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# Applying Scale in the Assessment of Funding Proposals

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**GCF/B.10/04**

8 July 2015

**Meeting of the Board**

6-9 July 2015

Songdo, Republic of Korea

Agenda item 29

## **Recommended action by the Board**

It is recommended that the Board:

- (a) Take note of the information presented in document GCF/B.10/04 *Applying Scale in the Assessment of Funding Proposals*; and
- (b) Adopt the draft decision presented in the Annex to this document

# Applying Scale in the Assessment of Funding Proposals

## I. Introduction

1. At its ninth meeting, the Board decided to use a scale of low/medium/high in order to assess the relative expected performance of a subset of projects and programmes based on the initial investment criteria as reflected in decision B.09/05, paragraph (f). The Investment Committee was requested, with the support of the Secretariat, to discuss and recommend to the Board to which subset of funding proposals the scaling pilot would apply.
2. After three virtual meetings, the Committee met several times preceding and during the tenth meeting of the Board to discuss this matter further.
3. The Committee noted decision B.09/05, paragraph (f), in which the Board:

*“Decides to use a scale of low/medium/high in order to assess the relative expected performance of a subset of projects and programmes based on the initial investment criteria. The Investment Committee will recommend to the Board to which subset of proposals this will apply. In the event that the Board is unable to agree on an appropriate subset of proposals by its tenth meeting, the scaling pilot will automatically apply to all medium and large projects.”*
4. The following section presents a summary of the Committee’s discussions and suggested options with respect to which subset of proposals should be subject to the scaling pilot.

## II. General principles

5. The Committee has discussed the following principles with regard to designing and implementing the scaling pilot:
  - (a) The scaling pilot should be simple and practical, with due consideration being given to the capacity constraints of accredited entities and the Secretariat; and
  - (b) The scaling pilot is an exercise by which to discern whether a scaling approach results in quicker and more effective decisions compared to a non-scaling approach. It also aims to help to determine the form of scaling that is most appropriate for project and programme proposals.

## III. Approaches to defining project size

6. The Committee discussed two approaches for defining the project size, as decision B.09/05 does not provide a definition.

### 3.1 Approach 1: Total project size

7. This approach uses total project size in defining micro, small, medium and large proposals. Micro proposals would have a total size of up to and including US\$ 10 million; small proposals would have a total size of above US\$ 10 million and up to and including US\$ 50 million; medium proposals would have a total size of above US\$ 50 million and up to and including US\$ 250 million; and large proposals would have a total size of above US\$ 250 million. This approach is consistent with the definition used in the decision adopted on the accreditation framework (Annex I to document B.08/45).

### 3.2 Approach 2: GCF funding amount

8. This approach uses the GCF funding amount in defining micro, small, medium and large proposals. As there is no previously agreed definition of size in relation to GCF funding amount, the same size thresholds are applied. Micro proposals have a GCF funding amount of up to and including US\$ 10 million; small proposals have a GCF funding amount of above US\$ 10 million and up to and including US\$ 50 million; medium proposals have a GCF funding amount of above US\$ 50 million and up to and including US\$ 250 million; and large proposals have a GCF funding amount of above US\$ 250 million.

## IV. Options for selecting the subset of proposals for the pilot

9. The Committee discussed the following options for determining the subset of proposals to be subject to the scaling pilot:

### 4.1 Option 1: Total project size above US\$ 50 million

10. This option follows *Approach 1: Total proposal size*. Under this option, the scaling pilot would apply to all proposals with a total project size of above US\$ 50 million.

	Total project size			
	Micro	Small	Medium	Large
Scaling pilot	No	No	Yes	Yes

### 4.2 Option 2: GCF funding amount above US\$ 50 million

11. This option follows *Approach 2: GCF funding amount*. Under this option, the scaling pilot would apply to all proposals with requested GCF funding above US\$ 50 million.

	GCF funding amount			
	Micro	Small	Medium	Large
Scaling pilot	No	No	Yes	Yes

### 4.3 Option 3: Including a portion of small-sized proposals in the scaling pilot

12. In addition to all medium and large proposals, the scaling pilot would also apply to a portion of small proposals.

#### 4.3.1 Option 3a: Including small-sized proposals from international access entities in the scaling pilot

13. Under this option, all small-sized proposals coming from international access entities would be subject to the scaling pilot while small-sized proposals from direct access entities would not.

	Total project size / GCF funding amount			
	Micro	Small	Medium	Large
Scaling pilot	No	International Access only	Yes	Yes

4.3.2 **Option 3b: Including one-third of small-sized proposals to be selected at random**

14. Under this option, one-third of the small-sized proposals would be subject to the scaling pilot. Random sampling would be applied to select the proposals which would undergo the scaling pilot.

	Total project size / GCF funding amount			
	Micro	Small	Medium	Large
Scaling pilot	No	1/3	Yes	Yes

4.4 **Option 4: Including half of proposals within some categories of project size in the scaling pilot**

4.4.1 **Option 4a: Including half of the proposals for each category of project size in the scaling pilot**

15. Under this option, half of the proposals within each category of micro, small, medium and large would undergo scaling and the other half would not. Random sampling would be applied in order to select the half which would undergo the scaling pilot.

	Total project size / GCF funding amount			
	Micro	Small	Medium	Large
Scaling pilot	1/2	1/2	1/2	1/2

4.4.2 **Option 4b: Including half of the medium and large proposals in the scaling pilot**

16. Under this option, half of the proposals within the medium and large categories would undergo the scaling pilot and half would not. Micro and small projects would not undergo the scaling pilot. Random sampling would be applied to select the half which would undergo the scaling pilot.

	Total project size / GCF funding amount			
	Micro	Small	Medium	Large
Scaling pilot	No	No	1/2	1/2

**V. Other considerations:**

17. The Committee has also discussed the following matters:
- (a) The scaling pilot could apply either equally to mitigation and adaptation projects OR to more mitigation proposals and fewer adaptation proposals;
  - (b) To monitor the effectiveness of the scaling pilot, mitigation proposals should only be compared with mitigation proposals, and the same should apply in the case of adaptation proposals; and
  - (c) The scaling pilot should be reviewed on an annual basis by the Secretariat. After each review, the Secretariat will communicate its findings to the Investment Committee and to the Board.

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## Annex: Draft decision of the Board

The Board, having reviewed document GCF/B.10/04 *Applying Scale in the Assessment of Funding Proposals*:

- (a) Decides that in applying the scaling pilot, the project size is defined as:
    - (i) Micro proposals: up to and including US\$ 10 million in [total project size / GCF funding amount];
    - (ii) Small proposals: above US\$ 10 million and up to and including US\$ 50 million in [total project size / GCF funding amount];
    - (iii) Medium proposals: above US\$ 50 million and up to and including US\$ 250 million in [total project size / GCF funding amount]; and
    - (iv) Large proposals: above US\$ 250 million in [total project size / GCF funding amount];
  - (b) Also decides that the scaling pilot will apply to [Option 1 / 2 / 3a / 3b / 4a / 4b].
  - (c) Requests the Secretariat to review the scaling pilot on an annual basis and to communicate its findings to the Investment Committee and to the Board.
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