Market Accelerator for Green Construction – Evaluation and Learning

Process evaluation report – key findings and recommendations

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Contents

[List of acronyms 3](#_Toc1287079312)

[Executive summary 4](#_Toc1101093707)

[Aims, scope, and methodology 5](#_Toc605802083)

[Key findings 6](#_Toc374627540)

[Recommendations 7](#_Toc1553442933)

[1. Introduction 9](#_Toc69962330)

[2. Work completed to inform this report 10](#_Toc895221365)

[3. Process evaluation findings 12](#_Toc2085437145)

[Overview of MAGC 13](#_Toc746500711)

[Overview of findings against the evaluation questions 13](#_Toc1523177465)

[3.1 MAGC Theory of Change 16](#_Toc1183418437)

[Findings from the Theory of Change review 17](#_Toc233321608)

[3.2 MAGC management approach 19](#_Toc540010358)

[Overview of the MAGC management approach 19](#_Toc1176281829)

[Appropriateness and effectiveness of the management approach 19](#_Toc772804328)

[Benchmarking MAGC’s management approach 20](#_Toc256761163)

[GEDSI Learnings 24](#_Toc520336946)

[3.3 Programme countries and projects 25](#_Toc1645903727)

[Overview of MAGC countries and investments 26](#_Toc1302364505)

[Choice of countries/projects 26](#_Toc707305251)

[Relevance of countries selected 27](#_Toc632973536)

[Relevance and coherence of the investment portfolio 27](#_Toc1282281490)

[4. Conclusions and recommendations 28](#_Toc349263444)

[Theory of Change 28](#_Toc1127692551)

[Management and governance approach 29](#_Toc1208957855)

[Programme countries and projects 31](#_Toc807486798)

[4.3 Wider lessons 32](#_Toc367976422)

# List of acronyms

BII British International Investment

BFC Blended Finance Committee

BFD Blended Finance Department

CAFI Climate Assessment for Financial Institutions

CBD Climate Business Department

CDI Development and Impact Measurement Team

DESNZ Department for Energy Security and Net Zero

DFIs Development Finance Institutions

EDGE Excellence in Design for Greater Efficiencies

EQ Evaluation Question

FIG Financial Institutions Group

FIs Financial Intermediaries

FY Financial Year

GDP Gross Domestic Product

GESI Gender Equality and Social Inclusion

GHG Greenhouse Gas

ICF International Climate Finance

IEA International Energy Agency

IFC International Finance Corporation

IRB Interest rate buydown

MAGC Market Accelerator for Green Construction

MAF Mitigation Action Facility (previously “NAMA”; Nationally Appropriate Mitigation Actions)

MDBs Multilateral Development Banks

NDC Nationally Determined Contribution

ODA Official Development Assistance

PBI Performance-based incentives

SDGs Sustainable Development Goals

ToC Theory of Change

UCAP Urban Climate Action Programme

UK United Kingdom

US$ United States Dollar

UKEF UK Export Finance

VPU Vice Presidency Unit

WBG World Bank Group

# Executive summary

The Department for Energy Security and Net Zero (DESNZ) has appointed Ipsos as a Monitoring, Evaluation and Learning (MEL) Partner for the International Climate Finance (ICF) Market Accelerator for Green Construction (MAGC) programme. The objective of the MEL partnership is to produce a process, outcome, impact, and value for money evaluation, split into two phases: interim, running from July 2023 to October 2024, and final evaluation, running from July 2026 until the end of 2027.

MAGC is a joint initiative by DESNZ and the International Finance Corporation (IFC) which forms part of DESNZ’ broader portfolio of ICF programmes. Through its activities, MAGC engages with financial institutions and stakeholders from the construction industry with the aim to accelerate the certification and construction of green buildings in targeted countries and to demonstrate the benefits of green buildings. It does so through its four components: advisory services and concessional blended finance investment to Financial Intermediaries; country-level advisory services; maintenance and improvement of the EDGE certification system; and MAGC research programme.

#### Aims, scope, and methodology

This report sets out the findings from the process evaluation phase. A Technical Process Evaluation[[1]](#footnote-2) report (published alongside this document) contains more information about MAGC’s background as well as the methodology of the evaluation.

The process evaluation is the first phase of the interim evaluation of MAGC, which focuses on a review of:

* the programme Theory of Change (Evaluation Question - Q2: To what extent are the results mechanisms illustrated in the Theory of Change of MAGC accurate?),
* the design and processes of the management approach of MAGC (EQ1: To what extent, and in what ways, has the management approach agreed with the Delivery Partner been appropriate and effective for MAGC?),
* the processes of country and project selection to assess relevance of the programme in the countries it operates (EQ3: How effective are the choice of countries/projects in fulfilling MAGC’s objectives and supporting the UK’s International Climate Finance strategy?*[[2]](#footnote-3)*).

The aim of this process evaluation is to provide insights and inform the current delivery of the programme. This report is based on primary and secondary research activities carried out between November 2023 and February 2024, including a review of the Theory of Change, 29 stakeholder consultations (15 with programme stakeholders in DESNZ and IFC and 14 with stakeholders external to MAGC), a light-touch Political Economy Analysis in the 24 countries where MAGC operates, a process mapping exercise, a review of 30 programmes (out of which 27 were ICF programmes), and a Gender Equality, Disability and Social Inclusion (GEDSI) learning assessment. The temporal scope includes MAGC activity since 2018, and geographical scope includes all 24 countries where MAGC operates, with qualitative research concentrated on the countries with substantial delivery to date[[3]](#footnote-4).

#### Key findings

MAGC Theory of Change  
The programme Theory of Change demonstrates several strengths, including clear long-term objectives, relevance to the policy context, and valid causal pathways, but there is room for improvement to enhance its effectiveness. This conclusion is supported by evidence gathered through the internal and external stakeholder consultations, secondary data review, and comparisons with other programmes.

All interventions should be underpinned by a Theory of Change that is logical, reflects how the intervention was designed or how it is currently conceived and being delivered, has buy-in from all relevant programme stakeholders (i.e., those who designed and will deliver the intervention agree on its scope and logic), and is testable within an evaluation (i.e., is clear as to how change will be achieved, what that change looks like, and what the potential barriers to and enablers of change are). The Theory of Change should also reflect any complexities around how change will be achieved – e.g., dependencies and ‘feedback loops’, whereby change is iterative or cyclical. Taking these principles of evaluability and accuracy, the evaluation team reviewed the MAGC Theory of Change for its accuracy and its internal and external validity.

Stakeholder consultations and literature external to the programme validated the main mechanisms and assumptions of MAGC’s Theory of Change towards the aim of accelerating the green building market. While views differed on the roles of public and private sectors in driving change, the findings confirm the importance of a full ecosystem approach to accelerate green construction, with a need for financial mechanisms, technical assistance, and regulatory support.

Management approach  
The management approach and monitoring and governance processes in place are generally suitable, appropriate, and working well, but communication could be improved. There were some tensions in programme management between IFC and DESNZ stakeholders around the level of involvement of DESNZ and the reporting requirements. Whilst the latter were in line with the requirements across the ICF portfolio, IFC perceived it to be greater than experienced on other programmes and of what it was agreed in the Administration Agreement.

The programme’s management approach (both regarding the programme’s overall strategic decision making, governance processes, and the approach to delivery) has shown a high degree of flexibility and adaptability, which has enabled the programme to react in real-time to new opportunities and to changes in context. Decision-making processes are quick due to IFC’s authority to decide on investments without DESNZ approval. When reviewed against other programmes in the ICF portfolio, MAGC sets itself apart through its focused approach on green buildings and its unique concessional finance model, contrasting with the broader scope and grant funding model seen in other programmes. These findings draw on a review of relevant programme documentation and evidence from stakeholder consultations, including with stakeholders involved in other programmes similar in certain aspects to MAGC. The analysis is also underpinned by a process map of the MAGC management approach.

Programme countries and projects  
The choice of countries for MAGC implementation is based on clear selection criteria and aligns well with the strategic objectives of both IFC and DESNZ, as well as with the needs of the countries considered. However, the balance between the breadth and depth of the intervention emerged as an area of consideration in the evaluation, with the high number of countries supported potentially limiting the transformational change potential of the programme. While there was consensus among programme and country level stakeholders that having an eligible country pool allows to pursue opportunities more flexibly, there were some concerns around diluting the funding by supporting such a large range of countries and potentially limiting the achievement of transformational change. Based on the evidence collected through primary and secondary data collection, the current portfolio of investments appears coherent, relevant, and capable of having a transformational impact in the investment countries. It is, however, too early to establish whether the investment portfolio is achieving transformational change.

As of the financial year (FY) 2023, the MAGC programme had implemented 13 investment projects in six countries (Indonesia, Egypt, Colombia, Peru, South Africa, and India) corresponding to a total of US$34.45 million in UK public sector financing. The 24 countries eligible to participate in MAGC were selected based on assessment criteria which included the climate investment potential, alignment with country government priorities, exposure to climate risks, urbanisation, and the development of the green building market.

*Gender Equality, Disability and Social Inclusion*  
**Gender Equality, Disability and Social Inclusion considerations were not part of the MAGC's design phase, as foreseen in the programme business case. The importance that GEDSI now has for DESNZ and the need for IFC to start to include GEDSI considerations in the programme emerged as a key point in the learning assessment.**

#### Recommendations

To better reflect the programme's complexities and interconnectedness, the Theory of Change could be adapted in several ways:

* The connections between the programme's components should be more explicitly illustrated, emphasising their synergies in achieving MAGC's objectives.
* It should incorporate the programme’s market creating mechanism. This is currently a missing channel in the Theory of Change.
* Clarifying the timing of outcomes and distinguishing between outputs, outcomes, and impacts would improve alignment with Logframe indicators and provide a more accurate representation of the programme's progress.
* DESNZ and IFC should consider periodic reviews and updates to the Theory of Change to ensure it stays a living document/tool.

To further strengthen the management of the programme going forward, the main recommendations concern:

* Improving communication and expectation-setting between DESNZ and IFC regarding monitoring, reporting, and potential adaptations to ensure smoother programme delivery.
* Decision-making outside of formal governance processes should be promptly formalised, when appropriate to do so, to ensure decisions are captured and relevant stakeholders are informed.
* There is room for greater communication with and involvement of DESNZ and overseas UK missions and agencies (e.g., embassies) in the delivery of the MAGC programme, to leverage existing networks, support engagement (particularly of public sector stakeholders), and better understand the country context.

The portfolio of MAGC countries and projects could be improved by:

* Regularly reassessing the breadth versus depth of intervention, for example by developing a set of criteria for assessing potential countries which could be reviewed and updated annually. These could include the country’s current status and readiness for green construction, the potential for impact, the level of government support for green construction, and any social, regulatory, and environmental considerations.
* Tracking transformational impact of investments, for example by compiling all decisions on why an investment was considered transformational in one document (currently only tracked at programme level), and/or a dynamic typology for assessing the investment opportunities.
* Coordinating and aligning with complementary interventions, for example by considering complementarities with resilience and adaptation-focused programmes (by UK government and other international cooperation donors) in countries most vulnerable to climate disasters, as the incentives for green construction could be facilitated.

In terms of GEDSI Learning for future programme design, opportunities for improvement mainly lie:

* At the design stage, through detailed situation analysis and effectively disaggregating monitoring indicators.
* The involvement of GEDSI experts in programme management is recommended for ensuring comprehensive inclusion and accountability.

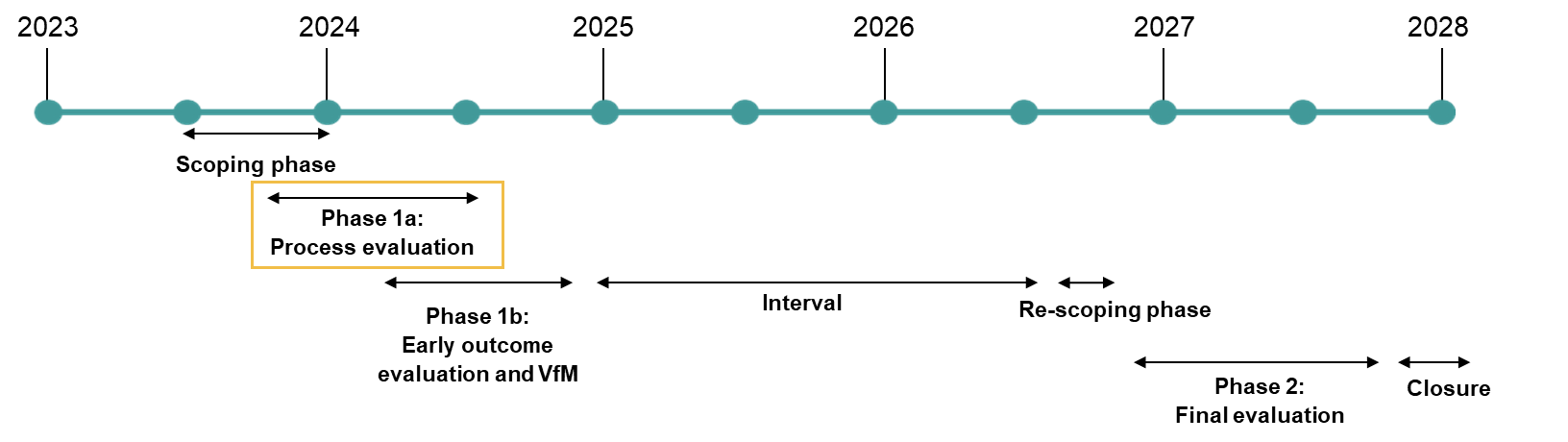
These measures will ensure a more holistic approach to GEDSI, targeting not only gender but also disability, socio-economic background, and other forms of marginalisation. The incorporation of GEDSI into selection criteria and investment decisions would need an assessment of feasibility to consider other facilities currently active at IFC in this space and the potential overlap with MAGC.

# 1. Introduction

Ipsos has been commissioned by the UK Department for Energy Security and Net Zero (DESNZ) to be the evaluation and learning partner for the ICF programme Market Accelerator for Green Construction (MAGC). The objective of the contract is to undertake a process, outcome, impact, and value for money evaluation, split into two phases: interim and final evaluation.

This report presents the findings of the process evaluation of MAGC. The process evaluation is the first phase (phase 1a) of the interim evaluation of MAGC. The figure below shows the timings of the phases of this evaluation.

Figure 1.1 Timelines of the evaluation



While phase 1a is focused on process evaluation questions, phase 1b (Early Outcome evaluation) will focus on the early results of the programme, and outcome-related questions. The process evaluation is focused on the design and processes of the management approach of MAGC, a review of the programme Theory of Change to test the validity of its mechanisms, and the processes of country and project selection to assess relevance of the programme in the countries it operates. The aim of this process evaluation is to provide insights and inform the current delivery of the programme.

# 2. Work completed to inform this report

Before the process evaluation, a three-month scoping period (August-October 2023) has allowed the evaluation team to develop an understanding of the programme and further refine the methodological approach, supported by desk research work and interviews with DESNZ and IFC. Following this, the process evaluation (November 2023 – February 2024), included the following activities:

* Theory of Change review and workshop: the process evaluation was initiated with an online 1.5-hour long workshop chaired by Ipsos and attended by the core teams at DESNZ and IFC. This informed a review of the ToC conducted by the evaluation team.
* Political economy analysis for all MAGC eligible countries: this included a high-level review of the countries’ political and economic context, and specific context of climate policy. The purpose of the review is twofold: 1) establishing a baseline for the evaluation, to follow any context changes and enabling environment throughout the evaluation; and 2) informing the findings on the relevance of country selection.
* Process mapping: the evaluation team, through interviews and documentation review, updated the process map included in the scoping report with more detailed information.
* 15 consultations with programme stakeholders: these included nine interviews with the core DESNZ and IFC teams and six interviews with in-country IFC offices involved in the delivery of MAGC. The main purpose of these interviews was to explore their perception, across all three evaluation questions, on programme processes so far.
* 14 consultations with external stakeholders: these included DESNZ stakeholders responsible for other ICF programmes with similarities to MAGC, stakeholders from UK Embassies/High Commissions, Green Building Councils or Associations, and Policymakers. The purpose of these interviews was to capture the need for a programme like MAGC in the countries with substantial MAGC delivery, the context in which MAGC operates, and any similar programmes for complementarities.
* Review of other programmes: during the scoping stage, the evaluation team carried out a review of ICF programmes similar or complementary to MAGC, based on their sector, area of focus, and type of intervention. During the process evaluation phase, interviews were conducted with stakeholders from two programmes considered to be most similar to MAGC, at programme level, and questions about similar programmes operating at country level were included in the country-level interviews.
* GEDSI learning point: one of the aims of the process evaluation is to identify any learnings or missed opportunities in terms of GEDSI. As part of the programme level and country-level interviews, the evaluation team has collected views from programme team and external stakeholders on how GEDSI could be considered for future programme design, and any examples from similar programmes.

More information on the methodology of this evaluation can be found in Section 2 of the Technical Process Evaluation report.

# 3. Process evaluation findings

### Overview of MAGC

The Market Accelerator for Green Construction (MAGC) is part of the ICF Portfolio and is currently the only green building focused programme within DESNZ ICF. MAGC was created in 2018 through a partnership between the International Finance Corporation (IFC), member of the World Bank Group (WBG), and the UK Government’s Department for Energy Security and Net Zero (DESNZ). The programme is planned to run until June 2033, with its investment period running until 2027.[[4]](#footnote-5) MAGC aims to combat climate change in emerging markets by crowding in public and private sector financing for certified green buildings. The goal of MAGC is to boost the uptake of greener practices and technologies in the construction markets of developing countries.

MAGC is composed of four components that are working towards this impact:

* Component 1 - Advisory services and concessional blended finance investment to financial intermediaries: Incentivising local financial intermediaries (FIs) to create green building portfolios by providing concessional investment finance and technical assistance for certified energy efficient green buildings.
* Component 2 - Country-level capacity building: Strengthening the enabling environment to promote and raise green construction standards at country level through certification by using IFC’s EDGE standard and other leading certification systems.
* Component 3 - Maintenance and improvement of the EDGE certification system: Improving construction standards by maintaining and improving IFC’s EDGE certification and design tool.
* Component 4 - The MAGC Research programme: Generating market intelligence through research in selected MAGC countries to create high-quality empirical evidence that can be used to further motivate the uptake of green construction.

### Overview of findings against the evaluation questions

The table in the following pages is an overview of the findings against each of the three evaluation questions, accompanied by an assessment of the strength of the evidence used to answer them.

Table 3.1 Strength of evidence assessment

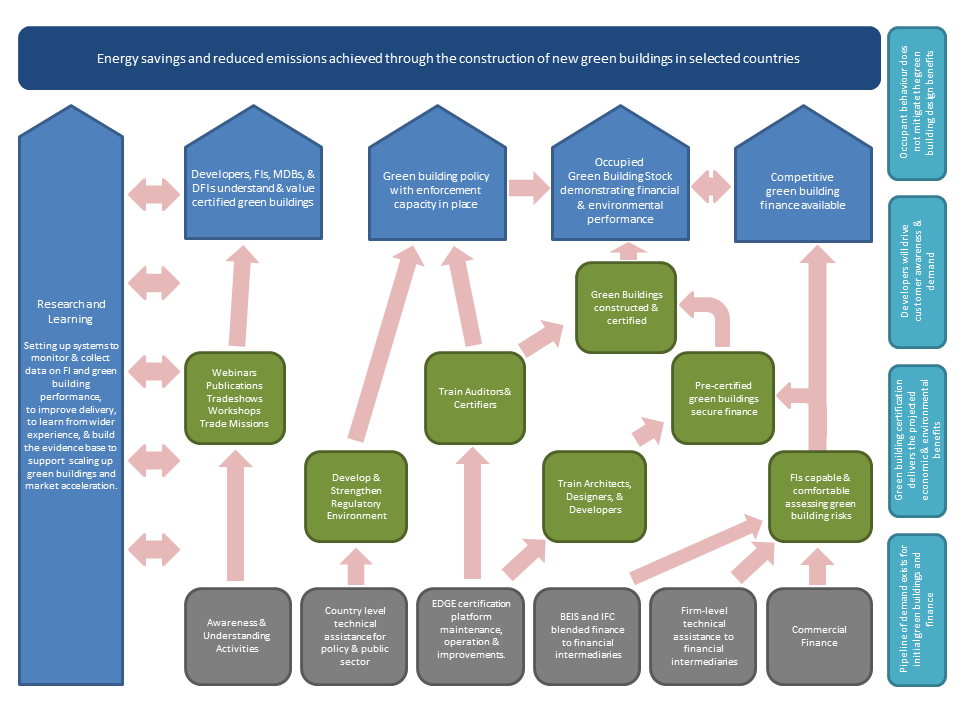
|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Evaluation question | Answer | Sources of evidence | Strength of evidence rating[[5]](#footnote-6) | Rationale |
| To what extent are the results mechanisms illustrated in the Theory of Change of MAGC accurate? | The Theory of Change has been found to accurately represent the core mechanisms and pathways of the programme. However, improvements can be made to increase the accuracy and completeness of the Theory of Change. Specifically, clearer connections between the four components of the Theory of Change, better representation of timings of outcomes, and improved linkage of Theory of Change elements to the Logframe indicators will likely enhance the accuracy of the programme Theory of Change.  The MAGC programme design demonstrates strong complementarity and interconnectedness amongst its four components. This process evaluation suggests that these links could be further specified to enhance programme efficiency. | IFC and DESNZ interviews  External stakeholder interviews  Theory of Change workshop  Assessment of Theory of Change against evaluability checklist  Review of external literature | 2 (scale 1-4) | Evidence comprises multiple data sources (good triangulation), but primary data is observational and qualitative, limiting possibilities for causal inference. |
| To what extent, and in what ways, has the management approach agreed with the Delivery Partner been appropriate and effective for MAGC? | The management approach and monitoring and governance processes in place are generally suitable, appropriate and working well, but communication could be improved. There were some tensions in programme management between IFC and DESNZ stakeholders around the level of involvement of DESNZ and the reporting requirements. Whilst the reporting requirements were in line with the requirements across the ICF portfolio, IFC perceived it to be greater than experienced on other programmes and exceeding requirements agreed in Administration Arrangements. | DESNZ and IFC stakeholder interviews  Programme documentation  Mapping of processes using interviews and business case  Review of MAGC approach against other ICF programmes  Interviews with stakeholders working on other programmes | 2 (scale 1-4) | The findings are supported by primary and secondary data sources of decent quality, but that are observational and qualitative, and based mainly on consultations with stakeholders internal to the programme, introducing issues of bias |
| How effective are the choice of countries/projects in fulfilling MAGC’s objectives and supporting the UK’s International Climate Finance strategy? | The choice of countries for MAGC implementation is based on clear selection criteria and aligns with IFC and DESNZ's strategic objectives and the needs of the selected countries. However, the balance between the breadth and depth of the intervention emerged as an area of consideration in the evaluation, as supporting many countries might limit the programme's transformational impact. Evidence from primary and secondary data collection indicates that the current portfolio of investments is coherent, relevant, and capable of having a transformational impact. It is, however, too early to determine whether the investment portfolio is achieving transformational change. | DESNZ and IFC stakeholder interviews  Programme documentation  Portfolio analysis  Political economy analysis  Mapping of selection processes using interviews and business case  Consultations with programme and external stakeholders | 2 (scale 1-4) | The findings are supported by multiple sources (good triangulation), with primary data coming from interviews with stakeholders both internal and external to the programme. However, considering the scale of the programme the sample is still too small to rate the strength of evidence as 1. |

## 3.1 MAGC Theory of Change

This section presents the evaluation team’s review of MAGC’s Theory of Change, answering EQ2: To what extent are the results mechanisms illustrated in the Theory of Change of MAGC accurate?

A Theory of Change explains how activities within an intervention are understood to produce a series of results that contribute to chieving the final intended impacts. The Theory of Change of MAGC, developed by the IFC and DESNZ teams, is included in the programme business case, alongside a narrative, which sets out the major barriers to change, the evidence underpinning the Theory of Change and the anticipated mechanisms for achieving the programme’s intended impact.[[6]](#footnote-7)

While adaptations to the Theory of Change are not foreseen by programme design, there have been some changes in MAGC’s design, and scope, and timelines for completion. However, the programme Theory of Change remains the same.

Figure 3.1 MAGC Theory of Change

MDBs – Multilateral Development Banks; DFIs – Development Finance Institutions

### Findings from the Theory of Change review

Overall assessment  
A desk-based review of programme documentation found that the Theory of Change states clear, long-term objectives, which match those described in other documentation and by MAGC design and delivery teams, and that there is some external validation of MAGC's Theory of Change. The Theory of Change is clearly relevant to its overall policy context and the causal pathways described in the Theory of Change appear valid, however, improvements can be made to increase the accuracy and completeness of the programme Theory of Change.

Perspectives of internal stakeholders  
DESNZ and IFC stakeholders agree that the Theory of Change accurately represents the programme's main pathways to change and mechanisms leading to impacts. The Theory of Change focuses on tackling perceptions of green buildings' costs, feasibility, and value, and is consistently presented across programme documentation. While DESNZ and IFC agree on the programme's aims and how they will be achieved, they slightly differ in their views on influencing building policies and regulations, with DESNZ placing greater importance on policy influencing mechanisms. Some core assumptions in the Theory of Change design were overestimated, such as the length of time between providing investments to financial institutions and the disbursement of funds, which affects the timing of outcomes, although this has partially been affected by COVID-19. For example, the assumed disbursement of 33% of the IFC loan in the first year was not met, with actual disbursement being only 8% to 10%.

Perspectives of external stakeholders and comparison with other programmes  
External stakeholder interviews largely confirm the mechanisms outlined in MAGC's Theory of Change to accelerate green construction. The main barriers identified include lack of awareness and knowledge of green building benefits, high risks for developers, and lack of incentives for implementation. The key mechanisms suggested to address these barriers and accelerate green construction are:

* A full ecosystem approach with technical assistance, financial, and regulatory/policy mechanisms.
* Increasing awareness and understanding within the sector to view green construction as an opportunity.
* Building capacity and providing technical support to create a supply chain and make green construction more accessible.
* Providing blended and concessional finance to incentivise green construction.
* Tracking progress and disseminating knowledge to create demand and data-led awareness.

Views on the role of the private and public sectors vary by country, with some (India, Kenya, Colombia) stressing the government's role, while others (Peru, Indonesia) consider the private sector as the most significant driver of change. Evidence from reports, policy papers, and comparisons with similar programmes provides external validation of MAGC's Theory of Change and its mechanisms. The importance of focusing on the whole system, targeting the building sector through financial, technical assistance, and regulatory/policy mechanisms, clearly emerged from this phase of the evaluation.

Interaction between programme components  
The interaction of programme components in the Theory of Change is characterised by a high level of complementarity and overlap. Overall, stakeholder interviews and the evaluation team’s review of the Theory of Change suggests that there are several links between components during programme delivery. According to stakeholders interviewed, these links allow the programme to operate smoothly and efficiently and therefore work towards MAGC objectives of achieving broader, market level transformation. However, some of these feedback loops are not represented clearly (specifically, feedback loops between Component 4 and Components 1 and 2).

## 3.2 MAGC management approach

This section analyses MAGC’s management approach, answering EQ1: To what extent, and in what ways, has the management approach agreed with the Delivery Partner been appropriate and effective for MAGC?

### Overview of the MAGC management approach

The MAGC programme is governed by administrative arrangements agreed upon by DESNZ and IFC. IFC manages the programme using its own systems and departments, while adhering to reporting structures and a Logframe agreed upon by both parties. Regional and country teams within IFC implement the programme locally, aligning with IFC's global strategy. DESNZ's reporting requirements include an annual progress report, semi-annual financial and operational reports, and regular reviews. Four departments in IFC are responsible for delivery of individual components. The Financial Institutions Group (FIG) delivers the investment and advisory activities of Component 1. The Blended Finance Department (BFD) delivers Component 1 (investment review and approval from the Blended Finance Committee (BFC). The Climate Business Department (CBD) leads Component 2 (country-level capacity building) and Component 3 (EDGE tool maintenance and improvement). The Development and Impact Measurement department (CDI) leads the MAGC research component (Component 4). All components sit within different departments, but the research strand works in close collaboration but independently from the operational aspects of the programme.

### Appropriateness and effectiveness of the management approach

The co-developed management approach between DESNZ and IFC meets both parties' needs and supports effective programme delivery. IFC and DESNZ stakeholders expressed that the structures facilitate achieving objectives and allow for the necessary flexibility to adapt to changing circumstances, such as including retrofits as eligible for investment and modifying the scale of investments in individual countries. They collaborated effectively, showing pragmatism and flexibility. Governance processes, including formal check-in points and informal working groups, allow regular review and adaptation, with smaller groups being more efficient for relationship building. However, the balance between formal and informal processes could be improved, as decisions made in informal meetings are sometimes not recorded or relayed to relevant people, indicating potential inefficiencies. Adaptation during delivery also requires updating programme indicators and targets, which can cause issues due to DESNZ's internal processes and make ongoing monitoring more difficult. Changes to the programme require clearance from all four IFC departments involved, adding time and scope for differing views and interpretations.

Key stakeholders deemed IFC's delegated authority for programme delivery and investment decisions appropriate, citing IFC's experience, skills, and private sector engagement abilities. IFC’s expertise is also referenced in the programme’s business case. However, some tensions were reported in the level of involvement of DESNZ, which exceeds what was originally envisaged. This evolved over the course of the programme, with senior representatives at DESNZ wanting closer involvement and greater insight, especially after COVID-19 resulted in delays and a slow-down of the investment pipeline. This led to additional formal and informal management processes, including quarterly (now biannual) reviews and six-weekly check-ins. While six-weekly check-ins have ceased, informal activities and ad-hoc working groups continue to play a role in programme governance and coordination between IFC and DESNZ.

Communication challenges existed between DESNZ and IFC due to differing expectations regarding information sharing, in particular on the volume, frequency, and granularity of information DESNZ wanted and what IFC was prepared to provide, with confidentiality preventing IFC from sharing detailed information in some cases. Some of the data IFC is asked to report goes beyond the initial legal agreement, with implications on resources for IFC, and requires adaptation of monitoring throughout delivery, such as the recent discussions to include some GEDSI indicators in the Logframe. This has evolved in response to the new UK ICF Strategy. Moreover, high turnover within the DESNZ programme team contributed to some lingering issues, hindering the building of legacy knowledge and relationships. Despite these communication challenges, both parties adapted governance and reporting processes pragmatically, balancing reporting needs with administrative burdens and accountability, although some disagreements exist due to the differing implications of decisions for each party. The reporting requirements have evolved and are expected to continue to evolve.

### Benchmarking MAGC’s management approach

When reviewed against other programmes in the ICF portfolio, MAGC sets itself apart through its focused approach on green buildings and its unique concessional finance model, contrasting with the broader scope and grant funding model seen in other programmes. The sample for process evaluation interviews included a small number of representatives of climate finance programmes with similarities to MAGC, detailed below and compared with MAGC in table 3.2:

* Mitigation Action Facility (MAF) (formerly known as the NAMA Facility) (DESNZ): programme delivered by GIZ (German development agency) offering grant-based technical assistance and climate finance for decarbonising energy, transport, and industry. It works closely with partner governments and sub-national agencies, and with in-country development banks to de-risk further investments.
* Urban Climate Action Programme (UCAP) (DESNZ): A C40 delivered programme supporting 24 cities in developing countries to achieve net-zero by implementing low-carbon and climate-resilient urban development plans. It partners with GIZ, which provides project preparation support, and the C40 Cities Climate Leadership Group, which implements climate action plans through embedded advisors in local governments across Latin America, Africa, and South-East Asia.
* C40 Cities South Africa Buildings Programme: A programme delivered by Sustainable Energy Africa, a non-profit organisation based in South Africa, and funded by the C40 Cities Climate Leadership Group, it supports participating cities to develop zero carbon building policies and codes and support their plans to achieve net zero carbon new buildings.

Table 3.2 Comparison of MAGC to other climate finance programmes

|  | MAF | UCAP | C40 Cities South Africa Buildings Programme |
| --- | --- | --- | --- |
| Similarities | Capacity building component: MAF involves capacity strengthening partner governments and sub-national government in relation to policy and regulation.  GEDSI: GEDSI was not part of the programme’s initial aims. | Capacity building component: UCAP utilises embedded advisors who build capacity in local government and conduct regional level activities. | Governance: Key programme enablers are pre-existing relationships, partnerships and deep understanding of issues within the country for effective programme delivery, advisory and implementation support, e.g., Green Building Council, local chapters of societies, local government, legal and policy stakeholders, technical experts.  Capacity building component: The programme utilises staff in cities to bring dedicated capacity to the project, highlighted as particularly effective as grantee institutions often have insufficient resources. |
| Differences | Scope: broader focus on decarbonisation, focusing on energy, transport and industry.  Governance: MAF liaises with British embassies in relevant countries to create overseas networks and gather intel on country context.  Financing: purely grant funding that can be used for a range of activities.  Investment/selection process: MAF hold annual calls covering two sectors, assess applicants on suitability; evidence of coordination with in-country partners; alignment with Nationally Determined Contribution commitments; ambition; and feasibility. External evaluators review financial feasibility. Longlist reviewed by Board who approve applications.  GEDSI: GEDSI is an aspect of projects, MAF have now formalised GEDSI integration through use of a gender action plan for projects to complete, making expectations for proposals’ inclusion of GEDSI clearer and more ambitious (mainly related to gender but MAF want to expand to other characteristics), adding indicators to the Logframe, and planning to create baseline metrics on different aspects of social inclusion. | Scope: focuses on any aspect of a climate mitigation plan  Investment/ selection process: For the C40 programme they selected a final list of feasible cities from those they had previously developed climate action plans with, considering capacity and relationships with government.  GEDSI: see inclusion as a core component, embedded in project level targets. | Scope: focuses on sustainable energy within cities more broadly (although green buildings are a core element of the programme). |
| Learning opportunities for MAGC | MAF’s involvement of embassies demonstrates how they can support network building and provide country context.  Financing: MAGC’s combination of concessional finance with a broader market accelerator approach appears to be quite unique.  Investment/selection process: MAF’s project selection process appears to be more detailed than MAGC’s and could provide useful insights.  GEDSI: useful learnings around how GEDSI can be integrated into a programme (even when it wasn’t included as an original aim) can inform future programming, for example the use of gender action plans on a project basis, including GEDSI as a criterion during selection, including metrics on different aspects of social inclusion. | Investment/selection process: The C40 city selection criteria includes relationships with government as a factor. This could be a consideration for MAGC alongside its current consideration of MAGC’s alignment with country government priorities | Governance: The C40 Cities South Africa Buildings Programme highlights the importance of leveraging stakeholder knowledge and can be compared to MAGC, which benefits from IFC's existing country knowledge and networks, as well as stakeholder engagement through components 2-4. There is an opportunity for MAGC to learn from the stakeholders engaged by the C40 programme to identify additional groups that could offer context, advice, and support. This includes specific South African stakeholders and broader groups for engagement in other countries. |

### GEDSI Learnings

Learning about how Gender, Equality, and Social Inclusion (GEDSI) can be designed and delivered in future similar programmes is an objective of the process evaluation, as well as the early outcome evaluation and the outcome and impact evaluation. GEDSI was not a consideration in MAGC’s design phase and is therefore not an objective for IFC nor embedded into monitoring processes. However, there are opportunities for identifying GEDSI learnings through the evaluation. Below we have included some additional recommendations on how GEDSI could be integrated into future MAGC programme design:

* Integration of GEDSI at the design stage through situation analysis: Conducting a GEDSI situation analysis during design would identify the key needs, opportunities and challenges faced by women and marginalised groups, to ensure the programme is designed to meet these needs, utilise opportunities and tackle the challenges. This should be reflected in the programme Theory of Change and Results Framework. It would also identify potential risks posed by the programme to communities and avoid potentially harmful activities through mitigation. These analyses could be replicated at the project level, to ensure projects are tailored to their local context, cognisant of key barriers that the project could seek to improve, therefore maximising support for marginalised groups.
* Prioritising activities that empower marginalised groups and ensuring accountability: The situation analysis would identify these opportunities for empowerment, informing programme adoption of these activities and the inclusion of specific indicators and targets to measure progress, rather than more incidental targets. For example, instead of having an indicator asking about the gender split of auditors and experts within the EDGE green building certification Standard, the indicator could set a specific target for women and other marginalised groups receiving the EDGE accreditation, with sub-targets for women facing multiple forms of marginalisation.
* Effective disaggregation of monitoring indicators: Where relevant, key indicators could be disaggregated. This should go beyond gender disaggregation and also include disability, socio-economic background, and other relevant forms of marginalisation (identified through the situation analysis). For example, indicators on increased knowledge and skills would benefit from this disaggregation.
* Inclusion of GEDSI expertise in programme management: GEDSI experts could play a key role throughout programme design, management and implementation to ensure GEDSI is sufficiently integrated and provide accountability. This could include experts by experience, for example through steering groups.

## 3.3 Programme countries and projects

This section provides an assessment of the selection of eligible countries for the MAGC programme and the relevance and coherence of the portfolio of investment projects, answering EQ3: How effective are the choice of countries/projects in fulfilling MAGC’s objectives and supporting the UK’s International Climate Finance strategy?

### Overview of MAGC countries and investments

As of FY 2023, MAGC had achieved 13 blended finance investment projects in six of the 24 eligible countries: Indonesia, Egypt, Colombia, Peru, South Africa and India, totalling US$34.45 million in UK public sector financing[[7]](#footnote-8). The projects also achieved cumulative public sector financing of US$828 million, exceeding the FY target of US$373 million. However, the programme did not meet its FY target for private sector financing, mobilising a total of US$32 million, compared to the yearly target of US$86 million. Most investments have been made to commercial banks using non-returnable capital instruments such as performance-based incentives (PBIs) and interest rate buydowns (IRBs). These investments supported by MAGC capital depleting instruments have included loans and green bonds. Investments are generally accompanied with a programme of technical assistance to the Financial Intermediaries (FI). In addition, a total of three standalone advisory service engagements had been signed between IFC and financial institutions in Brazil, India and Mexico, since MAGC programme inception.

### Choice of countries/projects

The country selection for MAGC implementation is based on clear criteria established by DESNZ and IFC during the business case stage. These included IFC priority countries, urbanisation, climate investment potential, government priorities, climate risk vulnerability, and carbon intensity of the energy sector. DESNZ prioritised countries that could support climate change mitigation and stimulate growth through market transformation. Other deciding factors were the green building market potential, existence of EDGE experts and certified floor space, development of a green building code, availability of in-country financial institutions for finance, and need for technical assistance. The selected countries are mostly middle-income, and the process was transparent with clear metrics and flexibility for adjustments during delivery.

The process for selecting investment projects is less structured than for country selection. Projects are selected only by IFC, with progress and final investment decisions reported back to DESNZ. Within IFC, the Financial Institutions Group (FIG) is responsible for pipeline development, using a dynamic process that relies on relationships, networking, and adapting to changes in macroeconomic conditions to identify investment opportunities. IFC requires a higher level of additionality and screens investment opportunities to choose those likely to achieve the highest transformational change. However, IFC does not use a specific metric or system to compare the transformational impact of investment projects across different countries due to the timing of opportunities and differences in country contexts. Therefore, it is not possible to determine which investment projects had the highest transformational impact across countries.

### Relevance of countries selected

The current selection of countries for the MAGC programme appears to align well with the strategic objectives of IFC and DESNZ, as well as the needs of the targeted countries. Interviews with programme stakeholders were generally positive about the country selection. External stakeholders, such as green building councils and high commissions, highlighted the relevance of MAGC in addressing barriers to green construction, particularly the lack of awareness and incentives in the construction and financial sectors, as well as among buyers.

However, the balance between the breadth and depth of the intervention emerged as an area of consideration. Some DESNZ team members felt that delivering support to a relatively large number of countries could limit the size of funding for each investment project, potentially limiting the extent of transformational change outcomes. The high number of eligible countries also posed challenges for DESNZ in the organisation, planning, and delivery of ICF strategy and communications with in-country embassy teams. On the other hand, DESNZ and IFC both noted that a large list of eligible countries allows IFC to select suitable investment opportunities across a wider range. This broad scope enables IFC to leverage timing, relationships, and macroeconomic conditions for high-impact investments. This flexibility could allow for greater scope in pursuing high-impact investments. Additionally, for the EDGE component, updates to the system are primarily resourced through IFC, minimising the cost increase for DESNZ when adding new countries.

### Relevance and coherence of the investment portfolio

The current portfolio of MAGC investments appears coherent, relevant, and capable of having a transformational impact. As of FY 2022, seven projects were confirmed in six countries, and by FY 2023, there were 13 blended finance projects in the same six countries. This clustering was due to factors such as appetite for green buildings, relationship building, and proof of concept. Interviews with IFC programme team members largely indicated that the current investment portfolio was having a significant developmental impact, particularly in South Africa, where MAGC funding had catalysed private investment and market development in the residential building sector. However, it is too early to ascertain the extent to which the current portfolio and the overall MAGC programme are achieving transformational change.

Most investment countries align with DESNZ's ICF priorities, with Egypt being the only non-priority country included. The current selection covers a diversity of countries in terms of their economic development and alignment with wider green policy within the government.

While IFC has various concessional finance instruments, the majority of investments made so far have been to commercial banks using PBIs. This was attractive to commercial banks as PBIs can lower interest rates for customers buying green and partially offset construction costs for developers building green. However, PBIs have also contributed to delays in disbursement due to their verification requirements.

# 4. Conclusions and recommendations

The Market Accelerator for Green Construction (MAGC) is a well-conceptualised programme, with a programme design that is conceptually logical and relevant to the needs identified in the programme business case. The above report identifies the following key findings which – at this stage of the evaluation – are broadly in line with the evaluation questions, with limited identification of unintended or unexpected findings.

The following recommendations have been developed based on the key findings identified above, and considerations made around their priority and whether they are actionable by programme stakeholders.

### Theory of Change

DESNZ and IFC could consider adjusting the Theory of Change to enhance its accuracy and completeness and provide a more robust framework for MAGC. Recommended edits and specifications include:

* Establishing clearer links and feedback loops between the four components (for example, by making clear in the ToC how the Research component feeds back into the investment and advisory and capacity building components)
* Specifying outputs, outcomes and impacts in the Theory of Change diagram
* Clarifying in the Theory of Change timings of the outcomes (longer term versus shorter term)

Priority: High – very important to allow tracking of programme impact and transformational change  
Feasibility: High – agreement from both DESNZ and IFC to make adjustments to the Theory of Change

For future iterations of the programme, the Logframe could benefit from the introduction of indicators to evaluate whether the **expected energy and carbon savings** identified in pre-construction certification **translate to actual energy and carbon savings**. This would provide a more accurate representation of the impact of MAGC.

For example, the results from the Smart Metering Study as part of Component 4 could feed into this, as the study is piloting this concept. A future Logframe could be informed by these results in the countries where the study is active, to inform whether results could be collected more broadly in a future programme. Moreover, the results framework contains the following indicators that are currently not in the Logframe but could be relevant to this matter: Water use expected to be avoided (m3 per year) from design certified green buildings (Indicator 9), Expected embodied energy avoided (mega joules) from design certified green buildings (Indicator 11).

Priority: Medium – while the introduction of indicator is key to capture the longer-term impact of MAGC, it does not prevent the measurement of the current programme’s impact.  
Feasibility: Low – adding new indicators would require substantial time and resources of the programme team.

DESNZ and IFC could consider periodic reviews and updates to the Theory of Change given the changes in the MAGC programme team and the programme design. This will ensure the Theory of Change remains relevant and accurately reflects the programme's objectives and mechanisms. This could happen during or after the independent evaluation and also include an assessment of whether all intended pathways to change, including financial, capacity building, and regulatory mechanisms, are being effectively implemented in line with the ToC.

Priority: High – very important to allow tracking of programme impact and transformational change.  
Feasibility: High – agreement from both DESNZ and IFC to make adjustments to the Theory of Change. The programme teams welcomed a revision of the Theory of Change as part of the independent evaluation, and an initial proposal of a revised Theory of Change diagram is included in Annex 8.

### Management and governance approach

Communication and expectation-setting between DESNZ and IFC regarding monitoring and reporting processes could be improved going forward. While all parties involved display pragmatism and adaptability, setting clear expectations specifically regarding flexibility, resource planning, and potential future adaptation from the beginning could prevent disagreements and could potentially also enable processes to be set up in a way that would allow more easily to update and adapt to changing circumstances. As the programme is now ongoing, actions that could be taken include having as a standing agenda item for quarterly (now biannual) meetings the current monitoring and reporting processes, ensuring any misalignments are discussed, and to enable any future adaptations where relevant.

Priority: High – very important to enable smooth delivery of the programme.  
Feasibility: High – buy in from both DESNZ and IFC.

The balance between formal and informal governance processes could be improved in regard to decision-making: decision-making outside of formal governance processes should be promptly formalised to ensure decisions are captured and relevant stakeholders are informed. This should the done in a light-touch way, to avoid losing the benefits to efficiency and effectiveness that informal collaboration between DENSZ and IFC brings and avoid further administrative burden.

Priority: High – very important to enable smooth delivery of the programme.  
Feasibility: High – buy in from both DESNZ and IFC.

There is room for greater communication with and involvement of DESNZ and overseas UK missions and agencies (e.g., embassies) in the delivery of the MAGC programme, to leverage existing networks and support engagement particularly of public sector stakeholders. The level of awareness of the programme and collaboration between the programme and bodies such as embassies varied greatly between countries. A more formal role for these bodies in programme governance could harmonise approaches, ensure synergy, and avoid overlaps. It is important to acknowledge that the 4th Annual review recommendations include among the action points to implement a systematic engagement strategy of embassies to facilitate programme delivery in-country, particularly for MAGC's capacity-building component, potentially led by DESNZ. Suggested approaches to increase collaboration with overseas agencies could include:

Involvement in country activity selection: the involvement of UK Embassies is mostly relevant for Component 2 (country-level capacity building), potentially leveraging their knowledge of the local environment to target relevant stakeholders for programme activities. An example of success of this type of approach comes from the Climate Finance Accelerator programme[[8]](#footnote-9), where in some instances, adaptation to delivery and sectors targeted by the programme have been informed by feedback from the Embassy.

Leveraging the embassies network for stakeholder engagement: links with overseas agencies could be used by DESNZ to raise MAGC awareness among policy stakeholders. The Climate Finance Accelerator programme also offers an example of this, where local embassy representatives are involved in regular meetings with the delivery partners and press releases by High commissioners and embassies encouraged more interaction with the programme.

UK Embassies involvement in MAGC led activities: involvement of embassy staff in MAGC’s awareness and understanding activities (e.g., workshops) could increase awareness of MAGC within UK agencies as well.  
  
Priority: High – very important for the enabling environment of green market transformation and recognised in the annual review as an action to take forward.  
Feasibility: Medium – while both parties recognise its importance, this is more actionable by DESNZ than IFC.

### Programme countries and projects

Regular reassessments of the breadth versus depth of intervention: MAGC’s assessment processes for the selection of countries and investments resulted in a relevant and coherent portfolio. Making the assessment regular, making use of the findings on impact from the interim early outcome evaluation and from the research component, would enable to ensure balance in the breadth versus depth of the intervention. This could involve developing a set of criteria for assessing potential countries, which could be reviewed and updated annually. These could include the country’s current status and readiness for green construction, the potential for impact, the level of government support for green construction, and any social and environmental considerations.

Priority: High – very important for effective achievement of programme objectives.  
Feasibility: High – buy in from both DESNZ and IFC.

Tracking transformational impact of investments: As the outcomes and impacts of investments take time to materialise, the pipeline development and scoping phase of investments could benefit from an IFC assessment to track or compare the transformational potential of investments within countries. This could be done, for example, by compiling all decisions on why an investment was considered transformational in one document (currently only tracked at programme level), or through the use, and presentation, of a dynamic typology for assessing the investment opportunities. The portfolio of blended finance projects could be improved by having a greater focus on green bonds to attract an increased amount of third-party investment.

Priority: High – very important to ensure the programme targets the most impactful investments.  
Feasibility: Medium – would require additional tracking instrument put in place by IFC programme team.

Coordination and alignment with complementary interventions: In countries that are most vulnerable to climate disasters, the incentives for green construction could be further facilitated by aligning green construction to resilient construction. MAGC could consider synergies both with mitigation focused programmes (such as MAF, UCAP, C40 programmes) and with resilience and adaptation-focused programmes (for example, the Building Resilience Index) to further reinforce the case for green buildings.

Priority: Medium – while this is important to ensure there is no duplication and maximise programme impact, MAGC’s unique focus on green construction within the ICF makes this less of a priority.  
Feasibility: High – Connections of ICF and IFC teams with other programmes could facilitate this.

## 4.3 Wider lessons

The process evaluation of MAGC provides wider lessons learned that could be beneficial for other programmes in the green construction or climate finance space. These include:

* Theory of Change refinement: Programmes should consider regularly refining and updating the Theory of Change to accurately reflect programme objectives, mechanisms, and context, and developing a process for continuous reviews and updates, considering changes in the team, design, and context.
* An overall flexible management approach allows MAGC to respond in real-time to new opportunities and changes, highlighting the importance of adaptability in programme design. Especially for programmes that have a broad geographical scope and are dynamic in nature, this could prove an effective governance approach, but clear communication and decision-making processes must be established from the beginning to avoid inefficiencies.
* Balance between the breadth and depth of intervention: In MAGC, programme stakeholders agreed that having a long list of countries that are eligible for support allows for effective response to needs and a wider range of investment opportunities. However, it could potentially limit the funding provided to each country and hence, the extent of transformational change outcomes.
* All DESNZ ICF programmes are now required to report on GEDSI. Therefore, GEDSI should be a key consideration during the design phase of future similar programmes. It is challenging to incorporate indicators and criteria retrospectively, especially for programmes like MAGC focused on green construction and emissions reductions. Opportunities to integrate GEDSI include capacity building, which can benefit marginalised groups including women, people from lower socio-economic backgrounds and people with disabilities, helping them access skilled work and the labour market. Another opportunity within green buildings programmes is increasing access to affordable housing and energy efficient housing with lower energy bills. This benefits people from lower socio-economic backgrounds and should also be targeted at people facing multiple forms of marginalisation. Another opportunity is providing leadership opportunities within projects for people from marginalised groups.
* Learning and adaptation: For programmes with a flexible delivery approach, it is important to encourage a culture of learning and adaptation within the programme and establish robust monitoring and evaluation frameworks from the onset. This involves creating mechanisms for capturing and sharing lessons learned (the MAGC Research component is an example of a programme component designed to feed information to other components) and using these insights to inform implementation and improvement.
* The collaboration of multiple departments (from the IFC side) allows a holistic approach to market transformation and addresses challenges in the ecosystem. Delivery partners of programmes that aim to achieve transformation should consider, where applicable, establishing formal mechanisms for cross-departmental collaboration to ensure a comprehensive and coordinated approach.

1. Available at <https://devtracker.fcdo.gov.uk/programme/GB-GOV-13-ICF-0032-MAGC/documents> [↑](#footnote-ref-2)
2. The EQ numbering reflects the original order of planning. For thematic and narrative flow, the chapters themselves appear in a rearranged sequence. [↑](#footnote-ref-3)
3. Colombia, Mexico, Peru, Ghana, Kenya, South Africa, Egypt, India, Indonesia, Philippines, and Vietnam [↑](#footnote-ref-4)
4. The programme’s initial end date was November 2025. An extension was granted for the programme in December 2023. [↑](#footnote-ref-5)
5. The evaluation used a strength of evidence framework that provides an assessment of the quality and reliability of the evidence used to support the findings. The rating ranges from 1 (highest level of rating) to 4 (lowest level of rating). The rating 2 means that evidence comprises multiple data sources (good triangulation) of lesser quality, or the finding is supported by fewer data sources (limited triangulation) of decent quality but that are more perception-based than factual (e.g., only qualitative data). [↑](#footnote-ref-6)
6. MAGC Business Case, Available here: <https://devtracker.fcdo.gov.uk/projects/GB-GOV-13-ICF-0032-MAGC/documents> [↑](#footnote-ref-7)
7. IFC (2023). IFC-UK Market Accelerator for Green Construction (MAGC) Program – Annual Report 2023. [↑](#footnote-ref-8)
8. <https://www.gov.uk/government/publications/climate-finance-accelerator/climate-finance-accelerator> [↑](#footnote-ref-9)