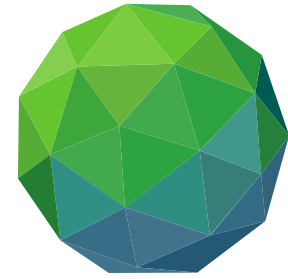


# ADAPTIVE MANAGEMENT FOR GCF INVESTMENTS IN THE CARIBBEAN



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Ms. Lilian Macharia

Director, Division of Portfolio Management

19 May 2022

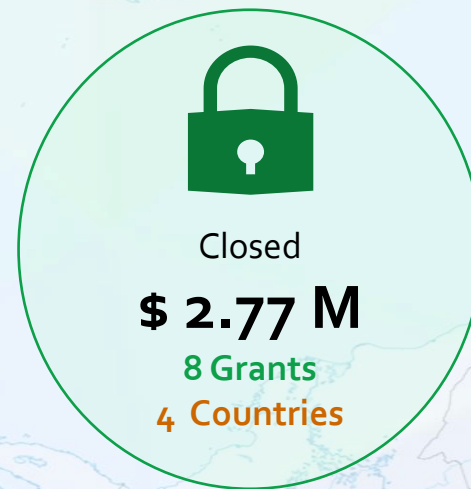
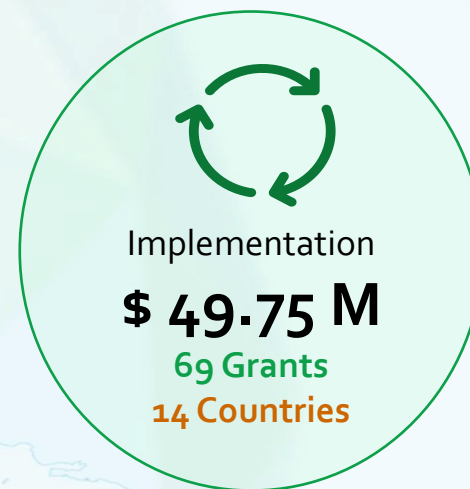


At the conclusion of this session, participants will:

- Have increased awareness of the current portfolio under implementation in the Caribbean, including key challenges faced by Delivery Partners/ Accredited Entities
- Gain familiarity on the GCF's Adaptive Management process for Delivery Partners/ Accredited Entities when implementing GCF investments
- Exchange best practices and experiences, including lessons learned from implementation of GCF investments in the Caribbean



# CARIBBEAN PORTFOLIO TRENDS AND KEY STATISTICS (READINESS & PPF)





# KEY CHALLENGES



## Design

- Setting realistic implementation schedules/ grant duration
- Developing budget plans aligned with market values
- Processing time from design & approval to implementation start

## Implementation

- Delays in receipt of first disbursement
- Delays in procurement/ quality of bids – relaunch of tenders
- Turnover of project personnel and/or changes to authorized representatives under grant agreements
- Coordination with the NDA
- Pre-financing of final disbursements – conditioned on submission of CR and audit report

## External Factors

- Availability of qualified experts
- Change in national context / political environment
- COVID-19
- Natural disasters

# WHAT'S ON OFFER?



ADPATIVE MANAGEMENT OPTION	REQUIREMENTS	TIMEFRAME	KEY STATS
1. <b>No-cost Extension</b>	<p>A written request must be submitted using the relevant templates (provided by the Fund), including:</p> <ul style="list-style-type: none"> <li>○ A revised project implementation plan</li> <li>○ A revised project budget (if appl.)</li> <li>○ A revised procurement plan (if appl.)</li> </ul>	As soon as possible and at least <b><u>60 days prior to grant expiration</u></b>	<ul style="list-style-type: none"> <li>• <b>43 extended grants</b> i.e. 47% of the portfolio</li> <li>• <b>66 no-cost extensions</b> approved</li> <li>• average duration of extended grants is <b>9 months for readiness (non-NAPs) 20 months for NAPs and 10 months for PPFs</b></li> </ul>
1. <b>Restructuring of logframes</b>	The grant recipient must submit an official signed written request by providing a comparison between the original and requested revisions to the outcomes, outputs and activities with corresponding budget modification, together with a justification for the proposed changes	As soon as possible and at least <b><u>60 days prior to grant expiration</u></b>	<ul style="list-style-type: none"> <li>• <b>9 restructuring</b> requests approved</li> </ul>

# WHAT'S ON OFFER?



ADAPTIVE MANAGEMENT OPTION	REQUIREMENTS	TIMEFRAME	KEY STATS
<b>3. Budget Reallocation</b>  Possible events triggering the need for a budget revision: <ul style="list-style-type: none"> <li>○ Unplanned/unsolicited activities and budget</li> <li>○ Approved budget plan misaligned with market values</li> <li>○ Use of contingency</li> </ul>	Any reallocation of approved budget among the cost categories resulting in a variation of more than 20% must seek prior approval from the GCF Secretariat/UNOPS in writing.  This method may not be used to increase the project management costs.	As soon as possible and at least <b><u>60 days prior to grant expiration</u></b>	<ul style="list-style-type: none"> <li>• <b>21 budget reallocation</b> requests approved</li> </ul>
<b>4. Cancellation</b>	A written request must be submitted along with a justification for cancellation of the grant.	As soon as possible	<ul style="list-style-type: none"> <li>• <b>1 cancellation request</b> approved</li> </ul>

# KEY GCF OBSERVATIONS (RPSP/PPF)

- Increasing **volume** and **frequency** of amendment requests
- Amendment requests should be submitted for **extra-ordinary circumstances** supported by **robust justifications**
- **Delayed submission** of amendment requests beyond grant expiration date, and/or < 60 days prior
- Variance in the **quality** of amendment requests
- Requests for **retroactive approvals** for unauthorized changes
- Weak **responsiveness** of some DPs/NDAs in reconciling issues within a reasonable timeframe
- Applying **proactive measures** during design/implementation can minimize the issuance of adaptive management requests

## PROACTIVE MEASURES

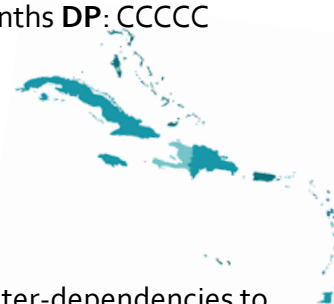
- Project Management principles
- Financial Management (use of budget and flexibility)
- Risk Management
- Stakeholder analysis including communication protocol
- Apply RPSP Guidelines, GCF Policies and Procedures

# EXAMPLES OF ADAPTIVE MANAGEMENT



## LAC-RS-001 (Regional Readiness Grant)

**Approved:** 20 December 2018 → **Approved duration:** 36 months **DP:** CCCCC



### No-cost Extensions: 2

**NCE-1** Covid-19 blanket extension (6 months)

**NCE-2** (6 months) – extended term until 31 December 2022

Underestimation of the level of effort required and inter-dependencies to complete specific activities

### Budget Reallocations: 3

**BR-1:** approved 7 Jan 2021

- Virtual engagements due to COVID-19
- Underestimation of data gathering and storage costs

**BR-2:** approved 15 October 2021

- Underestimation of costs for the design, construction, installation and commissioning of the Management Information System that the CCCCC requires.

**BR-3:** approved 7 March 2022

- Additional resources needed to retain the services of consultants to complete remaining activities as per the extended grant term.

## KNA-RS-003 (Single country Grant)

**Approved:** 20 December 2020

**Approved duration:** 24 months

**DP:** CCCCC



### Budget Reallocations: 1

**BR-1:** approved 7 March 2022

- Use of cost savings from workshops/trainings due to COVID-19 restrictions to support an additional entity with pre-accreditation TA

### Modification of planned activities (logframe restructuring): 1

**Restructuring:** approved 7 March 2022

Due to duplication of activities already financed by another donor, the output had to be revised based on current priorities



# LESSONS LEARNT (READINESS & PPF)



Greater uptake of guidance provided to DPs during reporting cycles can improve overall quality and efficiency in approval processes



Responsiveness of DPs in addressing technical feedback is critical to avoid project delays



Adaptive management requests should be pursued only for extra-ordinary circumstances and supported by robust justifications



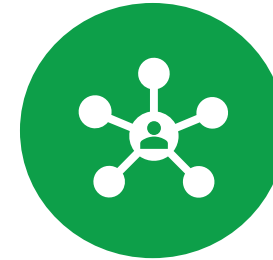
Clear and consistent guidance is needed to improve monitoring and reporting performance



Provision of benchmarks to guide realistic implementation planning and mitigate delays



Effective communication between DPs and NDAs for successful stakeholder management



Close coordination between the DPs and governments to reduce project disruptions during political transitions and other risks

# GCF'S STRATEGIC RESPONSE

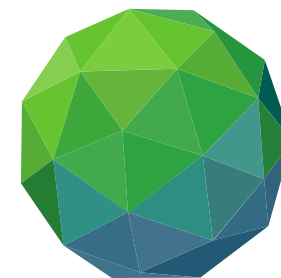


## Short-term

- ✓ Strengthen relationship management (e.g., thematic webinars; quarterly engagement check-ins, structured dialogues) with partners
- ✓ Monitor portfolio results delivery against RRMF to measure RPSP impact
- ✓ Upgrade from manual to online monitoring - Operationalization of Portfolio Performance Management System (PPMS)
- ✓ Preparation of knowledge products (lessons learnt/best practices - case studies; factsheets etc.)
- ✓ Updating Readiness Guidebook
- ✓ RPSP process redesign and simplification of templates

## Medium-term

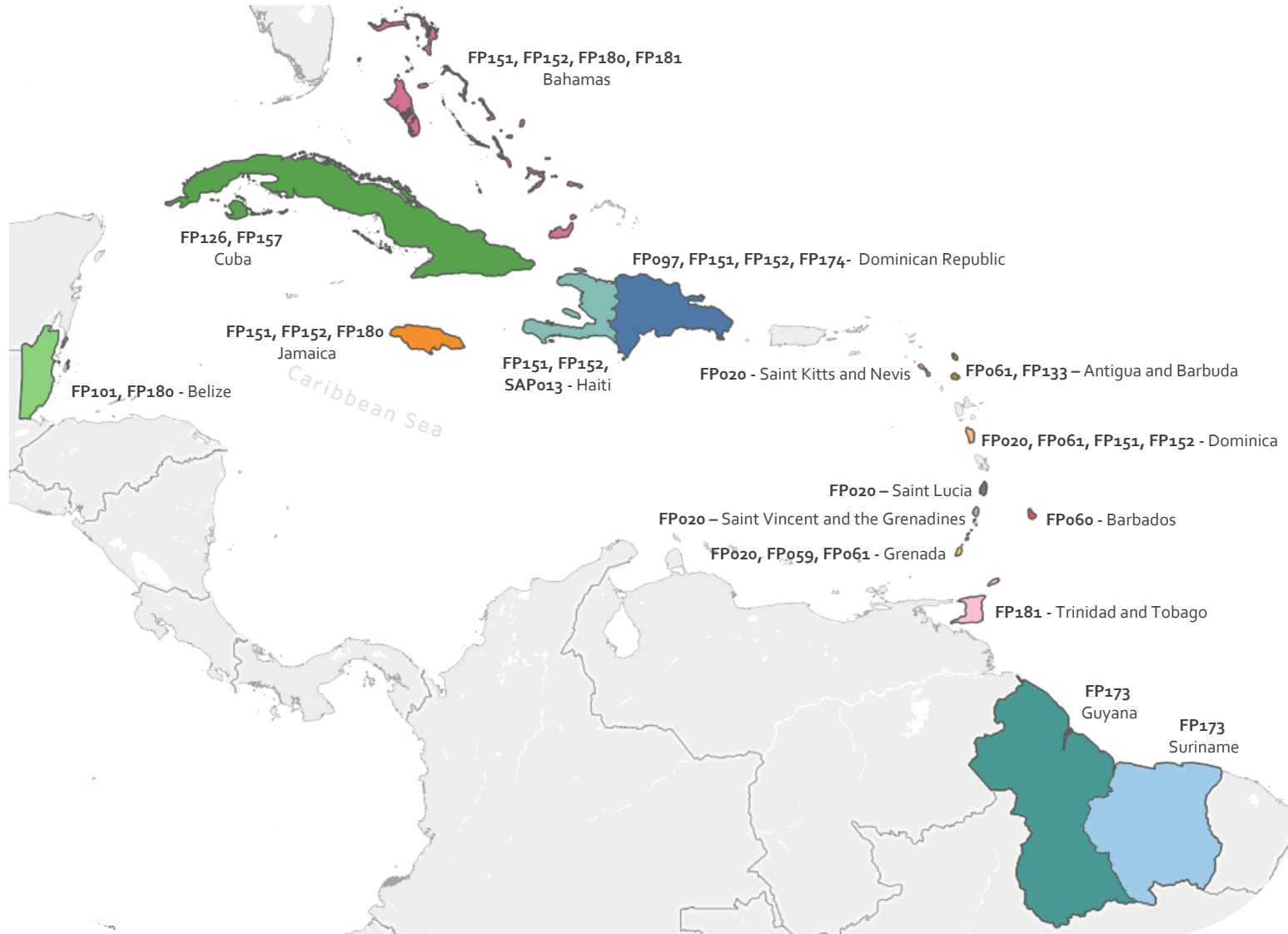
- ✓ Develop standardized approach for the review of reports/requests to ensure consistency
- ✓ Establish internal cost benchmarks for key outputs to inform origination and realistic planning
- ✓ Set realistic service standards for business processes e.g., adaptive management
- ✓ Develop a standard methodology for DP Performance Review



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## FUNDED ACTIVITIES

# CARIBBEAN PORTFOLIO (FUNDED ACTIVITIES)



16 Funded Activities approved

- 12 under implementation
- 4 FAAs unsigned or not effective

C. USD 1 billion approved to projects in the Caribbean

C. USD 146 million disbursed as of May 2022

Most approved projects are multi-country (9)

# IMPLEMENTATION PROGRESS & CHALLENGES



Based on their implementation progress, most of the projects in the Caribbean can be classified into 2 categories<sup>1</sup>



## Projects (6) with activities in the preliminary stages:

- FAAs became effective between 2021-2022 and/or recently received 1<sup>st</sup> disbursement
  - FP151 – IUCN
  - FP152 – PCA
  - FP157 – UNDP
  - FP181 - PCA
- Inception workshops recently conducted, or inception reports recently received
  - FP097 – CABI
  - FP133 – DOE\_ATG



## Projects (4) with significant challenges that have delayed implementation:

- FP020, FP060, FP061, FP101
  - COVID-19
  - Supply chain challenges
  - Lack of contingency budget
  - Capacity limitations in some project countries
  - New governments in project countries
  - Need for ministerial or cabinet approvals for some project PMU staff or procurement

<sup>1</sup> FP059 – GIZ & FP126 – FAO are the only projects that reported to be on track



# IMPLEMENTATION CHALLENGES



- **The most common challenge:** delays in procurement due to COVID-19 pandemic and other country-related factors
  - Travel costs escalations
  - Slow imports and shipping delays due to COVID-19 restrictions
  - Delays in procurement of equipment and services from abroad to the Caribbean
  - Delays in recruitment of staff due to lengthy approval and procurement processes that lead to relaunching of procurement process
  - Delays in procurement due to lack of technical/qualified professionals within the region
  - Failed procurement processes due to costly bids beyond planned budget
  - New governments elected leading to the rehiring of professionals and lack of understanding of project and GCF requirements
- Reported for **FPo60, FPo61, and FP101**

# ACTIONS BY THE SECRETARIAT



## Where are we?

Currently, the Secretariat is reviewing reports such as Annual Performance Reports (APRs), Interim Evaluation Reports, Inception Reports, etc., to assess the risks and challenges reported by the Accredited Entities



## Our goals

- Proactively identify the projects that might/will submit adaptive management requests (no-cost extensions, budget reallocations, restructuring proposals)
- The analysis extracted from the reports will also be of support for the content and development of webinars by the Secretariat as well as foment dialogue between GCF and the Accredited Entities

# Key Messages

- In a dynamic operating context, deviations from the original plan are to be expected
- In monitoring implementation, GCF needs to exercise due diligence
- Flexibility during implementation is critical given unique circumstances faced by Caribbean SIDS
- ICT improvements can boost efficiency, transparency and effectiveness in portfolio management
- GCF is a partnership organization and strive to propose workable solutions for implementation performance