

## MCC Lessons drawn from the findings of the Green Prosperity Facility Evaluation (May 2018)

### Programmatic:

- The GPF evaluation highlighted the start-up and implementation delays experienced by the GP Project and how that hindered its ability to meet its process and output targets. This finding raises various lessons for future grant-making facilities being considered by MCC:
  - **Focus.** The broad scope of GP was one of many factors that caused continual delays in launching the grant-making facility. MCC has therefore learned that facilities need to be focused, in terms of objective, scope/size, and strategy, in order to be viable. Focus is also critical to helping the project team develop a targeted engagement strategy with government and private sector counterparts who can support the success of the facility over its lifetime. This focus needs to be determined and agreed to during compact development, and key, non-negotiable features should be documented in the Compact and/or Program Implementation Agreement. In addition, an approved operations manual should be produced no later than EIF and ideally as a CP to EIF. This way, the pre-EIF and implementation periods can be dedicated to launching the facility and implementing grants. *Response:* MCC has already begun applying this lesson to facilities designed after GP, like in Benin II, which target one sector/subsector.
  - **Standardize and Streamline.** The lack of standardized processes and templates greatly delayed the ability to start GP grant proposal intake, evaluation, and due diligence, and grantees were often confused by conflicting and ad hoc guidance during both the solicitation and implementation (post-grant award) phases. Furthermore, lack of effective project management structure and systems further delayed and challenged development and implementation of processes, once finalized. As such, the GP experience highlights the need for standard tools, policies, procedures, and approach to management and implementation of grant facilities that can support efficient start-up of facilities and prevent the loss of precious time for grant implementation. *Response:* Most grant facilities in early stages of development and implementation at the time of preparing this report (e.g. facilities in the Georgia II, Benin II, Niger, Morocco II, and Cote d'Ivoire Compacts), have internalized lessons from GP's early challenges and are utilizing facility managers and prioritizing development of manuals and templates by the facility managers significantly earlier in the compact timeline. In addition, MCC has set up a working group on grant facilities whose aim is to expand and operationalize the current MCC Grants Facilities Guidance, including producing a start-up toolkit.
  - **Test the market early.** Insufficient market analysis of the targeted GP sectors resulted in delays in launching the facility and in unrealistic disbursement targets. In order to allow for a minimum of three years for grant implementation and provide critical information to facility design and target-setting, it is critical to conduct market analysis to assess the potential pool of grantees and the size and characteristics of the addressable market, and initiate pre- or full feasibility studies very early in the compact development and CIF timeline. Early on-boarding of a facility manager also allows the MCAs to continue/expand that market sounding and/or release CFPs very early after EIF. *Response:* Recent grant facilities have been conducting market sounding well in advance of Compact signature, and in some cases even before presentation to the IMC for investment. This allows the team to set more reasonable expectations for the absorptive capacity of the market as well as incorporate information from the market

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and prospective grantees to better guide selection and investment criteria and commence due diligence.

- The evaluation highlighted the fact that despite efforts in the final year of the Compact to link the activities funded under GP to government units, the work of the GP Facility, in terms of general “facility” approach or processes, is not likely to be sustained by the Government of Indonesia. This is largely due to the fact that it was not designed to continue post-Compact through existing Indonesian structures, but rather through the private sector and other partnerships developed and supported through GP Project implementation. Based on this experience, MCC believes that **facilities should either be designed up front to have a future beyond the Compact or should incorporate a clear exit strategy that ensures the knowledge generated by the facility has an appropriate off-taker**. Response: The grant facilities working group will consider this recommendation when updating the MCC operational guidance.

### Evaluation:

- For an evaluation such as this, which is evaluating the efficiency of design and implementation from a process perspective rather than evaluating concrete grant results, it is important to get team agreement on how to define terms such as cost-effectiveness or efficiency. These terms can be interpreted differently and require precise definitions that are appropriate to the particular project. For this type of evaluation to be most useful, the project should define success in terms of process (e.g. ideal percent of proposals that make it to full grant, or ideal disbursement) upfront so that the evaluation can assess progress against those benchmarks. Response: This guidance has been provided to the Zambia grant facility evaluation team and future evaluations will incorporate it into their planning phase.
- In order for an independent evaluator to assess cost-effectiveness, detailed cost data on other facilities is required. This type of data is not readily available through MCC’s financial system and requires some gathering and/or analysis. In order to learn how to implement grant facilities most efficiently, MCC should commit to documenting detailed costs for grant facilities in a consistent manner. Response: The FIT team is working on establishing such a record-keeping system across grant facilities.