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# Independent Evaluation Unit's initial assessment of the Secretariat's review of the simplified approval process pilot scheme

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## **Summary**

This document presents the initial assessment of the Secretariat's review, which will be discussed by the GCF Board at its twenty-fifth meeting (B.25), by the Independent Evaluation Unit of the GCF (IEU). The IEU conducted this initial assessment as part of its independent assessment of the SAP Pilot Scheme, which was approved by the GCF Board at its twenty-fourth meeting (B.24) in November 2019 under its 2019 Workplan (document GCF/B.24/12/Rev.01 attached to decision B.24/06). The overall IEU assessment of the SAP pilot Scheme will be submitted at the twenty-sixth GCF Board meeting (B.26).

## I. Introduction

1. At B.24, the GCF Board requested the IEU to conduct an independent assessment of the SAP Pilot Scheme<sup>1</sup> with a view of informing the Board on the performance of the SAP to support its further development. Taking into consideration that a Secretariat document on this issue will be considered at B.25, the IEU's assessment consists of two parts:

- (a) An initial assessment of the Secretariat's Review (to be shared with the Board at B.25); and
- (b) An overall independent assessment of the SAP pilot (to be presented to the Board at B.26).

2. The present document is the initial assessment of the Secretariat's review.

3. This document is organized as follows:

- (a) Annex I presents IEU initial assessment of the Secretariat's review.

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<sup>1</sup> DECISION B.24/06 relative to the adoption of the Work programme and budget of the IEU (Document GCF/B.24/12/Rev.01).

## **Annex I: Independent Evaluation Unit's initial assessment of the Secretariat's review of the simplified approval process pilot scheme**

*The initial assessment paper is contained below.*



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# The IEU's Initial Assessment of the Secretariat's Review of SAP

The IEU Version: 17<sup>th</sup> February 2020

For comments please be in touch with [ieu@gcfund.org](mailto:ieu@gcfund.org)

## I. Background

1. The GCF approved the Simplified Approval Process Pilot Scheme (SAP) in Decision B.18/06 (October 2017), with the objective “to apply best practices to *reduce the time and effort* needed in the preparation, review, approval and disbursement procedures for proposals of certain activities, in particular and small-scale activities” (italics added for emphasis) that promote and support *scalable and transformational* actions, in support of the GCF mandate (italics added for emphasis). The decision also states that “unless specifically modified [...], all other relevant GCF policies apply as usual to the Pilot-Scheme”.
2. **The challenge:** They key challenge from the point of view of the IEU for SAP is its widely perceived burdensome process. Although it is meant to be a simplified approval process, proposals accessing the SAP modality have similar requirements in terms of initial due diligence. This belies the aim of the process. It is keeping this in view that the Secretariat has aimed to analyze the process of the SAP. For a full Secretariat review, please refer to document ‘Annex III: SAP Review 14 02 2020\_clean’.
3. **The Secretariat's ‘Review’:** The objective of the Secretariat's review of the SAP (the ‘Review’), is to “provide observations and formulate recommendations to further improve the efficiency and effectiveness of the SAP process, to consider elements of simplifications and as well as potential expansion of the type of eligible activities.” The Review, conducted by an external consultant hired by the Secretariat, had several versions.<sup>1</sup>
4. **The key recommendations from the Secretariat's review, in brief, are as follows (sic).** The Secretariat's Review presents data collected through different methods; and analyzes it. (Please refer to the full document for details):
  - a. A revised SAP technical assistance program can (sic) be designed with closer links to country programmes and priorities and requirements of the project.
  - b. Seek closer alignment between country programmes, RPSP, technical assistance and SAP outcomes.
  - c. Offer more training for capacity and knowledge building.
  - d. Continue to provide simplified access to (SAP) material using a multi-media approach.
  - e. Streamline documentation by reducing non-essential steps.
  - f. Enhance support to DAEs by establishing closer links between SAP, RPSP, PPF. Please SAP related technical assistance.

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<sup>1</sup> The one used by IEU to generate the current comments was shared by GCF Secretariat on January 23, 2020. The IEU shared these findings with the Secretariat as a consequence of which the Board shared draft has been amended. However the overall comments in the IEU's initial assessment (this document) remain valid.

- g. Streamline reviews of SAP proposals.
- h. Consider using a separate group (other than iTAP) for the independent assessment of SAP.
- i. Consider process simplifications.
- j. Invoke delegated authority for approval of SAP resources.
- k. Provide for BBMs to support SAP approvals.
- l. Provide independent legal support to DAEs for SAP.
- m. Expand the use of pre-FAA draft templates across all AEs.
- n. Provide streamlined social and environmental screening
- o. Further develop the private sector through incremental efficiencies recommended in the review.
- p. Build capacity of private sector entities for SAP, in intermediated finance.
- q. Strengthen the pre-origination phase of SAP through RPSP.

## II. Objectives of The IEU's Assessment

5. At B.24, the GCF Board requested the IEU to conduct an independent assessment of the SAP Pilot Scheme<sup>2</sup> with a view of informing the Board on the performance of the SAP to support its further development. Taking into consideration that a Secretariat document on this issue will be considered at B.25, the IEU's assessment consists of two parts:
  - a. *An initial assessment of the Secretariat's Review* (to be shared with the Board at B.25).
  - b. *An overall independent assessment of the SAP pilot* (to be presented to the Board at B.26).
6. Keeping this in view, the **overall main objectives of the IEU's assessment** (to be presented at B.26) are to examine (see the IEU approach paper on IEU website):
  - a. The value added of SAP, especially as they related to relevance, country ownership, impact and innovation;
  - b. Benchmarking the SAP with other similar processes and modalities;
  - c. Undertaking a process evaluation and examining the efficiency of SAP processes;
  - d. Examining the likelihood of impact of SAP projects, especially as it relates to their effectiveness and scalability.
7. **The present document is an initial assessment of the Secretariat's review.** It is NOT a full assessment (which will only be available at B.26).

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<sup>2</sup> DECISION B.24/06 relative to the adoption of the Work programme and budget of the IEU (Document GCF/B.24/12/Rev.01)

### III. The IEU's methods for the initial assessment

8. The overall aim of the current IEU initial assessment is to examine the relevance, potential for bias and sufficiency of the Secretariat's Review to inform the overall strength and credibility of its findings and recommendations.<sup>3</sup>
9. The IEU used the following methods/data to assess the Secretariat's Review:
  - a. Analysis of the data presented in the Review, in particular the strength of the evidence presented from interviews and the online survey;
  - b. Review related and relevant evidence from the IEU's reports including the FPR, the Evaluation of the Readiness and Preparatory Support Programme (RPSP) and the Country ownership evaluation;
  - c. Interviews with GCF Secretariat staff; and analyzed project processing data for the 12 projects approved through SAP so far.

Overall it is important to note that this initial report by the IEU only reflects our initial commentary on the Secretariat Review. For this report, we do not question the overall scope of the Review, although that will be a subject of our commentary subsequently.

### IV. The IEU's Initial Assessment - Key comments on the Secretariat's Review of the SAP

10. Overall, the Secretariat's Review does not examine the overall value added of SAP or how it fits into the overall theory of change of the GCF.<sup>4</sup>
11. The **IEU's FPR** also provides some initial findings relevant for this initial assessment:
  - the approval time for the six projects approved using the SAP process and eligibility criteria as of February 28, 2019 is similar to that for regular GCF FPs: eight months versus nine months respectively, and
  - SAP proposals went through similar review (Secretariat and iTAP) and approval channels as FPs.
12. Our comments on the framework and methods are as follows:

**a. Framework:** he Review examines pre-identified barriers for the implementation of SAP. It is not clear how these barriers were identified.

**b. Methods:** The Review includes mixed methods and approaches that are reasonable, expected in this type of review, applicable and valid: online surveys, interviews, focus groups, documents and projects desk reviews. The Review also benchmarks the SAP with other climate funds with relevant fast track mechanisms: Global Environment Facility (GEF), Adaptation Fund (AF) and Climate Investment Funds presents experiences from other international financial institutions (IFIs) with delegated authority. However, the Review lacks clarity on the different points of view from different stakeholders, for example, conclusions from interviews and online surveys are usually lumped together and without indicating if the respondent or the interviewee had any

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<sup>3</sup> This advice from the IEU also aligns with its TORs that highlights the advisory function of the IEU as well as the quality assuring function of the IEU GCF B.06/09/para 8

<sup>4</sup> The IEU will examine and provide its findings and recommendations at B.26.

experience with SAP processes. This may not affect the validity of the findings but limits their credibility and makes it unclear how the finding and recommendation came about.

**c. Interviews and focus groups.** The Review provides a tabulation of how many stakeholders were interviewed (or participated in the online survey) by type of stakeholder but not their names or the institutions they represent. Types of stakeholders interviewed and focus groups seem to be reasonable and comprehensive. Some stakeholders are absent (e.g. private sector, GCF independent accountability units’ representatives, etc.), but this is not in itself significant. However, results from interviews, focus groups or online surveys are not (clearly) disaggregated according to their experience with SAP.

**d. Online survey results:** Although the data and analysis are a very important part of the review the presentation, the use of the online survey has several problems. Many graphs are confusing and do not clearly state the question or, most importantly, the response rates. We also advise that the results be disaggregated to consider differences between those who have experience with SAP and those who do not (but may want to participate in the future). Some responses should not be reported if the respondents did not have experience with SAP. In some cases, the responses “Other – comment” represent a significant proportion of responses, but qualitative responses are not reported (and it is not always clear whether it is a negative or a positive response).

13. **Table II** provides the IEU review of whether each finding and recommendation is backed by evidence as presented in the Review, and whether the logical or causal relationship established between evidence, findings and recommendations is strong. Additions in red are suggested rephrasing.
14. Overall, we find that for the findings and recommendations in the Review (see Table I), ten of the eighteen recommendations are based on valid findings. Seven findings are not valid i.e. they are not based on evidence or data presented.

**Table I: Overall sensitivity table of Findings and Recommendations in the Secretariat’s SAP review (see Table II for details)**

		RECOMMENDATIONS		
		<i>Not valid</i>	<i>Valid</i>	<b>Total</b>
<b>FINDINGS</b>	<i>Not valid</i>	2	5	<b>7</b>
	<i>Valid</i>	1	10	<b>11</b>
	<b>Total</b>	<b>3</b>	<b>15</b>	<b>18</b>

Notes: Findings ‘Not valid/valid’ examines whether the Findings flow from the evidence/data contained in the Secretariat’s Review. Recommendations ‘Valid/Not valid’ examines whether the recommendations follow from the Findings (irrespective of whether the Findings themselves are valid).

(Contd. Table II on the next page. )

**Table II: The IEU’s analysis of the evidence presented in the Secretariat’s Review and of the quality of its recommendations**

<b>REVIEW FINDING</b> (text in red is suggested by IEU to improve the message)	<b>IEU ANALYSIS OF THE EVIDENCE IN THE REVIEW</b>	<b>REVIEW RECOMMENDATION</b> (text in red is suggested by IEU to improve the message)	<b>IEU’S ASSESSMENT OF THE QUALITY OF RECOMMENDATION</b>
<b>Review Section 6.2. Project design, origination and policy alignment</b>			
<p>1. <i>Building the capacity of entities (DAEs in particular) to pilot SAP and/or enter into the climate finance space is paramount to support country ownership and a wider application of climate action.</i></p>	<p><b>IEU assessment:</b> The finding resonates with similar findings from IEU evaluations. However the evidence provided in the Review does not support this finding</p> <p><b>IEU commentaries:</b></p> <ul style="list-style-type: none"> <li>Capacity-building seems to be an additional expectation from SAP pilot, which was not made explicit in the Decision creating it. Using the SAP modality to channel a project may be a way for DAEs to build their capacities to develop more complex FPs and further access GCF. The Review provides examples of capacity building exercises provided by the SAP team at the Secretariat but there is no evidence provided if this capacity has actually helped. The link between building capacity for DAEs and strengthening country ownership was discussed in the FPR and in the Country Ownership Evaluation, although not specifically considering SAP.</li> <li>The Review reports that interviews and surveys indicate that there are links between projects processed through SAP and NDCs and that these projects were designed with SAP criteria in mind (rather than retrofitted). There is no presentation of an analysis of country ownership or how these projects complement or relate to wider climate action.</li> </ul>	<p><i>1. A revised SAP technical assistance program can be designed with a closer link to country programming and priorities on the one hand, and the requirements of the project on the other.</i></p>	<p><b>IEU assessment:</b> The evidence regarding this is required in the Review. However, the recommendation is valid (but based on other IEU evaluations).</p> <p><b>IEU commentary:</b> The evidence in the Review (and also from the FPR) indicates that technical assistance is welcome and necessary for everyone trying to reach the GCF but that it should be more targeted to develop projects that fall under the SAP criteria.</p>
<p>2. <i>Countries have high-level information e.g. at sectoral</i></p>	<p><b>IEU assessment:</b> The finding corresponds to the evidence.</p>	<p><i>2. Seek closer alignment between country programs,</i></p>	<p><b>IEU assessment:</b> this recommendation is similar to one provided by the FPR.</p>

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<i>level, yet struggle with the translation of that information, into proposals for the GCF [The IEU's proposed additional language: '...using the SAP modality']</i>	<p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The evidence is based on interviews and an IEU review of the Readiness Program which indicated that SAP and country programs could be better linked with project needs.</li> <li>Interviews from country representatives also indicated that information on the SAP modality is still limited.</li> </ul>	<i>readiness program, the provision of technical assistance, and its outcomes.</i>	<p><b>IEU commentary:</b></p> <p>The recommendation relates to the evidence. On the other hand, the Review also reports that the projects proposed for SAP modality are (already) linked with NDCs which is not supported by evidence.</p>
<p>3. <i>There are still gaps in knowledge across countries and entities as regards the details of building proposals and strong narratives towards maximizing climate impacts, leading to weak SAP proposals.</i></p>	<p><b>IEU assessment:</b> The finding corresponds to the evidence partially.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The survey responses (although not clear who responded) indicate an increased desire for TA to prepare projects. Interviews indicate that the TA provided by GCF under RPSP is general in scope, not specific on project preparation and not specific on SAP. The TA provided specifically for SAP is described as insufficient, but the source of this statement is not mentioned.</li> <li>There is no clear analysis to conclude that the proposals presented to the SAP pilot were “weak” (and weaker than regular proposals).</li> </ul>	<p>3. <i>Offer more training for capacity and knowledge building, including webinars and face-to-face workshops, to be organized at the margins of country missions, structure dialogues and partnerships with relevant stakeholders [The IEU's proposed additional language: '...to improve the knowledge on how use the SAP modality'].</i></p>	<p><b>IEU assessment:</b> this recommendation is linked to the finding of gaps in knowledge on project preparation to reach the GCF through the SAP modality.</p> <p><b>IEU commentary:</b> The recommendation could have gone further and recommended that the SAP modality be linked with existing GCF technical assistance programs such as the Readiness Program.</p>
<b>Review Section 6.3. Development of proposals (concept notes, funding proposals)</b>			
<p>4. <i>The Secretariat has done well in providing exhaustive, comprehensive and easy-to-use templates and guidelines.</i></p>	<p><b>IEU assessment:</b> The finding corresponds to evidence provided in the Review.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The Review provides an analysis of the ease of use and comprehensiveness of the documents produced by the SAP team (and the fact that they are provided in several languages). The analysis was also backed by responses from interviews which included DAEs.</li> </ul>	<p>4. <i>Continue in developing and providing wider and simplified access to material using a multi-media approach (traditional, social), webinars as well as dedicated dialogue at country level. Where not yet available, increase the availability of this material in other languages.</i></p>	<p><b>IEU assessment:</b> the recommendation corresponds to the finding.</p> <p><b>IEU commentary:</b> none</p>

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	<ul style="list-style-type: none"> <li>The majority of respondents (Figure 10) indicate that guidelines are appropriate or easy to understand (almost 70%), although it is unclear if these responses are from those who have experience with the guidelines.</li> <li>The SAP website provides all the templates.</li> </ul>		
<p>5. <i>SAP does provide for shorter documentation and the provision of fewer annexes of supporting evidence in the process of preparing CN and FP.</i></p>	<p><b>IEU assessment:</b> The finding is based on the evidence about the quantitative assessment of the documentation. There is no qualitative assessment of the requirement documents.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The Review provides an analysis of the number of pages and annexes in proposals put forward through the SAP pilot and the analysis indicates that the SAP project documents are indeed shorter than regular FP requirements</li> <li>The Review also found that SAP FP template is 5 pages shorter than the regular PAP template.</li> <li>The Review also concludes that the annexes seemed more streamlined.</li> <li>Interviewees and survey respondents commented that the templates are easy to navigate.</li> <li>Some interviews indicated that there is a tendency to request more information during the reviewing process, making the annexes cumbersome and lengthy, and for this reason, the finding could have been more nuanced.</li> <li>On the other hand, the Review could have been enhanced by conducting a qualitative analysis of the type and relevance of requirements in the development of projects</li> </ul>	<p>5. <i>Standardize the review by providing pre-defined guiding questions, templates and examples for AEs and countries, in order to reduce inconsistencies in the reviewed material and follow-up questions.</i></p>	<p><b>IEU assessment:</b> the recommendation is not linked to the finding.</p> <p><b>IEU commentary:</b> The related finding does not mention inconsistencies in the reviewed material and follow-up questions. The Review reports that reviews of SAP projects seem to request more information than originally expected by the proponents given that there is less information provided in SAP projects. <i>The recommendation in the text of the review is different from that in the executive summary.</i></p>

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	proposals. The Review does not assess if there is indeed less content, data, or information required.		
<i>6. Technical gaps in the in-house capacity of DAEs may slow-down project preparation.</i>	<b>IEU assessment:</b> The finding has no evidence in the Review. <b>IEU commentary:</b> The Review does not provide evidence to indicate that in-house capacity of DAEs is an issue on project preparation. There may be other reasons, such as the type of information required, that slow down project preparation.	<i>6. Enhance the support to DAEs by establishing closer links between SAP, Readiness and PPF. Plan a SAP devoted technical assistance/support delivery solution to entities.</i>	<b>IEU assessment:</b> the recommendation does not follow the finding <b>IEU commentary:</b> since there is no evidence to support the finding the recommendation is weak. On the other hand, as recommended by the FPR and the RPSP evaluations, there should be more support to DAEs to be able to access the GCF.
<b>Review Section 6.4. Project internal and external (iTAP) reviews</b>			
Review-identified Barrier: <i>There is no guidance by the Board as to which – if any – policies and / or requirements could be streamlined, and in absence of that, both internal and external reviewers review the proposals with the same approach, structure, scrutiny, and comprehensiveness as a FP over USD 10 million.</i>		Review-identified Risk: <i>There is no simplification in the provision of additional supporting documentation, such as evidence to the annexes, which remains the same as for other proposals. There is no reduction in lead-times to complete a funding proposal ready for submission and approval by the Board. Scaling up of SAP is limited in absence of revisions to its policies and operations. [the last statement is unclear]</i>	
<i>7. The reviewing process does not distinguish between SAP and non-SAP proposals, instead requiring similar levels of detail and scrutiny. Detailed annexes are supportive to proposal development and are consistent with Board decisions on policies.</i>	<b>IEU assessment:</b> there is evidence in the Review to support this statement. <b>IEU commentary:</b> <ul style="list-style-type: none"><li>• The first sentence is supported by interviews with external and internal stakeholders and a review of the templates.</li><li>• The second sentence does not accurately reflect the identified bottlenecks and duplications in the process. The finding could highlight the discrepancy between the lesser level of information required for SAP projects and the fact that review processes remain the same, causing bottlenecks and delays. The Review discusses the fact that projects under SAP are bound to the same</li></ul>	<i>7. Streamline the reviews to be consistent with the given [SAP] templates and annexes, in order to [The IEU's proposed additional language: '...be more efficient, reduce time and effort by proponents], reduce [The IEU's proposed additional language: '...requirements'] inconsistencies in reviewed material and in follow-up questions.</i>	<b>IEU assessment:</b> this recommendation is accurately linked to the findings. <b>IEU commentary:</b> The IEU is providing some suggestions on the phrasing.

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	policies as non-SAP projects but potentially requiring less information.		
8. <i>The growing number of SAP proposals in the pipeline will further challenge the capacity of reviewers (task managers and iTAP members).</i>	<p><b>IEU assessment:</b> There is no specific evidence provided beyond the existing SAP pipeline.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The Review provides an analysis of the pipeline which has grown over time but there is no analysis of the resources necessary to process a project through the SAP modality. The focus group with iTAP members indicates that indeed, the Panel feels that it is working at capacity right now.</li> <li>On the other hand, this conclusion could apply to the GCF in general since there is growing pipeline of FPs.</li> </ul>	8. <i>Consider the utilization of a firm or group of consultants devoted specifically to the independent assessment of the SAP funding proposals in order to free up the time of the (regular) iTAP for more complex, riskier and financially larger projects and programmes.</i>	<p><b>IEU assessment:</b> the recommendation is linked to the finding but the finding was assessed as not having enough evidence.</p> <p><b>IEU commentary:</b> Adding more resources to conduct the review may be a solution to the finding that says that there is a perceived bottleneck in reviews and that the iTAP has reached capacity. It is not evident why creating an independent assessment process will solve the situation of a potential growing pipeline of SAP projects.</p> <p>The Review does not analyse the consequences for example, on governance, of creating a parallel independent review process with a new group.</p>
9. <i>The reviewing process can often take longer than the required 14 days, (21 days in the SOP).</i>	<p><b>IEU assessment:</b> The Review has evidence to support this finding.</p> <p><b>IEU commentary:</b> This is supported by a pipeline analysis demonstrating that 28% of CNs are reviewed within 14 days, and the average time is 35 days.</p>	9. <i>Process simplifications as detailed in this review and increasing capacity of staff/ external reviewers dedicated to SAP will reduce lead-times, in particular in a context of a growing SAP pipeline.</i>	<p><b>IEU assessment:</b> the recommendation is linked to the finding.</p> <p><b>IEU commentary:</b> More simplification and more resources (capacity of staff) dedicated to reviewing SAP is a good recommendation. It is unclear how an external group may reduce lead-times, particularly if they need to learn the institution and the content of projects.</p>
<b>Review Section 6.5. Approval process</b>			
10. <i>Presenting SAP proposals 3 times yearly alongside non-SAP proposals currently presents no time-efficiency gains and misaligns SAP preparation and submissions</i>	<p><b>IEU assessment:</b> There is evidence in the Review that having more opportunities for projects to be presented (and approved) by the Board will increase the process efficiency. However the Review does not consider the current high-work load of the Board.</p> <p><b>IEU commentary:</b></p>	10. <i>Develop a process which includes a delegated authority for approval of resources for SAP projects and programs that present none to minimal environmental and social risks.</i>	<p><b>IEU assessment:</b> Accurately related to the finding.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The Review does not conduct an assessment of the legal aspects of these recommendations and what it would take for the Board to agree to delegate</li> </ul>

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<i>(rolling) with the approval process.</i>	<ul style="list-style-type: none"> <li>Opening in between approvals will add 3 more opportunities for projects to be approved, making the process faster.</li> <li>35.8% of respondents agree that that the current approval process is not appropriate (17.9% do agree and 17.9 do not know, Figure 12).</li> <li>It is not possible to compare time stamps between SAP and comparable non-SAP projects since all of the SAP-type projects were approved before SAP was approved (all small, ESS C category projects since B.19 have been processed through SAP).</li> <li>The Review does not provide an analysis of why the Secretariat proposals to have in between approval (as requested by the SAP Decision 18/06) was not approved by the Board (it was presented twice but discussed only once).</li> </ul>	<i>Provide for a SAP-dedicated in-between-Board approval process, compatible with the current, GCF approval policies, for SAP projects and programs that present moderate risks while still excluding known risk factors.</i>	<p>authority to the ED (he/she is not the CEO) and how it would affect the role of the Trustee.</p> <ul style="list-style-type: none"> <li>The Review provides an Annex with experiences with delegation of authority from relevant IFIs but this is not referred to in the text of the Review.</li> </ul>
<b>Review Section 6.6. Post-approval</b>			
<i>11. DAEs have limited knowledge and capacity to negotiate complex legal agreements. [The IEU's proposed additional language: '...Contractual processes remain too complicated for AEs, in particular for DAEs, whose legal capacities are often more limited.']</i>	<p><b>IEU assessment:</b> The Review does not provide evidence for this finding.</p> <p><b>IEU complementary:</b> The capacity of DAEs was not analysed in the Review.</p>	<i>11. Provide independent (consultant) legal support to DAE, for example in the context Readiness support.</i>	<p><b>IEU assessment:</b> the recommendation follows the finding but since the finding is not based on clear evidence in the Review the recommendation may not be valid.</p> <p><b>IEU commentary:</b> Providing more support to DAEs along the GCF project cycle seems to make sense but it is not clear why this should be provided through independent legal consultants.</p>
<i>12. Lead-times for the legal negotiations remain long.</i>	<p><b>IEU assessment:</b> the Review provides evidence for this finding.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>IEU's analysis indicates that it took about 200 days for SAP projects to negotiate their</li> </ul>	<i>12. Expand the implementation of the pre-FAA draft templates across all AEs in order to have a signing-ready document at the time of approval.</i>	<p><b>IEU assessment:</b> The recommendation is in line with the finding.</p> <p><b>IEU commentary:</b> IEU's analysis indicates that the two AEs that have approved two projects through</p>

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	<p>FAA (based on the 5 projects that have reached this stage: SAP1, SAP3, SAP4, SAP5, SAP6)</p> <ul style="list-style-type: none"> <li>The Review does not analyse the process beyond FAA since only 3 projects have had first disbursements. IEU's analysis indicates that it took about 100 days for the first disbursement to take place after FAA.</li> </ul>		<p>SAP have decreased time elapsed between approval, FAA effectiveness and first disbursement.</p> <p>The Review does not consider whether starting negotiations for the FAA before approval could increase the pre- approval period.</p>
<b>Review Section 6.8. ESS Categorization and eligibility</b>			
<p><i>13. SAP is limited minimal to no environmental and social risk, yet this lower-risk is not reflected in less complex analyses to provide all the relevant ESS documentation.</i></p> <p>[The IEU's proposed additional language: '...The ESS documentation requirements and reviews of GCF projects eligible for SAP modality do not reflect the lower-risk ESS features of these projects.']</p>	<p><b>IEU assessment:</b> the Review does not provide evidence for this finding.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The Review does not discuss the documentation that needs to be provided nor compares it to the regular ESS documentation requirements.</li> <li>The Review does not conduct an analysis of the SAP template and guidelines for ESS review.</li> </ul>	<p><i>13. Provide streamlined environmental and social screening, with risk mitigation plans that can be monitored on a regular basis during implementation.</i></p>	<p><b>IEU commentary:</b> Although the recommendation seems linked to the finding, the finding does not provide evidence in the Review so the recommendation may not be valid.</p>
<p><i>14. ESS categorization for SAP is limited to minimal to none thus restricting the number of activities that can be covered by an SAP project/program.</i></p>	<p><b>IEU assessment:</b> there is evidence in the Review since this is an eligibility criteria for a proposal to access the SAP modality</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The Review does not have a market analysis regarding demand from stakeholders on higher level ESS risks to increase the number of proposals that could be eligible for SAP. The Review does not analyze if proponents are not coming to the GCF because of this restriction.</li> </ul>	<p><i>14. Include proposals with Cat B / I-2, in cases with no land acquisition, land rights disputes, limited construction.</i></p>	<p><b>IEU assessment:</b> the recommendation follows the finding.</p> <p><b>IEU commentary:</b> There is no clear indication how this expansion of the eligibility criterion on ESS would increase or improve the access to the GCF funding. The Review indicates that the pipeline of SAP proposals is already strong and growing with some important consequences on the capacity of the GCF to process them in an efficient way.</p>

<b>REVIEW FINDING</b> (text in red is suggested by IEU to improve the message)	<b>IEU ANALYSIS OF THE EVIDENCE IN THE REVIEW</b>	<b>REVIEW RECOMMENDATION</b> (text in red is suggested by IEU to improve the message)	<b>IEU'S ASSESSMENT OF THE QUALITY OF RECOMMENDATION</b>
<b>Review Section 6.9. SAP and the private sector</b>			
<p>15. <i>The private sector is under-represented in SAP proposals, although more proposals are being developed and are included in the active [SAP?] pipeline.</i></p>	<p><b>IEU assessment:</b> the Review presents evidence to support this finding.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>• The fact that only one out of 12 projects is from the private sector confirms under-representation.</li> <li>• The current SAP pipeline includes 10 private sector projects out of 79 projects (12.7%) compared to 8.3% (1 out of 12) for the projects already approved, which is a slight improvement.</li> <li>• The Review did not reach out to private sector accredited entities although representatives from the PSF were interviewed.</li> <li>• Interviews by IEU with PFS staff confirms the findings of the Review: many private sector entities have proposals that are in the B category.</li> <li>• Some of the reasons mentioned in the Review about the private sector and the GCF are also systemic to the GCF, and not unique for SAP (e.g., cumbersome process, uncertainties and delays in transactions).</li> </ul>	<p><i>15. Further development of private sector proposals via SAP could benefit from several of the incremental efficiencies recommended in this review, e.g. in operationalizing PSAA, extending the risk categorization, simplifying and shortening the approval process with the introduction of a SAP specific in-between-board approval mechanism and consideration of delegated authority for SAP with certain features.</i></p>	<p><b>IEU assessment:</b> the recommendation is linked to the finding.</p> <p><b>IEU commentary:</b> The recommendation is correct that several of the proposed recommendations will increase the efficiency of project processing but not only for the private sector.</p>
<p>16. <i>There is untapped potential in the use of a wider range of financing instruments.</i></p>	<p><b>IEU assessment:</b> the Review does not provide evidence to support this finding.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>• An analysis of the SAP projects provides evidence that the use of financial instruments is not diverse. This is also correct for the GCF portfolio in general (Re: FPR). No explanations are provided with regards to the barriers hindering more</li> </ul>	<p><i>16. Build the capacity of private sector entities in the use of SAP in intermediated finance, in private equity, and in mixed participation funds, with the possibility of raising the [GCF funding] threshold for private sector SAP and to include SAP proposals with a</i></p>	<p><b>IEU assessment:</b> the first part of the recommendation is linked to the finding but the second one about raising the GCF funding threshold is not.</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>• The proposed capacity-building for PS seems like an appropriate recommendation.</li> <li>• The Review does not provide evidence (other than interviews with limited</li> </ul>

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	<p>diverse use of financial instruments or the “untapped” potential.</p> <ul style="list-style-type: none"> <li>The finding should focus on the fact that the SAP portfolio and pipeline is not very diverse in financial instruments.</li> <li>The Review also indicates that the SAP criteria could be expanded to include incubators or accelerators (with equity potential) but no further analysis or recommendation were presented on this.</li> </ul>	<p><i>moderate environmental and social risk profile.</i></p>	<p>private sector organizations and the PSF) that there is an issue on the size of the GCF threshold and the ESS categories. The finding does not include this issue.</p>
<b>Review Section 6.10. Accreditation framework</b>			
<p>Review-identified Barrier: <i>The absence of a Project Specific Accreditation Approach and the limited accreditation threshold (as micro, small) for several entities means that many smaller or lower-capacity national entities may still encounter delays and complexities when working with GCF. [IEU commentary: The accreditation framework does not have a strategy to bring entities that may be more suitable for the SAP type of projects]</i></p>		<p>Review-identified Risk: <i>Access to SAP remains limited, in particular from DAEs and private sector entities that are not yet accredited; impacts, transformational change and supporting an inclusive paradigm shift is hampered. [IEU commentary: the accreditation framework continues not have processes and a strategy that would encourage and support entities that would be more related to the SAP eligibility criteria]</i></p>	
<p><i>17. There are 15 proposals (concept notes) in the active pipeline (19% of the total) without an accredited entity or from non-accredited entities. Matching AEs to SAP proposals has not been successful.</i></p>	<p><b>IEU assessment:</b> the Review provides evidence for the finding. <b>IEU commentary:</b> none</p>	<p><i>17. Strengthening the pre-origination phase of SAP proposal with enhanced integration of SAP trainings in the Readiness and Preparatory Programme and GCF country and regional engagements. Approve and operationalize a Project Specific Assessment Approach to support proposals from NDAs, focal points and potential national direct access entities.</i></p>	<p><b>IEU assessment:</b> the recommendation is a possible solution to the finding. <b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>The integration with the Readiness Program for enhancing originations is similar to the one proposed in the IEU evaluation of the Readiness Program.</li> <li>On the other hand, the Review does not provide evidence in this section of the review related to this, therefore it is not clear where this recommendation comes from.</li> <li>The second part of the recommendation, related to the PSAA, makes sense and it could support (if integrated in the SAP) to facilitate access to GCF through SAP modality</li> </ul>

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			to entities that are interested in smaller and less risky projects.
<p>18. <i>Non-accredited SAP proponents are unclear as to where they sit vis-a-vis accreditation processes, whether there is a prioritization exercise for entities (and if so, whether they are part of it), and how they can get support to their accreditation efforts, which in turn may support the processing and development of their SAP proposal(s).</i></p>	<p><b>IEU assessment:</b> there is no evidence in the Review</p> <p><b>IEU commentary:</b></p> <ul style="list-style-type: none"> <li>• This is likely correct, but no evidence is provided to this effect in the Review.</li> <li>• It is unclear how these agencies participated in the review, were they interviewed or surveyed?</li> </ul>	<p><i>18. Ensure continuous dialogue and support with entities that are coming forward with good proposals, to help them navigate the GCF, accreditation and how to work with other accredited entities/partners.</i></p>	<p><b>IEU assessment:</b> this seems to be an appropriate response to the finding</p> <p><b>IEU commentary:</b> none</p>

