



GREEN
CLIMATE
FUND

Meeting of the Board
28 June – 1 July 2021
Virtual meeting
Provisional agenda item 16(c)

GCF/B.29/08/Add.01

25 June 2021

Management response to the Independent Rapid Assessment of the Green Climate Fund's Request for Proposals Modality

Summary

This document presents the Secretariat management response to the *Independent Rapid Assessment of the Green Climate Fund's Request for Proposals Modality* undertaken by the Independent Evaluation Unit (IEU).

I. Introduction

1. The Secretariat welcomes the Independent Rapid Assessment of the Green Climate Fund's Request for Proposals Modality undertaken by the Independent Evaluation Unit.
2. This rapid assessment report includes several key findings of importance to the development and implementation of RFPs at the GCF and their relation to GCF business model. It finds that the selected topics of the RFPs are relevant to the GCF mandate and the countries' needs. However, it also notes that the first RFPs issued by the Fund did not achieve all their objectives. The objectives or purpose of RFPs and the RFP modality was unclear, project proponents were provided insufficient incentives regarding the project cycle or accreditation, and RFP operations did not fully reflect generally available good practices. The report helpfully groups its recommendations into process level short-term recommendations, modality level medium-term recommendations, and strategic level long-term recommendations.
3. The Secretariat has reviewed the key recommendations in each area and described how they will be addressed. In many cases, the recommendations dovetail with actions already being undertaken by the Secretariat or reinforce the steps being undertaken for updating RFPs under the Updated Strategic Plan for 2020-2023. Process level short-term recommendations will be addressed as part of the updating of existing RFPs planned for consideration at the thirtieth meeting of the Board later this year. The modality level medium-term recommendations can be largely addressed through better coordination within the Secretariat to ensure consistent and transparent information is provided to project proponents and stakeholders. Some of the recommendations, particularly the strategic level long-term recommendations, may require further mandates from the GCF Board. In those cases, the Secretariat stands ready to implement and operationalise the relevant Board decisions.
4. Specific responses to each of the key recommendations in the rapid assessment report are detailed further below.

Recom- mendation #	Recommendation	Response
Process level short-term		
1	<p>Recommendation 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 the RFP, and a shared understanding of the limitations of the RFP process.</p>	<p>Agree.</p> <p>RFPs can be a useful tool to fulfil specific programming objectives, such as generating project ideas and/or catalysing financing from a broader range of partners, undertaking programming with AEs that is not possible through regular channels, or focusing GCF and AEs on underserved high-impact areas of investment. For example, EDA has a specific objective to enhance direct access to GCF funding and country ownership through the devolution of decision-making on the specific projects and programmes to be funded at the national or subnational level through DAEs.</p>
2	<p>Recommendation 2. Regarding the selection of topics for RFPs, the GCF should follow a transparent and strategic approach to identify future topics and themes. Selection of topics for RFPs should be evidence based and have clear linkage with prior analyses. Such analyses could include, among others, a portfolio gap analysis, stakeholder analysis, market analysis and portfolio performance prediction.</p>	<p>Agree.</p> <p>Topics for RFPs issued during the remainder of the GCF-1 period should derive from the Updated Strategic Plan and be supported by one or more quantitative and/or qualitative analyses, such a portfolio gap analysis, stakeholder analysis, market analysis and portfolio performance prediction. A proposed second phase for any existing RFPs will be based on the lessons learned from the initial phase and extensive stakeholder consultations.</p>
3	<p>Recommendation 3. The GCF Secretariat should consider designing a standardised RFP process based on universally recognized good practices and on a theory of change with well-defined assumptions. The RFPs at the GCF should improve their predictability, transparency and consistency as well as incentivize the participation of the right actors.</p>	<p>Partially Agree.</p> <p>RFPs can be a tool for delivering programming toward strategic objectives, but they are not a substitute for a comprehensive project origination, appraisal and implementation. GCF will continue to apply its policies and recognised good practices to all RFP programming. As for the RFPs themselves, each will have its own theory of change that may require fit-for-purpose templates or guidelines to</p>

		increase predictability and transparency. For example, the REDD+ results-based payments RFP uses a customised funding proposal template, and the Secretariat has released EDA Guidelines to guide DAEs through the typical elements characterized requested by the EDA TOR.
Modality level medium-term		
4	Recommendation 4. The GCF should consider institutionally establishing the RFP as a modality. When establishing the RFP modality, the GCF Secretariat should prepare internal guidance on how to prepare RFPs.	Partially Agree. The Secretariat has taken steps to prepare internal guidance on the preparation of RFPs through update to the Operations Manual in 2020. Existing RFPs and proposed updates are being assessed and coordinated through a common interdivisional framework within the Secretariat to promote consistency, while recognising that each RFP has its own requirements. Beyond this, it is unclear what value would be added by formally establishing an RFP modality, and such an effort could distract from efforts to refine and improve the RFPs themselves.
5	Recommendation 5. The GCF Secretariat should identify an internal structure to centrally coordinate, review and appraise the design and implementation of RFPs.	Partially Agree. As described above, existing RFPs and proposed updates are being assessed and coordinated through a common interdivisional framework. However, because each RFP has specific technical needs, it is important for the leadership of each RFP to remain within the division in which the technical expertise resides. Additional support can be provided by centralised units within the Secretariat, such as Procurement, or externally recruited consultants as needed.
Strategic level long-term		
6	Recommendation 6. The GCF should assess and clarify the purpose and use of RFP in relation to the business model. This would clarify prevalent assumptions regarding the modality.	Agree. The Secretariat has taken initial steps to clarify the purpose and use of RFPs within the GCF business model through the publication of the Programming

		Manual and guidelines for specific RFPs. When RFPs are presented to the Board for consideration at upcoming meetings, the Secretariat will focus on ensuring each RFP includes a clear statement of its purpose and use within the GCF portfolio.
7	Recommendation 7. The GCF should use RFPs to emphasize its convening power in the climate change finance space by focusing attention to particular topics and themes as well as emphasizing its complementarity and coherence principles.	Agree. RFPs can enable the GCF to actively target resources in areas of strategic importance and provide signals in the climate finance landscape, including in areas where the GCF is looking to build on experiences from other institutions.
8	Recommendation 8. The RFPs should improve the GCF business model to provide incentives for the 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 reviews, and fast-tracking.	Agree. For any new or updated RFPs, the Secretariat will review processes and procedures within its authority with an aim to improve efficiency and incentivise participation in RFPs. The Secretariat stands ready to be guided by the Board on any changes to the GCF business model that could impact the implementation of RFPs, such as project-specific accreditation.
