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**Mid-term Evaluation of IKI project  
“Greening Financial Systems”  
(21\_I\_480\_Global\_M\_Greening Financial  
Systems)**

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**Summary**



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## Summary

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The midterm evaluation (MTE) of the "Greening Financial Systems" (GFS) Program (hereinafter, the "project"), implemented by the European Investment Bank (EIB), provides evidence-based insights into the project's progress and challenges. Conducted between April and December 2025, the evaluation aims to assess the project's relevance, effectiveness, planning, steering, coherence, transformational impact, sustainability, International Climate Initiative (IKI) safeguards, and IKI standard indicators in a formative way. This summary distills the evaluation's key findings, methodologies, and strategic recommendations, offering stakeholders involved in project implementation and oversight a concise overview.

### Project description

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The project is a multi-component project that aims to strengthen central banks' and financial institutions' capacity to integrate climate-related risks into financial sector supervision and decision-making to ensure a more resilient, transparent, and climate-aligned financial system. It does so by pairing support for reforms of central banks' regulatory environments (component I) with strengthened institutional capacities of financial institutions (component II) through technical assistance.

The project started on January 1, 2022, and is scheduled to continue until December 31, 2030, with two extensions moving the original end date first from December 2025 to December 2027, and then to the current end date. Initially, the program received a total IKI contribution of EUR 30 million for the evaluation period. This included EUR 20 million from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and an additional EUR 10 million from a Contribution Agreement between EIB and the Federal Ministry for Economic Affairs and Climate Action (BMWK), signed in December 2024.

The initial 2021 payment to the project was made as a Single-Donor Trust Fund as the third contribution under the IKI umbrella agreement between the EIB and the BMWK. As the project primarily focused on technical cooperation, it did not yet meet the new IKI requirements for fund contributions (IKI Invest). Given the high political priority of ensuring continuity and scaling up — driven by demand from ten additional countries — and the persisting technical need for support, the Sixth Contribution Agreement between the EIB and the BMWK was agreed under the condition that the single-donor trust fund be converted into a multi-donor trust fund by January 2026. EIB reached out to donors, and in November 2025, Luxembourg joined. In November 2025, the Greening Financial Systems Fund was launched as a multi-donor trust fund meeting the IKI Invest Criteria for this type of fund. It totals EUR 32 million, with Germany contributing EUR 30 million and Luxembourg contributing EUR 2 million. The EUR 30 million contribution from Germany was transferred from the IKI Fund to the GFS Fund. Both are EIB-managed trust funds. The project is embedded in a multi-stakeholder framework convened by the NDC Partnership. Germany's responsibilities lie with the Federal Ministry for the Environment, Climate Action, Nature Conservation, and Nuclear Safety (BMUKN).

At the time of the evaluation, the project is operating in twelve countries across Sub-Saharan Africa and the EU neighborhood. The EIB implements the project through its Program Management Team (PMT), which is responsible for overseeing the project as a whole, including the work of the Implementation Service Provider (ISP), and aligning with the NDC Partnership. The ISP DAI provides technical assistance alongside Application Européenne de Technologies et de Services and the Belgian Bankers Academy. The project supports beneficiaries in developing policies, instruments, and tools (e.g., climate risk

management frameworks, transition plans, green finance frameworks, etc.) and in building capacities in climate risk management and green finance.

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### Evaluation overview

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The primary purpose of the MTE is to review the project's implementation progress, assess the extent to which its objectives are being met, and identify key challenges. This evaluation uses the following criteria: (i) relevance, (ii) planning and steering, and coherence, (iii) effectiveness, (iv) transformational impact, sustainability, (v) the adequacy of environmental and social safeguards, and (vi) reporting on IKI standard indicators. The results of the MTE will guide the GFS project's strategic orientation and operational adjustments.

For the EIB, the BMUKN, the commissioner, the IKI Office at Zukunft – Umwelt – Gesellschaft gGmbH (ZUG), and other involved agencies, the evaluation provides a comprehensive overview of the project's performance to date and offers recommendations to address implementation challenges. For the NDC Partnership and partner institutions in Georgia, Kenya, and Rwanda, the evaluation provides an independent assessment of how effectively the project supports national climate priorities and contributes to greater cooperation and impact in ongoing climate initiatives.

The evaluation assessed the project at both the overall program level and through three in-depth country case studies. Georgia, Kenya, and Rwanda were selected as they represent some of the earliest recipients of technical assistance under the project, offering valuable insights into early implementation experiences and outcomes.

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### Methodology

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The evaluation was carried out in line with ZUG's methodology and applied a rigorous, theory-based mixed-methods design to provide a comprehensive and nuanced assessment of the projects' performance. This design combined qualitative and quantitative tools, including document review, online research, interviews, and the development of micronarratives.

To validate the findings, evidence was drawn from a broad range of sources, including internal project documentation, stakeholder interviews, and supporting literature and online sources. The evaluation team conducted 40 interviews with representatives from various stakeholder groups, including the EIB, the IKI, relevant German ministries, national institutions in the three case study countries (Georgia, Kenya, Rwanda), and external observers. These interviews generated qualitative insights, which were complemented by quantitative analysis of project data and reports.

The evaluation process was iterative, involving repeated cycles of data collection, analysis, and validation as well as discussions with EIB and DAI. This ensured that the results were evidence-driven and reflective of the complex conditions in which the project operates. Findings were discussed with the project team and stakeholders to ensure that the conclusions and recommendations were accurate, relevant, and actionable.

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### Main findings per evaluation criterion

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**Relevance:** The project demonstrates consistent relevance across all reviewed areas. It closely aligns with the priorities of partner governments, particularly in Kenya and Rwanda, where it directly advances the implementation of NDC commitments, national green growth agendas, and emerging sustainable finance

frameworks. Its modular setup enables the initiative to adapt flexibly to diverse country contexts while remaining anchored in overarching national policy objectives. The project is well-positioned to address the central systemic challenge of limited capacity within financial systems to address climate-related risks and increase green investments. Its two-track intervention model, which supports regulatory development with central banks under component I and strengthens the capacities of financial institutions under component II, creates a clear pathway to impact: better availability of climate-aligned financial resources. The project's intervention logic is well-constructed and works where there is institutional willingness and political targets, meaning national commitments (e.g., green growth objectives or sustainable finance strategies) that provide mandates and incentives for central banks and financial institutions to adopt and operationalize the tools and frameworks developed under the project. Engagement with direct beneficiaries, such as central banks and financial institutions, is strong and shaped by a demand-driven design. Overall, the project is firmly aligned with global policy agendas, including Article 2.1(c) of the Paris Agreement, Sustainable Development Goal (SDG) 13, and the Financial Stability Board's (FSB) climate-risk roadmap, positioning it as a relevant contributor to international climate finance readiness and systemic transformation.

Its two-component structure provides a clear, mutually reinforcing pathway toward systemic change in partner financial sectors. The participatory reconstruction of the Theory of Change validated that the causal pathways are robust and adaptable. The modular design enables country-specific tailoring without altering the core logic. Component I supports regulators in developing climate-related supervisory tools, such as scenarios, stress-testing methodologies, taxonomies, and disclosure frameworks, that establish an enabling environment for green finance. Component II builds on this foundation by equipping financial institutions with the necessary skills, data, and tools (e.g., GHG emissions calculators) and by supporting beneficiaries in developing policies, frameworks, guidelines, and procedures, among other measures, to comply with new requirements and translate them into operational practice.

**Planning, Steering, and Coherence:** Project planning is generally strong. The original proposal offers appropriate technical detail and a modular structure that can flexibly accommodate diverse country contexts. The country-specific funding proposals are well developed, context sensitive, and include thorough risk assessments. While in the early stages of the project, timelines were somewhat overambitious, subsequent adjustments have resulted in more realistic schedules that better reflect the pace feasible for institutional capacity building.

Project steering is likewise effective, marked by collaborative planning among the EIB project team, the ISP, and beneficiaries, clear governance arrangements, regular coordination with partners, and a generally adaptive approach to emerging challenges. The dedicated EIB project team has provided strong leadership and continuity, though responsibilities remain concentrated among a small group, creating ongoing workload pressure. Implementation has remained largely aligned with the intended logic, and internal disruptions, such as staff turnover, have been handled without significant delays. Coordination with partner institutions is solid, supported by the EIB's and ISP's strong credibility and consistent engagement. Collaboration practices are well-matched to beneficiary needs, and while synergies with related initiatives are broadly positive, there is room to formalize complementary linkages as the project continues to scale.

**Effectiveness:** The project's solid, internally consistent intervention logic remains intact. Evidence from all three case study countries confirms that the dual approach of regulatory work with central banks and the provision of more operations-oriented tools at the level of financial institutions works as intended. The partners of component I in the case studies have adopted tools for climate alignment into their regulatory

practice or recommendations. Partners in component II in the case studies use tools and techniques for stress testing, transition planning, and climate risk assessments.

Progress on implementation has generally been as expected, particularly for component I's regulatory work, where all milestones have been fully achieved in both Georgia and Kenya. Component II shows more variation, primarily reflecting differences in the start dates of the operations.

Across both components, the project's activities and outputs plausibly contribute to the expected outcomes. However, the green finance pathway requires additional steps beyond the project's direct control. While capacities for managing climate risk are advancing steadily at both levels – central banks and financial institutions – progress toward expanding green lending is slower and more dependent on external conditions, such as market demand, government incentive schemes, and internal bank resources. Some delays, notably at Equity Bank in Kenya, were linked to staffing constraints and data challenges. However, these delays have not undermined the overall trajectory toward achieving the desired outcomes. Overall, the project is highly effective in managing climate risk and promising also in expanding green lending, reflecting inherent differences in pathway complexity rather than shortcomings in project design.

**Transformational Impact and Sustainability:** The project is beginning to lay the groundwork for long-term, systemic change by strengthening the regulatory foundations for climate-aligned finance and supporting financial institutions as they integrate climate risk management into their core operations. Under component I, central banks in Kenya and Georgia now have improved supervisory tools, such as climate disclosure frameworks, green taxonomies, climate scenarios, and stress-testing methodologies, that can shape national financial markets over time. Under component II, participating banks are completing risk analyses and transition plans, and developing early-stage green products, signaling emerging institutional shifts. They indicate initial movement toward climate-conscious financial practices and increasingly supportive regulatory environments.

Sustainability prospects are strong where national targets, institutional structures, and incentives are in place. In several cases, structural changes can be observed, where both central banks and financial institutions, for example, are creating permanent teams, training systems, and internal processes that embed climate risk management beyond the life of the project. Tools such as physical risk maps and climate-risk assessment frameworks are likely to remain in active use, and growing regulatory expectations reinforce continued investment in these capabilities at the financial institution level. Institutional capacity, however, remains decisive: larger banks are better positioned to maintain and deepen climate-related practices than smaller banks, which face greater capacity constraints. Overall, the project builds durable capacities and foundational regulatory structures that can support long-term climate-aligned transformation, even though broader systemic effects will emerge only gradually and remain influenced by external market and policy conditions.

**Safeguards:** The project has a risk rating of C, which the evaluation team considers appropriate.

**IKI Standard Indicators:** The project is not required to report against the IKI standard indicators, in accordance with the agreement between the EIB PMT and IKI.

### **Main recommendations**

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The evaluation identifies several ways the EIB PMT and ISP can strengthen early engagement with beneficiaries. Across multiple technical assistance operations (TAOs), misaligned expectations regarding

scope, timelines, and deliverables have led to early delays. The evaluators recommend making the scoping phase even more robust, so that it clearly communicates what the project can and cannot offer, assesses institutional absorption capacity, and accounts for political-economy constraints. This would help to deepen ownership and further improve implementation efficiency from the start. The evaluation also notes that some TA components would benefit from more apparent prioritization to ensure that limited institutional capacity is not overstretched.

Stakeholders recommended that better communication channels could make the project even more effective. They suggested that more regular feedback loops among the EIB PMT, ISP, and beneficiaries would help refine work plans and maintain alignment as institutional needs evolve.

Implementation quality and long-term sustainability can also be improved through deeper integration of in-country experts, stronger gender integration, enhanced communication, and expanded peer learning. Local experts are highly valued and are already systematically embedded through structured co-delivery and certification pathways. This approach should be maintained and strengthened going forward. To address limited absorptive capacity in financial institutions, the evaluation recommends early-warning indicators, phased engagement “sprints,” and realistic planning buffers. Sustainability planning should begin earlier by embedding climate-risk functions into the budgets and HR structures of beneficiary institutions and by offering light-touch post-exit support. Cross-cutting improvements are also needed: shifting from gender-sensitive to gender-responsive approaches, enhancing EIB and IKI visibility through strategic communication, and expanding peer learning between financial institutions and cost-efficient cross-country delivery models to maximize reach and long-term impact.

Overall, in the future, the project should continue to strive to expand the range of services considered. The evaluation recommends implementing a gender action plan and developing a gender-responsive approach. The evaluation further recommends that seeking economies of scale, such as shared training modules or regional mentoring networks, could significantly improve cost efficiency without reducing quality. The recommendation to enhance consistent international coordination is also aligned with this; organizations such as the United Nations Environment Programme (UNEP) Finance Initiative (UNEP-FI) and the Inter-American Development Bank (IADB) were insufficiently aware of the project’s activities. Strengthening strategic alliances and positioning the EIB as a convening actor would increase leverage, reduce duplication, and more firmly situate the project within the global green-finance architecture.

Due to the extended time frame, the project will need to adhere to several new IKI policies in the future. Apart from the Gender Policy, these are the safeguards and standard indicator policies. While the safeguards policy is implemented with a rating of C, which the evaluation finds appropriate, the IKI Standard Indicators have been amended by a climate finance indicator. This indicator (SI 5) has gained additional importance with the introduction of the IKI Strategy in 2023, which has at its Strategic Objective 4 – the mobilization of private investments. This is the most relevant impact dimension of this project as it measures financial mobilisation.