



**GREEN
CLIMATE
FUND**

Meeting of the Board
28 - 30 June 2016
Songdo, Incheon, Republic of Korea
Agenda item 12 (b)

GCF/B.13/13/Rev.01

28 June 2016

Simplified processes for approval of proposals for certain activities, in particular small-scale activities: Recommendations from the Co-Chairs

Summary

This document outlines the recommendations from the Co-Chairs based on the consultations with the Board in relation to the simplified processes for approval of proposals for certain activities, in particular small-scale activities.

I. Introduction

1. By decision B.12/10, the Board requested the Co-Chairs to consult the Board with a view to presenting for consideration and adoption by the Board, the outcome of their consultations related to simplified processes for the approval of proposals for certain activities, in particular small-scale activities, at its thirteenth meeting. In accordance with the decision, the Co-Chairs present below a summary of their consultations and propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board.

II. Recommended action by the Board

2. It is recommended that the Board:

- (a) Adopt the draft decision presented in the annex to this document.

III. Summary of the consultations

3. In order to facilitate the consultations, the Co-Chairs undertook the following consultation process:

- (a) Circulated a proposal to all members of the Board (hereinafter referred to as Board members), alternate members of the Board and advisers with a proposed outcome on the simplified procedure;
- (b) Carried out a number of bilateral conversations with Board members who expressed an interest in working towards a decision on the simplified approval process;
- (c) Arranged a virtual Board-wide consultation at the adviser level in order to advance the Co-Chairs' proposal; and
- (d) Circulated a summary of the advisers' consultation to advisers on the way forward and the elements of a draft decision, incorporating views expressed during the consultation.

4. In order to advance this work, the Co-Chairs proposed the following actions to serve as the basis of discussions on this issue, with the aim of developing a Board consensus on the outcome:

- (a) The Board approves a simplified procedure for certain activities, including small-scale activities that would apply to both micro-scale¹ and small-scale² proposals.
- (b) The simplified procedure would apply to funding proposals from all accredited entities, including subnational, national, regional and international, and would operate in accordance with agreed GCF-wide policies, including the no-objection procedure, and the Gender policy and action plan;
- (c) The simplified procedure would include a revised full-funding proposal template for micro- and small-scale activities, and the Board's agreement on simplifying the level of detail required in terms of feasibility studies and other supporting documentation for these proposals;

¹ maximum total projected costs, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme (*para.12(a), Annex I, GCF/B.08/45*)

² maximum total projected costs, irrespective of the portion that is funded by the Fund, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme (*para.12(b), Annex I, GCF/B.08/45*)

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- (d) The Board decides to review the simplified procedure following the completion of the Initial Resource Mobilization period, based on experience gained and lessons learned; and
- (e) The Board also decides that adequate staffing will be allocated within the Secretariat for the consideration and implementation of the simplified procedures for approval of proposals for certain activities, in particular small-scale activities, and requests the Budget Committee to provide guidance to the Secretariat on this matter.
5. The consultations identified a number of issues that should form part of the ongoing efforts of the Board in order to simplify the proposal approval procedure, namely:
- (a) The need to confirm that the decision at the thirteenth meeting of the Board would be a principle-level decision on the broad parameters of the simplified proposal approval process in line with the Co-Chairs' e-mail, and to request the Secretariat to draft guidelines reflecting these principles for the Board's consideration at the fourteenth meeting of the Board (B.14);
- (b) The emphasis that the simplification of the proposal approval process would not diminish the quality of the projects that the GCF is seeking to approve;
- (c) The rationale behind establishing a simplified approval process was to ensure that developing countries where certain historical data and/or records do not exist, including small island developing States, the least developed countries and African States, are not excluded from accessing GCF resources. Similarly, the feedback from a number of direct access accredited entities was that undertaking full feasibility studies is a costly and lengthy exercise, which resulted in concerns that they may be unable to access GCF resources;
- (d) Funding proposals with a high degree of risk will need to provide comprehensive information on how they will address risks. Also on eligibility, the Secretariat's work for B.14 will include providing further details on eligibility, including with regard to the proportion of GCF investment in the proposal relative to the total project size. Additional work on eligibility would also consider how the simplified proposal approval process could apply in the case of projects under umbrella programmes that meet the project size and risk criteria, in addition to the replication of projects that produce successful outcomes in other countries;
- (e) The need to clarify how the level of detail required under the full funding proposal template and a modified template for the simplified approval process will reflect a lower threshold for feasibility studies. The current full funding proposal template requires a tick box to indicate that a full feasibility study has been undertaken but it is the Secretariat's interpretation of the requirement for a full feasibility study that has been a problem encountered by accredited entities. In order to address this, the Secretariat will be advised to indicate in the B.14 document how the template for the simplified approval process will be "simplified", including by outlining a list of required documents and information that the feasibility study needs to cover; and
- (f) The need to explicitly state that the simplified approval process will operate within the existing GCF policy framework.
6. The Co-Chairs noted a number of additional suggestions on which the Board was unable to reach moderate to high levels of convergence, and proposed that Board members consider raising these issues within the context of the agreed review of the initial approval process to be conducted at the fifteenth meeting of the Board.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.13/13/Rev.01 titled “Simplified processes for approval of proposals for certain activities, in particular small-scale activities: recommendations from the Co-Chairs”:

- (a) *Takes note* of the convergence and matters raised during the consultations undertaken by the Co-Chairs;
 - (b) *Decides* that a simplified process for small-scale activities will apply to both microscale and small-scale funding proposals that are assessed to fall under the low/no risk Category C/Intermediation 3;
 - (c) *Decides* that the simplified process will apply to proposals from all accredited entities, including subnational, national, regional and international, and would operate in accordance with agreed GCF-wide policies;
 - (d) *Decides* that the simplified process will include a revised full funding proposal template for micro- and small-scale activities, and the Board’s agreement on simplifying the level of detail required in terms of feasibility studies and other supporting documentation for these proposals;
 - (e) *Decides* that the simplified process will operate in accordance with existing GCF policies;
 - (f) *Decides* to review the simplified process following the completion of the Initial Resource Mobilization period, based on experience gained and lessons learned;
 - (g) *Also decides* that in the context of overall budget and staffing decisions, adequate support will be allocated within the Secretariat for the consideration and implementation of the simplified procedures for approval of proposals for certain activities, in particular for small-scale activities, and requests the Budget Committee to provide guidance to the Secretariat on this matter; and
 - (h) *Requests* the Secretariat to present to the Board, for consideration and approval at its fourteenth meeting, guidelines on the simplified processes for the approval of proposals for certain activities, in particular small-scale activities, taking into account the views expressed in the Co- Chairs' consultations related to:
 - (i) the proportion of GCF contribution to the total project size;
 - (ii) the level of details required for full proposal development; and
 - (iii) addressing project risks.
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