



**GREEN  
CLIMATE  
FUND**

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# Two-stage proposal approval process

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## **Summary**

This document outlines three options for a policy for a two-stage approval process for GCF funding proposals. The policy aims at strengthening the design, screening and appraisal process for concept notes (defined as the initial or first stage), with a view to inform and support the second stage defined as the appraisal and approval of funding proposals. At the same time the policy intends to enhance the strategic role of the Board in guiding the Secretariat through the first stage while strengthening the operational functions of the divisions at the Secretariat.

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## List of abbreviations

ADB	Asian Development Bank
AE	Accredited Entity
AF	Adaptation Fund
CEO	Chief Executive Officer
CIF	Climate Investment Funds
CN	Concept Note
EBRD	European Bank for Reconstruction and Development
ED	Executive Director
EIB	European Investment Bank
ERM	Eligibility Review Meeting
FP	Funding Proposal
Fp	Focal points
GCF	Green Climate Fund
GEC	Grant Equivalent Calculator
GEF	Global Environment Facility
IADB	Inter-American Development Bank
IFC	International Finance Corporation
MDB	Multilateral Development Bank
MSP	Medium-sized Project
NDA	National Designated Authorities
OPC	Operations Policy Committee
OpsCom	Operations Committee
PAP	Proposal Approval Process
PIF	Project Identification Form
POD	Proposal Operations Development
PP	Project Profile
PPF	Project Preparation Facility
PPRC	Project and Programme Review Committee
PPTA	Project Preparatory Assistance
QRR	Quality and Risk Review
RRP	Report and Recommendation of the President
SMT	Senior Management Team
SPI	Summary of Proposed Investment

## I. Introduction

1. The Board, in decision B.17/09, requested “*the Secretariat to prepare a document, for the Board’s consideration at its nineteenth meeting, which outlines options for the development of a two-stage proposal approval process, with stage 1 focusing on concept note approval and stage 2 focusing on the assessments by the Secretariat and the independent Technical Advisory Panel and Board consideration*”.

2. This document responds to that mandate and proposes an approach for a two-stage approval process for all GCF funding proposals. There are three options presented in this paper. All approaches outlined in this paper introduce mandatory concept notes for medium and large-scale proposals, with an initial quality and strategic screening undertaken by the Secretariat’s senior management team, followed by comments from members of the Board (option I) or by a decision by the Board (options II and III). These steps will inform the development of the second stage, with screening and final approval by the Board at the funding proposal level, which remains as described in the updated initial proposal approval process or PAP (annex III to document GCF/B.17/18 titled “Review of the initial proposal approval process”).

3. The proposal refers to the mandate given by the Board, in particular after the discussion at the seventeenth meeting of the Board on policy matters related to the approval of funding proposals (item 15 of the agenda), the ensuing report (see document GCF/B.17/22 titled “Report of the seventeenth meeting of the Board, 5 – 6 July 2017”, pp. 33–36) and decision B.17/09. It also takes note of comments and insights, as well as experiences and practice, from the wider climate finance community.

## II. Scope of the policy

4. As part of the review of funding proposals, the principles considered in designing a two-stage process should reflect the GCF investment criteria. Any additional early-stage review should:

- (a) **Strengthen the quality of funding proposals at entry**, including the formulation of stronger climate rationale arguments, additionality and the transformational role of the funding proposal in achieving paradigm shift, in order to assess the strategic fit of the concept notes vis-à-vis the Governing Instrument of the GCF, the GCF strategic impact areas, the GCF investment framework, and other agreed policies of GCF;
- (b) **Strengthen country ownership**, including the importance of active and early engagement between GCF, accredited entities and stakeholders involved in the project/programme preparation, such as country focal points and national designated authorities. Providing an iterative process with relevant feedback would enhance participation at the local, national, regional and entity levels, whereby national strategies and climate commitments create the context for the investment; and
- (c) **Strengthen effectiveness and efficiency**, including an early assessment and recommendations by the Secretariat on the soundness of the financial structure and the instrument proposed.
- (d) **Enhance the role of the Board in providing strategic guidance and strengthen the Secretariat’s operational functions**, including the provision of guidance to the Secretariat, accredited entities and recipient countries within areas with remaining policy gaps as well as whether a funding proposal is considered being in line with the GCF mandate and role

5. This proposed policy will apply to medium- and large-sized proposals (above USD 50 million), in order to minimise the transaction costs for both the Secretariat and the Board. In addition, all medium and large-sized proposals shall go through the two-stage process regardless of having received funding from PPF or Readiness.

6. Table 1 below provides a picture of the number of projects this policy would be applied to, based on the current portfolio of approved proposals and the project/programme pipeline.

**Table 1: Portfolio analysis**

	Total projects	# of medium/large proposals	% of medium/large projects	Medium/large projects coming from CNs
Portfolio	74	43	58.1%	22
Pipeline		58		27

### III. Summary of potential options

7. Based on a review of project approval cycles of comparable funds and considerations of the practicality of implementation at GCF, this paper proposes and evaluates three potential options. Please also see the tables following this section for further details on the options:

- (a) Option 1: Following guidance through the Board decision presented above, the two-stages in the approval process of GCF operations are described as follows: the first stage is represented by the design and appraisal of mandatory concept notes. Board reviews and comments on proposals at the first stage, with a view to improve the project / program. The second stage is characterised by the project development and presentation of proposals at Funding Proposal (FP) stage, with Board approval / rejection;
- (b) Option 2: The description of what constitutes the two-stages remains as above. The Board however, can, on the basis of approved GCF policies, decide to endorse or reject a concept note .
- (c) Option 3: The Board approves / rejects at the first stage, which is represented by the design and appraisal of an expanded mandatory concept note. At the second stage, the finalised funding proposal is sent to the Board for comments and endorsed / not endorsed by the Secretariat's executive director (similar to the GEF proposal approval process).

8. Tables 2 and 3 below detail the steps in the updated project and programme cycles, as noted in annex III to document GCF/B.17/18. **Items in Bold are the new additions to each of the approval processes entailed in these three options.** Other parts of the project and programme cycle remain unchanged<sup>1</sup>

9. For all options, **concept notes will be mandatory**. The process of developing a concept note creates a stronger iterative modus operandi between the countries, the Secretariat and the AEs, which can strengthen the concept note itself, ultimately leading to better funding

<sup>1</sup> The iTAP review process is not reflected in any of these options as another document (document GCF/B.21/04) is concerned about the ongoing review on iTAP and thus it is open to the Board to decide.

proposals. This process also supports capacity building, increased institutional and technical knowledge, as well as the sharing of best practices between countries, GCF and AEs.

10. It is estimated that option 2 and 3 will increase the workload for the Secretariat, the Board and the AEs processing two formal approvals of a project, the first approval through the concept note stage or first stage, and the second (and final) approval at funding proposal stage. This applies to all projects and programmes that are approved / endorsed at first stage and will move to the second stage. The additional workload includes time that is needed for clearances through SMT, the Operational committee, and possibly a first ESS categorization. In addition, a Secretariat's recommendation would need to be provided: considering one-week preparation time and 21 days Board review, this could add 4 weeks of additional work, including time for clarifications, questions and consultations. Additional capacity will be needed for publication and review at early stages. There is also generally a four-month gap between board meetings, which is considered the minimum time in-between first and second stage approval.

**Table 2: Proposed steps in respective project and programme cycles (Options 1 and 2)**

<b>III. Concept note (mandatory for medium- and large-sized proposals)</b>				
<i>Abbreviations:</i> AEs = accredited entities, FPs = focal points, NDAs = national designated authorities.				
3.1	Concept note submission	AE, NDA, FP	<ol style="list-style-type: none"> <li>1. The NDAs/FPs and/or AEs submit the concept note to the Secretariat.</li> <li>2. In accordance with the country ownership guidelines and relevant decisions, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes.</li> <li>3. The Secretariat acknowledges the submission of the concept note, including with NDAs, and updates the concept note pipeline accordingly.</li> <li>4. <b>The Secretariat will seek acknowledgement from NDAs that the concept note is aligned with their national priorities.</b></li> </ol>	
3.2	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline prior to each Board meeting.	
3.3	<b>Technical screening of the concept note</b>	Secretariat	<b>The concept notes are screened on the basis of their strategic fit vis-à-vis the objectives of the Fund, with a particular focus on paradigm shift potential, climate rationale, and effectiveness and efficiency, as well as against the context of the Governing Instrument of the GCF, the GCF strategic impact areas, the GCF investment framework, and other agreed policies of GCF. CNs are screened by SMT on a regular basis.</b>	
3.4	Summary analysis	Secretariat	<b>On a [regular] [monthly] basis, the Secretariat will send a package of information to the Board on concept notes endorsed by the senior management team of the Secretariat, and the Secretariat assessment of the concept note. For concept notes not endorsed by the Secretariat, a list will also be provided to the Board.</b>	
3.5	<b>Board review and Disclosure</b>	Board	Option 1	Option 2

			<ol style="list-style-type: none"> <li>1. <b>Concept notes are published on the GCF website, subject to the Information Disclosure Policy. Some private sector concept notes may not be published because of confidentiality reasons and existing non-disclosure agreements with clients</b></li> <li>2. <b>Board members will be invited to comment for up to 21 days, with suggestions on how to improve the concept note.</b></li> <li>3. <b>The Secretariat will finalize the concept note review and feedback, collating and incorporating comments received from the Board. Comments will be circulated to the Board.</b></li> </ol>	<p><b>Concept notes are published on the GCF website, subject to the Information Disclosure Policy. Some private sector concept notes may not be published because of confidentiality reasons and existing non-disclosure agreements with clients</b></p> <p><b>Board members will be invited to review the information contained in the package, and decide to approve, approve with conditions, or reject a proposal. For those approved/approved with conditions, guidance will be given, where applicable, on improving the CN's strategic fit and other elements.</b></p>
3.6	Feedback and recommendations on the concept note	AE, Secretariat	<ol style="list-style-type: none"> <li>1. In consultation with the NDA/FP, the Secretariat will provide feedback to the AE, and advise if the concept note is endorsed, or not endorsed with possibility of resubmission.</li> <li>2. <b>Concept notes will be published on the GCF website in accordance with the Information Disclosure Policy.</b></li> <li>3. <b>As part of the final FP package, the Secretariat will include a matrix with questions raised and answers.</b></li> </ol>	<ol style="list-style-type: none"> <li>1. In consultation with the NDA/FP, the Secretariat will communicate to the AEs on Board members' decisions.</li> <li>2. The Secretariat will proceed with CNs that are approved/approved with conditions by Board members.</li> </ol>



3.7	Project preparation and developmental support	AE, Secretariat	<ol style="list-style-type: none"> <li>1. The Project Preparation Facility (PPF) will support project and programme preparation requests, especially for projects in the micro to small size category.</li> <li>2. The NDA/FP will submit the no-objection letter related to the PPF request through the AE.</li> <li>3. AEs submit proposals based on the PPF application template.</li> <li>4. The Secretariat will report to the Board at each meeting on the pipeline of PPF requests received, approved and under implementation.</li> <li>5. The Secretariat will report on the progression of concept notes receiving PPF support to funding proposals submitted and approved by the Board.</li> <li>6. Funding proposals developed with PPF resources should be submitted to the Board within two years of PPF approval unless sufficient justification for an extension is provided.</li> </ol>
<b>IV. Funding proposals</b>			
4.1	Full proposal pipeline	Secretariat	The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website.
4.2	No-objection letter	NDA/FP	The NDA or FP will provide a no-objection letter, in line with the GCF transparent no- objection procedure in accordance with decision B.08/10.
4.3	Funding proposal submission to the Secretariat	AE, Secretariat	<ol style="list-style-type: none"> <li>1. The full funding proposal submitted to the Secretariat.</li> <li>2. <b>The accredited entity submits a response matrix along with the funding proposal, elaborating how comments from the Board at concept note level have been addressed in the funding proposal</b></li> <li>3. The Secretariat acknowledges the submission of the documentation.</li> <li>4. The Secretariat reviews the funding proposals for completeness of documentation.</li> </ol>
4.4	Information disclosure	AE, Secretariat	In accordance with the comprehensive information disclosure policy of the GCF as in force.

**Table 3: Proposed steps in respective project and programme cycles (Option 3)**

<b>III. Concept note (mandatory for medium- and large-sized proposals)</b>			
<i>Abbreviations: AEs = accredited entities, FPs = focal points, NDAs = national designated authorities, ED = Executive Director</i>			
3.1	Concept note submission	AE, NDA, FP	<ol style="list-style-type: none"> <li>1. The NDAs/FPs and/or AEs submit the concept note to the Secretariat.</li> <li>2. In accordance with the country ownership guidelines and relevant decisions, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes.</li> <li>3. The Secretariat acknowledges the submission of the concept note, including with NDAs, and updates the concept note pipeline accordingly.</li> <li>4. <b>The Secretariat will seek acknowledgement from NDAs that the concept note is aligned with their national priorities.</b></li> </ol>
3.2	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline prior to each Board meeting.
3.3	Secretariat review	Secretariat	<b>The concept notes are reviewed by the Secretariat on the basis of their strategic fit vis-à-vis the objectives of the Fund, with a particular focus on paradigm shift potential, climate rationale, and effectiveness and efficiency, as well as against the context of the Governing Instrument of the GCF, the GCF strategic impact areas, the GCF investment framework, and other agreed policies of GCF.</b>
3.4	ED review	ED	<b>Once the CN is cleared by the Secretariat, the ED will decide whether to include it in a work programme, which will be then submitted to the Board for further review.</b>
3.5	Board review	Board	<b>The board will review and provide comments on the work program during a Board meeting, followed by a decision to approve / approve with conditions / reject any CN in the work program.</b>
3.6	ED Endorsement	Secretariat, ED, AE	<ol style="list-style-type: none"> <li>1. <b>After Board approval of a CN, AE will complete the preparation of Funding proposals with the GCF Secretariat and submits to the Secretariat an ED endorsement request and associated project document;</b></li> <li>2. <b>The Secretariat reviews the ED endorsement request for consistency with the approved CN, taking into account its strategic fit;</b></li> </ol>

			<p>3. <b>The Board will receive the package of documentation on a [regular] [monthly] [quarterly]. Off line (by email) and for up to 21 days, the Board can comment on the FPs, with a view to improve the proposal.</b></p> <p>4. <b>Once the Secretariat determines that a CN meets the conditions for endorsement, the ED endorses the project</b></p>
3.5	Project preparation and developmental support	AE, Secretariat	<p>7. The Project Preparation Facility (PPF) will support project and programme preparation requests, especially for projects in the micro to small size category.</p> <p>8. The NDA/FP will submit the no-objection letter related to the PPF request through the AE.</p> <p>9. AEs submit proposals based on the PPF application template.</p> <p>10. The Secretariat will report to the Board at each meeting on the pipeline of PPF requests received, approved and under implementation.</p> <p>11. The Secretariat will report on the progression of concept notes receiving PPF support to funding proposals submitted and approved by the Board.</p> <p>12. Funding proposals developed with PPF resources should be submitted to the Board within two years of PPF approval unless sufficient justification for an extension is provided.</p>

#### **IV. Analysis of the strengths, weaknesses, opportunities and threats of the three potential options**

11. The strengths and weaknesses of, and opportunities and threats presented by, the three options are outlined in the analysis provided in Tables 4 and 5 below. For comparison, Annex III also presents details of models adopted by other funds and institutions.

**Table 4: Analysis of the strengths, weaknesses, opportunities and threats (Option 1)**

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Transparent, balanced and implementable;</li> <li>• Enhances country ownership;</li> <li>• Strengthens quality at entry;</li> <li>• Enhances participatory process at all levels;</li> <li>• Provides certainty to countries and entities at an early stage;</li> <li>• Increases confidence in pipeline development and delivery</li> <li>• Avoids potential legal recourse by a project /programme proponent</li> <li>• Can reduce project-specific conditions by the Board</li> <li>• Closest option to current business model, making its implementation smoother</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Could add up to 15–30 days to the current review timetable of concept notes</li> <li>• Could create delays and potential misalignment with private sector cycles;</li> <li>• Could prejudice private sector proposals in early negotiations;</li> <li>• Could increase the workload for the preparation of additional material, incl. collation of questions and answers;</li> <li>• Can increase some transaction costs of developing projects/programmes with GCF.</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Could enhance inter-institutional support by providing additional knowledge and capacity to countries/national accredited entities</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Possible bottlenecks could delay decision-making and overflow into other policies;</li> <li>• Legal disclosure restrictions in some operations could hinder processes; and</li> <li>• Could jeopardise speed of response to private sector</li> </ul>

**Table 5: Analysis of the strengths, weaknesses, opportunities and threats (Option 2)**

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Transparent;</li> <li>• Enhances country ownership;</li> <li>• Strengthens quality at entry;</li> <li>• Can reduce the number of projects being rejected at a later stage, and reduce project-specific conditions by the Board</li> <li>• Enhances participatory process at all levels;</li> <li>• Provides certainty to countries and entities at an early stage;</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Will add up to 3-6 months to the current review timetable of concept notes and funding proposals as decisions for both stages currently can only be taken during Board meetings</li> <li>• Will create delays and potential misalignment with private sector cycles;</li> <li>• Could prejudice private sector proposals in early negotiations;</li> <li>• Could increase the workload for the preparation of additional formal</li> </ul>
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<ul style="list-style-type: none"> <li>Increases confidence in pipeline development and delivery</li> <li></li> </ul>	<p>material, for both the Board and the Secretariat;</p> <ul style="list-style-type: none"> <li>May lead to a potential legal recourse by a project /programme proponent through the IRM as well as through other legal recourse mechanisms</li> <li>Can increase transaction costs for all parties developing projects/programmes with GCF.</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Reinforces confidence that underpins other processes, such as resource mobilization; and</li> <li>Could enhance inter-institutional support by providing additional knowledge and capacity to countries/national accredited entities</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>Possible bottlenecks could delay decision-making and overflow into other policies;</li> <li>Legal disclosure restrictions, especially in the private sector, could hinder processes and potentially lead to a reduction of private sector operations been approved; and</li> <li>Likely misalignments with AEs cycles, especially in non-grant structures, for direct lending projects;</li> </ul>

**Table 6: Analysis of the strengths, weaknesses, opportunities and threats (Option 3)**

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Enhances country ownership;</li> <li>Strengthens quality at entry;</li> <li>Can strengthen capacity through more consistent information gathering and appraisal to prepare CN packages;</li> <li>Ensures Board guidance on the implementation of strategies and programmes;</li> <li>ED oversight of the composition of the work programme, including clearance of CNs, and cost-effective use of GCF resources;</li> <li>May support programmatic approaches aimed to aggregate projects (in order to re-align cycles between GCF and AEs)</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Relatively slow, back-and-forth processes involving multiple parties</li> <li>Introduces the risk of legal recourse by a project /programme proponent</li> <li>Creates greater delays to the process cycles, particularly misalignment with private sector projects;</li> <li>Increases the workload for the Fund and the Board.</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Enhances decision-making of the Board and ED;</li> <li>May generate synergies with comparable funds like GEF.</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>Possible bottlenecks could delay decision-making and overflow into other policies;</li> <li>Legal disclosure restrictions in some operations could hinder processes, in particular in private sector operations, as certain information may not be given or be available at early stages; and</li> </ul>

	<ul style="list-style-type: none"><li>• Will jeopardise speed of response to private sector;</li><li>• May present specific governance issues for which the GCF is not ready (in-between board approvals; delegation)</li></ul>
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## V. Recommended approach

12. The mandate of the GCF and its specific current operating modalities may render Options 2 and 3 challenging when it comes to implementation, as they present substantial deviations from the current business models. In addition, following consultations with accredited entities as part of the formal consultation process for policy documents, significant concerns have been expressed as regards to the feasibility of options 2 and 3, with specific emphasis on misalignments between AE cycles and GCF cycles. The Secretariat therefore proposes that the Board adopts Option 1 and approves the draft decision contained in annex I.

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## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.21/11 titled “Two-stage proposal approval process”:

- (a) Adopts the two-stage approval process as described in annex II for medium- and large-sized funding proposals;
- (b) Decides that the submission of concept notes for medium- and large-sized funding proposals shall be mandatory;
- (c) Requests the Secretariat to publish concept notes, subject to the Information Disclosure Policy; concept notes containing information which falls within paragraph 11(e)(i) of the Information Disclosure Policy shall not be made publicly available;
- (d) Notes that the two-stage approval process referred to in paragraph (b) above, shall not apply to funding proposals which are in Stage 4 to Stage 7 of the project/programme activity cycle on the date of this decision;
- (e) Recommends that the Secretariat review the implementation of policy one year after adoption to develop lessons learned and improvements to the policy and report back to the Board; and
- (f) Decides to conduct an evaluation of the two-stage approval process three years after adoption of this decision.

## Annex II: Policy on the two-stage approval process for GCF funding proposals

### II.a Changes from current practice applicable to all options

1. **Mandatory concept notes.** This policy sees the introduction of mandatory concept notes for medium and large projects. Most proposals are already screened by the Secretariat on the basis of a concept note. The revised template for the concept notes and the forthcoming online template (whose launch is scheduled to take place in late 2018 and 2019) have introduced simplifications compared with previous versions, as recommended by the Board in decision B.11/11, while emphasizing key elements of the funding proposal, namely paradigm shift potential, climate rationale, theory of change, additionality of the GCF co-financing, preliminary feasibility and market studies, and sufficient financial information to assess the effectiveness and efficiency of the proposal.
2. Mandatory concept notes will create the space for a participatory dialogue between countries and project proponents at an early stage. The information requested at the concept note level also represents a step which is consistent with and builds towards advanced information to be prepared for the second stage, without replication of efforts. Mandatory concept notes alongside first reviews of concepts are also standard practice in public and commercial institutions.
3. Concept notes are published on the GCF website, subject to the Information Disclosure Policy. Some concept notes may not be published because of confidentiality reasons and existing non-disclosure agreements with clients.
4. **Initial screening by the Secretariat.** The process of screening concept notes started in late 2017. Since then, the Secretariat has been working to perfect the framework for assessing the climate rationale of the proposals, alongside their transformational potential (paradigm shift), effectiveness and efficiency and other key elements of the proposals, as outlined in the policy.
5. **Automation.** To facilitate project/programme appraisal, GCF is working on the introduction of online templates for concept notes and funding proposals, including linking the two processes in order to avoid the repetition of entries.
6. **Application:** The two-stage approach will not apply to:
  - i. Concept notes that are derived from the Simplified Approval Process; and
  - ii. Micro and small projects.



## II.b Project/programme approval cycle under the two-stage approach

- a) The two-stages are described as follows: the first stage is represented by design and appraisal of mandatory concept notes; Board reviews and comments on proposals at the first stage, with a view to improve the project / program. The second stage is characterised by the project development and presentation of proposals at Funding Proposal (FP) stage, with Board approval / rejection;

**Table 1: Steps in respective project and programme cycles**

<b>III. Concept note (mandatory for medium- and large-sized proposals)</b>			
<i>Abbreviations: AEs = accredited entities, FPs = focal points, NDAs = national designated authorities.</i>			
3.1	Concept note submission	AE, NDA, FP	<ol style="list-style-type: none"> <li>5. The NDAs/FPs and/or AEs submit the concept note to the Secretariat.</li> <li>6. In accordance with the country ownership guidelines and relevant decisions, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes.</li> <li>7. The Secretariat acknowledges the submission of the concept note, including with NDAs, and updates the concept note pipeline accordingly.</li> <li>8. <b>The Secretariat will seek acknowledgement from NDAs that the concept note is aligned with their national priorities.</b></li> </ol>
3.2	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline prior to each Board meeting.
3.3	<b>Technical screening of the concept note</b>	<b>Secretariat</b>	<b>The concept notes are screened on the basis of their strategic fit vis-à-vis the objectives of the Fund, with a particular focus on paradigm shift potential, climate rationale, and effectiveness and efficiency, as well as against the context of the Governing Instrument of the GCF, the GCF strategic impact areas, the GCF investment framework, and other agreed policies of GCF. CNs are screened by SMT on a regular basis.</b>
3.4	Summary analysis	Secretariat	<b>On a [regular] [monthly] basis, the Secretariat will send a package of information to the Board on concept notes endorsed by the senior management team of the Secretariat, and the Secretariat assessment of the concept note. For concept notes not endorsed by the Secretariat, a list will also be provided to the Board.</b>

3.5	Board review and Disclosure	Board	<p>4. <b>Concept notes are published on the GCF website, subject to the Information Disclosure Policy. Some private sector concept notes may not be published because of confidentiality reasons and existing non-disclosure agreements with clients</b></p> <p>5. <b>Board members will be invited to comment for up to 21 days, with suggestions on how to improve the concept note.</b></p> <p>6. <b>The Secretariat will finalize the concept note review and feedback, collating and incorporating comments received from the Board. Comments will be circulated to the Board.</b></p>
3.6	Feedback and recommendations on the concept note	AE, Secretariat	<p>4. In consultation with the NDA/FP, the Secretariat will provide feedback to the AE, and advise if the concept note is endorsed, or not endorsed with possibility of resubmission.</p> <p>5. <b>Concept notes will be published on the GCF website in accordance with the Information Disclosure Policy.</b></p> <p>6. <b>As part of the final FP package, the Secretariat will include a matrix with questions raised and answers.</b></p>
3.7	Project preparation and developmental support	AE, Secretariat	<p>13. The Project Preparation Facility (PPF) will support project and programme preparation requests, especially for projects in the micro to small size category.</p> <p>14. The NDA/FP will submit the no-objection letter related to the PPF request through the AE.</p> <p>15. AEs submit proposals based on the PPF application template.</p> <p>16. The Secretariat will report to the Board at each meeting on the pipeline of PPF requests received, approved and under implementation.</p> <p>17. The Secretariat will report on the progression of concept notes receiving PPF support to funding proposals submitted and approved by the Board.</p> <p>18. Funding proposals developed with PPF resources should be submitted to the Board within two years of PPF approval unless sufficient justification for an extension is provided.</p>

IV. Funding proposals			
4.1	Full proposal pipeline	Secretariat	The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website.
4.2	No-objection letter	NDA/FP	The NDA or FP will provide a no-objection letter, in line with the GCF transparent no-objection procedure in accordance with decision B.08/10.
4.3	Funding proposal submission to the Secretariat	AE, Secretariat	<ol style="list-style-type: none"> <li>5. The full funding proposal submitted to the Secretariat.</li> <li><b>6. The accredited entity submits a response matrix along with the funding proposal, elaborating how comments from the Board at concept note level have been addressed in the funding proposal</b></li> <li>7. The Secretariat acknowledges the submission of the documentation.</li> <li>8. The Secretariat reviews the funding proposals for completeness of documentation.</li> </ol>
4.4	Information disclosure	AE, Secretariat	In accordance with the comprehensive information disclosure policy of the GCF as in force.

## II.c Description of steps (recommended option I)

1. The policy on a two-stage approval process for GCF funding proposals responds to Board comments and guidance on establishing a process that strengthens quality at entry, upholds the mandate of the GCF, and continues to respond to the needs of countries while also providing visibility and predictability on the pipeline.
2. The Secretariat receives concept notes on a rolling basis, as per current practice. At this stage, there is an initial technical assessment by the Secretariat. The concept notes are screened on the basis of their strategic fit vis-à-vis the objectives of the Fund, with particular focus on paradigm shift potential, climate rationale, and effectiveness and efficiency, as well as against the context of the Governing Instrument of the GCF, the GCF strategic impact areas, the GCF investment framework, and other agreed policies of GCF;
3. As stated in decisions B.11/11 and B.17/09, on receipt of a concept note, the Secretariat will continue to seek confirmation from the national designated authority or focal point that the concept note fits under national priorities and country ownership.
4. The Secretariat will undertake a thorough technical screening on the concept notes that it has received. Concept notes will subsequently be presented to and screened by the Secretariat's senior management team (SMT) on a regular (generally weekly) basis.
5. SMT screening will be kept at a high level. The specific questions that are asked at the senior management team level pertain to the following areas: paradigm shift potential; climate rationale; effectiveness and efficiency, including additionality considerations. SMT will also analyse preliminary risk and commercial issues, considerations on portfolio balance and implementation.
6. The concept notes will need to describe how the proposal fits with the respective country's priorities. As per current practice, upon receipt of a concept note that is deemed to have satisfied the principles described above, the relevant country's authorities are notified. The Secretariat will seek acknowledgement from NDAs that the concept note is aligned with their national priorities.
7. Concept notes that do not satisfy the principles described above, as per the recommendations of the SMT and the Secretariat's assessment, will not be moved forward, but will form part of the information package reported to the Board. In this case, both the accredited entity and the national designated authority will be notified, with a view to revising and strengthening the proposal for future resubmission.
8. Based on this screening, the Secretariat will submit to the Board its recommendations on a regular basis and offline. The Secretariat will also submit summaries of concept notes.
9. Approval at the first stage does not automatically mean final approval.
10. Concept notes will be made available to the Board.
11. Consistent with the Information Disclosure Policy, and cognizant of confidentiality concerns in a number of competitive and proprietary concept notes under development, the Secretariat will provide dedicated Dropbox/data room or equivalent platforms, as well as knowledge on information sharing upon request, for Board access to confidential concept notes.
12. Subject to the Information Disclosure Policy, concept notes and redacted concept notes will be published on the GCF website. Concept notes containing information which falls within paragraph 11(e)(i) of the Information Disclosure Policy shall not be made publicly available.

13. In addition to the above, members of the Board will be invited to comment and provide specific questions. Board members will be invited to comment or query within 21 days of receipt of the documentation. Comments should be based on approved policies; they will be collated and addressed by the Secretariat and the AEs during the development of the proposal.
14. The process of informing the Board and obtaining questions will be conducted in parallel with the continuation of project appraisal leading to final assessment of the funding proposal by the Board.
15. After the strategic screening, the concept notes that are deemed fit for purpose will be sent back to the relevant divisions and operations working groups for further development. The process for fully developing the concept note into a funding proposal remains unchanged.
16. This policy proposal seeks to avoid the establishment of a step that could trigger the Independent Redress Mechanism by a developing country at an early stage into the project cycle<sup>2</sup>.
17. Accredited entities will submit a response matrix along with the funding proposal, elaborating how comments from the Board at concept note level have been addressed in the funding proposal.

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<sup>2</sup> The full policy can be found on this link: [https://www.greenclimate.fund/documents/20182/620292/B.BM-2017\\_10\\_-\\_Decision\\_of\\_the\\_Board\\_on\\_updated\\_Terms\\_of\\_Reference\\_of\\_the\\_Independent\\_Redress\\_Mechanism\\_Revised.pdf/dc4fef96-fd30-4aae-bcf6-dd9088d7123b](https://www.greenclimate.fund/documents/20182/620292/B.BM-2017_10_-_Decision_of_the_Board_on_updated_Terms_of_Reference_of_the_Independent_Redress_Mechanism_Revised.pdf/dc4fef96-fd30-4aae-bcf6-dd9088d7123b)

## Annex III: Review of the practices of selected institutions (external)

1. In the drafting process of the policy presented in this document, the project approval cycles of several funds and financial institutions were analysed. They can be broadly divided into two categories:
  - i. Formalized programming with frontloading of documentation, including technical assessments and key stakeholders' events, and approval at the first stage, with delegation at the final approval stage (e.g. as implemented by the Global Environment Facility); or rolling and offline final approval (e.g. as implemented by the Climate Investment Funds); and
  - ii. Multi-step approvals (between three and five, depending on the institution), including stage approval by a resident operations committee or similar, and final approval by a resident board of directors, or similar committee.
2. The above two options would entail a rethinking of governance structures at GCF that would enable those options (e.g. programming with envelope allocations; offline final approvals; resident board or equivalent structures). A full overview of external processes is provided in the tables 1 and 2 below:
3. Table 1 below provides examples of external project/programme/envelope approval at first stage.

**Table 3: Examples of external project/programme/envelope approval at first stage**

<i>Stage 1</i>	<i>Description</i>	<i>What the action/change entails</i>	<i>Extra days required</i>
	Project conception		
	Programming	Either in work programmes; or in country programmes	2-6 months
<i>Global Environment Facility (GEF) example</i>	Inclusion in work programme	GEF: Inclusion in and approval of work programmes; early disbursement of project preparation grants or equivalent; disbursement of 40% of fees	2 months
<i>Climate Investment Funds (CIFs) example</i>	Board consideration and questions	CIFs: Investment plans are presented with an earmarked financial envelope and a defined pipeline	21 days, up to a maximum of 28
		Technical screening	1-2 months; rolling
<i>Final approval</i>	Submission of documentation to the Board	GEF: For projects/programmes over USD 2 million: full project proposal being developed; online submission to the GEF Council for endorsement; final endorsement from the Chief Executive Officer	Up to 18 months
		CIFs: Projects are developed and submitted on a rolling basis for offline approval by the Trust Fund Committee	From immediate to several years

4. Table 4 below provides examples of stage approval by a resident committee and resident board.

**Table 4: Examples of stage approval by a resident committee and resident board**

Concept review stage	With a focus on country ownership and active, direct and early engagement of all stakeholders involved	1–2 months
Structure review stage	These steps can take place from one to three times in case of complex transactions; or can be omitted for standard operations with existing clients	2–4 months
Final review	At this review, most of the financial and technical elements need to be cleared	1–2 months
Board approval	This represents the final approval, after which the teams can sign relevant agreements (e.g. grant or loan agreement) and disburse the resources approved	1–2 months

*Note:* (1) The timelines provided in the table are highly dependent on the complexity of a transaction and are approximate.

5. The tables below provide a summary of the practices of other institutions.

**Table 5: Global Environment Facility**

	Full-sized projects (over USD 2 million)
<b>Process</b>	Two-stage approval
<b>Project cycle</b>	<p>(a) The agency prepares a project concept at the request of and in consultation with relevant country institutions and other relevant partners and submits it to the Global Environment Facility (GEF) secretariat through the Project Identification Form (PIF);</p> <p>i. The respective GEF Operational Focal Point endorses the PIF;</p> <p>(b) The GEF secretariat reviews each eligible PIF, taking into consideration relevant GEF strategies, policies and guidelines, including provisions set forth in a review sheet, and provides comments to the agency:</p> <p>i. If the PIF does not meet the conditions for approval, the GEF secretariat either rejects it or requests additional information;</p> <p>(c) The agency then responds to any of the comments from the GEF secretariat and submits a revised PIF, if necessary:</p> <p>i. The GEF secretariat provides further comments if, in its view, the agency's response to the set of issues is not adequate, or if the revised PIF introduces new design elements that require clarification or further improvement;</p> <p>(d) Once the project proposal is approved by the GEF secretariat, the Chief Executive Officer (CEO) decides whether to include it in a work program, which is then subject to GEF Council review:</p> <p>i. The GEF Council reviews and provides comments on the work program prior to, during and within two weeks of each Council meeting; and</p> <p>ii. The GEF Council decides whether to approve the entire work program or to exclude any PIF from the proposed work program;</p> <p>(e) After PIF approval and before the deadline for submission of a complete endorsement request, the agency submits to the GEF secretariat a CEO endorsement request and associated project document that is in a form as submitted to the agency's internal approving authorities:</p>



	<ul style="list-style-type: none"> <li>i. Included in the CEO endorsement request is a description of how the GEF Council members' comments have been taken into account; and</li> <li>ii. The GEF secretariat reviews the CEO endorsement request and the project document for consistency with the approved PIF, taking into consideration the relevant GEF strategies, policies and guidelines, including provisions set forth in a review sheet; and to ensure that any comments provided by the GEF Council, the Scientific and Technical Advisory Panel, Convention secretariats and other agencies have been adequately addressed;</li> </ul> <p>(f) The GEF secretariat may ask for revisions if the proposal is not in compliance with the specified conditions for endorsement:</p> <ul style="list-style-type: none"> <li>i. The agency then responds to and revises the comments and submits a revised CEO endorsement request and project document, if needed;</li> </ul> <p>(g) Once the GEF secretariat determines that a project proposal meets the conditions for endorsement, the CEO endorses the project; and</p> <p>(h) After CEO endorsement, the agency approves the project following its own internal procedures and begins project implementation</p>
	<p><b>Medium-sized projects (below USD 2 million)</b></p>
<p><b>Process</b></p>	<p>One- or two-stage approval</p>
<p><b>Project cycle</b></p>	<p>(a) One-step approval: no PIF is required:</p> <ul style="list-style-type: none"> <li>i. The agency sets out a medium-sized project (MSP) approval request and the respective GEF Operational Focal Point endorses the MSP approval request: <ul style="list-style-type: none"> <li>▪ MSP approval requests are submitted to the GEF secretariat for review on a rolling basis;</li> </ul> </li> <li>ii. Upon review, if the MSP approval request does not meet the conditions for approval, the GEF secretariat either rejects it or requests additional information: <ul style="list-style-type: none"> <li>▪ The agency then responds to any comments and submits a revised MSP approval request; and</li> <li>▪ The GEF secretariat provides further comments if, in its view, the agency's response to the set of issues identified by the secretariat is not adequate; and</li> </ul> </li> <li>iii. Once the GEF secretariat determines that the project proposal meets the conditions for approval, the CEO decides whether to approve the MSP approval request; and</li> </ul> <p>(b) Two-step approval:</p> <ul style="list-style-type: none"> <li>i. The agency prepares a PIF at the request of and in consultation with relevant country institutions: <ul style="list-style-type: none"> <li>▪ The respective GEF Operational Focal Point endorses the PIF; and</li> <li>▪ The agency may request a project preparation grant;</li> </ul> </li> <li>ii. The GEF secretariat reviews the PIF and sends back comments; if it does not meet the conditions for approval, the GEF secretariat either rejects it or requests additional information: <ul style="list-style-type: none"> <li>▪ The agency then responds to any comments and submits a revised PIF;</li> </ul> </li> <li>iii. Once the GEF secretariat determines that the project proposal meets the conditions for approval, the CEO decides whether to approve the PIF;</li> <li>iv. After PIF approval, the agency prepares and submits an MSP approval request and a project document to the GEF secretariat;</li> <li>v. The GEF secretariat reviews the MSP approval request for consistency with the approved PIF: <ul style="list-style-type: none"> <li>▪ The agency responds to any comments, etc., and submits a revised MSP approval request; and</li> </ul> </li> <li>vi. Once approved by the GEF secretariat, it is sent to the CEO for approval</li> </ul>





**Table 6: Adaptation Fund**

<b>Process</b>	<p>One-step approval:</p> <p>The proponent submits a fully developed project/programme document</p>	<p>Two-step approval:</p> <p>The proponent submits a brief project/programme concept as the first step, followed by a fully developed project/document</p>
<b>Project cycle</b>	<p>(a) The proponent submits a concept/fully developed project document based on a template approved by the Board of the Adaptation Fund (AF):</p> <ul style="list-style-type: none"> <li>i. A disbursement schedule with time-bound milestones will be submitted together with the fully developed project/programme document;</li> <li>ii. Proposals are submitted to the Board through the AF secretariat; and</li> <li>iii. Project proposals shall be submitted at least nine weeks before each Board meeting in order to be considered by the Board at its next meeting;</li> </ul> <p>(b) The AF secretariat will screen all proposals for consistency and provide a technical review based on the criteria approved by the Board:</p> <ul style="list-style-type: none"> <li>i. Proposals and technical reviews are then sent to the Project and Programme Review Committee (PPRC) for review;</li> <li>ii. The AF secretariat will forward comments on the project proposals and requests for clarification or further information to the implementing entities, as appropriate; and</li> <li>iii. Inputs received and the conclusions of the technical review by the AF secretariat will be incorporated into the review template;</li> </ul> <p>(c) The AF Secretariat will send all project/programme proposals with technical reviews to the PPRC at least seven days before the meeting:</p> <ul style="list-style-type: none"> <li>i. The PPRC will review the proposals and provide its recommendation to the Board for a decision at the meeting: <ul style="list-style-type: none"> <li>▪ The PPRC can consult independent adaptation experts to provide input into the review process, if needed;</li> </ul> </li> <li>ii. In the case of concepts, the Board can endorse, not endorse, or reject a proposal with a clear explanation to the implementing entities; and</li> <li>iii. In the case of fully developed proposals, the Board can approve, not approve, or reject a proposal with a clear explanation: <ul style="list-style-type: none"> <li>▪ Rejected proposals cannot be resubmitted; and</li> </ul> </li> </ul> <p>(d) Proponents with endorsed concepts are expected to submit a fully developed proposal at subsequent Board meetings for approval and funding following the steps above</p>	

**Table 7: Climate Investment Funds**

<b>Process</b>	Two-stage approval
<b>Project cycle</b>	<p>(a) Endorsement of investment plans by the Trust Fund Committee:</p> <ul style="list-style-type: none"> <li>i. Investment plans are recommended by the Administrative Unit and the joint Multilateral Development Bank (MDB) Committee;</li> </ul> <p>(b) Funding approval for projects/programmes by the Trust Fund Committee as submitted by the MDBs; and</p> <p>(c) MDB approval of projects/subprojects:</p> <ul style="list-style-type: none"> <li>i. Once a project has reached the MDB Board approval stage, the subsequent processes follow the applicable MDB procedures and standards</li> </ul>

**Table 8: Asian Development Bank**



Process	Multi-step approval
Project cycle	<p>(a) Project identification/preparation:</p> <ul style="list-style-type: none"> <li>i. The Asian Development Bank (ADB) often provides grants called project preparatory technical assistance (PPTA) to help the government identify and prepare feasible projects;</li> <li>ii. During the early stages of PPTA, an initial poverty and social analysis is conducted to identify those people who may be beneficially or adversely affected;</li> <li>iii. A technical assistance report is prepared as a recommendation for the ADB to finance a technical assistance project; and</li> <li>iv. Consultants are hired to work with government counterpart staff to undertake the project's feasibility study: <ul style="list-style-type: none"> <li>▪ Consultants work closely with the various stakeholders, including the government, civil society, affected people, and other development agencies working in those sectors;</li> <li>▪ A draft final report is reviewed at a tripartite meeting attended by representatives of the government, the ADB and the consultants; and</li> <li>▪ During this process, the ADB, together with the government, agrees on an executing agency for the project or programme;</li> </ul> </li> </ul> <p>(b) Due diligence:</p> <ul style="list-style-type: none"> <li>i. The project's technical, financial, economic, environmental, marketing, and management aspects and potential social impact are examined; and</li> <li>ii. Detailed project risks and sensitivity analyses are carried out to assess the viability of the proposed project; and</li> </ul> <p>(c) Approval:</p> <ul style="list-style-type: none"> <li>i. Loan negotiation: <ul style="list-style-type: none"> <li>▪ A draft loan agreement and draft project proposal are submitted to all parties involved, including the government, for review; and</li> <li>▪ Feedback is collected, and the government is then called for negotiation with the ADB; and</li> </ul> </li> <li>ii. Board approval: <ul style="list-style-type: none"> <li>▪ After negotiations with the government, the loan proposal is submitted to the ADB Board of Directors for approval. A report, known as the Report and Recommendation of the President (RRP), is prepared; and</li> <li>▪ At the end of the Board discussion, the ADB President ascertains the outcome of the Board meeting and, subject to the support of a Board majority, declares that the Board approves the financial instrument</li> </ul> </li> </ul>

**Table 9: European Investment Bank**

Process	Multi-stage approval (by relevant committee and Board)
Project cycle	<p>(a) Identification of a project opportunity;</p> <p>(b) A project appraisal is carried out by the European Investment Bank (EIB) teams of engineers, economists and financial analysts. The appraisal results are included in the project report to the EIB Board of Directors for a financing decision. The following aspects are reviewed:</p> <ul style="list-style-type: none"> <li>i. Financial;</li> <li>ii. Economic;</li> <li>iii. Social;</li> <li>iv. Environmental; and</li> <li>v. Technical;</li> </ul> <p>(c) The Management Committee reviews/approves the project; and</p> <p>(d) The Board of Directors approves the project</p>

**Table 10: European Bank for Reconstruction and Development**

Process	Multi-stage approval (by relevant committee and Board)
Project cycle	<p>(a) Concept review:</p> <ul style="list-style-type: none"> <li>i. The Operations Committee (OpsCom) of the European Bank for Reconstruction and Development (EBRD) approves the project concept and overall structure, including the proposed financing structure and supporting obligations; and</li> <li>ii. The EBRD and the client sign a mandate letter, which outlines the project plan, development expenses and responsibilities;</li> </ul> <p>(b) Structure review:</p> <ul style="list-style-type: none"> <li>i. The financial structure and risk reviews are undertaken at this stage. In complex projects, there may be more than one structured review. In simpler structures with existing clients, there may be no review at this stage;</li> </ul> <p>(c) Final review:</p> <ul style="list-style-type: none"> <li>i. Once the basic business deal (including a signed term sheet) has been negotiated and all investigations have been substantially completed, the project receives a final review by OpsCom;</li> </ul> <p>(d) EBRD Board approval:</p> <ul style="list-style-type: none"> <li>i. The EBRD President, together with the relevant banking team, presents the project to the Board of Directors for approval; and</li> </ul> <p>(e) Loan agreement and signing:</p> <ul style="list-style-type: none"> <li>i. The EBRD and the client sign the deal and it becomes legally binding</li> </ul>

**Table 11: Inter-American Development Bank**

Process	Multi-stage approval (by relevant committee and Board)
Project cycle	<p>(a) The borrowing member country and the Inter-American Development Bank (IADB) jointly identify initiatives to be incorporated into the IADB pipeline:</p> <ul style="list-style-type: none"> <li>i. Initiatives are identified through several tasks: diagnostic studies, objective formulation, analysis of alternatives, and selection of financial instrument; and</li> <li>ii. The results of these tasks are developed into a Project Profile (PP) to provide basic information on the project, including its justification and objectives, the related technical aspects and its relevant sectoral background, the proposed environmental and social safeguards, a fiduciary evaluation, the project funding amounts, and a preliminary agenda for the project's execution;</li> </ul> <p>(b) The PP is first evaluated by the Eligibility Review Meeting (ERM), which determines the eligibility of the operation and its strategy for development, and validates its timeline and resource requirements;</p> <p>(c) Following ERM approval of the PP, the Proposal for Operations Development (POD) is drafted:</p> <ul style="list-style-type: none"> <li>i. The POD specifies the activities, resources and timetable that are necessary to prepare and supervise the project;</li> <li>ii. The POD also includes: <ul style="list-style-type: none"> <li>▪ The Development Effectiveness Matrix;</li> <li>▪ The Monitoring and Evaluation Plan; and</li> <li>▪ The Economic Rate of Return;</li> </ul> </li> <li>iii. The POD is evaluated to determine whether the institution's resources will be properly used;</li> <li>iv. The POD is further examined in the Quality and Risk Review (QRR); and</li> <li>v. Further adjustments are made, if necessary, after the various reviews;</li> </ul> <p>(d) A Draft Loan Proposal is then prepared for the Operations Policy Committee (OPC) for approval; and</p>

	(e) Once approved by the OPC, the project team may proceed to distribute the document for IADB Board consideration and approval
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**Table 12: World Bank and International Finance Corporation**

World Bank	
Process	Multi-stage approval (by relevant committee and Board)
Project cycle	<p>(a) Identification:</p> <ul style="list-style-type: none"> <li>i. Production of a Country Partnership Framework to identify the country's highest priorities for reducing poverty and improving living standards;</li> <li>ii. The World Bank and the government agree on an initial project concept and its beneficiaries;</li> <li>iii. The World Bank project team outlines the basic elements in a Project Concept Note to identify: <ul style="list-style-type: none"> <li>▪ Proposed objectives;</li> <li>▪ Imminent risks;</li> <li>▪ Alternative scenarios; and</li> <li>▪ The likely timetable for the project approval process; and</li> </ul> </li> <li>iv. A Project Information Document and Integrated Safeguards Data Sheet are also generated;</li> </ul> <p>(b) Project preparation:</p> <ul style="list-style-type: none"> <li>i. This is largely the responsibility of the government and its implementing agency; and</li> <li>ii. The World Bank takes on an advisory role;</li> </ul> <p>(c) Appraisal:</p> <ul style="list-style-type: none"> <li>i. The government and the World Bank review the work carried out during the identification and preparation phases and confirm the expected project outcomes, intended beneficiaries and evaluation tools for monitoring progress;</li> <li>ii. The World Bank project team confirms that all aspects of the project are consistent with all World Bank operational requirements;</li> <li>iii. All parties agree on a project timetable and on public disclosure of key documents; and</li> <li>iv. Assessment of the project's readiness for implementation is conducted and an agreement on conditions for effectiveness is reached; and</li> </ul> <p>(d) Approval:</p> <ul style="list-style-type: none"> <li>i. A Project Appraisal Document, along with other financial and legal documents, is prepared for submission to the World Bank's Board of Executive Directors for consideration and approval</li> </ul>

International Finance Corporation	
Process	Multi-stage approval (by relevant committee and Board)
Project cycle	<p>(a) Business development:</p> <ul style="list-style-type: none"> <li>i. Investment Officers and Business Development Officers identify suitable projects;</li> </ul> <p>(b) Early review:</p> <ul style="list-style-type: none"> <li>i. Investment Officers prepare a description of the project, the role of the International Finance Corporation (IFC), the anticipated contribution to development and benefits to stakeholders, and any potential deal-breakers;</li> </ul>



- ii. Lessons from previous projects are considered and, in some cases, a pre-appraisal visit is conducted to identify any issues in advance; and
  - iii. IFC senior management decides whether to authorize a project appraisal;
- (c) Appraisal:
- i. The investment team assesses the full business potential, risks and opportunities associated with the investment through discussions with the client and visits to the project site; and
  - ii. Asks the following questions:
    - Is the investment financially and economically sound?
    - Can it comply with IFC social and environmental performance standards?
    - Have lessons from prior investments been taken into account?
    - Have the necessary disclosure and consultation requirements been met?
    - How can the IFC help the client to further improve the sustainability of the project or enterprise?
- (d) Investment review:
- i. The project team makes its recommendations to IFC departmental management, who will decide whether to approve the project; and
  - ii. The project team and departmental management must be confident that the client is able and willing to meet IFC standards and work with the IFC to improve the sustainability of their enterprise;
- (e) Negotiations:
- i. The project team starts to negotiate the terms and conditions of IFC participation in the project, including:
    - Conditions of disbursement and covenants;
    - Performance and monitoring requirements;
    - Agreement of action plans; and
    - Resolution of any outstanding issues;
- (f) Public notification:
- i. A Summary of Proposed Investment (SPI) for the project and the environmental and social review, where applicable, are posted on the IFC website before being submitted to the IFC Board for review; confidential projects are excluded from publication; and
- (g) Board review and approval:
- i. The project is submitted to the IFC Board of Directors for consideration and approval through regular or streamlined procedures;
  - ii. "Streamlined" means that members of the Board review the documents but do not meet to discuss the project:
    - Available to low-risk projects of a sufficiently small size; delegated authority; and
    - The due diligence process and public disclosure remain the same in all cases; and
  - iii. The Board stipulates that each investment must have economic, financial and development value and reflect the commitment of the IFC to sustainability