

# GREEN CLIMATE FUND

## PRIVATE SECTOR FACILITY

### Request for proposals for mobilizing funds at scale

#### I. Introduction

1. At its tenth meeting, the Board established a pilot programme to mobilize resources at scale (hereinafter referred to as the programme) in order to address adaptation and mitigation.
2. The Board allocated up to USD 500 million for the programme over the course of the initial resource mobilization period. This request for proposals (RFP) seeks to identify a minimum of three high-impact projects and programmes that mobilize private sector investment in climate change activity at scale.

#### II. Scope and focus of the assignment

3. The GCF invites existing and potential accredited entities to propose projects and programmes that deploy private sector investment in support of mitigation and adaptation activity in developing countries. Proposals should be consistent with the investment criteria of the GCF and be in accordance with the GCF mandate to mobilize funding at scale towards developing countries and to contribute to the paradigm shift towards low-emission and climate-resilient development.
4. Proposals should be submitted through a GCF accredited entity or directly to the GCF Private Sector Facility at <privatesector@gcfund.org>. Submissions will be in the form of a concept note<sup>1</sup>. Concept notes<sup>1</sup> submitted will receive feedback from the Secretariat, and those with the highest score will be invited to develop a fully fledged funding proposal.
5. Proposals should meet the criteria and standards listed below (section 2.1) in addition to meeting the six investment criteria of the GCF. Concept notes that do not fit within one or more of the eight strategic impact areas, as outlined in the funding proposal document, will not be selected, regardless of their impact criteria score.
6. Time frame and closing date: the deadline for receipt of concept notes will be 30 August 2017.

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<sup>1</sup> Concept Note templates and additional information about the proposal approval process can be found on the GCF website at: <http://www.greenclimate.fund/funding/proposal-approval/fine-print>

## 2.1 The programme

7. The GCF aims to mobilize private sector investment at scale in activities that are central to country climate objectives. The RFP is open to programmes designed to crowd in private sector investment that fits within national climate priorities for the given geography, and within the GCF eight impact areas (contained in annex I to this document). GCF support can include loans, equity, guarantees and grants.

8. Grants can be deployed in support of technical support, training, gender equity opportunities, capacity building and regulatory framework development. Grant amounts that exceed 5% of GCF's total contribution to the project, should be in accordance with the interim risk and investment guidelines for the private sector (Annex IX in document B.13/32/Rev.02), which state that a more than 5% grant may be "appropriate in such cases as small size projects or transformative private sector projects which have large non-revenue generating components, particularly in SIDS's/LDC's/Africa" and "innovative high impact use of grants beyond technical assistance and capacity building on a case-by-case basis is encouraged, but must always be properly justified and focused on mobilizing additional private sector investment".

9. Proposals submitted in response to the RFP should give evidence that the request for GCF support entails the minimum concession required to render the project feasible. Proposals should articulate how concession from the GCF will be passed to end beneficiaries of the project/programme. It should also state how GCF participation in this project will result in a sustainable outcome over the long term.

10. Proposals will be evaluated for their ability to crowd in the private sector as well as on their ability to create a lasting impact on national/regional climate change and development objectives.

11. Proposals must demonstrate in their concept note that they will meet the following programme standards:

(a) Appropriate activity:

- (i) The activity proposed in the programme must first and foremost fit the needs and stated priorities of the country/countries in which it will be undertaken;
- (ii) The activity must fall within the eight strategic impact areas of the GCF (see annex I to this document); and
- (iii) The activity must mobilize private sector investment as an element of the programme itself, and the GCF contribution should not be restricted to preparation for future private sector investment;

(b) Programme design:

- (i) A detailed strategy, backed by industry and market research that outlines the rationale for the targeted activity and the project's viability;
- (ii) The project/programme's ability to implement the proposed activities and deliver results in a timely manner;
- (iii) Consultation with local stakeholders, including civil society organizations, non-governmental organizations, and local government and private sector actors; and
- (iv) A theory of change, articulating how the impact of the programme will move the participating countries towards their climate change goals;

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- (c) Implementing entity readiness:
- (i) Implementing entities can be accredited with the GCF, work in partnership with entities accredited with the GCF or those intending to apply for accreditation. For those that intend to apply for accreditation, their current portfolio of work should reflect alignment with GCF policies and standards. The type of accreditation, either existing or sought, must be suitable for the undertaking of the proposed activity. If the activity proposed exceeds the level of current accreditation, the entity can include an application to increase its accreditation accordingly;
  - (ii) The implementing entity must demonstrate an existing relationship with local private sector institutions with which it will be working and provide a track record for its activities in the targeted area; and
  - (iii) The implementing entity must show evidence of successful ability to use a range of financial instruments, and a track record demonstrating their work in the proposed area of activity;
- (d) Leverage:
- (i) For every USD 1 of GCF contribution, maximize the private sector investment;
  - (ii) For every USD 1 of public and/or non-profit contribution, maximize the private sector investment; and
- (e) Minimum concessionality:
- (i) Demonstrate that the request for GCF support entails the effective use of concessionality and has considered the extent to which concessionality will flow to the end beneficiaries.
12. Proposals should also articulate how they meet the following RFP impact criteria:
- (a) Regulatory reform or development: will the programme prompt a positive change in the market or regulatory environment that will enable future investment in climate activity?
  - (b) Institutional capacity-building: will the programme develop institutional capacity in local markets for further investment in climate activity?
  - (c) Innovation:
    - (i) Will the programme encourage innovative climate solutions?
    - (ii) Will the programme include new financial products and services?
  - (d) Replicability and sustainability: can this or a similar programme be replicated in the future, or continue beyond the investment period, without GCF participation?
  - (e) Crowding in new investors: does the programme attract first-time investors to climate activity or to the country?
  - (f) Overcoming barriers to entry: is the programme located in vulnerable countries, including the least developed countries and small island developing States?
  - (g) Social impact:
    - (i) Does the programme result in significant benefits to the bottom of the pyramid?
    - (ii) Does the program have a positive social impact, including gender considerations?

- (h) Efficiency of investment:
- (i) For mitigation, state the expected tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq) to be reduced or avoided for every USD 1 of GCF contribution;
  - (ii) For adaptation, state the expected total number of direct and indirect beneficiaries, disaggregated by gender, for every USD 1 of GCF contribution; and
  - (iii) Fees associated with the programme are in line with GCF's commitment to minimum concessionality.
13. Proposals that do not adequately meet the six investment criteria of the GCF, as outlined in the concept note document, will not be supported, regardless of the strength of their RFP impact criteria.
14. Each criterion will be given a score. All proposals will be assessed based on their total combined score out of 100, with up to 60 points allocated for programme standards, and 40 points for impact criteria. A minimum of three proposals with a score of 70 points or more will be selected for development into full funding proposals.
15. Proposals received through the RFP process will be subject to the screening standards and processes used in evaluating all concept notes and funding proposals.

## 2.2 Eligible entities

16. The GCF is seeking proposals from existing accredited entities, qualified executing entities working in partnership with an accredited entity and other organizations that intend to apply for GCF accreditation<sup>2</sup>. Proponents should be able to demonstrate:
- (a) A track record of successfully mobilizing private sector investment;
  - (b) The ability to meet the GCF fiscal, environmental, social and reporting standards;
  - (c) The ability to monitor results; and
  - (d) The ability to use GCF resources to create a significant climate impact.
17. As the GCF requires that its resources be channelled through accredited entities, respondents to this RFP must either become accredited in due course by the GCF or work through an accredited entity. Funding cannot be disbursed prior to accreditation.
18. Proposals from direct access and national/local entities with an established track record will be considered favourably.

## III. Monitoring and progress controls, including reporting requirements

19. Entities are required to monitor the implementation of the programme in line with the GCF results management framework.

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<sup>2</sup> Information on existing accredited entities and on the process of accreditation can be found on the GCF website at: <http://www.greenclimate.fund/partners/accredited-entities/ae-composition>

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## Annex I: GCF strategic impact areas and investment criteria

### I. The GCF eight strategic impact areas

1. The GCF aims to have an impact within eight strategic results areas, half of which are related to mitigation and half to adaptation impacts.
2. The strategic mitigation impacts of the GCF are to reduce emissions from:
  - (a) Energy generation and access;
  - (b) Transport;
  - (c) Buildings, cities, industries and appliances; and
  - (d) Forests and land use.
3. The strategic adaptation impacts of the GCF are to increase the resilience of:
  - (a) Health, food and water security;
  - (b) Livelihoods of people and communities;
  - (c) Ecosystems and ecosystem services; and
  - (d) Infrastructure and the built environment.
4. More information can be found in the initial results management framework of the GCF<sup>3</sup>.

### II. The GCF investment guidelines

5. The GCF evaluates proposed activity against six investment criteria, as follows:
  - (a) Impact potential;
  - (b) Paradigm shift potential;
  - (c) Needs of the beneficiary country/alternative funding sources;
  - (d) Country ownership and institutional capacity;
  - (e) Economic efficiency;
  - (f) Financial viability (for revenue generating activities).
6. More information can be found in the investment framework of the GCF.

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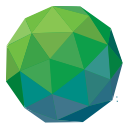
<sup>3</sup> The investment framework and initial results management framework is available on the GCF website at: <http://www.greenclimate.fund/funding/proposal-approval/fine-print>

## Annex II: Request for proposal evaluation scorecard

Project/Programme Standards Criteria (60%)	Evaluation	Score
<p><b>Appropriate activity (Pass/Fail)</b></p> <p>(i) The activity proposed in the programme must first and foremost fit the needs and states priorities of the country/countries in which it will be undertaken;</p> <p>(ii) The activity must fall within the eight strategic impact areas of the Green Climate Fund (see Annex III); and</p> <p>(iii) The activity must mobilize private sector investment as an element of the programme itself, and the GCF contribution should not be restricted to preparation for future private sector investment</p>	Pass/Fail	Pass/Fail
<p><b>Programme design (20%)</b></p> <p>(i) A detailed strategy, backed by industry and market research, which outlines the rationale for the targeted activity and the project's viability;</p> <p>(ii) The project/programme's ability to implement the proposed activities and deliver results in a timely manner;</p> <p>(iii) Consultation with local stakeholders including civil society organizations, NGOs, and local government and private sector actors; and</p> <p>(iv) A theory of change, articulating how the impact of the programme will move the participating countries toward their climate change goals.</p>	Score (1= min; 20=max)	/20
<p><b>Implementing entity readiness (10%)</b></p> <p>(i) Implementing entities can be accredited with the GCF, work in partnership with entities accredited with the GCF, or intend to apply for accreditation. For those that intend to apply for accreditation, their current portfolio of work should reflect alignment with GCF policies and standards;</p> <p>(ii) The implementing entity must demonstrate an existing relationship with local private sector institutions with which it will be working and provide a track record for its activities in the targeted area; and</p> <p>(iii) The implementing entity must show evidence of successful ability to use a range of financial instruments, and a track record demonstrating their work in the proposed area of activity.</p>	Score (1= min; 10=max)	/10
<p><b>Leverage (20%)</b></p> <p>(i) For every USD 1 of GCF contribution, maximize the private sector investment; and</p> <p>(ii) For every USD 1 of public and/or non-profit contribution, maximize the private sector investment.</p>	Score (1=min; 20=max)	/20
<p><b>Minimum concessionality (10%)</b></p> <p>(i) Demonstrate that the request for GCF support entails the effective use of concessionality, and has considered the extent to which concessionality will flow to the end beneficiaries.</p>	Score (1=min; 10=max)	/10
<p><b>Total Programme Standards Score</b></p>		/60

<b>Impact Criteria (40%)</b>	<b>Evaluation</b>	<b>Score</b>
<b>Regulatory reform or development (5%)</b> (i) Will the programme prompt a positive change in the market or regulatory environment that will enable future investment into climate activity?	Score (1=min; 5=max)	/5
<b>Institutional capacity building (5%)</b> (i) Will the programme develop institutional capacity in local markets for further investments in climate activity?	Score (1=min; 5=max)	/5
<b>Innovation (5%)</b> (i) Will the programme encourage innovative climate solutions? (ii) Will the programme include new financial products and services?	Score (1=min; 5=max)	/5
<b>Replicability and sustainability (5%)</b> (i) Can this or a similar programme be replicated in the future, or continue beyond the investment period, without GCF participation?	Score (1=min; 5=max)	/5
<b>Crowding in new investors (5%)</b> (i) Does the programme attract first-time investors to climate activity or to the country?	Score (1=min; 5=max)	/5
<b>Overcoming barriers to entry (5%)</b> (i) Is the programme located in vulnerable countries, including LDCs and SIDS?	Score (1=min; 5=max)	/5
<b>Social impact (5%)</b> (i) Does the programme result in significant benefits to the bottom of the pyramid? (ii) Does the program have a positive social impact, including gender considerations?	Score (1=min; 5=max)	/5
<b>Efficiency of investment (5%)</b> (i) For mitigation, state the expected tonnes of carbon dioxide equivalent (t CO <sub>2</sub> eq) to be reduced or avoided for every USD 1 of GCF contribution; and (ii) For adaptation, state the expected total number of direct and indirect beneficiaries, disaggregated by gender, for every USD 1 of GCF contribution. (iii) Fees associated with the programme are in line with GCF's commitment to minimum concessionality.	Score (1=min; 5=max)	/5
<b>Total Impact Criteria Score</b>		/40

<b>Total Score</b>	<b>Evaluation</b>	<b>Score</b>
<b>Appropriate Activity</b>		Pass/Fail
<b>Programme Standards Score</b>		/60
<b>Impact Criteria Score</b>		/40
<b>Total Score</b>		/100



## Notes