



## INDEPENDENT RAPID ASSESSMENT OF THE GREEN CLIMATE FUND'S REQUEST FOR PROPOSALS MODALITY

### INTRODUCTION

A Request for Proposals (RFP) is a business document that announces a project and solicits bids or responses from qualified entities to complete it. It is a method commonly used by both public and private sector entities. The Board of the Green Climate Fund (GCF) has approved four RFPs to date:

- Pilot programme for Enhanced Direct Access (EDA) (decision B.10/04 in July 2015)
- Pilot programme to support Micro-, Small and Medium-Sized Enterprises (MSME) (decision B.10/11 in July 2015)
- Pilot programme for Mobilizing Funds at Scale (MFS) (decision B.10/11 in July 2015)
- Pilot programme for REDD+ Results-based Payment (REDD+ RBP) (decision B.18/07 in October 2017)

A fifth RFP was requested by the Board at B.18 (Oct. 2017) to support climate technology incubators and accelerators, but it was not launched.

### ABOUT THE RAPID ASSESSMENT<sup>1</sup>

This assessment aims to inform the GCF Board about the efficiency and effectiveness of the four launched RFPs. It covers the RFPs' processes from the approval of the first RFPs in July 2015 until the end of March 2021. It focuses on the following areas:

- Relevance of RFPs to GCF strategy and to country needs
- Efficiency and effectiveness of RFP implementation
- Value added of RFPs as a modality to access the GCF
- Lessons for future RFPs and other access modalities of GCF

The rapid assessment does not assess the topics addressed by these RFPs.

### THE GCF'S RFP

As of May 2021, 18 projects have been approved through these RFPs, totaling USD 850 million in GCF investments. This represents 61% of the available funding for RFPs and 10% of the total number of projects approved by the GCF so far.

<sup>1</sup> Independent Evaluation Unit (2021). *Independent Rapid Assessment of the Green Climate Fund's Request for Proposals Modality. Evaluation Report No. 11 (June). Songdo, South Korea: Independent Evaluation Unit, Green Climate Fund.*



Table 1. GCF RFPs (as of May 2021)

RFP TYPE	Focus	BUDGET ALLOCATED	APPROVED PROJECTS / USD APPROVED
EDA	Enhanced devolution of decision-making on funding and project at the national or regional level	USD 200 million	2 projects / USD 30 million
MSME	Supporting MSMEs in addressing mitigation and adaptation challenges	USD 200 million (later limited to 100 million)	3 projects / USD 60 million
MFS	Unlocking private sector finance in developing countries	USD 500 million	5 projects / USD 263.4 million
REDD+ RBP	Operationalize REDD+ results-based payments and test their procedural and technical elements	USD 500 million	8 projects / USD 496.7 million

## KEY FINDINGS

### 1. Relevance

Each RFP is relevant to the GCF strategic planning and mandate and responds to priorities and mandates from the governing instrument, the initial strategic plan, the updated strategic plan, and the UNFCCC. Although the purpose of RFPs remains unclear, it is generally understood as a means to fulfil the GCF mandate by focusing operations and attracting partners to a particular topic. The RFPs' objectives are relevant to countries' needs, and project design recognizes and reviews both country ownership and recipient needs. There have been limited learning opportunities due to the limited project implementation.

### 2. Implementation

In terms of **efficiency**, the four RFPs differed greatly in terms of their implementation process, and the resources allocated by the Secretariat for their implementation.

The terms of reference (TOR) of three of the four RFPs did not provide clear and sufficient information to

proponents to ensure a transparent and predictable process.

The project cycle for all RFPs (except REDD+ RBP) is like the regular project approval process, but with *additional* requirements. On average, the duration of the project appraisal process is similar to that of the regular process. Only a small proportion of submitted concept notes were approved.

The **effectiveness** of each RFP varies (Table 2) and has been affected not only by the project cycle, but also by the lack of incentives and accreditation constraints. The independent Technical Advisory Panel (iTAP) and the Secretariat were not equipped to assess the specific features of the RFPs (although there is more clarity for the REDD+ RBP RFP).

Table 2. RFPs' commitments and disbursements

RFP	% COMMITTED	% OF COMMITTED FUNDS DISBURSED
EDA	15%	42%
MFS	53%	6%
MSME	30%	43%
REDD+ RBP	99%	57%

Source: iPMS data as of March 2021, analysed by the IEU DataLab

The current portfolio of projects selected through RFPs incorporates most of the key features established in their TORs and enhanced the targeting relevant to the GCF mandate, but some gaps remain in achieving the RFPs' objectives.

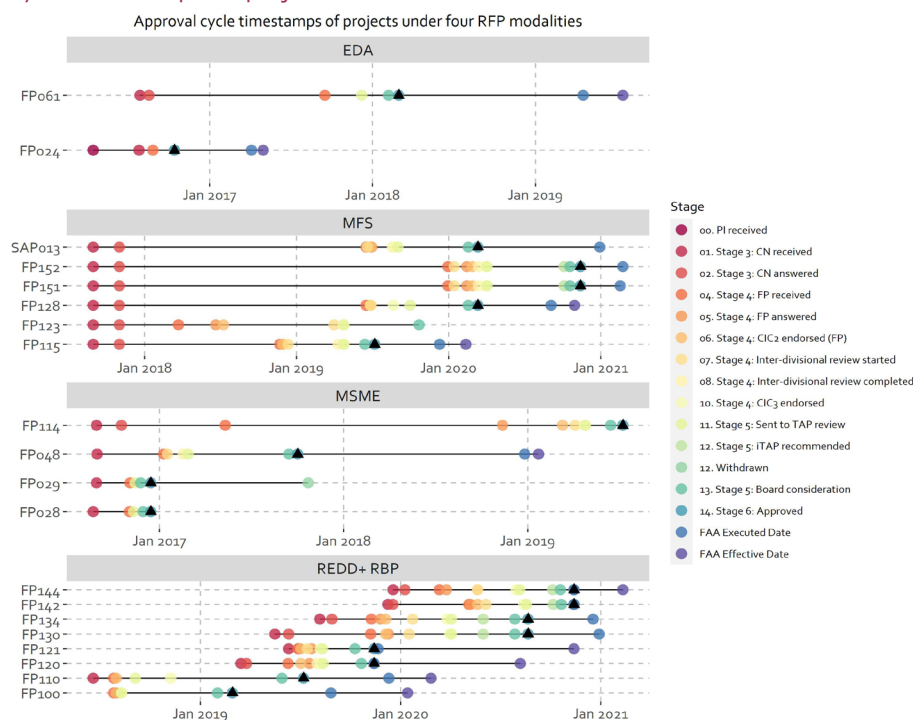
### 3. Value added

**Accessibility of the GCF:** None of the AEs that have projects approved through the RFPs are new to the GCF, and most had been accredited or were already in the GCF's accreditation pipeline. The RFPs did not consider the need for incentives to attract new entities. RFPs have not enabled enhanced access for the small island developing States (SIDS), as only two funding proposals have been approved in the SIDS.

**Country ownership:** This element is acknowledged by two of the GCF RFPs (EDA and REDD+ RBP) but is applied as an investment criterion by *all* RFPs.

**Coherence and complementarity:** The fact that most RFPs follow the same processes as the rest of GCF proposals helps them fit properly into the process, but it does not provide the flexibility that would be required for some RFPs, for example when sub-projects are involved that cannot be defined at the funding proposal stage.

Figure 1. Approval cycle timestamps for projects under four RFP modalities



Source: iPMS data as of March 2021, analysed by the IEU DataLab

Coherence at the national level is adequate, not unlike other GCF projects. Coherence with other initiatives covering similar topics has been mixed.

RFPs do not have specific value added on gender approaches as the requirement is also to comply with the gender policy, like with other GCF projects. Two RFPs (EDA and MSME) that reach local stakeholders directly place a specific emphasis on gender requirements.

#### 4. Lessons from the GCF's RFP experience

Knowledge management and mechanisms for institutional learning from reviews conducted by the Secretariat are not complete, and lessons from these processes are not identified. Through recent evaluations, the IEU has identified potential uses for RFPs in different thematic areas, such as the SIDS and the private sector. There are opportunities to learn from RFPs with respect to design, capacity, predictability, exit strategy, communication, and engagement that could be applicable across the GCF.

### KEY CONCLUSIONS FROM THE ASSESSMENT

1. The RFPs do **not address the shortcomings** of the GCF business model. Their implementation did not succeed at making the GCF more accessible to national entities and the private sector.
2. The RFPs did **not provide an incentive** to

proponents regarding the project cycle or accreditation. They did not provide fast-track options to new entities seeking access to the GCF through an RFP.

3. There is **no RFP modality and mechanism** per se established at the GCF but, rather, there are four individual RFPs. RFPs as a modality or mechanism did not have clear objectives. Neither the Board nor the Secretariat provided guidance on how to undertake them or extract lessons.
4. Although RFP topics were not selected systematically, the **topics of the four RFPs are relevant** to the GCF mandate and to countries' needs. Each selected project is responsive to country ownership, recipient needs, and the GCF mandate and policies. RFPs are a tool for targeted project generation but have not been used effectively.
5. The RFP operations **do not reflect the available good practices**, which hindered the efficiency of the processes.
6. The **(implicit) objective** of RFPs to help fill gaps in the climate financing landscape is **not fully achieved**. There is no clear linkage between the RFPs launched and the portfolio gap analysis conducted during the GCF's Initial Resource Mobilization.

7. The human and financial resources used for developing and implementing RFPs are **insufficient and uneven**, with only a few part-time staff available to support these processes and no central team to coordinate them.
8. The low number of projects approved through RFPs **limits the potential impacts** of the GCF in the RFP-selected areas. Learning opportunities from RFP implementation are limited by the lack of specific knowledge and results management.
9. To date, RFPs have **not achieved significant outcomes** due to the limited size of the current portfolio and early stages of the projects. The achievements of the RFPs will be largely limited to those of each individual project.

## KEY RECOMMENDATIONS

### Process level short-term

1. The GCF should continue to consider RFPs as a tool for targeted project/programme generation and focus investments on specific themes. This would require clear articulation of the purpose and objectives of RFPs as a modality, and a shared understanding of the limitations of the RFP process.
2. The GCF should follow a transparent and strategic approach to identify future RFP topics and themes. Topic selection should follow an evidence-based approach that could include portfolio gap analyses, stakeholder analyses, market analyses, and portfolio performance prediction.
3. The GCF Secretariat should consider designing a standardized RFP process based on universally recognized good practices and a theory of change with well-defined assumptions. The GCF should improve the predictability, transparency, and consistency of the RFPs and their processes, and incentivize the participation of the right actors in the RFPs.

### Modality level medium-term

4. The GCF should consider establishing the RFP as a modality institutionally. When establishing the RFP modality, the GCF Secretariat should prepare

- internal guidance on how to prepare RFPs.
5. The GCF Secretariat should identify an internal structure to centrally coordinate, review, and appraise the design and implementation of RFPs.

### Strategic level long-term

6. The GCF should assess and clarify the purpose and use of RFPs in relation to the business model. This would clarify prevalent assumptions regarding the modality.
7. The GCF should use RFPs to emphasize its convening power in the climate finance space by focusing attention to particular topics and themes as well as emphasizing its complementarity and coherence principles.
8. The RFPs should improve the GCF business model by providing incentives for the project proponents to come forward to participate in and increase the effectiveness of RFP as a modality. Such incentives may include technical support, simplifying the accreditation process, aligning the Secretariat and iTAP reviews, and fast-tracking.

## METHODS

The rapid assessment used a mixed-methods approach to collect and analyze information from multiple sources in a short period of time. Interviews were designed to be inclusive and strategic.

Data collection involved:

- Extensive document review
- A review of past IEU evaluations
- GCF portfolio and pipeline data
- Semi-structured interviews, focus groups, and email communications
- Survey of good practices on RFPs
- An online survey

Data was analyzed using different approaches such as:

- Portfolio analysis
- Triangulation of data from different sources
- Deep dives on each of the RFPs looking at how each RFP was developed and implemented to deliver its expected results

No field visits were undertaken due to the COVID-19 travel restrictions, but several project teams were interviewed extensively.

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