. Furthermore, a clearly defined partnership strategy that outlines how PFAN will continue to build partnerships, with who and what organizations and the value added for each, remains missing from the PFAN strategy.

PFAN has progressed on the integration and advancement of gender equality and equity. However, to deliver on its ambitious Gender Strategy, further resources and efforts are necessary to enable the delivery of tangible actions. To ensure sustainability, a plan needs to be put in place so that progress on gender equality continues and is scaled at PFAN. Continued efforts and resources are needed to implement tools, develop resources, and continue communications activities. In addition, enhanced leadership buy-in is needed to shift the gender aspects from a donor-driven agenda to one owned and championed by core PFAN Secretariat staff.

PFAN has faced recurring challenges in data management, reporting, and the continued changes to its MEL framework. Many changes to the MEL framework over the years have been quite minor and have not addressed the underlying issues at stake: PFAN does not have the right Outcome and Output definitions in line with its ToC. As such, it has not always defined indicators that are relevant to measure its intended results and has set numerous indicators to measure impact well beyond its Sphere of Control, resulting in excessive resources spent on defining methodologies to capture results in terms of GHG mitigation, climate vulnerability reduction, and so on, while it has omitted to capture key contributions towards these longer-term impacts: that is, capacity built. These ongoing changes in the indicators have also resulted in significant inconsistencies in reporting on performance.

While PFAN possesses a wealth of market information, there are gaps in how well the knowledge is shared. The entire concept behind PFAN is that it is a network, but Project Developers and Advisors express that they do not gain the full learning benefits from being part of PFAN; there is little to no interaction and sharing of experiences and lessons amongst Advisors and across Project Developers. Furthermore, there is a clear indication that information is not fully shared with investors and the public sector.

9.2. Recommendations

Based on the evaluative findings and conclusions, the evaluation team has developed a set of priority recommendations to enhance the program's operational effectiveness and efficiency as well as set a clearer path for the future strategy. The recommendations are divided into (i) Operational Recommendations to be implemented immediately, which can help improve PFAN's overall efficiency of operations and (ii) Strategic Recommendations that feeds more into the broader objective and Strategic Vision Forward. The latter goes beyond adjusting internal operational features, and makes suggestions for how PFAN can refocus its objectives and scope to maximize its impacts as determined by the ToC.

9.2.1. Priority Operational Recommendations

Recommendation 1: PFAN should slim down its network operational model to enhance communication and efficiency of operations.

The Steering Committee should commission a review of PFANs operational and implementation model, in particularly to re-evaluate roles and responsibilities of staff, coordinators, and Technical Committee and assess their need and value added in the operational model. The terms of reference and role of the Regional Coordinators is not clear vis-à-vis the role of the internal staff at in the Secretariat that manages each region. While it is good practice to have Regional Representation, the evaluative evidence has not revealed the value and power of these regional coordinators. It seems that there could be a direct line of communication from the internal staff at the Secretariat to the Country Coordinators and from there to the Advisors and Project Developers within the countries where PFAN has projects. In terms of the Technical Committee, technical backstopping is important, but it may be possible to internalize the technical capacity within the Secretariat overseen by the

Program Managers and Director (much akin to how proposals for funding are reviewed at the GEF, Adaptation Fund, and other global environmental funds). It is also unclear why this Technical Committee is needed when the program also designates evaluators of each project. PFAN should also consider building its internal capacity to manage specialized subjects and themes and processes (e.g., transaction, investor relation, gender, and adaptation). This goes particularly for the assignment of a gender specialist to supervise the implementation of the gender strategy.

Recommendation 2: PFAN needs to strengthen its ability to enhance its investment facilitation with a focus on building capacity and enhancing advisor incentives, developing a database of investors, and refining the objective and use of the Tipping Point Fund. Capacity building of advisors and investors would enhance the investment matching process. Capacity could be built through webinars delivered to Advisors on specialized subjects like gender, adaptation, and integration of environmental and social services. This would potentially translate into projects on the ground that better match these specific requirements of investors (output 1.2). Coaching of investors would also be useful (Outcome 2) to help investors better understand what to expect from the PFAN portfolio. Furthermore, enhancing the local presence of advisors to raise PFAN's value added (Outcome 1). The PFAN Secretariat should continue refining its matchmaking algorithm to ensure the best pairing of Advisors and Project Developers. If it is not possible to recruit local advisors, advisors (regional or international) should travel to the project sites to ensure they develop a stronger quorum with project developers and understand the project and idea they are supporting. The Secretariat and the Steering Committee could also reconsider the fee structure to be better aligned with the level of effort that Advisors put in. At present the evaluative evidence have indicated that the success-fee and fixed-fees are not providing enough incentive for PFAN to operate efficiently.

It was difficult for the evaluators to assess the effectiveness of the Tipping Point Fund because there was very little clear and open information on what this Fund aims to do, how much funding there is in it, and how Project Developers can access it. A few suggestions for better usage of the Tipping Point Fund to satisfy Project Developer needs could be: (i) Technical assistance funding to write grant proposals; (ii) South-south field visits; (iii) Finance proof of concepts and feasibility studies to enhance Project Developer's proposals and show business viability.

Finally, a database of investors would be a significant value added to Advisors and Project Developers in the investment facilitation phase to better gauge what kind of investors may be available, and which are suited for the specific technologies and ideas.

Recommendation 3: PFAN needs to improve its overall MEL framework to allow for better tracking and reporting on results and achievements.

The PFAN secretariat needs to launch a revisions and improvements of its reporting on indicators and ensure more consistent reporting. This may be alleviated in part by having

SMART⁸¹ indicators which could be more easily measured as well. Furthermore, the network may wish to reconsider the relevance of indicators at impact level, which are difficult (and often impossible) to measure and focus on good Outcome level indicators (such as change in capacity). If this is the preferred way forward, then new indicators for adaptation could be mainstreamed throughout the results framework (e.g., Change in capacity of investors to engage with adaptation vs mitigation). There is also a need to embed the recently adopted gender indicators to capture the gender dimension, starting with at a minimum gender disaggregated data (including baselines and targets).

A particular point of improvement, is the need to improve measurement of attribution to funding leveraged. PFAN could make a distinction between two indicators: (1) introducing an investor, and (2) hand-holding the investor and project developer through financial close. PFAN may want to make a distinction in the mobilization measurement between financing that ensued due to hand-holding that led to financial closure, which is realized financing that can be attributed directly to PFAN. In the other cases, PFAN should claim contribution to leveraging the funding only. PFAN should also continue to follow the development of the OECD methodologies on mobilization.⁸² Advisors will play a particular role in ensuring accurate reporting is being done on financial closures.

Finally, the network needs a more structured online database tool (going beyond excel) to keep track of its pipeline and start reporting on time spent in each call-off to better assess the Journey's efficiency as well as note projects and advisors' location for each project to determine accessibility. It is highly recommended that the Secretariats budgets for the investment in an online database tool and converts its current tracking sheets into the online database so there is more systematic organizations of the pipeline.

Recommendation 4: The PFAN Secretariat needs to develop and publish an exact partnership strategy that defines the structure of its partnerships so that it is based on needs and prioritize efforts.

A PFAN partnership strategy should be three-fold entailing (1) the continuation of building internal partnerships at UNIDO to draw on UNIDO projects that are suitable for the PFAN pipeline. PFAN should continue to pursue and strengthen these partnerships and identify additional collaboration opportunities within UNIDO's portfolio; (2) enhancing collaboration with organizations upstream to work with incubators and investors that can help get the projects to the next level.; and (3) continuing to build partnerships with commercial banks and impact investors. Focusing on national financial institutions as is being done in Pakistan seems like a reasonable approach as these institutions may be more suitable in terms of the investment asks from PFAN's SMEs. They are also more informed of the local markets within which they operate. They can also be used for the development of wider programmatic approaches within countries or even regions (regional banks). The GCF is a relevant source of funding to this end, as it allows project proponents to develop diverse financial mechanisms, including microfinance, on-lending, etc. For example, GCF funding could be channelled through a local financial institution to set up a credit line of

⁸¹ SMART indicators are: **Specific, Measurable, Achievable, Relevant, and Time-bound**

⁸²<https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-Methodologies-on-Mobilisation.pdf>

equity or similar fund for SMEs to access. It could target specific countries with a more complete suite of services, as was done for Pakistan, or it could target Banks with a regional scope. IN addition, there is scope to consider partnerships *with research institutions and think tanks*. For example, organizations like the Rocky Mountain Institute could help structure efforts at country level, or research institutions (e.g., International Development Research Centre or Academic Departments) could transform PFAN's experience into papers, studies, trainings, and knowledge for a variety of stakeholders, including countries and advocacy organizations pushing for regulatory changes.

Recommendation 5: Further efforts and resources need to be dedicated to continuing the work on gender mainstreaming both internally in the PFAN operational structure and to engage more women in SMEs.

Internally, PFAN Secretariat is encouraged to be explicit in communicating its aims to on-board more women and utilize communication channels that reach female talent. Issues at the workplace also need to be addressed by management and HR at UNIDO/REEEP given the findings from the workplace survey that e.g., 89 percent of men versus only 63 percent of women agreed or strongly agreed that men and women have equal opportunities for career advancement. Similar gaps in experience are apparent between men and women in the areas of respectful conduct and treatment, learning, and development and communication.

In its portfolio, PFAN has a significant opportunity to foster a pipeline of female-led enterprises. However, more work needs to be done by the PFAN Secretariat and Advisors to listen to, and understand, the needs of female enterprises in the market and in the portfolio and specific advisory support provided that may also touch on issues not currently covered e.g., navigating work-life issues, self-efficacy and coping with sexual harassment. Recognizing the issues female enterprises face will go a long way in ensuring they are properly supported. The Secretariat could also consider offering different services to women (or partner with institutions that do) e.g., enterprise readiness or mentorship programs to increase uptake of female-led enterprises in the portfolio or retention across Call-Offs. Finally, PFAN needs to expand its contact base and engagement with gender-lens' investors that are interested in directing their money to women-led companies or Project Developers that have an explicitly focus on gender equality in business model including products and services.

Recommendation 6. The PFAN Steering Committee needs to revisit its own terms of reference to enhance buy-in and increase inclusivity in its structure.

The Steering Committee TORs are outdated and not followed in terms of composition of the Steering Committee. In particular, the lack of developing country representation does not allow for a voice on the steering committee in terms of what PFAN target countries need. If PFAN has difficulty recruiting a developing country through representation through finance support, the program could consider a rotating guest membership from developing countries in which PFAN operates. Co-chairing by a developing country could also be a consideration. This would ensure increased representation from developing countries and give them a voice, and it would further enhance PFAN's ability to influence enabling environments within these countries. Moreover, the TORs should be more prescriptive in

its assignment of the Steering Committee chair and ensure rotation, to mitigate the risk that one donor may have a disproportionate impact in driving the PFAN agenda. It may also be more prescriptive in terms of the number of Steering Committee members there can be.

Recommendation 7. PFAN needs to fully leverage the advantages of the network to enhance learning and knowledge across advisors and project developers as well as externally with other PPFs and central level ministries.

More could be done to better spread this knowledge across the network. For example, The Secretariat could launch more knowledge-sharing thematic events that allows Advisors and Project Developers to connect and share experience on how they tackled specific financial barriers, local risks, etc. in projects. This would allow Project Developers working within similar technologies to share experience and lessons learned. It would also foster communication among Project Developers potentially increasing innovation and sharing of ideas across projects. There is a particular need to enhance knowledge sharing on adaptation 37 percent of Project Developers and 29 percent of PFAN Advisors rated adaptation as one of the most promising areas of intervention for PFAN and recommended that PFAN launch a campaign around adaptation to raise awareness of what adaptation is and how to generate a business around it.

Going beyond its own network, PFAN could also do more to launch networking and learning across the broader landscape of PPFs and engage with the public sector to enhance the enabling environment for PPFs. There are a lot of different support models and tools being developed (e.g., GET.invest funding database) that could yield more benefits overall if better shared among PPFs and accelerators. Furthermore, the potential development of country-specific Diagnostic Reports could be shared with countries to determine specific country needs on what enabling factors are necessary to better drive local investments in SMEs. PFAN as part of UNIDO is well placed to take in such a role (See below).

9.2.2. Priority Strategic Recommendations

Recommendation 8: PFAN needs to narrow its scope and focus on more vulnerable countries and innovative emerging technologies in existing markets.

PFAN should narrow its geographic and thematic scope to increase its impact in terms of the countries and technologies it supports. This evaluation indicates that PFAN has generally been operating in the upper classes of emerging markets; it has targeted the markets it aimed to target – the frontier markets. However, there is also increasing evidence that these markets are maturing, which have resulted in PFAN automatically being pushed into riskier markets. This indeed impacts achievement towards its key performance indicators. For example, operating in riskier markets decreases the level of funding that PFAN can raise, which ultimately would also impact reductions in GHG emissions. Such decreases do not reflect that impact is low; impact is simply different and can in many ways be greater when the most needed areas are supported.

Given the knowledge and expertise that PFAN has in its network, the evaluation team encourages consideration for a move towards riskier markets where the assistance is much more needed. PFAN should continue its focus to assist SIDS, but also develop a more strategic focus on LDCs. LDCs and SIDS are some of the most vulnerable countries in the world with least developed and high-risk markets, and low investment opportunities, which makes them prime candidates for PFAN support. PFAN is already active in LDCs and SIDS, but it does not have a mandate to specifically expend most energy and resources in these countries. Given the high vulnerability, high electricity costs, need for investments in the energy sector, and relatively small populations, SIDS are particularly low-hanging fruits where high impact can be reached. Similarly goes for LDCs, which experience power shortage and outage, low quality electricity generation, low energy access in hard-to-reach areas, and a need for increased resilience against climate change.

Shifting its focus to riskier markets does not mean that PFAN should end its support in more advanced frontier/emerging markets, but the support should be specific as opposed to its currently too wide range. There is still opportunity to support non-LDCs and SIDS, however the kind of support to be provided in these countries should be particularly aimed at emerging technologies and markets where the need is greatest. The survey carried out for this evaluation revealed a wide range of emerging areas as identified by Project Developers and Advisors in LDCs, non-LDC/SIDS and SIDS, where PFAN indeed could have a high impact. These areas include, as earlier described: Solar/mini-grid, Energy Efficiency, Biomass/biogas, Waste-to-energy, and the circular economy – all which PFAN is already involved in; and BESS, e-mobility, and hydrogen as being emerging technologies with high investment potential. A deeper assessment of the technology areas could be carried out to much better determine which technologies should be targeted.

To target support, such a strategy could be operationalized through the development of ‘windows for support’ based on specific selection criteria to determine SMEs’ eligibility for support. This kind of model may also help PFAN much better tailor their Advisory services as Advisors can be sectioned within the same windows. Similarly with investors which can be linked to the countries and technologies within each window. The windows could be split by country type.

1. *LDCs and SIDS: This window could be open for support to SMEs from LDCs and SIDS, and any PFAN determined technology. Within the window, the SME can apply as a seed company or early-growth stage company determining more clearly the level of support that may be necessary and where in the PFAN journey they may fit in. PFAN could decide to focus on technologies where its experience is most well-developed already such as Solar PV, Energy Efficiency, Waste management, and Biofuels/mass, but also emerging areas like E-mobility, BESS, and Adaptation.*

2. *Non-LDC/SIDS: This window could be open to support SMEs that are looking for support to advance specific technologies in emerging areas only, like BESS, E-mobility, Hydrogen etc. SME’s can apply as seed-stage or growth-stage company, which would help determine where in the PFAN journey they fit in.*

Recommendation 9: PFAN should use its UNIDO forces and increase advocacy and networking with the Public Sector and Governments to better influence the enabling environment.

Though it is presently outside PFAN's mandate to advocate with Governments, one of its key medium-term outcomes is to enhance the political enabling environment and advance transformational change. Its residence within UNIDO makes PFAN strategically placed to take on this role. Advocacy with governments is needed to enhance the enabling environments that allow for influx of private sector capital. Even though advocacy with Governments has begun, it was recognized across the board in interviews that more is needed to try to develop the enabling environment, which help lower the risks within countries that deter private sector investments. Combined with its location within UNIDO, the wealth of information and market analytics that PFAN has gathered over the years leaves it in a position where it can capacitate Governments to ready their markets for clean tech SMEs.

PFAN could develop knowledge products, to be used by UNIDO or external partners to help advance policy and regulation which may build an enabling environment for SMEs. For example, several interviewees suggested the possibility of PFAN to develop country diagnostic reports by country that identifies market gaps, challenges, and barriers within the countries, and which identifies policy and regulative issues that needs to be tackled to advance the private sector focused on SMEs and climate change, as well as identify the countries national objectives. Such diagnostics would not only be helpful for Governments to understand what is needed to develop the markets, but also for Project Developers and Advisors, so they align more with national plans. However, they are only useful if updated on an ongoing basis, and brought in front of the Government which could be done through:

1. UNIDO and external partners/multi-lateral development banks using the diagnostic reports to determine potential policy technical assistance or lending to relevant ministries.
2. PFAN Secretariat could leverage its Country Coordinators to brief the Government on PFAN diagnostic reports and current efforts within the countries of operation.
3. Finally, as is already being done, PFAN could enhance its efforts to invite Government agencies to knowledge sharing events and workshops on advancing private sector capital and building enabling environments for clean tech (renewable energy and adaptation).

ANNEXES

Annex A: Evaluation matrix

Criteria	Questions	Data collection and analysis methods							Data sources										
		Desk	Interviews	Survey	Online Analysis	Portfolio	Deep	Thematic	Benchmark	Strategic	Planning and	Reports	Financial	Databases	Informational reports	Research, Evaluation, and	Stakeholders and	PFAN	Survey results
Relevance	1. How relevant has PFAN been for its beneficiaries and how can the program’s thematic and geographic focus and services evolve to maintain and enhance its relevance and support its scale-up ambition?																		
Backward-looking	1.1. Has the PFAN structure, services, and focus been relevant to its stakeholders and beneficiaries’ ⁸³ needs?	X	X	X	X	X	X	X			X	X	X	X					
	1.2. Has PFAN focused on most vulnerable regions and countries?	X	X		X	X		X		X		X	X	X					
	1.3. Is the PFAN program relevant and have contributed to UNIDO’s Industrial development agenda?	X	X		X			X		X							X		
Forward-looking	1.4. How can PFAN evolve to continue to meet its beneficiaries needs?	X	X			X		X		X		X	X	X					

⁸³ Beneficiaries are defined in the TOC as both from the demand and supply sides: investors (public and private around the world); Project Developers (i.e. SMEs or projects in developing countries) entrepreneurs; and Advisors (they benefit from capacity-building from PFAN as financial service providers)

Criteria	Questions	Data collection and analysis methods							Data sources								
		Desk	Interviews	Survey	Online Analysis	Portfolio	Deep Thematic	Benchmark	Strategic and Planning	Reports	Financial	Databases	Informational reports	and Evaluation	Research, and Stakeholders	PFAN	Survey results
	1.5. What are the key emerging trends and next generation areas in frontier markets to which PFAN can pay increasing attention?	X	X	X		X							X		X		X
	1.6. How can PFAN's geographic focus be adjusted to strengthen its impact?	X	X		X	X	X				X		X		X		
Coherence	2. Is the PFAN program coherent with, and additional to, with existing investment infrastructures within countries and similar country/regional/global support programs, and how should PFAN position itself and its services to generate more synergies and address demand gaps?																
Backward-looking	2.1. How do PFAN interventions complement existing competitors and/or development partners? Is it additional? Any improvements?	X	X	X		X	X	X			X		X		X		X
	2.2. How effective has PFAN's collaboration been with public institutions, investors, domestic finance institutions, banks in focus countries and regions, and with global competitors?	X	X	X		X	X			X	X		X		X		X
Forward-looking	2.3. How should PFAN vis-à-vis financial institutions and instruments be defined?		X			X	X						X		X		
Effectiveness	3. How effective has PFAN been at achieving its expected results? How can its services evolve to achieve greater results?																

Criteria	Questions	Data collection and analysis methods						Data sources					
		Desk	Interviews	Online Survey	Portfolio Analysis	Deep Thematic	Benchmark	Strategic and Planning Reports	Financial Reports	Databases	Informational reports, and Evaluation, Research, and Stakeholders	PFAN	Survey results
Backward-looking	3.1. How effective is the PFAN Journey (Action Plan, Project Development, and Investment facilitation) in delivering on the needs of beneficiaries?	X	X	X	X			X	X	X		X	
	3.2. How has the program performed against its 5-year expected outcomes and outputs?	X	X	X	X	X		X	X	X		X	X
	3.3. How has the COVID-19 pandemic affected results achievement, and what did the program do to mitigate impacts?	X	X	X	X	X		X	X	X	X	X	X
	3.4. How well does the program's design and implementation incorporate appropriate environmental and social safeguards	X	X					X	X			X	
	3.5. Is the PFAN M&E framework adequate for successfully monitoring and tracking implementation progress and achievement of objectives?	X	X					X	X			X	
	3.6. With which technologies, sectors, countries, and regions has PFAN had the most and the least success in supporting projects and scaling up financing?	X	X		X	X				X	X	X	

Criteria	Questions	Data collection and analysis methods						Data sources					
		Desk	Interviews	Online Survey	Portfolio Analysis	Deep Thematic	Benchmarking	Strategic and Planning Reports	Financial Reports	Databases	Informational reports, and Evaluation, Research, and Stakeholders	PFAN Stakeholders	Survey results
	3.7. How effective has PFAN's communication/ outreach strategy been in informing relevant private and public stakeholders about PFAN as well as its benefits and accomplishments?	X	X	X					X		X	X	X
	3.8. What are the key financial, socio-political, institutional, and environmental risks in the PFAN Portfolio?	X	X		X	X				X	X	X	
	3.9. How does PFAN achieve a balance between increasing investor's appetite for low-carbon and climate resilient projects and adjusting its priorities to meet investors' interests?	X	X			X		X			X	X	
	3.10. How has PFAN taken action to ensure the delivery of the gender mainstreaming strategy? E.g. leadership buy-in, data collection, staffing and experts, capacity building, project selection and screening, technical assistance budgets for projects and M&E.	X	X			X		X	X			X	
	3.11. How has PFAN built the capacity of Project Developers and investors to understand the business case for gender	X	X	X		X			X				

Criteria	Questions	Data collection and analysis methods							Data sources										
		Desk	Interviews	Survey	Online Analysis	Portfolio	Deep	Thematic	Benchmark	Strategic	Planning and	Financial Reports	Databases	Informational reports	and Evaluation	Research, Evaluation	Stakeholders and	PFAN	Survey results
	equality (e.g. through education and awareness raising, data etc.)?																		
	3.12. To what extent has PFAN effectively provided support to enhance gender equality and parity in projects and Project Developers e.g. in work with entrepreneurs or the SMEs business models in terms of the products and services they provide to female customers?	X	X	X	X	X					X	X							
	3.13. To what extent has PFAN been effective at supporting women-led businesses e.g. on business skills development, access to finance, network and risk management aspects such as climate change adaptation?	X	X	X	X	X					X	X							
Forward-looking	3.14. How can PFAN further develop and enhance the capacities of its network of Advisors, of project proponents and of investors?	X	X				X				X								
	3.15. How can PFAN further tailor and customize its services considering the country/SME needs, opportunities, and	X	X				X							X			X		

Criteria	Questions	Data collection and analysis methods							Data sources					
		Desk	Interviews	Online Survey	Portfolio Analysis	Deep Thematic	Benchmarking	Strategic and Planning Reports	Financial Reports	Databases	Informational reports, and	Research, Evaluation, and	Stakeholders and	PFAN
	threats? (incl. opportunities and restrictions related to COVID-19 recovery plans)?													
	3.16. How could PFAN better balance climate mitigation and climate adaptation in its portfolio?		X		X	X				X	X		X	
	3.17. How can PFAN expand on action taken so far on gender equality with Project Developers and investors going forward? What resources would need to be made available to maximize gender equality outcomes given varied country contexts, laws and norms?		X			X								
	3.18. How can the existing Monitoring and Reporting framework be further enhanced to ensure better sustainability of interventions?	X	X					X	X				X	
Efficiency	4. How has PFAN's operational model and management, including its project selection processes, affected the delivery of results?													
Backward-looking	4.1 Is the level, timeliness and the quality of support of the PFAN team and Advisors adequate for beneficiaries in view of the beneficiaries needs?		X	X							X		X	X

Criteria	Questions	Data collection and analysis methods							Data sources					
		Desk	Interviews	Online Survey	Portfolio Analysis	Deep Thematic	Benchmarking	Strategic and Planning	Financial Reports	Databases	Informational reports	Research, Evaluation, and	Stakeholders and	PFAN results
	4.2 How efficient is the PFAN Journey (3-step process from Action Plan to Project Development to Investment Facilitation)?		X	X	X					X	X	X	X	
	4.3 How did the selection of projects affect the program's key results and success?	X	X		X				X	X		X		
	4.4 Has the program delivered good value for money?	X	X		X			X	X	X	X	X		
Impacts and sustainability	5. a) Are there any indications of a transformative change due to PFAN interventions in terms of sustainable development and climate change mitigation and adaptation? b) What is the recommended strategic direction that PFAN should take to ensure the sustainability of its results and support its upscaling ambition?													
Backward-looking	5.1. Has the Programme achieved its key impacts?	X	X	X		X					X	X	X	
	5.2. Have the PFAN services led to transformative impact in terms of potential changes at the institutional/government level, changes in national legislation, changes in investor behaviour, and/or changes in communications, networking, and information sharing?	X	X			X					X	X		
	5.3. To what extent has the program helped put in place the conditions likely to	X	X	X		X		X	X			X	X	

Criteria	Questions	Data collection and analysis methods							Data sources							
		Desk	Interviews	Online Survey	Portfolio Analysis	Deep	Thematic	Benchmark	Strategic and Planning Reports	Financial	Databases	Informational reports, and	Research, Evaluation, and	Stakeholders and	PFAN	Survey results
	address the drivers, overcome barriers and contribute to the long-term objectives?															
Forward-looking	5.4. What lessons can be drawn from the program's implementation and management?	X	X	X				X	X					X	X	
	5.5. Should PFAN consider replication to other sectors especially those linked to adaptation benefits (e.g. healthcare)?	X	X			X	X				X			X		
	5.6. What are likely to be future risks and how may these affect the continuation of results?	X	X						X					X		
	5.7. Does PFAN have the potential to perform as planned if the COVID-19 pandemic continues?	X	X						X					X		
	5.8. How can PFAN better plan its exit strategy in the markets where financial Advisory services have matured, and avoid crowding out private consultancy services?	X	X			X				X		X		X		

Annex B: Theory of Change Analysis

PFAN's main objective has been shifting since its design/inception, and there are significant variations between the stated main objective across different PFAN documents. The main objective, as phrased in the different program documents include:

- Original Programme Document Logframe (2016): *“Increased investments in climate mitigation and adaptation, that results in reduced greenhouse gas emissions and enhanced climate resilience, as well as access to modern and affordable energy in developing countries.”*
- Current Logframe: *“Increased investments for sustainable development.”*
- Programme Document 2018: *“Addressing market asymmetry and mobilizing larger and lower-cost capital flows through private funding sources and public-private partnerships is the main objective of the PFAN Programme.”*
- PFAN Theory of Change and Transformative Impact document (2020): *“PFAN’s main objective is to facilitate financing for low carbon, climate-resilient projects/businesses in developing countries”*

Analysis and Overview of the present Theory of Change

As currently presented, the ToC shows linear processes from activities to transformational impact, in four parallel input areas: Supply side (Project Developers); Intermediaries (financial Advisors); Demand Side (investors); and Enablers (funding partners/Steering Committee). Relationships between these four areas of intervention are not illustrated. Moreover, the assumptions underlying the approach are not presented explicitly, and barriers that are being addressed are also not included.

The sphere of impact has two categories: transformational, and main impact. As currently expressed in the narrative, transformational impact applies directly to the program beneficiaries, but is outside its sphere of influence. This entails that PFAN contributes in part to these impacts but relies on additional external factors to achieve impact. Transformational impact sought includes scaling out financing by leveraging further rounds of funding for Project Developers; scaling up through influencing policy and the enabling environment; and scaling deep by changing attitudes of investors towards risk associated with climate investments as well as changing relationships between investors and Project Developers through financial Advisors⁸⁴. There are important relationships between these areas, however the ToC diagram does not illustrate the contributions from the different input areas, due to its inherent linearity.

Main impacts are environmental and socio-economic impacts, and appear to be on three levels:

1. Access to financing for climate facilitated.
2. (a) Deployment of low carbon, climate resilient solutions and technologies; (b) Increased investment in climate mitigation and adaptation; (c) Frontier markets unlocked.

⁸⁴ Definitions for scale up, scale out, and scale deep are presented in Riddell, D. and Moore, M.L., 2015. Scaling out, Scaling up, Scaling deep: Advancing systemic social innovation and the learning processes to support it. JW McConnell Family Foundation and Tamarack Institute, Toronto and Waterloo, ON.

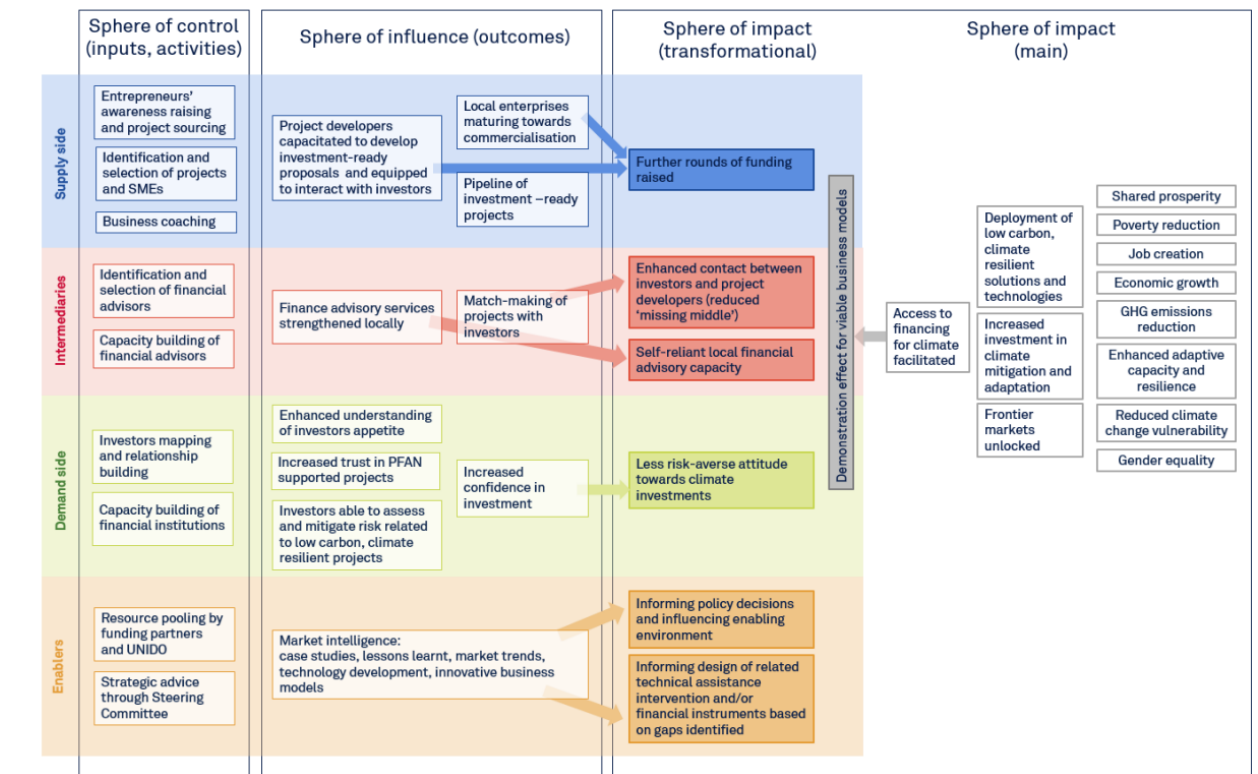
3. (a) Shared prosperity; (b) Poverty reduction; (c) Job creation; (d) Economic growth; (e) GHG emissions reduction; (f) Enhanced adaptive capacity and resilience; (g) Reduced climate change vulnerability; (h) Gender Equality.

None of the relationships between the Programme Outcomes and the main sphere of impact are made explicit. The second and third levels of main impacts can be related back to the Paris Agreement and the SDGs.

From this understanding of the ToC, the transformational sphere of impact could also be considered what others call medium-term outcomes, and the main sphere of impact comprises elements of the transformational change sought and long-term impact. Here we refer to medium-term outcomes as changes in behaviour, attitude, or decision making of the beneficiaries, while short-term (or Program-level) outcomes generally refer to specific changes in capacity, knowledge, resources, skills, and abilities.

The first level of main impact appears analogous to the main PFAN objective as per its latest ToC document.

PFAN's Theory of Change Diagram (June 2021)⁸⁵



Problem definition

A problem analysis is presented alongside the program logframe which identifies the overall problem PFAN seeks to address as follows: *"Insufficient private finance for low carbon, climate resilient projects"*.

⁸⁵ PFAN. 2021. Update on PFAN's Theory of Change. PFAN SC10 (2021/7)c)

Hence, as stated, the problem that PFAN seeks to address is somewhat inconsistent with its (different) main objectives, as (a) it focuses only on private finance whereas public-private partnerships are also stated as being sought; and (b) it fails to explicitly mention businesses as in the latest ToC.

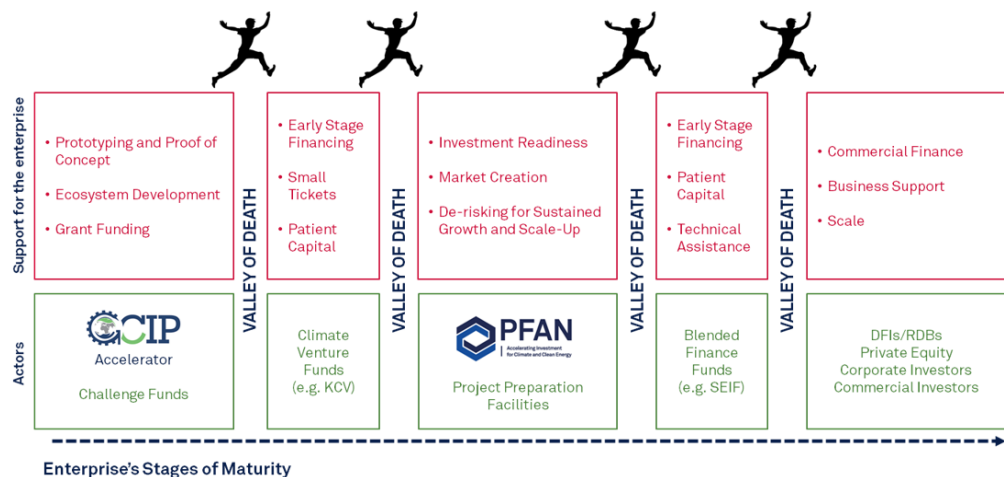
PFAN's impact pathways towards transformational change

A good ToC should present the contributions of a project or program to the transformational change/final state of the system sought. The PFAN ToC introduces the concept of transformational impact and presents an analysis using the taxonomy applied by the World Bank (2016)⁸⁶. However, the fact that there is significant fluidity in the definition of the main objective, as well as a problem analysis which yields a simple and inconsistent statement without a comprehensive systems analysis, renders the identification of the transformational changes difficult. A thorough systems analysis would allow to better define the ultimate impact sought by PFAN and likely establish better linkages with the objectives of the Paris Agreement and the SDGs. From there, PFAN could more effectively map its contributions through impact pathways, towards the intended transformational change. A more thorough systems analysis could have, amongst others, created a much better integration of aspects such as gender in the ToC (see further discussion on Gender in the ToC below).

As PFAN is operating in an increasingly crowded space, it is important that the Programme be able to identify the areas of its greatest value added. An exercise, carried out by PFAN, has already contributed to this identification process (see Overview of valleys of death below). This exercise concluded that *PFAN is one of the Project Preparation Facilities (PPFs) filling the "missing middle" in the entrepreneurs' transition to commercialization, focusing on investment readiness, market creation, and de-risking for sustained growth and scale-up.* PFAN has created a graphical representation of where it fits in this space, illustrating its relationship to other initiatives along an enterprise stages of maturity continuum. However, this value added is not directly linked to the ToC diagram presented in the figure above, and does not specify what is the ultimate long-term impact sought by all these initiatives combined. Therefore, it is difficult to understand the real contributions of PFAN to a transformational change when not explicitly stated.

⁸⁶ World Bank. 2016. Supporting Transformational Change for Poverty Reduction and Shared Prosperity - Lessons from World Bank Group Experience. [WBGSupportTransformationalEngagements.pdf](http://www.worldbankgroup.org/WBGSupportTransformationalEngagements.pdf) ([worldbankgroup.org](http://www.worldbankgroup.org))

Overview of Project Preparation Facilities and existing “valleys of death”⁸⁷



Barriers preventing the achievement of the main objective and long-term impacts

Here we identify the key barriers along the impact pathways, which prevent the achievement of the transformational change sought, the PFAN problem analysis presents “causes” to the problem which could be seen as barriers.

For the current ToC analysis exercise, it was assumed that the main PFAN objective is best stated as “Facilitating finance for low carbon, climate-resilient projects/businesses in developing countries”. This is the basis for which we will look at barriers. To identify clear barriers, a review of the problem analysis, ToC narrative, and additional external literature on climate finance for SMEs in developing countries and frontier markets⁸⁸ has been carried out. This review reveals a strong alignment with current knowledge in this area and confirms that the PFAN ToC and the key objective defined above is supported by a significant evidence base. For instance, widespread evidence exists noting that a lack of investment-ready, low-emission, climate-resilient projects pose additional constraints to private sector investment⁸⁹; that risk-sharing measures can reduce financial risks and facilitate private sector participation^{90,91}; and that a lack of market intelligence is a key barrier to scaling up climate investments⁹². According to Berliner et al. (2013)⁹³ there

⁸⁷ PFAN Theory of Change and Transformative Impact. 2020.

⁸⁸ There is a lack of clarity in program documents in relation to the geographical focus of the program. While most documentation refers to developing countries more generally, the most recent ToC revisions focus on “frontier markets”. The latter would exclude Least Developed Countries, as per the definition coined in 1992 by Farida Khambata of the World Bank.

⁸⁹ Ellis, C. and Pillay, K., 2017. Leveraging private sector finance for climate compatible development: lessons from CDKN.

⁹⁰ Schmidt, T. Low-carbon investment risks and de-risking. *Nature Clim Change* 4, 237–239 (2014). <https://doi.org/10.1038/nclimate2112>

⁹¹ Ellis, C. and Pillay, K., 2017. Leveraging private sector finance for climate compatible development: lessons from CDKN.

⁹² Groot, A.E., Bolt, J.S., Jat, H.S., Jat, M.L., Kumar, M., Agarwal, T. and Blok, V., 2019. Business models of SMEs as a mechanism for scaling climate smart technologies: The case of Punjab, India. *Journal of Cleaner Production*, 210, pp.1109-1119.

⁹³ Berliner, J., Grüning, C., Kempa, K., Menzel, C. and Moslener, U. (2013) ‘Addressing the barriers to climate change’. CDKN Guide. London: CDKN (https://assets.publishing.service.gov.uk/media/57a08a24ed915d3cfd0005f0/CDKN_GuideFinancialInstruments_final_web-res.pdf).

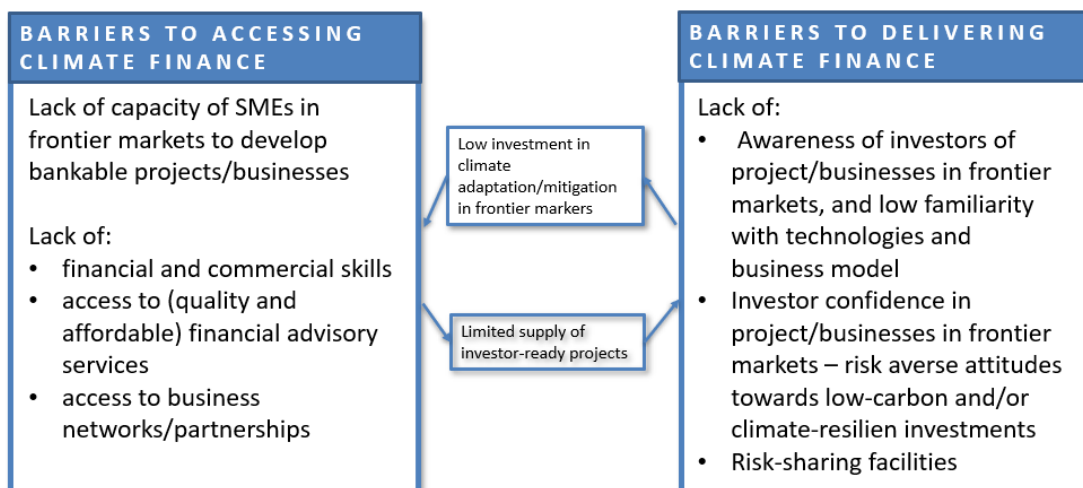
are seven classes of barriers (which apply somewhat differently to mitigation and adaptation projects), and that may deter private investment, namely:

1. Externalities and public goods.
2. Imperfections in financial markets.
3. New and unproven technologies.
4. Information problems and behavioural failures.
5. Economies of scale.
6. Political economic frameworks.
7. Regulatory risks.

While these barriers are largely relevant to the approach PFAN is taking to achieve its main objective, not all of these are directly being addressed by PFAN. In fact, PFAN explicitly states that it seeks to address market imperfections from the supply and demand sides (these are identified as “root causes” in its ToC narrative on transformational change). In the categorizations proposed by Berliner et al (2013), these barriers would correspond to New and Unproven Technologies (in particular as it relates to lack of knowledge of the risk profiles); Information problems and behavioural failures; and Economies of scale (e.g., lack of know-how to capitalize projects).

During this exercise, the evaluation team explicitly identified the barriers that PFAN is addressing through its activities and intended outcomes. The figure below presents the barriers identified by the team, simplified from the Problem Analysis, as they relate to the demand and supply sides.

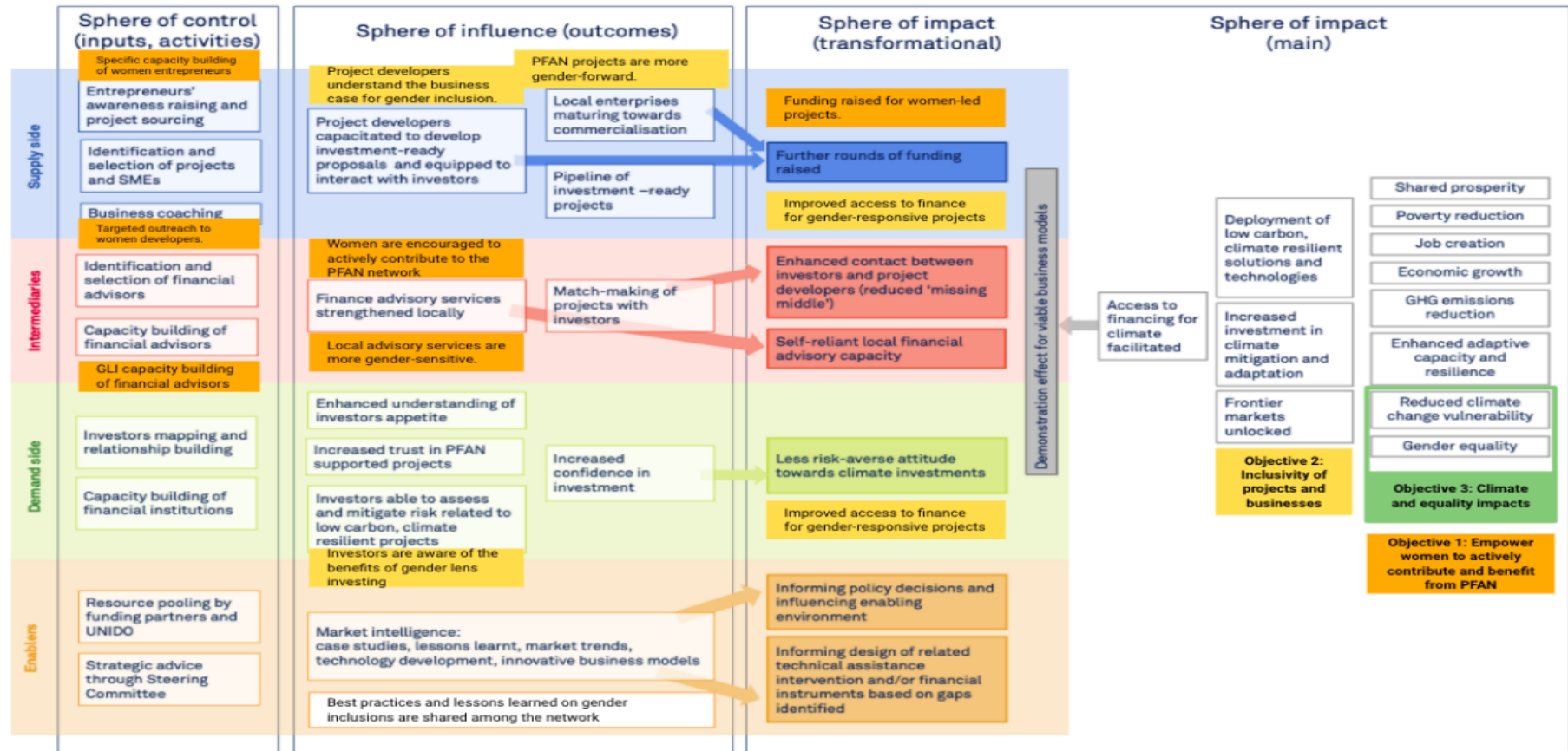
Proposed barriers (“causes”) to accessing and delivering finance for climate for SMEs in developing countries/frontier markets derived from PFAN ToC and external literature review



Mainstreaming Gender

Proposed revisions to the ToC to mainstream gender were proposed in June 2021. The original design of the Programme did not include the elements related to gender in yellow and orange (see figure below), which are particularly important, and could have been integrated from the onset through a more thorough system analysis:

PFAN's theory of change with integrated Gender Objectives⁹⁴



⁹⁴ PFAN. 2021. Gender Strategy and Action Plan – Recommended revisions

Annex C: PFAN performance against its targets

	2017		2018		2019		2020		2021	
Objective: Increased investments for sustainable development	<ul style="list-style-type: none"> 32.5 - 357 million USD invested 205 - 1,838 ktons of CO2eq reduced per annum 73 - 840 MW added generation capacity 	<ul style="list-style-type: none"> 6 million USD 8 million USD 19.6 MW 	<ul style="list-style-type: none"> 137 - 855 million USD total investment 69 - 405 million USD investment leveraged by PFAN 325 - 1,800 ktons of CO2eq reduced per annum 91 - 504 MW added generation capacity 	<ul style="list-style-type: none"> Not reported 13.3 million USD investment leveraged 1 million USD investment leveraged 31.8 ktons 47.7 MW 	<ul style="list-style-type: none"> 180 - 800 million USD total investment 62 - 350 million USD investment leveraged by PFAN 110 - 750 ktons of CO2eq reduced per annum 70 - 450 MW added generation capacity 	<ul style="list-style-type: none"> 192 million USD leveraged directly 40.5 million USD leveraged indirectly 731 ktons potential CO2 emission mitigation 114 MW clean energy capacity added 	<ul style="list-style-type: none"> 180-350 million USD total investment 62-200 Million USD investment leveraged by PFAN 110-750 kTons of CO2eq reduced per annum 70-300 MW added generation capacity 	<ul style="list-style-type: none"> 14 million USD total investment 14 million USD investment leveraged 51 ktCO2 63 MW 	<ul style="list-style-type: none"> 35 million USD leveraged 68 million ktons 80 MW 62 jobs to be created 91,730 households with new access to clean energy 	<ul style="list-style-type: none"> 3 million USD leveraged 1 million ktons 1 million MW 66 MW
Outcome: Financing facilitated for low carbon, climate resilient projects	<ul style="list-style-type: none"> 13 - 42 low carbon, climate resilient projects supported reaching financial close 	<ul style="list-style-type: none"> 15 	<ul style="list-style-type: none"> 15 - 45 low carbon, climate resilient projects supported reaching financial close 	<ul style="list-style-type: none"> 1 	<ul style="list-style-type: none"> 15 - 45 low carbon, climate resilient projects supported reaching financial close 	<ul style="list-style-type: none"> 15 	<ul style="list-style-type: none"> 15 - 30 low carbon, climate resilient projects supported reaching financial close 	<ul style="list-style-type: none"> 28 Financial closures 	<ul style="list-style-type: none"> 40 Financial closures 	<ul style="list-style-type: none"> 41
Output 1: Proponents capacitated to develop	<ul style="list-style-type: none"> 35 - 64 bankable projects developed 	<ul style="list-style-type: none"> 30 275 	<ul style="list-style-type: none"> 40 - 80 bankable projects developed 	<ul style="list-style-type: none"> 17 investor ready 	<ul style="list-style-type: none"> 35 - 64 bankable projects developed 		<ul style="list-style-type: none"> 35 - 64 Investment ready projects 	<ul style="list-style-type: none"> 31 investment ready 	<ul style="list-style-type: none"> 280 projects appraised 	

	2017		2018		2019		2020		2021	
bankable projects	<ul style="list-style-type: none"> 350 - 500 projects appraised 100 - 160 projects supported 	<ul style="list-style-type: none"> 9 8 		<ul style="list-style-type: none"> projects developed 			(maturity 4 or 5) developed	<ul style="list-style-type: none"> projects developed 	<ul style="list-style-type: none"> 190 projects selected to receive support 62 investment ready projects developed 70 outreach events 	
Output 2: Investors' risk mitigated	<ul style="list-style-type: none"> No target 		<ul style="list-style-type: none"> 200-250 investors engaged in PFAN activities 	<ul style="list-style-type: none"> 3 2 	<ul style="list-style-type: none"> 200 - 250 investors engaged in PFAN activities 		<ul style="list-style-type: none"> 25 - 35 Investors considering PFAN-supported projects 	<ul style="list-style-type: none"> 49 investors considering PFAN supported projects 	<ul style="list-style-type: none"> 20 investor outreach events 8 projects presented or introduced to investors in these events 39 investors participating in these events 	
Output 3: Mainstreaming of investments	<ul style="list-style-type: none"> No target 		<ul style="list-style-type: none"> No target 	<ul style="list-style-type: none"> N number of deals 	<ul style="list-style-type: none"> No target 		<ul style="list-style-type: none"> No target 		<ul style="list-style-type: none"> 40 advisors trained 	

	2017		2018		2019		2020		2021	
in low carbon, climate resilient projects				facilitated: 18 (12 Direct, 6 Indirect)					• 12 project case studies developed/success stories published	
Source:	Work Plan 2017	PFAN Core 4th progress report	Work Plan 2018	Final donors report global Q4 2018	Work Plan 2019	Annual Overview Report 2019	Work Plan 2020	2020 Q4 Update / 2020 Annual overview	2021 Q1 update	PFAN Annual Report 2021

Annex D: Cost by achievement/target

	2017			2018			2019			2020		
Outputs	Achievements	Expenditures	Cost by achievement	Achievements	Expenditures	Cost by achievement	Achievements	Expenditures	Cost by achievement	Achievements	Expenditures	Cost by achievement
1	30 bankable projects developed (target 45-90)	651 308	21 710	17 investor ready projects developed (target 40-80)	988 749	58 161	N/A (target 35-64 bankable projects developed)	1 594 357	N/A	31 investment ready projects developed (target 35-64)	1 528 913	49 319
2	26 investors engaged in PFAN activities	217 627	8370	32 investors engages in PFAN activities (target 200-250)	469 846	14 683	363 investors with whom contact established (200-250 investors engaged in PFAN activities)	457 796	1 261	49 investors considering PFAN supported projects (target 25-35)	564 327	11 516
3	16 deals facilitated	1 171 224	73201	N/A	1 208 994	N/A	19 deals facilitated	1 713 328	90 175	N/A	1 584 472	N/A

Annex E: Analysis and recommendations on PFAN KPIs

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
<p>Objective: Increased investments for sustainable development</p>	<p>Total investment (180-350) Investment leveraged by PFAN (62-200) Metric tons of CO2 equivalent reduced, abated, sequestered or avoided per annum (110-750) Added generation capacity (MW) (70-300) Number of beneficiaries with vulnerability to climate change reduced (N/A) <i>Expected overall (part time + full time) jobs to be created</i> <i>Expected # of households with new access to clean energy*</i></p>	<p>Annual report Project fiches Evaluation</p>	<p>Since PFAN ends its support at the time of financial close, its objective level indicators are all theoretical. Indeed, it cannot claim the following impacts/measure the following indicators:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Metric tons of CO2 equivalent reduced, sequestered or avoided (direct and indirect) <input type="checkbox"/> MW added generation capacity <input type="checkbox"/> # of beneficiaries with vulnerability to climate change reduced <input type="checkbox"/> Overall (part time + full time) jobs to be created 	<p>The objective should be refined to align with climate objectives of the Paris Agreement and the SDGs in particular. At this time, it is very broad and could effectively cover anything and everything, which is not the case. PFAN has a clear focus on climate change mitigation, the circular economy, and to some extent adaptation.</p>

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
			<p><input type="checkbox"/> # of households with new access to clean energy</p> <p>The only indicator directly relevant to the objective at the end of PFAN support is Investment leveraged by PFAN. However, a clear approach for the attribution of the result is required.</p> <p>The other indicators, when used to inform investors of the potential benefits of the PFAN pipeline projects, are still useful as an investment tool. However, they should not be considered as a measure of PFAN results at objective level.</p>	
<p>Outcome: Financing facilitated for low carbon, climate resilient projects</p>	<p># of low carbon, climate resilient projects supported reaching financial close (13-30)</p>	<p>Annual report Project fiches Evaluation</p>	<p>This indicator captures well the Outcome and is measurable.</p>	<p>The Outcome may be better expressed as part of the PFAN objective, as its scope is narrower and more in line with PFAN's Sphere of Control than the</p>

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
				Objective above, which is outside its Sphere of Influence (reconstructed ToC). Indeed, the ToC's Main PFAN Objective is: Facilitating finance for low carbon, climate-resilient projects/businesses in developing countries.
<p>Output 1: Proponents capacitated to develop bankable projects</p>	<p># of investment ready projects developed (35-64)</p> <p><i># of total projects originated*</i></p> <p><i># of mature projects among inducted projects*</i></p> <p><i>% of mature projects among inducted projects*</i></p>	Annual report	<p>The 2020 indicator is somewhat adequate, although it might be somewhat redundant with the indicator # of low carbon, climate resilient projects supported reaching financial close (13-30) at Outcome level.</p> <p>Moreover, does PFAN have a clear definition of what an investment-ready project is, and how does it assess this, assuming it does not need to reach financial close?</p> <p>The purpose of the new indicator # of total</p>	<p>A better output may be in relation to a <i>change in capacity of project proponents</i>. As such, PFAN may wish to measure capacity based on a short survey at the start and end of PFAN support.</p> <p>If a change in capacity is sought here, this Output may be better expressed as an Outcome of PFAN, and would help capture PFAN's important contributions beyond investments leveraged.</p> <p>As such, a good indicator may be capacity of project proponent to develop bankable projects. Capacity can be assessed through a brief survey at induction and at</p>

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
			<p>projects originated* is unclear and appears redundant.</p> <p>The remaining 2 additional indicators' purpose appears to attempt to assess capacity at the time of induction to the pipeline, which is very relevant. Further recommendations on capacity is presented in the right column.</p>	<p>financial close. A significant change in capacity (for example a change of +3 in a rating of 1 to 10), would indicate PFAN's contribution to this Output.</p>
<p>Activity 1.1: Outreach and awareness raising to enterprises</p>	<p># of outreach events held (15-25)</p>	<p>Event reports Documentation for requests for proposal</p>	<p>The indicator captures well the Activity and is measurable.</p>	<p>PFAN may also wish to report on the number of beneficiaries disaggregated by gender, and the types of information provided. If possible and relevant, it should report on how awareness has been raised. As such, the activity should be more explicit as to what it is that PFAN is raising awareness about.</p>

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
Activity 1.2: Project identification	# of projects appraised/evaluated (200-250)	Project development reports	This indicator captures well the Activity and is measurable.	
Activity 1.3: Support to enterprises for project preparation and development including organization and implementation of project development and capacity building workshops	# of projects inducted in the pipeline (100-150)	Project development reports	This indicator does not measure well the nature of the activity, as projects inducted in the pipeline may receive different types and levels of support.	PFAN may also wish to report on the number of beneficiaries of different types of support (e.g. number of workshop participants, disaggregated by gender).
Activity 1.4: Ad hoc support to enterprises at "Tipping Point" to overcome late stage obstacles	# of projects supported at "Tipping Point" (1-3)	Project development reports	This indicator captures well the Activity and is measurable. However, PFAN may also wish to define what is meant by 'support', and have a disaggregated indicator by type of support, if relevant.	
Activity 1.5: Support of investment negotiations and deal facilitation to ensure financial close	# of investments facilitated (15-35)	Project development reports	This indicator captures well the Activity and is measurable. However, it may be relevant to capture whether the investments have been for the same project.	

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
<p>Activity 1.6: Coaching of enterprises and Project Developers on financing and investment, refinement of the business model and preparation of an investor ready business plan</p>	<p># of enterprises supported</p>	<p>Hand-holding material Business models Business plans</p>	<p>This indicator captures well the Activity and is measurable.</p>	<p>It may also be relevant to measure the number of investor-ready business plans developed to measure the second part of the activity.</p>
<p>Output 2: Investors' risk mitigated</p>	<p># of investors considering PFAN supported projects (25-35)</p>	<p>Annual report</p>	<p>As such, the indicator does not measure the Output and would be better fitted as an activity indicator.</p>	<p>This Output may also be better expressed as an Outcome of PFAN, and may be refined to be more explicit about the types of risks to be mitigated, the how, etc.</p> <p>Alternatively, to ensure better alignment with its ToC, PFAN may wish to review this Output as a function of awareness raised and knowledge increased (where Activity 3.5, for example, would be central). An indicator capturing whether awareness has been increased due to PFAN (e.g. short survey responses before and after the events), would be better suited to this revised Output.</p>

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
Activity 2.1: Outreach and awareness raising to investors	# of investors reached (100-150) <i># of investors participated in investor events*</i> <i># of active engagements with investors*</i>	Investor profiles (Network membership)	This 2020 indicator could misrepresent the extent of the PFAN contributions, and as such would not represent a significant contribution to the Output as stated above.	Rather, two things should be measured. First, the number and type of outreach events and awareness raising events; second the number of investors engaged; As such, the two new indicators largely address the first two suggested improvements above.
Activity 2.2: Capacity building of investors	# Number of investor outreach events held (10-18)	Training reports	This activity needs to be better defined. What capacity is being increased, and therefore what are the trainings about? This indicator has also been suggested for Activity 2.1 above, and as such the difference between the two activities is unclear.	
Activity 2.3: Technical assistance to financial institutions to better understand technology and investment risk	# of projects supported	Project fiches	This indicator does not appear to match the activity. The activity is tailored to financial institutions, but the indicator measures the number of projects.	As such, the indicator should measure the number of financial institutions having received training on technology and investment risk.

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
Activity 2.4: Development of de-risked investment grade project pipeline for investors	# of bilateral project introductions to investors (50-70)	Reports on pipeline	The indicator does not capture the activity as currently formulated.	The indicator should capture the number of projects de-risked in the pipeline.
Output 3: Mainstreaming of investments in low carbon, climate resilient projects	# of deals facilitated (directly and indirectly)	Annual report	This Output may also be better expressed as an Outcome of PFAN. Mainstreaming of investments may be a medium-term outcome of PFAN, outside its sphere of control but within its sphere of influence.	This Output may be rephrased to remove the term Mainstreaming and replaced with Facilitation, should this be the correct indicator that PFAN wishes to measure.
Activity 3.1: Financing facilitation and investment matching	Share of mature projects among contracted/support completed (30-35%)	Project development reports	It is unclear how PFAN defines a mature project.	This activity could be better captured through the previous indicator # of bilateral project introductions to investors (50-70)
Activity 3.2: Investor forums and networking events	# of institutional outreach events held (1-3)	Forum reports		PFAN should also report on the number of Project Developers and the number of investors participating in those events, with gender disaggregation.
Activity 3.3: Identification and development of project portfolios for wholesale	size and quality of project pipeline	Reports on pipeline	This indicator should be clear on how it measures quality. Moreover, the Activity states	

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
investment through capital markets			“portfolios”, while the indicator captures the PFAN pipeline as a whole.	
Activity 3.4: Development and promotion of local eco-systems for the provision of financing and financing services (through the support and training of local service providers)	# of service providers trained (15-25) # of PFAN Advisors trained*	Training reports	The activity sounds much broader than the scope of the indicator. The new indicator does not appear to change anything to what will be measured.	Develop an indicator which captures the full scope of the activity or clarify the activity. If the activity is about capacity-building, then a change in capacity needs to be measured.
Activity 3.5: Knowledge management, market intelligence and learning	# of project case studies developed/success stories published (3-8) # of lessons learned/recommendations provided (30-50) # of knowledge products developed*	Website Compendium of projects	The new indicator does not add to the previous indicators but appears to be a more inclusive replacement for # of project case studies developed/success stories published (3-8).	Should PFAN wish to integrate this Activity under Output 2, to improve alignment with its ToC, then it could also explore good outcome-level indicators for knowledge management based on needs and feasibility in the PFAN context. For instance, level of shared language (implemented for example through a word search of key documents published by PFAN beneficiaries – in this case investors), may be a good indicator of how well PFAN has shared knowledge with its beneficiaries.

Programme structure	Indicators (targets low-high)	Mean of verification	Analysis	Recommendations for improvements
Activity 3.6: PFAN Network development	# of PFAN Network members	PFAN Network database	PFAN network members need to be disaggregated by type to be meaningful and useful.	Moreover, to be representative, the nature of the relationship and level of engagement should be captured, in relation to its actual contribution to the stated Outcome.

Annex F: Benchmarking Results

The evaluation team conducted a benchmarking exercise of relevant organizations that could be compared to PFAN to analyze the additionality and complementarity of PFAN with other organizations and assess PFAN’s coherence with other organizations.

To select the comparators, the team conducted a preliminary document research identifying all potential competitors or collaborators of PFAN. The most similar and relevant organizations in terms of services provided, technologies covered, purpose, approach and regions covered were selected. Based on these findings, the evaluation team selected three organizations: GET.invest, EnergyLab and AECF (see table below). It was found later (during the interview) that EnergyLab targets less mature businesses. Also, SEFA was not identified at the time of the benchmark. IRENA was part of the organizations identified but was not considered in the benchmark due to its strong focus on knowledge management.

Characteristics/Organizations ⁹⁵	PFAN	GET.invest ⁹⁶	EnergyLab ⁹⁷	AECF ⁹⁸
Services provided	PFAN provides services to: -Unlock frontier markets for climate technologies -Create financial service ecosystems -Capacitate businesses to develop bankable projects -Mitigate investor risk with increased project quality and knowledge -Facilitate project-to-finance matchmaking -Aggregate pipeline of projects for large-scale investment -Collect and promote best practices; replicate promising business models	-European program -Market & funding information -Events & matchmaking -Advisory support	-Based in Cambodia, works to support the growth of the clean energy market. -Particular focus on innovation, start-ups and entrepreneurship. -Supports start-ups in very early stages, that are not really after growth but more after establishment. -Runs a range of programs to help entrepreneurs develop, launch and grow new energy businesses in the region. -Assists by providing co-working space, ideation and opportunity analysis, support founders at the beginning of their	-African development funder -Supports innovative commercial business with the aim of reducing rural poverty, promoting resilient communities and creating jobs through private sector development. -Beyond capital, provides technical support and market development towards realizing systemic change. -Improves the operating environment for private sector delivery of access to energy, working closely with in-country and regional partners.

⁹⁵ All the figures reported in this table are the ones that are officially reported on the side of the organizations, but they have not been validated on their real database because we do not have access to the database.

⁹⁶ The results come from GET.invest website and an interview.

⁹⁷ The results come from the Energy Lab website and an interview with both EnergyLab founder and EnergyLab country director in Cambodia.

⁹⁸ The results come from the AECF website.

Characteristics/Organizations ⁹⁵	PFAN	GET.invest ⁹⁶	EnergyLab ⁹⁷	AECF ⁹⁸
			entrepreneurial journey right through to scaling their businesses.	
Provides funding or only in-kind support	Provides early-stage financing and consultancy and brokerage services, so projects become financially viable and bankable and reach financial closure. Operates through a low-risk, low overhead networking model based on fixed fee project development, transaction Advisory services, and investment facilitation through investment forums and one-to-one introduction to prospective investors.	Mobilizes investment in renewable energy in developing countries. Supports Project Developers and companies towards investment readiness and link them with financiers.	-In-kind support (student engagement, ideation, refinement, business model validation, incubation right through to scale and investment) -Grants from a natural fund from the government (7,500US\$ fund max). -Presenting start-ups to angel investors.	-In-kind support -Funding -Provides grants, working capital, and zero interest loans. -Funding for small businesses: US\$15,000-US\$100,000 -Funding for growing businesses: US\$100,000-US\$1,500,000
Partnership structure	-Multilateral public-private partnership that provides project development and pipeline origination services in clean energy, energy-efficiency, and climate adaptation projects, including energy access. -Hosted by the UNIDO and executed in collaboration with REEEP. -Donors include: MFA (Norway), SIDA (Sweden), Clean Cooling Collaborative, Department of Foreign Affairs and Trade, Federal of Ministry for Digital and Economic Affairs (BMDW) (Austria)	-European program that mobilizes investment in renewable energy in developing countries.	-NGO, with donors. - Supported and funded by Australian Aid, SwitchAsia program, Cambodian Climate Change Alliance, UNDP, British Embassy, USAID Development innovations, Heinrich Boll Stiftung, Konrad Adenauer Stiftung, Sweden and OXFAM.	-Partnership initiative of the Alliance for a Green Revolution in Africa based in Kenya, with offices in Cote d'Ivoire and Tanzania. -Supported by SIDA (4 of the 8 windows), FCDO, GAC, IFC, EU, Syngenta and AGRA. -Fund for Agricultural Development and managed on a day-to-day basis by KPMG International Development Advisory Service.
Eligibility criteria	-Proposals should demonstrate that the project is commercially and technically viable and requires no or only minimal grant funding. --Already receiving grant funding does not affect eligibility. Investment Ask: Sweet spot USD 1-50 million Micro projects (< USD 1 million) Maturity: Green field and scale-up First round of external financing	-Investment Size and Generation Capacity: cumulative generation capacity between 0.5-50 MW or aggregated investments in the range of €250,000 to €70 million -Focus on renewable energy and energy efficiency: The major part of the scope must be a renewable energy system investment or energy efficiency equivalent, including clean cooking, storage and appliances. Hybrid systems with a reasonable share of renewable generation	Clean energy projects, agriculture or fisheries. They must be Cambodian funders or participants and must be based in Cambodia. Projects have to be viable; the idea has to be good.	N/A

Characteristics/Organizations ⁹⁵	PFAN	GET.invest ⁹⁶	EnergyLab ⁹⁷	AECF ⁹⁸
	<p>Project type: Clean Energy & Climate Adaptation Technology Neutral</p> <p>Geography: Least Developed Countries Middle Income Countries</p>	<p>capacity are also eligible.</p> <p>-Business models: Supported models may comprise electricity generation, electricity distribution (in the case of mini-grids and stand-alone systems), mechanical energy and industrial / process heat or cooling, as well as clean cooking and appliance products in the off-grid sector. (Green) Hydrogen, pure storage projects and e-mobility projects are eligible. Likewise, energy digital/smart-data systems developers can benefit from our support. Transmission projects or biofuels are not eligible.</p> <p>-Revenue generating: minimum economic viability and sustainability threshold required.</p> <p>-Location: Applicants located in (or proceeds to be used in) sub-Saharan Africa, the Caribbean or the Pacific region.</p> <p>-Focus on private sector: Eligible applicants may be private sector developers, NGOs, universities, parastatal companies, government or research institutions. Significant private-sector ownership (or equivalent) to allow for financing with debt or equity, possibly combined with other funding such as grants or public-sector contributions. Such private-sector engagement can be developed during the Advisory support.</p>		
<p>Sectors covered (technologies)</p>	<ul style="list-style-type: none"> -Agriculture and Agribusiness -Biodiversity & Ecosystem Services -Clean Technology -Clean Cooking 	<ul style="list-style-type: none"> -Independent power producers (IPP) -Mini-grids -Clean Cooking 	<ul style="list-style-type: none"> -Clean energy (renewable energy, energy efficiency, smart energy) -Agriculture related areas 	<ul style="list-style-type: none"> -Agribusiness -Renewable energy (energy for agriculture, lighting, cooling, commercial and industrial use)

Characteristics/Organizations ⁹⁵	PFAN	GET.invest ⁹⁶	EnergyLab ⁹⁷	AECF ⁹⁸
	<ul style="list-style-type: none"> -Climate Change Adaptation -Climate Resilience Infrastructure -Cooling -Energy Efficiency & Demand Reduction -Energy Storage & Conservation -Renewable Energy -Rural Electrification & Energy Access -Tourism -Urban Resilience -Waste Treatment -Water & Sanitation 	<ul style="list-style-type: none"> -Commercial & Industrial energy -Solar Home Systems 	<ul style="list-style-type: none"> -Fisheries. 	<ul style="list-style-type: none"> -Electrical renewable and decentralized technologies (solar PV, biogas, pico-hydro, biomass technologies and electrical hybrid systems powered by renewable energy source) -Clean, cleaner and improved thermal solutions (LPG, ethanol, biogas and briquette-based applications for domestic social and productive use). <p>Renewable energy portfolio in 2020: 54% off grid electrification (minigrids, green loans, e-waste), 16% productive use of energy, 8% clean cooking, 22% climate smart agriculture.</p>
Size of projects	<ul style="list-style-type: none"> -Start-ups -SMEs 	<ul style="list-style-type: none"> -Small- and medium-scale sustainable energy opportunities 	<ul style="list-style-type: none"> -Start-ups -Early-stage ventures -Very small projects. 	<ul style="list-style-type: none"> -Start-ups -SMEs -Early-stage and growing enterprises
Partnership with public institutions /investors/ domestic finance institutions /banks, etc.	76 Network Partners: government agencies, such as rural electrification agencies; industry associations; research institutes, policy think tanks; etc.	<ul style="list-style-type: none"> -Supported by the European Union, Germany, Sweden, the Netherlands, and Austria -Implemented by GIZ -Hosted on the multi-donor platform GET.pro. 	Part of the New Energy Nexus, a global alliance of clean energy accelerators.	N/A
Overall amount of financing	Total Investment Leveraged: 2 BN US\$	The projected investment volume is 1.3 billion euro	N/A	Mobilized over US\$356M, leveraged more than US\$749M in matching capital
Number of projects financed	1000+	84 projects and companies successfully linked with finance	133 start-ups supported so far through their programs and dozens of others through their angel group and membership offerings	Over the past ten years, supported 145 companies across three regions and 14

Characteristics/Organizations ⁹⁵	PFAN	GET.invest ⁹⁶	EnergyLab ⁹⁷	AECF ⁹⁸
				countries through their REACT ⁹⁹ portfolio. Supported 343 impact focused SMEs as of 2020.
Percentage of adaptation projects	11.5% of the total projects taken up by PFAN in 2020 were under climate adaptation	N/A	No adaptation projects, only mitigation	N/A
Geographic focus/ Regions covered / Number of countries	120 + countries	Clients in 38 countries	Only active in Cambodia and Australia	Only active in Africa: Western Africa, Central Africa, Eastern Africa and Southern Africa. Active in 30 countries in total (Most active in Kenya, Tanzania, Ethiopia). Works in frontier markets, fragile contexts, and high-risk economies.
Number of projects reaching financial closure	185 projects raised financing	40 projects financially closed	Not applicable.	In 2020, 50 investment readiness and facilitation interventions
Greenhouse gas abatement potential	Potential CO2 emission mitigation reached 4.14 mega tons per year in 2020	The greenhouse gas abatement potential is 1.9 million tCO2e per year	No calculation, it would be too small, startups are at a very early stage	1.2M tons of CO2 emissions avoided (48,479 tons in 2020)
Collaborators/ competitors for PFAN	-	Collaborators and competitors.	Collaborators: Energy Lab is at the stage before PFAN and collaborates with PFAN. Energy Lab hands over its good projects to PFAN.	Competitors and collaborators.

⁹⁹ Renewable Energy and Adaptation to Climate technologies.

Annex G: People Interviewed

#	Name	Position/Affiliation
Project Management Unit		
1	Patrick Nussbaumer	Programme Manager, UNIDO
2	Marko van Waveren Hogervorst	Partnership Manager, UNIDO
3	Teresa Oberascher	Execution Director, REEEP
4	Eva Kelly	Interim Director, REEEP
5	Erin Stewart	Lead Communications & Strategic Marketing Manager, REEEP
6	Colin Brouillard	M&E Manager
Steering Committee and Donors		
7	Michelle Voon	Chair (Sweden)
8	Vermund Vikjord	Voting Member (Norway)
9	Matthew Ogonowski	Voting Member (USA)
10	Joanna Pinkas	Voting Member (Australia)
11	Alois Mhlanga	Chief, Climate Tech and Innovations Division, UNIDO
12	Mirka della Cava	Non-voting member, Kigali Cooling Efficiency Program (K-CEP)
Technical Committee		
13	Peter Storey	PFAN Global Coordinator
14	Nagaraja Rao	Global Head of Quality
15	Silvia Emili	Value for Women
Network Partners and Investors		
16	Jorge Aguirre	Green Momentum
17	Hugo Ariaza Morales	Fundacion Solar in Guatemala
18	Solomone Fifita	Pacific Centre for Renewable Energy and Energy Efficiency (PCREEE) GEM Division Pacific Community
19	Kuda Ndhlukula	SACREEE
20	Yves Kamacio	OikiCredit
21	Marindame Kombate	CAMCO
22	Jason Balliet	WRB
23	Robert Kraybill	IIX
24	Mason Wallick	SEACEF
25	Parimita Mohanty	UN Empower
Regional Coordinators and Gender Focal Points		
26	Wilfred Mworja	Eastern Africa
27	Thaven Naidoo	Southern Africa
28	Pamli Deka	South Asia
29	Peter Dupont	Southeast Asia
30	David Eyre	Pacific Islands

#	Name	Position/Affiliation
31	Federico Fische	Latin America and the Caribbean
32	Albert Boateng	West Africa
33	Cecile Dahome	Gender Focal Point, Southeast Asia
Advisors		
34	Savenaca Seniloli	Independent Advisor
35	Duffy-Mayers Loreto	Independent Advisor
36	Gonzalez Alaide	Ingeniería y Recursos Energéticos, S.A.
37	Laux Gideon	Advance Consulting BV
38	Guidi Daniele	Ecosoluzioni
39	Lee Kok Wen Lex	Independent Advisor
Project Developers		
40	Dinmukhamet Bekeshev	LLP "Shan Tong"
41	Jeremy Higgs	EcoEnergy
42	Virginia Sibanda	VIRL Rural and Social Financial Services
43	Robert Goodridge	GoodRidgePower
44	James Daniel	REGID International
45	Rakesh Roy	Mukkudam Electroenergy Private Limited, South Asia
46	Alex Makaliwa	Solar E-Cycles Kenya
47	Thida Kheav	Solar Green Energy, Cambodia
48	Paul Tuivanuyalewa	Dtronics Security Ltd
49	Bayu Wisnu Aji	PT Maxpower Indonesia
50	Angel Mejia Santiago	Inventive Power
51	Tara Uzra Dawood	LadiesFund Energy
52	Iracema de Sousa	INOVAGRI LDA
53	Sharon Hughes	GSR Energy Holdings Ltd. (GSR)
54	Mohammad Khalid Mushtaq	EV and HEV Charging Infrastructure
55	Jacob Anz	Eride GmbH
56	Cecilia Aguillon	Aguillon Enterprises LLC
57	Daniyal Malik	Energizing Futures
58	Mariam Ispahani	Sonali Bioplastics Limited
59	Jochen Moninger	Jochen Moninger
60	Sahil Kejriwal	GSE Renewables India Pvt Ltd
61	Barani Aung	TECHNO-HILL ENGINEERING CO., LTD
62	Nicolae Covalenco	CND SRL
63	Geoff Revell	WaterSHED Ventures
64	Uchekukwu Ogechukwu	Greenage Technologies
65	John Fay	VITALITE

Annex H: Documents Referenced

PFAN Operational Documents

- Original programme document
- PFAN theory of change
- PFAN log frame and gender indicators
- Updated Monitoring, Evaluation and Learning Framework
- PFAN Gender Strategy
- PFAN Guidance on Gender (2016)
- PFAN Communications Strategy
- PFAN's Covid Response
- Covid-19 Response and SMEs
- PFAN Advisor onboarding
- Role of PFAN Advisors
- PFAN Journey and Framework Agreement
- PFAN's Call-off structure
- PFAN's Project Selection Criteria
- Clean Energy: Defining PFAN scope

Monitoring documents

- Financial reports 2019-2021
- Progress reports (annual overview, annual progress reports, quarterly progress report)
- PFAN 2019 Mid-Term Review and Management Response
- Annual work plans and budget (2017-2021)
- Sub-programs Progress reports 2017-18
- PFAN Gender Mainstreaming activities progress

Steering committee meetings documents

- Minutes of meetings from the PFAN Steering Committee (11 meetings)
- Relevant presentations used at SC meetings
- Relevant documents provided during SC meetings
- Progress towards establishing a methodology to avoid double counting of finance leveraged by PFAN
-

Portfolio information

- Project pipeline data sheets 2019
- PFAN progress dashboard 2020-2021

Others

- PFAN information (PPT for advisors, PFAN journey)
- Communication material/brochures etc.
- Technical report
- PPSE documents (Pakistan Private Sector Energy Project)

- K-CEP documents (Kigali Cooling Efficiency Program)
 - Investing in a Cooler Future for all (report)
 - Learning: measurement, documentation, and communication of PFAN's impact
- 2021
- Update on PFAN's Theory of Change
 - Background paper on PFAN's Risk Matrix
 - PFAN Experience on Success Fees
 - UNIDO's Medium-Term Programme Framework
 - Lima Declaration