



GREEN
CLIMATE
FUND

GCF/B.28/08/Add.01

23 February 2021

Written feedback received on draft document titled “Further development of the simplified approval process”

I. Reference table

Section	Feedback received via e-mail	
	Board or alternate member	Format
1.1	Il Young Park (ABM)	E-mail
1.2	Marta Mulas Alcantara (BM), Niamh McGuire (ABM)	E-mail
1.3	Jean-Christophe Donnellier (BM), Stephane Cieniewski (ABM)	E-mail
1.4	African Board and alternate members	Attachment
1.5	Josceline Wheatley (BM)	E-mail
1.6	Hans Olav Ibrekk (BM), Terje Kronen (ABM)	E-mail
1.7	Tobias von Platen-Hallermund (BM), Jock Geselschap (ABM)	E-mail
1.8	Lars Roth (BM)	E-mail
1.9	Heike Henn (BM), Susan Krohn (ABM)	Attachment
1.10	Gisella Berardi (BM)	Attachment
1.11	Mathew Haarsager (BM), Trigg Talley (ABM)	Attachment
1.12	Masahiro Takasugi (BM), Yoshitomo Kondo (ABM)	Attachment

1. The feedback received from the Board on the document is reproduced in the following sections. For ease of reference and where helpful, the relevant feedback received from the Board members for the document may be highlighted.

1.1 Written feedback received from Il Young Park

E-mail received on 4 February

From: Il Young Park

Sent: Thursday, February 4, 2021 5:43 PM

To: Green Climate Fund - SECRETARY TO THE BOARD

Cc: Ji Young Choi; Eunkyl Park; Yeongsoo Kim; Ye Eun Kim

Subject: Comment for the document "Further Development of the Simplified Approval Process" _Board Member _Republic of Korea

Dear Secretary to the Board,

As a Board Member to the GCF, I hereby submit my comment on the document, "Further development of the Simplified Approval Process" circulated to the Board.

Comments:

- We welcome this document on the further development of the simplified approval process, which should shorten the approval period and enhance the accessibility of SAP projects.
- We would like to understand the specifics (including the contents and the timeline) of the 'ADDITIONAL SIMPLIFIED ASSESSMENT METHODOLOGIES AND A MORE EFFICIENT REVIEW PROCESS FOR SAP PROPOSALS' mentioned in Annex I (d), as this may directly affect the AEs' implementation of projects.
- We would also like to know how the Secretariat plans to further incorporate what was recommended by the IEU in its independent assessment of SAP Pilot Scheme (a strategy to expand the scope of the SAP modality to include proposals that bring value to the GCF).

Thank you.

Best regards,
Il Young Park

1.2 Written feedback received from Marta Mulas Alcantara and Niamh McGuire (through Alison Carlin)

E-mail received on 5 February

From: CARLIN, Alison (DST)
Sent: Friday, February 5, 2021 4:17 PM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Mulas Alcántara, Marta; Presmanes Andrés, María; Niamh McGuire; Paul Ryan; Martin Lally; Susana Castro-Acuna; Green Climate Fund - Secretariat
Subject: RE: [Gentle Reminder] Documents for Board consultation – Further development of the simplified approval process and Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment

[UNCLASSIFIED]

Hello GCF colleagues

On behalf of the Spain/Ireland/New Zealand constituency I would like to share the following thoughts on the SAP:

In general we welcome and support the draft policy. We are pleased to see the potentially significant time savings in the review and approval times for SAP proposals that could be achieved through rolling assessments by TAP, approvals between board meetings and delegation to the ED - all of which we support.

We are also comfortable with the extension of eligibility to projects that have limited environmental and social impact (beyond those that have "minimal to none") although of course it remains important to ensure the appropriate assessments are carried out.

There are a couple of issues that we wished to raise:

1. For proposals that are considered and approved by the Board between Board meetings it will be important to ensure Active Observers / CSO voices are able to be heard. We would want to be sure that their participation was not disadvantaged by this approach. We often find the comments by AOs are very useful as they are able to reach in to communities affected by proposals. It will be even more important that CSOs have a voice in this process given the proposal to extend eligibility of SAPs to those with "limited" environmental and social impact. It is not clear (in the Annex), when the AOs would have access to the SAP proposals for their comment and how we would be able to have access to their views.

2. While we welcome the improved review and approvals processes and acknowledge that these improvements will be helpful in condensing the amount of time it takes from concept to approval, the draft updated Policy does not attend much to the arguably more difficult challenges of project preparation and the amount of information and documentation required (para 12 addresses this to some degree for mitigation and private sector projects but not more broadly or comprehensively). Given that the review found that this remains one of the most burdensome



aspects of the SAP and that all stakeholders interviewed commented on the need to simplify this aspect of the process, we would encourage further assessment of ways to reduce the burden of documentation without reducing the quality of proposals. If not, SAPs will remain too burdensome for the amount of funding being sought regardless of improvements to the approvals process.

We note that it may be the case that the level of technical assistance provided needs to be reviewed and also note that document mentions that the AE and NDA would be supported by Readiness and PPF to help with this project preparation process. But we think it is still useful also to review the documentation required so that LDCs and SIDS in particular can access funding without this level of complexity and need for support.

3. From a budgeting perspective, having 6 SAP approval moments per year (3 in BM and 3 BBM) will require more SEC and TAP human resources which in turn will have an impact on the coming Budgets, as the document points out. Could we just confirm that the GCF will look to externalise its review service to service the increasing frequency of reviews?

Again, thank you for the opportunity to comment and the efforts the Secretariat put into preparing the paper.

Warm regards

Ali Carlin (she/her)

1.3 Written feedback received from Jean-Christophe Donnellier and Stephane Cieniewski (through Antoine Alamowitch)

E-mail received on 5 February

From: ALAMOWITCH Antoine
Sent: Friday, February 5, 2021 5:49 PM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: CIENIEWSKI Stéphane; DONNELLIER Jean-Christophe; BIVAS Aurore; LEGRAND Catherine; Green Climate Fund - Secretariat
Subject: RE: Message to the Board – Consultations in 2021 - SAP comments FRANCE

Dear Madam, Dear Sir,

Let me first of all thank you for this document. The SAP is an essential part of the fund's architecture and we are committed to make progress on that topic as early as B.28.

We are pleased to see that your proposal takes into account and is based on the two assessments made of the SAP and in particular the one made by the IEU.

We support your proposal to delegate the approbation of SAP projects to the Executive Director for projects & programme that presents no to minimal environmental and social impacts and risks and the introduction of in-Between Board Meeting (BBM) approvals by the Board for SAP projects, programmes that entail limited environmental and social impacts and risks.

As we consider this topic important, we would welcome if needed a call with the Secretariat and other willing board member to exchange ideas on this topic.

Thank you,
Regards,

Antoine ALAMOWITCH



1.4 Written feedback received from the African Board and alternate members (through Richard Sherman)

E-mail received on 5 February

From: richard sherman
Sent: Friday, February 5, 2021 6:22 PM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Africa GCF-Board; Green Climate Fund - Secretariat
Subject: African members comments on SAP

Dear Secretariat

Please find attached the comments from the African Board and Alternate Members on the SAP document.

Best regards

Richard

Contents of attachment to e-mail

Comments were received via an attachment and are reproduced in annex I of this document.

1.5 Written feedback received from Josceline Wheatley

E-mail received on 5 February

From: Josceline Wheatley
Sent: Friday, February 5, 2021 7:58 PM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Kevin Gardner; Riera, Eliette; Green Climate Fund - Secretariat
Subject: RE: Documents for Board consultation – Further development of the simplified approval process

OFFICIAL

Dear Carolina,

UK comments on the 'Further development of the SAP'

We fully support efforts aimed at enhancing countries' access to GCF and in this context we welcome the work undertaken to identify options for further development of the SAP. We are grateful for the opportunity to comment, as follows:

- We support the idea of (i) rolling reviews of SAP proposals; (ii) using BBMs to approve SAP proposals; and (iii) expanding SAP eligibility to projects with limited risk;
- We also support the idea of delegating authority to the Executive Director where appropriate to promote efficiency gains. We would like to make sure we understand how sighted the Board would be on SAP proposals going to the ED for approval, per the proposal in the document. Section 6.1b in Table 1 of the document states that "...the Executive Director takes a decision within 21 calendar days after the publication of the SAP funding proposal" to either approve a proposal (potentially with conditions) or refer it to the Board. Could the secretariat please confirm that this 21 day publication period would give Board Members the opportunity to review and comment on a SAP proposal should they so wish?
- Whilst welcoming the efforts made to identify options to speed up SAP approvals, we note (eg. para 11b) that stakeholders perceive the overall amount of information needed for SAP proposals is still similar to that needed for FPs in the 'normal' project approval process. Could the secretariat please confirm that options were explored to address this, and that the amount of information required for SAP proposals is appropriate within GCF's existing risk appetite?

Regards,

Jos

1.6 Written feedback received from Hans Olav Ibrekk and Terje Kronen

E-mail received on 5 February

From: Kronen Terje

Sent: Friday, February 5, 2021 9:07 PM

To: Green Climate Fund - SECRETARY TO THE BOARD

Cc: Ibrekk Hans Olav; Camacho Mejia, Monica Judith; Evjen Anne Smeby

Subject: SV: [Gentle Reminder] Documents for Board consultation – Further development of the simplified approval process and Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment

GCF Secretariat,

Thank you for the opportunity to comment the two documents.

We believe the discussions at the Board meeting will be most important, and we have no comments at this stage to the revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment.

However, on behalf of the Norwegian Board member we have some initial comments to the Further development of the simplified approval process:

First of all, we strongly support the proposal in terms of making the approval process more efficient. If the proposal is approved, it will significantly reduce the number of days for review of SAP-projects. We see it as very positive, considering that the IEU independent assessment has found that SAP review process was only 8-15% faster than the PAP process. We also like rolling review of projects.

However, we have some concerns:

- Based on our experience with SAP 003 UNEP, we would like to highlight the need to put sufficient weight on the investment criteria "Impact potential", in particular the climate rationale. Under "Excluded activities under the simplified approval process" you may consider to include activities with no substantial climate impact. After all, the GCF is a climate fund.
- We welcome that the list with "risk factors" includes activities that can affect the rights of indigenous peoples and local communities.
- We also welcome the recognition of indigenous peoples, free, prior and informed consent.
- The Secretariat should explain in the proposal who, in the window of 21 days, will be able to send comments to the ED.
- The role of BM, if any at all, should be clarified for the modality «Delegation of approval authority to the ED for certain SAP proposals»

We look forward to the discussions in the Board meeting.

Best regards,

Terje Kronen

Alternate Board Member

1.7 Written feedback received from Tobias von Platen-Hallermund and Jock Geselschap (through Tanne Norgaard Jensen)

E-mail received on 5 February

From: Tanne Nørgaard Jensen
Sent: Friday, February 5, 2021 10:53 PM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Tobias von Platen-Hallermund; Zeijst, Vincent-van; Peter Carter; Jimmy Skenderovic; Lennart Duschinger; Alyssa Di Cara; Jennifer De Nijs
Subject: SV: Documents for Board consultation – Further development of the simplified approval process

Dear Carolina

We would like to submit the following comments in regard to *the further development of the simplified approval process*:

Thank you very much for preparing and sharing this document to help improve the SAP.

In order to ensure that the SAP becomes simpler, quicker and less burdensome, we would like to request that further options are explored to reduce the burden of document preparation in the application process. We note that “if all submission and review requirements (including the GCF investment criteria) continue to largely apply to SAP proposals, there are limits to the amount of further simplification that can be accomplished as regards the preparation and review of SAP proposals” (page 3). Would the Secretariat be able to provide suggestions of how to further limit the document submission requirements that apply to SAP proposals compared to PAP proposals?

In terms of Board approval, we strongly support rolling reviews by the Secretariat of SAP Proposals and related contingencies and introducing BBM approval of SAP Proposals and related contingencies.

On the other hand, the suggested solutions on 1) delegation of approval authority to the ED for certain SAP proposals and 2) expansion of SAP eligibility to projects and programmes whose environmental and social risks are “limited” may be considered once more experience is gained of the SAP.

Overall, we are happy to learn that the SAP Pilot has attracted a higher number of DAEs and adaptation projects and that 80% of SAP projects are in LDCs, SIDS and/or in Africa.

Thank you. On behalf of NL/DK/LUX,

Best

Tanne Nørgaard Jensen

1.8 Written feedback received from Lars Roth

E-mail received on 5 February

From: Lars Roth
Sent: Friday, February 5, 2021 11:45 PM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Anders Nyström; Christopher zink; jan warnback; jorgen pettersson
Subject: Sv: Documents for Board consultation – Further development of the simplified approval process

Dear Secretariat

Many thanks for your important work on the further development of the SAP. We are ready to adopt the documents as it stands.

With kind regards

Lars

1.9 Written feedback received from Heike Henn and Susan Krohn (through Sebastian Forsch)

E-mail received on 6 February

From: Forsch, Sebastian
Sent: Saturday, February 6, 2021 1:08 AM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Henn, Heike; 'Krohn, Susan'; Zügel, Sarah; Stumpf, Simon; Green Climate Fund - Secretariat
Subject: AW: AW: Documents for Board consultation – Further development of the simplified approval process

Dear Carolina and Colleagues,

On behalf of Heike, please find attached our comments on the Further development of the simplified approval process.

Best regards,

Sebastian

Sebastian Forsch

Contents of attachment to e-mail

Comments were received via an attachment and are reproduced in annex II of this document.

1.10 Written feedback received from Gisella Berardi

E-mail received on 6 February

From: Berardi Gisella
Sent: Saturday, February 6, 2021 3:17 AM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Sebastiani Vittorio; Mannoni Federico; Mei Eleonora; Green Climate Fund - Secretariat
Subject: I: Documents for Board consultation – Further development of the simplified approval process

Dear Carolina,

please find attached Italian comments to SAP.

Best,
Gisella

Gisella Berardi

Contents of attachments to e-mail

Comments were received via two attachments and are reproduced in annexes III and IV of this document.

1.11 Written feedback received from Mathew Haarsager and Trigg Talley (through Jeanny Chong)

E-mail received on 6 February

From: Jeanny Chong
Sent: Saturday, February 6, 2021 9:59 AM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: Elizabeth Lien; Nicholas Strychacz; Clifford, Hilary; Anne Kolker; Nicholas Haeg; Green Climate Fund - Secretariat
Subject: RE: Documents for Board consultation – Further development of the simplified approval process

Dear Carolina,

Please find attached some comments on the SAP. We would be happy to have a call if it would be easier to discuss.

Thank you,

Jeanny

Contents of attachment to e-mail

Comments were received via an attachment and are reproduced in annex V of this document.

1.12 Written feedback received from Masahiro Takasugi and Yoshitomo Kondo (through Tsutomu Itsumi)

E-mail received on 9 February

From: ITSUMI TSUTOMU
Sent: Tuesday, February 9, 2021 3:51 PM
To: Green Climate Fund - SECRETARY TO THE BOARD
Cc: TAKASUGI MASAHIRO; '近藤嘉智(Yoshitomo KONDO)'; SUGIO TORU; 'Taniguchi, Kotaro[谷口 光太郎]'; Green Climate Fund - Secretariat
Subject: RE: Consultation on SAP document

Dear Crystal and colleagues,

This is Tsutomu Itsumi with the foreign ministry of Japan.
As I notified yesterday, we finalized our comments on the SAP document.
Please find the attached comments. Your kind acceptance would be appreciated.

Thank you for your work as always.

Best regards,
Tsutomu Itsumi

Contents of attachment to e-mail

Comments were received via an attachment and are reproduced in annex VI of this document.



Annex I: Written feedback received from the African Board and alternate members

Comments are reproduced below.

DEADLINE FOR BOARD COMMENTS: 5 February 2021



**GREEN
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FUND**

Meeting of the Board

XX XXX 2021

Songdo, Incheon, Republic of Korea

Provisional agenda item **XX**

GCF/B.XX/XX****

XX XXX 2021

Further development of the simplified
approval process

Summary

This document responds to the request in decision B.25/08 to further develop the simplified approval process. It considers the recommendations of the review of the simplified approval process pilot scheme presented at the 25th meeting of the Board and the comments of Board members thereon, as well as the recommendations made by the Independent Evaluation Unit (IEU) in its Independent Assessment of the GCF simplified approval process (SAP) Pilot Scheme ([GCF/B.XX/XX](#)). On that basis, this document proposes in Annex II an updated simplified approval process and activity cycle designed to increase the scope and speed of the SAP.

4I. Background

1. This document responds to decision B.25/08 that requests the Secretariat to further develop the simplified approval process (SAP). Paragraph 31 of the Governing Instrument (GI) lays out a vision for the GCF as an institution that "will provide simplified and improved access to funding, including direct access." Paragraph 53 of the GCF GI calls on the GCF Board to "develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities." Toward these ends, in October of 2017, the Board agreed decision B.18/06 and adopted a Simplified Approval Process (SAP) Pilot Scheme (SAP Pilot). In accordance with its terms, the SAP Pilot was to cover proposals on adaptation and mitigation, that:

- (a) "Are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development";
- (b) Require "a GCF contribution of no more than USD 10 million"; and
- (c) have "environmental and social risks and impacts ... classified as minimal to none" (and don't include interventions with a specific list of "risk factors").

2. The SAP pilot has now been operational for over three years. During that time (and up to B.27), GCF Accredited Entities, working with the approval of Nationally Designated Authorities/Focal Points, have put forward 19 SAP funding proposals for Board approval. These proposals, all of which were approved, were valued at USD 280 million including USD 171 million of GCF resources, and USD 109 million in co-financing. Some 79 per cent of these SAP projects are in one of the Least Developed Countries (LDCs), Small Island Developing States (SIDS) or African States. 6 SAP projects (31 per cent) were submitted by national DAEs; in terms of funding, over 30 per cent of SAP pilot funding was related to DAE projects. Twelve of the projects are adaptation projects; three of the projects are mitigation projects and four are cross-cutting.

3. Decision 18/06 called for a review of the SAP Pilot to be undertaken "*two years from its operationalization, or when the aggregate amount of approvals under the Pilot Scheme reached USD 80 million of GCF financing, whichever is earlier.*" The review provision also requested the Secretariat to develop a proposal based on that review which would:

- (a) address approving SAP funding proposals between meetings of the Board;
- (b) include recommendations to further improve the efficiency and effectiveness of the process, and
- (c) consider expanding the type of eligible activities and increasing GCF funding.

4. In November of 2019, the aggregate amount of SAP approvals topped USD 80m triggering the mandate for the review called for in decision B.18/06. That review was presented and discussed by the Board at its 25th meeting (GCF/25/12).

5. Based on that review and as requested in decisions B.18/06 and B.25/08, the Secretariat has prepared a proposal to further develop the SAP for Board consideration. The proposal also responds to mandates under the GCF Updated Strategic Plan 2020-2023 (decision B.27/06) which signalled that the GCF will "continue to streamline programming and approval processes to enable timely disbursement, and will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities, including by enhancing and updating the simplified approval process (SAP) as part of the 2020-2023 Board workplan; In addition, the document and proposal being presented to this meeting take into account comments received from the Board at its 25th meeting and many of the recommendations of the

Commented [1]: In order to reflect the Board views more accurately we proposed that the Secretariat include the views expressed at B.25 as contained in the approved report of the meeting.

Independent Evaluation Unit (IEU) set out in its recent Independent Assessment of the Simplified Approval Process (SAP) Pilot Scheme (document GCF/B.XX/XX);

4II. Policy Rationale

1. As approved by the Board, the objective of the SAP Programme was “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 small-scale activities” that promote and support scalable and transformational actions, in support of the GCF mandate. The terms of the SAP Pilot also establish an aim to ensure that submissions from Direct Access Entities (DAEs) constitute at least 50% of all approved projects under the Pilot Scheme.

2. In terms of implementation, the Board approved SAP guidance called for proposals under the Pilot Scheme to be subject to independent Technical Advisory Panel (TAP) review on a rolling basis, to be based on a simplified set of documents, and to include simplified financial and other terms. Further, the guidance noted that *“Unless specifically modified [...] all other relevant GCF policies apply as usual to the Pilot Scheme”*. As regards approval, the Pilot guidance called for SAP projects to be submitted to the Board for consideration during its regular meetings, *“until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.”* Finally, the guidance called for the post-approval process for approved SAP proposals to be done in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.

3. Taking into account the Board’s deliberations on the SAP Pilot, its value proposition can be said to lay in its ability to facilitate and speed up funding on the ground to address the urgent climate change needs of GCF countries, and in particular, least developed countries, African countries and Small Island Developing States; to enhance DAE (including private sector) access to the GCF while leveraging climate finance; and to promote projects/funding for scaling up ideas and approaches that contribute to transformational change, at both the country and global levels.

4. The Board and the Secretariat now have the benefit of an IEU independent assessment and a Secretariat commissioned review to help it evaluate both the operation of the SAP Pilot and the Secretariat’s proposal on the three items called for in Decision B.18/06 noted above.

5. In terms of how the SAP has done, both reviews noted positive aspects of the SAP pilot including that:

- (a) SAP has enabled enhanced access for African States, and LDCs compared to the normal Proposal Approval Process (PAP); Projects from SIDS represent 15% of SAP approvals and 20% of the SAP pipeline;
- (b) the SAP has a larger proportion of DAE and adaptation projects compared to the PAP;
- (c) the Secretariat has taken a number of steps to simplify the system through, for example, the development of SAP specific templates, guidelines, on-line tutorials and an on-line submission system; these support steps are both appreciated by stakeholders, and are instrumental to the preparation of quality SAP concept notes and funding proposals; and
- (d) there continues to be a strong demand for the simplified approval modality piloted by the GCF.

6. On the other hand, both the Secretariat commissioned review and the IEU independent assessment agreed that as currently constructed and implemented, the SAP is only marginally simpler, quicker and less burdensome than the process used to review and approve much larger, higher risk projects under the PAP. Specifically, as related to these core factors:

Commented [2]: It should be noted that the Board has not endorsed or welcomed the recommendations from the IEU, as such this needs to be reflected that the Secretariat is interpreting the IEU recommendations without these recommendations being vetted by the Board.

- (a) The reviews found that the SAP review process was 8-15% faster than the PAP process;
 - (b) The Secretariat commissioned review noted that the overall amount of information requested by the Secretariat and iTAP are perceived by stakeholders to be similar, and that all stakeholders interviewed commented on the need to achieve further simplification through a reduction of the documentation and of the number of annexes that need to be provided; and
 - (c) Many AES/DAEs including private sector AEs/DAEs have not seen the value added and benefits of using the SAP process. The IEU independent assessment noted that several AEs indicated that they would not use the SAP again as the project size limit is too small for the level of preparation required. The lack of simplification and acceleration is also suggested in the IEU assessment to have limited the use of SAP by SIDs.
7. In summary, the SAP Pilot has attracted a higher number of DAE and adaptation projects than the PAP, and has led to small reductions in the burden of document preparation and the time for review, however, the current SAP process has not succeeded in substantially reducing the burden of project preparation, or in appreciably improving the efficiency and effectiveness of the GCF project cycle for these "small" GCF operations.
8. The reviews suggested several reasons for these findings, including that:
- (a) There has been no simplification when it comes to Board approval of SAP proposals. Proposals submitted through the SAP modality are approved in the same way as other GCF projects: three times a year at Board meetings. In that regard, the SAP process has not used between meeting approval processes as presaged in the initial SAP [Guidance].
 - (b) The SAP process has not benefited from a rolling review of projects as called for in the initial SAP [guidance];
 - (c) The Board approved SAP decision requires that SAP projects continue to comply with virtually all the relevant GCF policies that apply to the reviews of PAP proposals. This implies that SAP proponents need to produce information that is very similar to that required for PAP projects. Consequently, it has led to a preparation and review process that is very similar to that required for PAP projects.
9. As regards this latter point, the Secretariat would note that if PAP submission and review requirements (including the GCF investment criteria) continue to largely apply to much smaller, lower risk SAP proposals, there are limits to the amount of further simplification that can be accomplished as regards the preparation and review of SAP proposals.

The reviews suggested that making various changes, including accelerating the final approval process would increase the efficiency and effectiveness of the SAP pilot, and help it to advance its ambition towards the simplicity and speed implied in both the Governing Instrument and the Board's initial SAP decision. Some of the review's recommendations would need Board approval, and some can be directly implemented by the Secretariat. Section III of this document reviews the key proposed changes to the SAP programme that would require Board approval. That section also reviews under part (d) a number of the direct actions that the Secretariat intends to take on the basis of the SAP reviews. Finally, the Secretariat management response to all of the recommendations included in the IEU review can be found in document [GCF/B.XX/XX AddX].

10. The Secretariat projects that if no changes are made to the SAP programme, the SAP may face a stable or reduced rate of utilization, because, as noted, some project proponents are seeing little difference in the burden and speed associated with using the SAP rather than the PAP. In addition, the current review system (which includes both Secretariat and iTAP review) has limited capacity. Because of the similarity in requirements, it takes a similar effort to review a micro-small sized SAP project with no environmental and social risks/impacts as it does to

Commented [3]: This is not an accurate reflection of the B.18 decision. The B.18 decision did not prejudge the use of a decision without a Board meeting as the RoP is clear that this mechanism is for an exceptional circumstance only, and the process to agree on the guidelines for cases is still ongoing. We note again the incorrect use of the terms RoP by the Secretariat-there are NO provision for decisions between meeting, only a provisional that allows the CCs acting jointly to issue a decision without a Board meeting.

Commented [4]: This is rather misleading. The problem with the rolling basis is the iTAP not the SAP modality and as such this needs to be reflected as a current deficiency of the iTAP assessment and working methodology.



review, for example, a large PAP project with significant environmental and social risks/impacts. Therefore, and unless the Board were to direct or otherwise incentivize the use of the SAP it is unlikely that the level of SAP project submissions and reviews would increase.

11. On the other hand, the Secretariat projects that if the further simplification to the SAP is adopted as proposed in this document, and if the capacity to review SAP proposals is expanded, the time for approving SAP proposals could be significantly reduced, and there will be increased demand from countries and AEs which could allow for the approval of up to 20- 25 SAP proposals a year by the end of GCF-1. Related impacts of the Secretariat's proposal are discussed more fully in section IV below.

4III. Analysis of the policy proposal

1. The Secretariat has carefully considered the content and recommendations included in the IEU and Secretariat commissioned reviews, as well as its own experience with the operationalization of the SAP programme. On that basis, and consistent with the direction of decision B.18/06, the Secretariat has prepared the proposal in Annex II of this document for the consideration of the Board. The key changes included in that proposal are reviewed below.

(a) **Expansion of SAP eligibility from Projects or programmes whose environmental and social risks and impacts are classified as minimal to none to projects and programmes whose impacts and risks are limited.**

2. Decision B.18/06 requested the Secretariat to *develop a proposal based on the SAP review that would consider, among other things, "expanding the type of eligible activities and increasing GCF funding."* As noted above, the Secretariat's proposal would expand the SAP programme eligibility to projects that involve limited environmental and social risks, while maintaining the exclusion of projects that contain the specific risk factors included in Annex II. While this expansion may elevate the complexity of the project preparation and implementation, it was seen by the Secretariat and the Secretariat commissioned review as an action that could further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities.

(b) **Accelerate the approval of SAP funding proposals through the introduction of in-Between Board Meeting (BBM) approvals by the Board for SAP projects/programmes that entail limited environmental and social impacts and risks;**

20. Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to *"address approving SAP funding proposals between meetings of the Board."* Under the Secretariat's proposal, the approval of SAP proposals with activities that entail limited adverse environmental and/or social risks and impacts can be presented to the Board for approval either at its regular meetings or, as envisaged in decision B.18/06¹, in between meetings. The in-between meeting review process would operate as follows:

(b) Only SAP projects that completed the Secretariat and independent TAP review and are recommended for approval by both will be submitted to the Board for its consideration. The SAP funding proposals submitted to the Board will be batched, so that they can be presented to the Board during the regular Board meetings (on average three times a year) or in between Board meetings (on average three times a year).

(c) Each SAP funding proposal package shall be presented for Board consideration as a separate decision item. The approval of SAP proposals in between meetings of the Board will be carried out in accordance to the GCF Rules of Procedure with a 21 day review period being required. During this review period, and following the publication of the

¹ Decision B.18/06 (c) (ii)

Commented [5]: It is unfortunate that the Secretariat is not applying paragraph 53 of the GI that called for a simplified approval process for certain small scale activities

Commented [S6]: Expanding SAP to projects with limited impacts contradicts the logic of revising the ITAP and secretariat review process

Commented [S7]: Eligible activity is different than limited impacts and risks

Commented [8]: Please use the correct term in the RoP para 41. We note that this incorrect terminology is used throughout this document. We will only make this comment once and expect all references to comply with the correct terminology of the RoP. It remains a concern that the Secretariat continues to use the incorrect terminology as contained in the RoP.

Commented [S9]: Establishing a parallel approval process with no convincing reasoning would raise questions on intentions, specially that the process of BBM will not have a significant impact on the approval and implementation of the projects

Commented [10]: As noted previously, B.18/06 did not envisage this action, it only requested a proposal to reflect on this option. The Secretariat continues to misrepresent the Board decision which is serious concern of the African members.

Commented [11]: We are not in agreement with this suggestion. While this complies with B.18/09 decision, we believe the ITAP should not have the mandate to block any projects from coming to the Board. Rather, ITAP needs to become a more transparent body and rather share its concerns with the Board. We note however, this this issue is not a SAP issue per say and will be taken up under other agenda items, we wish to place on record our concern.



SAP funding proposal packages, the Secretariat can organize online consultations with Board Members, Alternate Board Members, Active Observers, the members of the independent TAP and AEs to address any comments or requested clarifications on the proposed SAP proposals. If one or more Board member/s express an objection to approving a SAP proposal presented in between Board meetings, and no agreement can be reached, that specific SAP proposal can be deferred for consideration of approval to the next occurring meeting of the Board.

21. As noted above, the approval of SAP projects between meetings was presaged in decision B.18/06, and it was recommended in both the IEU and Secretariat commissioned reviews of the SAP programme as a mechanism to further accelerate the timing of the SAP process consistent with the programme's mandate. The addition of between meeting approval for SAP proposals with limited environmental and social risks would enable SAP proposals to be reviewed six times a year and would be expected to result in reducing the SAP review's timeline by up to 51 days compared to the high end of the range of PAP review time which is 346 days (see table 1 below).

(c) **Introduce Delegated Authority (DA) to the Executive Director (ED) for the approval of SAP projects/programme that presents no/minimal environmental and social impacts and risks;**

22. As noted above, Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to "address approving SAP funding proposals between meetings of the Board." As it relates to between meeting approval, the proposal of the Secretariat would delegate authority to the Executive Director (ED) to approve SAP projects/programmes with activities that entail minimal to no adverse environmental and/or social risks and/or impacts.

23. Under the proposed modality, the approval of minimal to no risk/impact SAP funding proposals is performed by the ED on a rolling basis once the review of the Secretariat and independent TAP are completed and both recommend the SAP funding proposal for approval. Following his or her review, and a 21 day publication period, the ED can either approve the SAP funding proposal, approve it with the recommended covenants/conditions, or defer the approval to the Board, thereby postponing the approval decision to the next available meeting of the Board.

24. The delegation of authority to the ED for certain SAP proposals was recommended in both the IEU review and the Secretariat commissioned review of the SAP programme as a mechanism to further speed the time of SAP reviews consistent with the programme's mandate. The addition of delegated authority for SAP projects that present no/minimal environmental or social impacts and risks is estimated to reduce the review/approval by up to **101 days** compared to the high end of the range of PAP review time which is 346 days (see table 1 below).

25. In its benchmarking review of major climate funds and international financial institutions, the IEU SAP assessment found that delegation was among the most common approaches used for fast tracking, and that related modalities have generally been devised in a manner that takes into account the institutions stage of evolution. In that regard, the IEU noted that the GCF has reached a mature level in its programming processes. In particular, it noted that the GCF already had a between meeting approval process, and that the Board would only need to adapt the current process. It also noted that the Board has already supported delegation of authority to the Secretariat for several Board operations. Indeed, the Board has already delegated authority for funding decisions in a number of areas, including for National Adaptations Plans, (NAPs), non-NAP Readiness activities, and Project Preparation Facility (PPF) proposals. Providing delegation for this class of SAP proposals would also be in keeping with paragraph 32 of the Governing Instrument which states that "*the Board will steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance.*" Finally, and beyond the

Commented [12]: We do not agree with the use of para 41-43 as a mechanism for the approval of SAP projects. In fact, any matter under these rules must comply with the exceptional circumstance that the matter cannot be delayed. The Sec proposal does not address this matter, rather it proposes using the RoP as a mechanism to more speedy decision making, which is a gross misrepresentation of the RoP. Secondly, the mechanism as contained in 41-43 is not equitable or fair for AEs and countries to have their proposals considered.

Third, the mechanism is binary and does not allow for reflection, sharing of views, amendment of conditions, or the expression of concerns- beyond place an objection on a project.

Commented [S13]: Same comments on reasoning

Commented [14]: These timelines are questionable as they relate only to the Secretariat's timelines for reviewing projects. The Board approval time for projects, is 21 days + the time of the Board meeting, meaning that should the Secretariat and ITAP process work efficiently, then the Board approval time is less than 25 every 3 months. The Sec and IEU evaluations prejudice that SAPs presented like this will be approved, which is not necessarily appropriate or correct and may in fact lead to greater reputational damage to the Fund, particularly if large numbers of projects are blocked due to the inability of Board members to make comments and revisions as appropriate.

Commented [15]: We have on a number of occasions placed on record the view that this option is unacceptable to the African members, and we remain concerned that the Sec proposal does not reflect these views- note the report of B.265

First, in the design and approval of the GCF, the COP was clear that on the role of the Board and the role of the Secretariat, and implicit in this was that the Board was the sole arbiter of the approval of funding proposals. In our view this matter is closed.

Further on the matter of delegating approval authority to the ED for SAP projects we note the following:

Paragraph 18 (c) of the Governing Instrument states: The Board of the Fund will... "Approve specific operational policies and guidelines, including for programming, project cycle, administration and financial management."

Paragraph 19 (d) of the GI, further states: The Board...

Commented [16]: Additionally, the Board in decision B.17/CC updated the project and programme activity cycle, which further spells out the roles and responsibilities of the Board, the ITAP, the Secretariat, Accredited Entities and the NDAs/FPs. In this regard, we note the following (in relation to paragraph 18 (c) of the GI):

The role of the Board is set out in stage 6.1 which states: "The Board takes a decision to: (i) Approve the funding proposal; or (ii) Provide an approval that is conditional on modifications to project or programme ...

efficiency gains made through simplifying the SAP approval cycle, this modality would also be expected to free up capacity of the Board.

26. As regards risk, the IEU review noted that virtually all SAP proposals cleared by the Secretariat and the independent TAP have been approved by the Board without significant discussion, and the class of projects suggested for delegation in the Secretariat's proposal is likely to involve the least amount of discussion. In addition, in the case of this delegation, any risk is minimized further, as any new concerns may be brought to the attention of the ED following the publication of the underlying project 21 days before a final decision on approval is taken.

27. It is important to note that adopting either or both of these between meeting approval modalities implies that a different SAP activity cycle will be needed to replace the current PAP cycle. The resulting SAP cycle is described in the proposal in Annex II.

(d) **The Secretariat's proposal (including both points b and c above) require a shift to rolling ITAP and Secretariat reviews of SAP projects**

28. Decision B.18/06 requested the Secretariat's proposal based on the SAP review to include recommendations to further improve the efficiency and effectiveness of the process. As noted previously in this document, the requirement of rolling independent TAP reviews of SAP projects was included in the initial SAP decision. However, rolling independent TAP review does have implications for the capacity, budget, staffing and operations of the Secretariat and the independent TAP.

29. In relation to the **independent TAP**, this current policy proposal *takes into account that work is underway to update the operational modalities of independent TAP* following the Board's request under decision B.25/09. The decision points under this policy proposal seek to: i) ensure that SAP-specific considerations are being taken into account as part of the update of the operational modalities of independent TAP with a view to expedite SAP processes, while also ii) ensuring that the existing operational modalities of independent TAP, such as reviewing on a rolling basis, are fully deployed and expedited. This can be done by improved utilization of the existing roster of experts available to the independent TAP and exploring options to increase the efficiency of working modalities.

30. Beyond action by the Board, at the **Secretariat-level**, the Secretariat has and will continue to work on simplifying the internal review process for SAP within the overriding requirement that all GCF investment criteria and policies apply to the SAP in the same way as the PAP. The Secretariat has set up internal processes for undertaking SAP and PAP reviews on a rolling basis and has also developed specific Standard Operating Procedures (SOP) for SAP and PAP in its internal Operations Manual².

31. The SAP SOP simplifies internal review procedures compared to the PAP SOP while maintaining the required quality checks against GCF policies and requirements. Fully taking advantage of these processes for SAP review will depend on sufficient Secretariat capacity or external support being available for undertaking SAP reviews in parallel to regular PAP reviews, and on the independent TAP processes also being able to more fully pick up SAP reviews on a rolling basis as soon as they are ready from the Secretariat.

32. On that basis, efficiency gains which could be realized by expanding review capacity and implementing a rolling-basis review for SAP proposals could be up to 66 days compared to the high end of the range³ of PAP review time which is 346 days (see table 1 below). This estimation is based on the same model that was adopted by Secretariat-commissioned review of the SAP Pilot Scheme and the latest SAP and PAP SOP. The review time estimated in the SOP

Commented [17]: This is not correct, we note a number of SAP projects have a) been substantially re-designed by the Board b) been subject to political votes.

² {Reference to the OM}

³ See paragraph 23 below



does not include the time that the AEs might need to submit/resubmit their proposals but only the stages of the review and approval which are under the control of the GCF Secretariat and independent TAP.

33. Summary review of the main changes to the SAP and potential time savings that could result from Secretariat actions being taken or proposed in this document for Board approval:

- (d) **Rolling Reviews of SAP Proposals and related contingencies:** The 2021 Secretariat work programme includes funding to enable the Secretariat to process SAP proposals on a rolling basis. Secretariat contracts with the independent TAP currently support a rolling review by the TAP. Assuming the independent TAP and the Secretariat are provided with sufficient review related resources/capacity, rolling reviews will be initiated, and would be expected to reduce current SAP approval times by some 66 days as compared to the high end of the range of PAP review time.

Commented [S18]: Misleading information

- (e) **BBM approval of SAP Proposals and related contingencies:** If the Board were to agree to approve SAP proposals through BBMs, the current PAP approval time range could be reduced by an additional 51 days as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and BBM approval were agreed, the total time savings would be up to 117 days as compared to the high end of the range of PAP review time (66 days for rolling review and 51 days for BBM approval).

Commented [S19]: Again misleading information

- (f) **Delegation of approval authority to the ED for certain SAP proposals and related contingencies:** If the Board were to agree to delegate approval of low or no risk SAP proposals, the current PAP approval time range could be reduced by 101 days for those proposals as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and delegation for that class of proposals was agreed, the total time savings would be up to 167 days as compared to the high end of the range of PAP review time (66 days for rolling review and 101 days for delegated approval).

Commented [S20]: Misleading information that is based on high end range of PAP (not accurate) and with addition of numbers ...101 days compared to high end..while board meetings are held every 125 days

- (g) **Expansion of SAP eligibility to projects and programmes whose impacts and risks are limited:** Board agreement to extend SAP eligibility to projects and programmes whose impacts and risk are limited would be expected to further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities. It would not be expected to have an impact on the time from submission to approval.

Commented [21]: It is our view that this element is the key to the future of the SAP. In this regard, we would like to see a revised proposal on the following lines:

Increasing the SAP to cover small scale projects in order to move from the pilot phase to a permanent SAP that complies with the governing instrument to address "certain small-scale activities." This would mean a SAP process for an overall maximum contribution of USD50 million

Increasing the risk profile of the SAP to go beyond projects with no or limited ESS;

Targeting a higher % of direct access entities in the SAP

Lifting the overall resource allocation cap on SAP projects from the pilot phase, to make it an open-ended approach

Utilising a more direct approach to scale up I projects already under or that have completed implementation, and funded via the Adaptation Fund, the LDCF, the GEF, the CIFs. In this regard, the GCF will building upon the project eligibility standards of other Funds, as the GCF does with the fast-track accreditation process.

Commented [S22]: The logic needs to be revised, does it say to attract more SAP projects we need to be flexible on risks and impacts!!!!!!

Commented [S23]: With the exception of the rolling basis review, the rest of the so called gains are questionable, specially the number 167 days with board meeting almost every 120 days ...

Table 1: Number of efficiency days gained through changes in the review and approval cycles: SAP vs PAP in relation to their respective Standard Operating Procedures in the GCF Operation Manual.

Efficiency gains in the SAP review process vs. PAP	Days
Approval timelines range	Days
Current PAP approval time range	245-346
SAP approval time range, taking into account the 66 days rolling review efficiency gains	179-280
Additional SAP approval efficiency gains	Days
Approval by the Board at meetings and in-between meetings	Up to 51
Approval by the Executive Director	Up to 101
Total SAP review and approval efficiency gains	Days
SAP rolling basis review and BBM approval	Up to 117
SAP rolling basis review, BBM review and ED approval	Up to 167

34. Table 1 reports the current approval timeline ranges for SAP and PAP based on the approval modality at Board Meetings (on average 3 times for year) and the estimated efficiency gains of the SAP review process compared to the PAP review process if the rolling basis modality is fully implemented and SAPs are only considered three times/year for approval by the Board, as under current practice.

35. Since the Board currently considers SAP and PAP funding proposals for approval only 3 times a year, the model estimates a range in the approval time. The bottom of the range represents a proposal which completes its review cycle exactly 21 days before the next available meeting of the Board (publication date). The top of the range represents a proposal which completes its review cycle just one day after the publication date, therefore "misses" the earliest meeting of the Board and has to wait for the following one.

4IV. Impact assessment & implementation arrangements

27. The benefits of the proposal in terms of a reduction in review times is discussed above. If the eligibility expansion and further simplifications to the SAP described above are adopted, the Secretariat estimates there will be increased demand from countries and AEs which could allow for the approval of up to 20-25 SAP proposals a year by the end of GCF-1. This can substantially expand SAP's reach in meeting the needs of developing countries.

28. This higher number of SAP funding proposals would imply a need for the Secretariat to process approximately two-to-three times more concept notes on annual basis (40-60). Additional support would also be needed for DAEs capacity building and specific technical assistance for the finalization of their funding proposals.

29. Further, and as noted, in order to be able to manage the current and projected increased demand while maximizing the efficiency of the SAP review process, both the Secretariat and independent TAP will need to be fully capacitated to review SAP proposals on a rolling basis. To secure this review capacity, the Secretariat will explore the use of reputable firms/organizations that can deploy experts, whose expertise mirrors the skills needed in the review and compliance areas of the Secretariat's second level due diligence process. Given the Secretariat's current headcount limitations, this expansion of capacity is considered essential to ensuring SAP proposals are efficiently and timely reviewed on a rolling basis. Appropriate resources would be allocated through the Secretariat's professional services budget line. Related costs would also be factored into future annual budgets for Board approval.

30. The Board will separately consider updates to the capacity and operating modalities of the independent TAP needed to ensure TAP reviews can keep pace with expected changes in workload resulting from GCF-1 programming. Given the specific capacity requirements of a simplified SAP process in terms of delivering rolling reviews with maximum review cycle efficiency, the Secretariat recommends that in addition to the independent TAP membership increase already implemented by the Board, the Board also consider (as proposed in the draft decision in Annex I):

(d) fully utilizing and expanding the current roster of experts that can support the independent TAP reviews to execute SAP reviews on a rolling-basis (decision B.19/08); as the volume of SAPs in the pipeline increases with the operationalization of this decision.

(e) adopting measures to expedite, as far as possible, the independent reviews of SAP funding proposals and ensure the timely and efficient review of SAP proposals on a rolling basis, considering updates to the operational modalities of the independent TAP mandated by decision B.25/09 (i) and detailed in "Update of the operations of the independent Technical Advisory Panel" (GCF/B.28/XX).

Commented [24]: This is again a clear example of the Secretariat's limited use of the RoP. Paragraph 21 which states "The Secretariat will transmit to Board members and alternate members the documentation relating to items on the provisional agenda at least 21 calendar days before the first day of the meeting scheduled, except in case of extraordinary meetings and in exceptional circumstances where, in the view of the Co-Chairs, a shorter period for the transmission of documentation is warranted. In any such cases, the Co-Chairs, acting jointly, shall determine the date by which the said documentation has to be transmitted." In this regard, should the Secretariat receive a completed SAP one day after the initial 21 days, the CC have the authority to inform the Board and transmit the FP to the Board for consideration. In fact numerous revisions to term sheets are often presented to the Board after the initial 21 day deadline without impacting the Board's decision making process, as such this statement is incorrect.

Commented [S25]: These recommendations if applied to the current process of SAP will provide for a significant reduction in time without changing any of existing modalities except for rolling review

31. The following steps will be required to fully implement the further development of the SAP described in Annex II:

- (d) The Secretariat shall update all the relevant existing SAP guidelines and training material, including its e-learning modules on SAP and the programming and operations manual.
- (e) The Secretariat shall implement, to the extent possible, the recommendations from the IEU SAP assessment, such as:
 - (i) develop a capacity development programme for SAP in coordination with the GCF Readiness and Preparatory Support Programme,
 - (ii) strengthen its capacity to provide technical assistance/support to AEs, in particular DAEs to originate quality SAP proposals;
 - (iii) develop a programming guidance for SAP;
 - (iv) develop a tailored approach for SAP and the private sector, and
 - (v) develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage.

32. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality by the Board. This is to allow the Secretariat to have enough time to update the current SAP templates, online submission systems, guidelines, and standard operating procedures so to reflect the changes that the update SAP modality in Annex II will imply.

Commented [26]: Can the Secretariat explain why 12 months is needed?

33. The updated SAP modality will apply to all SAP concept notes and SAP funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.

34. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.

35. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

V. Budgetary Implications

36. In line with the discussion above, the Secretariat does not expect additional resources in 2021 to implement the further development of the SAP. Resources to implement the new SAP SOP through rolling reviews in 2021 are included in the Secretariat's approved 2021 budget. The Secretariat anticipates that the improvements/changes in the SAP activity cycle proposed in Annex II will increase the demand for SAP, and that additional resources will be needed over time to increase the capacity of the Secretariat and independent TAP to conduct a timely review of SAP funding proposals, especially from DAEs.

37. As the financial needs for the review of the SAP proposals can change overtime, the precise assessment and quantification of resources to effectively implement the SAP modality will be carried out as part of the annual budget planning activities of the Secretariat. These will be carried in consultation with the Budget Committee both with regards to Secretariat budget requests and independent TAP budget requests. Appropriate allocations for ensuring the Secretariat's capacity to review SAP proposals will be reflected in future annual budgets, as necessary.

4 Annex I: Draft decision by the Board

The Board, having considered document GCF/B.XX/XX titled "Further development of the simplified approval process", and with reference to decision B.18/06, which mandated the review of the simplified approval process pilot scheme:

- (a) Approves the updated simplified approval process and its activity cycle, as set out in annex II;
- (b) Confirms that the Updated Project and Programme Cycle adopted by Decision B.17/09 will not apply for projects and programmes to be processed under the update SAP; and
- (d) Takes note that additional simplified assessment methodologies and a more efficient review process for SAP proposals by the independent TAP, are proposed and will be considered by the Board in the context of the "Update of the operations of the independent Technical Advisory Panel" as requested by decision B.25/09;
- (e) Requests the independent TAP to make full use of its roster of experts to expeditiously execute SAP reviews on a rolling-basis;

Commented [27]: We cannot agree to this paragpah unless the issues we have raised are addressed.

Commented [28]: This paragraph is inconsistent with the GI para 53 which states: "The Fund will have a streamlined programming and approval process to enable timely disbursement. The Board will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities." In our view the SAP is not distinct or stand-alone for the project and programme activity cycle. This paragraph in our view is a blanket rejection of the current cycle and is not supported.

Commented [29]: In terms of para © and (d) (note the errors), we do not see the SAP decision interfering with the ITAP modalities decision, and the Board should rather address these matters in the appropriate location.

Annex II: Updated simplified approval process and activity cycle

II. Objective

1. The objective of the simplified approval process (**SAP**) is to operationalize paragraph 53 of the Governing Instrument for the Green Climate Fund and to reduce the time and effort needed in the preparation, review, approval and disbursement procedures associated with small-scale activities that meet the SAP eligibility criteria (as defined in section II below) and to contribute to the implementation of the GCF Updated Strategic Plan for the GCF for 2020 – 2023⁴. This updated SAP policy sets out:

- (a) the criteria that GCF projects/programmes shall have to be eligible for and to be excluded from SAP;
 - (b) the activities that will be excluded from SAP given their environmental and social risk factors;
 - (c) the project and programme activity cycle for SAP, which describe:
 - (i) The modalities for the origination and submission of concept notes and funding proposals under the SAP;
 - (ii) The modalities for the review of project/programmes under the SAP;
 - (iii) The modalities for the approval of project/programmes under the SAP, and
 - (iv) The post-approval stages;
 - (d) The modality for the evaluation of the SAP
2. Unless otherwise specifically modified or provided for herein, all other relevant GCF policies and procedures apply *mutatis mutandis* to the SAP. The SAP will follow a simplified project and programme activity cycle (SAP activity cycle, in Annex III)⁵.
3. In respect of SAP projects/programmes approved by the ED under this modality, the approval authorities of the Board set out in the Policy on Restructuring and Cancellation⁶ shall also be delegated to the ED and the relevant decision making mechanisms in the Restructuring and Cancellation Policy shall apply *mutatis mutandis* to reflect the approval authority by the ED.

II. Eligibility criteria of projects/programmes under the simplified approval process

4. Funding proposals for projects and programmes that meet the following criteria are eligible to be processed under the SAP:
- (a) Projects or programmes with a GCF contribution of up to USD 10 [million]; and
 - (b) Projects or programmes whose environmental and/or social risks and/or impacts are classified as (i) minimal or none, or (ii) limited,⁷ in either case subject to the exclusion of such projects or programmes that envisage the “risk factors” listed in section III below.

⁴ Decision B.27/06, Anne VI paragraph 29 (b)

⁵ The Updated Project and Programme Cycle, Annex IV of decision B.17/09, will not apply to SAP projects and programmes.

⁶ Adopted by decision B.22/14.

⁷ The assessment of the environmental and social risk will be aligned with the Environmental and Social Policy (decision B.19/10).

Commented [30]: This should be extend to comply with para 53 of the GI and include a GCF contribution up to 50 million



5. SAP projects and programmes are expected to have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development and readiness to scale up activities that have proved to produce climate results.

6III. Excluded activities under the simplified approval process

5. Projects or programmes that include known “risk factors” that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the SAP notwithstanding that they meet the eligibility criteria set out in section II. The “risk factors” include but are not limited to:

- (a) Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (b) Involve intermediaries⁸ whose existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (c) Activities that are screened to have significant environmental and social impacts from land acquisition and involuntary resettlement;
- (d) Activities that are screened to have significant adverse impacts to indigenous peoples and communities;
- (e) Activities that are undertaken or potentially undertaken in critical habitats or that would lead to losses of biodiversity and habitats; and
- (f) Any other activity that is determined by the relevant accredited entity (AE) to have significant environmental and/or social risks and/or impacts following a screening process by the AE.

6. The screening of environmental and social risks of activities is an important step by the AE in the overall environmental and social due diligence of activities proposed for GCF financing, including those proposed under the SAP. Screening serves to identify and assess, at the earliest stage possible, the likely environmental and social risks and impacts that could be reasonably anticipated from the design and execution of activities. The screening shall be undertaken by the AE using and may use the template provided by the Secretariat, the result of which shall form the basis for assigning the risk category.

7. The AE shall also use its own screening procedure or develop a screening procedure for the proposed activity aided by the GCF guidance note on screening and categorizing GCF-financed projects.⁹ The Secretariat can provide the necessary guidance and technical assistance to the AEs, and in particular to Direct Access Entities (**DAEs**), so that they can carry out thorough environmental and social risk screening during the SAP proposal preparation.

8. Funding proposals that are considered to have limited environmental and/or social risks and impacts shall have completed all the necessary environmental and social due diligence and have completed the corresponding environmental and social safeguards and gender documents by the time of submission. The completed due diligence shall include stakeholder

Commented [31]: We do not see any assessment of these excluded activities from the pilot phase to this second phase. Should these activities remain, then this would display a conflicting view that the GCF and its Board has a high risk tolerance and as such should these activities remain ineligible it would present a conflicting view to the views expressed in the USP

⁸ Refers to subnational, national, regional or international public and private entities (financial or non-financial) with accredited capacities for intermediation.

⁹ The GCF Sustainability Guidance note “Screening and categorizing GCF-financed activities” can be accessed at <https://www.greenclimatefund.org/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities>.

consultations, development of a project-level grievance redress mechanism, and obtaining the any consents required (in the case of activities involving indigenous peoples, free, prior and informed consent).

Commented [32]: Please explain this requirement as it goes beyond the no-objection procedure

6IV. The simplified approval process activity cycle

5. SAP shall follow the project and programme activity cycle set out in Table 1.
6. **Support to SAP proposals development:** The Secretariat can provide support for the origination and preparation of SAP concept notes and funding proposals, especially for DAEs. In this regard, the Secretariat should:
 - (a) Provide SAP tailored capacity-building activities and technical assistance, under the Readiness and Preparatory Support Programme (RPSP), to enhance the quality at entry of SAP concept notes. Trainings on SAP should be provided to NDAs/Focal Points and DAEs through workshops, knowledge products, webinars, e-learning modules in English and other languages widely spoken in developing countries.
 - (b) Prioritize DAEs that are applying for the resources provided by the Project Preparation Facility of the GCF to develop SAP funding proposals; and
 - (c) provide, in line with decision B.18/06¹⁰, to the accredited entities, in particular DAEs, specific technical assistance for the finalization of their SAP proposals in coordination with the RPSP and the Project Preparation Facility;
7. During the preparation of the funding proposal (table 1, stage IV), resource-intensive studies, such as financial analyses and models, should be required only when deemed necessary by the Secretariat or the independent technical advisory panel (**TAP**) for mitigation and private sector projects and programmes.
8. SAP funding proposals can be presented with a pre-feasibility study in lieu of a feasibility study, unless specific data, information and/or technical studies are required by the Secretariat or the independent TAP.
9. While performing the review of a SAP funding proposal, the Secretariat and independent TAP shall consider the objective of the SAP stated in section I. The goal is to achieve expeditious reviews and present succinct assessment findings' reports. A specific simplified template for the SAP assessment findings report shall be developed by the Secretariat in coordination with the independent TAP.
10. **Approval modality of SAP funding proposals.** As set out in stage 6.1 of the SAP Activity Cycle:
 - (a) SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board, and
 - (b) ~~In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle.~~
11. The Secretariat will also develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage while ensuring that all compliance and appropriate accountability standards are maintained.

Commented [33]: Why does this exclude adaptation, and why is this competency shared between the Sec as well as ITAP?

¹⁰ B.18/06 Annex X paragraph 18.

6V. Review and evaluation of the simplified approval process

5. The simplified approval process will be assessed in line with the four-year policy cycle established under the four-year Board workplan adopted at the twenty-fourth meeting of the Board (decision B.24/04).

6. The assessment should consider, among other topics, the following:

- (a) The capacity of the SAP to promote transformative climate impacts;
- (b) The efficiency and effectiveness of the SAP compared with the funding proposals processes through the regular project and programme activity cycle¹¹; and
- (c) The relevance of the SAP- ~~for developing countries and direct access entities for specific stakeholders, namely the small island developing states, least developed countries, DAEs and the private sector.~~

Commented [34]: See comment below under para 21

Commented [35]: Please use language in para 2 of the GI to reflect the paradigm shift rather than transformative change

7. The assessment will also propose recommendations on how the SAP can be further strengthened in terms of impact, relevance, efficiency and effectiveness.

8. Notwithstanding this assessment, the Secretariat may bring to the Board's attention further recommendations for improvement in the operation of the SAP that may need Board approval for implementation [in accordance with Board decision B.17/09 paragraph \(h\)](#).

6VI. Effectiveness and transition arrangements

5. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality. It will apply to all SAP concept notes and funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.

6. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.

7. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

Commented [36]: This does not make any sense at all. If, as stated above, the SAP will be reviewed as part of the 4 year work plan and the SAP is operational by March/April 2022, this will mean a SAP review in 2023, with less than a year of implementation experience. As such if the Sec maintains the need for 12 month to full implementation, then the SAP review should only take place in the policy review cycle of GCF-2 period.

¹¹ B.17/09 Annex IV.

**Table 1: Simplified Approval Process project and programme activity cycle (SAP activity cycle)**

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY	Commented [37]: As noted above we are not in agreement with this standalone SAP activity cycle. In fact para 53 is clear about a simplified approval process, i. one process that may have several dimensions/options. We reserve the right to provide additional comments on the specifics in this table.
I. Country, regional and/or accredited entity programmes				
1.1	Submission and compilation of country programmes	National designated authority (NDA) or focal point (FP) Secretariat	<ol style="list-style-type: none">NDAs/FPs submit a country programme, including a national adaptation plan or voluntary adaptation plan and appropriate elements of countries' nationally determined contributions, to the Secretariat.NDAs/FPs may request support from the Readiness and Preparatory Support Programme under the readiness activity areas outlined in decision B.22/11.NDAs/FPs may inform the Secretariat of preferred AEs that will implement programmes and projects under the country programme.The Secretariat will compile country programmes and submit this to the Board for its information.	
1.2	Submission and compilation of accredited entity work programme	Accredited entity (AE) Secretariat	<ol style="list-style-type: none">AEs will submit annual and/or multi-annual work programmes to the SecretariatAEs will develop annual and/or multi-annual programmes in consultation with NDAs/FPsThe Secretariat will compile AE work programmes to be submitted to the Board for information and discussion.	
1.3	Structured dialogues	Secretariat, NDAs/FPs and AEs	<ol style="list-style-type: none">In accordance with the GCF strategic plan and pursuant to Decision B.17/09 (Annex IV, stage I, step 1.3), the Secretariat will host an annual strategic dialogue at the regional level in each region. For the avoidance of doubt, this step applies to all GCF project and programme cycle.	
II. Generation of SAP programme or project funding proposals				
2.1	Strategic approaches	NDA, Secretariat and AEs	<ol style="list-style-type: none">Based on the country and AE work programmes, countries will identify priorities, analyse financial needs and gaps and identify partners to design and implement SAP funding proposals.The Secretariat would provide support to NDAs/FPs and direct access entities to conduct the process for SAP pipeline origination through strategic approaches.	
2.2	Request for proposals	Board, Secretariat	<ol style="list-style-type: none">The Board may periodically approve requests for proposals (RfP) to guide the development of the GCF SAP portfolio in specific areas in accordance with the GCF strategic plan. Based on the individual eligibility criteria of each RfP the Secretariat will determine if the SAP modality can be used to implement the respective RfPs.	
2.3	Regular call for funding proposals	Secretariat	<ol style="list-style-type: none">The Secretariat may publish regular calls for SAP funding proposals on the GCF website, or Request for Proposals if and as requested by the Board.NDAs/FPs and AEs may submit funding proposals to the Secretariat in response to RfPs as well as the funding proposals included in country and AE work programmes.	
III. Concept note (mandatory)				
3.1	Concept note submission	AE and NDA/FP	<ol style="list-style-type: none">Concept notes are mandatory for projects and programmes to be proposed under the SAP and must be accompanied by an environmental and social risk screening, so that it can be determined whether the proposed project/programme is eligible for approval under the SAP modality.The NDAs/FPs and/or AEs will submit the concept note to the Secretariat via the SAP online submission system (SAP OSS) established by the Secretariat.In accordance with the country ownership guidelines and relevant decisions of the Board, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes.The Secretariat acknowledges the submission of the concept note, and updates the concept note pipeline accordingly. This will be completed automatically by the SAP OSS.	
3.2	Concept note confirmation	AE, NDA/FP	<ol style="list-style-type: none">On receipt of a concept note from an AE, submitted via the SAP OSS, the Secretariat will notify the relevant NDA/FP of the submission.If the concept note does not fit under the national priorities and country ownership of the respective country, the NDA/FP should notify the Secretariat within three weeks from the submission of the concept note through the SAP OSS.	



3.3	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline that are cleared under step 3.2/not objected by the NDA/FP prior to each Board meeting. The SAP pipeline will be presented in coordination with the regular pipeline report to the Board.
3.4	Feedback and recommendations on the concept note	Secretariat, NDA/FP, AE	<ol style="list-style-type: none">1. The Secretariat will provide feedback and recommendations to the AE and/or NDA/FP, and will advise if the concept can move into the funding proposal stage, if the concept note should be revised and resubmitted, or if the concept note is rejected.2. At this step, the Secretariat will confirm if the project/programme described in the concept note conforms to the SAP eligibility criteria.
3.5	Project preparation and technical assistance support	AE, Secretariat	<ol style="list-style-type: none">1. The Project Preparation Facility (PPF) can support project and programme preparation requests from all AEs, especially DAEs, for projects/programmes under SAP.2. The NDA/FP will submit the no-objection letter related to the PPF request through the Accredited Entity.3. AEs submit proposals based on the PPF application template.4. The Secretariat will report to the Board, as part of the regular reporting, on the pipeline of PPF requests received, approved and under implementation under SAP.5. The Secretariat will report to the Board, as part of the regular portfolio report, on the progression of SAP concept notes receiving PPF support.6. SAP 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.

IV. Funding proposals

4.1	Funding proposal pipeline	Secretariat	<ol style="list-style-type: none">1. The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website. The SAP pipeline will be presented together with the regular pipeline report to the Board.
4.2	No-objection letter	NDA/FP	<ol style="list-style-type: none">1. The NDA/FP will provide a no-objection letter for each SAP funding proposal, 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">1. AEs will submit complete SAP funding proposals to the Secretariat, via the SAP OSS with all the mandatory and requested annexes (including the No-objection letter) as specified in step 5.3 (2).2. The Secretariat acknowledges the submission of the funding proposal package. This is completed automatically by the SAP OSS once the submission is recorded.

V. Secretariat analysis and independent technical assessment and recommendations to the Board

5.1	Analysis and recommendation	Secretariat	<ol style="list-style-type: none">1. The Secretariat will carry out necessary and appropriate second-level due diligence of SAP funding proposals on a rolling basis.2. The Secretariat will assess compliance with the GCF's environmental and social safeguards, gender policy, financial policies and any other policies adopted by the Board, in addition to the performance of the project or programme against activity-specific criteria.3. In respect of SAP funding proposals to be approved by the Executive Director, the approval of such funding proposals will be endorsed by the Deputy Executive Director.
5.2	Independent assessment	Independent TAP, AEs	<ol style="list-style-type: none">1. The independent TAP will conduct an independent technical assessment of the performance of the project or programme against activity-specific criteria, as defined in the initial investment framework (decision B.09/05 and B.BM-2018/09) or in any successor policy thereto.2. The TAP shall prepare a report setting out their assessment findings and indicate whether or not they recommend the relevant SAP funding proposal for approval. The TAP review shall be performed on a rolling basis. The Secretariat and independent TAP will establish a SAP-specific timelines pursuant to decision B.19/08 paragraph c.3. The Secretariat facilitates the response from AEs to the assessment and recommendations from the TAP. The TAP assessment and the AEs responses will be published on the GCF website.



5.3	Submission of the documentation to the Executive Director/Board	Secretariat	<ol style="list-style-type: none">1. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be considered by the Board by way of a decision between meetings;2. Only those SAP funding proposals which are recommended for approval by both the Secretariat's and TAP reviews will be submitted for consideration to either by the Board or the Executive Director, as applicable.3. The Secretariat will submit the following funding proposal package for consideration by the Board or the Executive Director, as applicable, composed by the following:<ol style="list-style-type: none">(a) The final funding proposal completed template as submitted by the AE;(b) No-objection letter(s);(c) The Secretariat's assessment of compliance with safeguards and policies and performance of the project or programme against activity-specific criteria and a cover note containing a summary of the second-level due diligence carried out and the funding recommendation by the Secretariat;(d) Independent TAP assessment;(e) Response of the AE to the TAP assessment;(f) Environmental and social report(s) disclosure (if applicable);(g) Gender assessment and action plan;(h) List of proposed conditions resulting from the review process;(i) Term sheet; and(j) Any other relevant annex.
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VI. Consideration and Approval of Funding Proposals

6.1.a	Decision	Board	<ol style="list-style-type: none">1. SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board.2. The Board may approve SAP funding proposals at Board meetings or, pursuant to section 7.1 (Decision between meetings) of the Rules of Procedure, through in-between Board meetings.3. When considered at a Board meeting, the Board takes a decision to:<ol style="list-style-type: none">(a) Approve the funding proposal; or(b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or(c) Reject the funding proposal.4. The Board will take decisions at a Board meeting, in respect of SAP funding proposals which have been referred to it by the Executive Director in accordance with stage 6.1.b below.5. In respect of SAP funding proposals to be considered in-between Board meeting:<ol style="list-style-type: none">(a) SAP funding proposals considered in-between Board meetings will be circulated to members and alternate members of the Board in batches on average three times per year, in between meetings of the Board, around the mid-point of the timeframe between regular Board Meetings.(b) the period for consideration of the decision between meetings on a no-objection basis will be no less than 21 days.(c) Each SAP funding proposal package shall be presented as a separate between meetings decision item.(d) Following the publication of the SAP funding proposal package, the Secretariat can organize virtual consultations with Board Members, Alternate Board Members, Advisors, Active
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			<p>Observers, members of the independent TAP and the AEs to address comments and requests for clarifications on the proposed SAP projects and programmes.</p> <p>(e) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE;</p> <p>6. When SAP proposals are considered in-between Board meetings, the Board takes a decision to:</p> <p>(a) Approve the funding proposal; or</p> <p>(b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding;</p> <p>7. The Secretariat shall:</p> <p>(a) Circulate to the members and alternate members of the Board the relevant draft decision, together with the funding proposal package described in stage 5.3, subject to and in accordance with the Information Disclosure Policy. Such documents shall be simultaneously published on the GCF website, subject to redaction of any information which may not be disclosed pursuant to the Information Disclosure Policy; and</p> <p>(b) In case of projects or programmes where the environmental and/or social risks and impacts are classified as limited, the relevant environmental and social safeguards reports will be disclosed, in accordance with paragraph 17 of the Information Disclosure Policy and the requirements under section 7.1 of the GCF Environmental and Social Policy, at least 30 calendar days in advance of the AE's or GCF's Board decision (on a non-objection basis for GCF), whichever is earlier¹²;</p> <p>(c) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE;</p> <p>(d) In accordance with paragraph 43 of the Rules of Procedure, at the expiration of the period prescribed for replies, the decision will be deemed approved unless there is an objection. If an objection has been received, the Co-Chairs will work through the objection with the Board member directly. If the objecting Board member upholds their objection following discussion with the Co-Chairs, the proposed decision will be considered by the Board at the following meeting. The Secretariat shall circulate all written comments and objections to members and alternate members of the Board and notify all the members and alternate members of the Board of the action taken pursuant to paragraph 43 of the Rules of Procedure.</p>
6.1.b	Decision	Executive Director	<p>1. In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle.</p> <p>2. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be approved by the Executive Director.</p>

¹² This shall be without prejudice to the ESS disclosure requirements set out in the relevant AMAs entered into between the GCF and the relevant accredited entity

			<ul style="list-style-type: none"> 3. Taking into consideration the assessment findings resulting from the review process, the Executive Director takes a decision to within 21 calendar days after the publication of the SAP funding proposal: <ul style="list-style-type: none"> (a) Approve the funding proposal; (b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or (c) Refer the consideration of the funding proposal to the Board at the next occurring Board meeting in any circumstance which the Executive Director deems it appropriate to do so. 4. All decisions by the Executive Director relating to the approval of SAP funding proposals will be reported to the Board, together with an analysis of the portfolio, in the reports of the activities of the Secretariat to the Board.
6.2	Post approval follow-up	Secretariat	<ul style="list-style-type: none"> 1. The Secretariat will inform the AE and the NDA/FP of the Board's decision and the next steps in relation to the approval conditions. 2. If the Executive Director approves a SAP funding proposal, the Secretariat will inform, the members and alternate members of the Board, AE, the relevant NDAs/FPs, and the active observers, of the Executive Director's decision and will also communicate the approval decision to the Trustee. Following the approval of a SAP funding proposal by the Executive Director, the Board, the NDAs and the AEs will be notified and the decision will be published on the GCF website. 3. The decision is recorded by the Secretariat and communicated to the Trustee. In the case of rejection by the Board, the Secretariat will inform the NDA/FP that, in accordance with decision [B.BM-2017/10], they may request reconsideration of the funding decision via the independent Redress Mechanism.
6.3	Implementation of Board conditions	Secretariat	The Secretariat will report to the Board at each meeting on the status of implementation of the approval conditions and identify any matters that require further Board action. The SAP report on implementation will be presented in coordination with the regular implementation report to the Board.
VII. Legal arrangements for approved proposals			
7.1	Funded activity agreement	Secretariat, AE	<ul style="list-style-type: none"> 1. The Secretariat will work with AEs to conclude any necessary legal arrangements between the GCF and the AE. 2. Legal agreements are signed by the Executive Director and the AE. 3. The Trustee is notified. 4. The NDA/FP is informed of the outcome of the funded activity agreement.
7.2	Letter of commitment	Trustee	<ul style="list-style-type: none"> 1. The Trustee provides a letter of commitment, subject to the availability of funding.
7.3	Funding proposal conditions	Secretariat, AE, Board	<ul style="list-style-type: none"> 1. The Secretariat will assess the conditions attached to funding proposals by the Board and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat will make a recommendation to the Board for further guidance and pending such guidance, the relevant condition shall be deemed not to apply.

Annex II: Written feedback received from Heike Henn and Susan Krohn

Comments are reproduced below.

DEADLINE FOR BOARD COMMENTS: 5 February 2021



Meeting of the Board
XX XXX 2021
Songdo, Incheon, Republic of Korea
Provisional agenda item **XX**

GCF/B.XX/XX
XX XXX 2021

Further development of the simplified approval process

Summary

This document responds to the request in decision B.25/08 to further develop the simplified approval process. It considers the recommendations of the review of the simplified approval process pilot scheme presented at the 25th meeting of the Board and the comments of Board members thereon, as well as the recommendations made by the Independent Evaluation Unit (IEU) in its Independent Assessment of the GCF simplified approval process (SAP) Pilot Scheme (**GCF/B.XX/XX**). On that basis, this document proposes in Annex II an updated simplified approval process and activity cycle designed to increase the scope and speed of the SAP.



I. Background

1. This document responds to decision B.25/08 that requests the Secretariat to further develop the simplified approval process (SAP). Paragraph 31 of the Governing Instrument (GI) lays out a vision for the GCF as an institution that "will provide simplified and improved access to funding, including direct access." Paragraph 53 of the GCF GI calls on the GCF Board to "develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities." Toward these ends, in October of 2017, the Board agreed decision B.18/06 and adopted a Simplified Approval Process (SAP) Pilot Scheme (SAP Pilot). In accordance with its terms, the SAP Pilot was to cover proposals on adaptation and mitigation, that:

- (a) "Are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development";
- (b) Require "a GCF contribution of no more than USD 10 million"; and
- (c) have "environmental and social risks and impacts ... classified as minimal to none" (and don't include interventions with a specific list of "risk factors").

2. The SAP pilot has now been operational for over three years. During that time (and up to B.27), GCF Accredited Entities, working with the approval of Nationally Designated Authorities/Focal Points, have put forward 19 SAP funding proposals for Board approval. These proposals, all of which were approved, were valued at USD 280 million including USD 171 million of GCF resources, and USD 109 million in co-financing. Some 79 per cent of these SAP projects are in one of the Least Developed Countries (LDCs), Small Island Developing States (SIDS) or African States. 6 SAP projects (31 per cent) were submitted by national DAEs; in terms of funding, over 30 per cent of SAP pilot funding was related to DAE projects. Twelve of the projects are adaptation projects; three of the projects are mitigation projects and four are cross-cutting.

3. Decision 18/06 called for a review of the SAP Pilot to be undertaken "*two years from its operationalization, or when the aggregate amount of approvals under the Pilot Scheme reached USD 80 million of GCF financing, whichever is earlier.*" The review provision also requested the Secretariat to develop a proposal based on that review which would:

- (a) address approving SAP funding proposals between meetings of the Board;
- (b) include recommendations to further improve the efficiency and effectiveness of the process, and
- (c) consider expanding the type of eligible activities and increasing GCF funding.

4. In November of 2019, the aggregate amount of SAP approvals topped USD 80m triggering the mandate for the review called for in decision B.18/06. That review was presented and discussed by the Board at its 25th meeting (GCF/25/12).

5. Based on that review and as requested in decisions B.18/06 and B.25/08, the Secretariat has prepared a proposal to further develop the SAP for Board consideration. The proposal also responds to mandates under the GCF Updated Strategic Plan 2020-2023 (decision B.27/06) which signalled that the GCF will "continue to streamline programming and approval processes to enable timely disbursement, and will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities, including by enhancing and updating the simplified approval process (SAP) as part of the 2020-2023 Board workplan; In addition, the document and proposal being presented to this meeting take into account comments received from the Board at its 25th meeting and many of the recommendations of the

Commented [A1]: General comment: The overall objective of SAP is "*to reduce the time and effort needed in the preparation, review, approval and disbursement procedures for proposals of certain activities, in particular small-scale activities*". So far, the item "*preparation*" and *efficiency gains in terms of processes and requirements more generally are not sufficiently addressed*. We are concerned to hear that the perception of the SAP processes is that the amount of information and process needed is not substantially different from those for regular funding proposals, considering that the very idea of the SAP is to provide a more efficient, shorter and simplified access for certain types of projects. It hence has to be the key goal to ensure that the processes are adjusted in a way to remedy the situation. We would therefore like to see more specific proposals as to streamlining SAP preparation.

Independent Evaluation Unit (IEU) set out in its recent Independent Assessment of the Simplified Approval Process (SAP) Pilot Scheme (document GCF/B.XX/XX);

II. Policy Rationale

6. As approved by the Board, the objective of the SAP Programme was “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 small-scale activities” that promote and support scalable and transformational actions, in support of the GCF mandate. The terms of the SAP Pilot also establish an aim to ensure that submissions from Direct Access Entities (DAEs) constitute at least 50% of all approved projects under the Pilot Scheme.

7. In terms of implementation, the Board approved SAP guidance called for proposals under the Pilot Scheme to be subject to independent Technical Advisory Panel (TAP) review on a rolling basis, to be based on a simplified set of documents, and to include simplified financial and other terms. Further, the guidance noted that *“Unless specifically modified [...], all other relevant GCF policies apply as usual to the Pilot Scheme”*. As regards approval, the Pilot guidance called for SAP projects to be submitted to the Board for consideration during its regular meetings, *“until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.”* Finally, the guidance called for the post-approval process for approved SAP proposals to be done in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.

8. Taking into account the Board’s deliberations on the SAP Pilot, its value proposition can be said to lay in its ability to facilitate and speed up funding on the ground to address the urgent climate change needs of GCF countries, and in particular, least developed countries, African countries and Small Island Developing States; to enhance DAE (including private sector) access to the GCF while leveraging climate finance; and to promote projects/funding for scaling up ideas and approaches that contribute to transformational change, at both the country and global levels.

9. The Board and the Secretariat now have the benefit of an IEU independent assessment and a Secretariat commissioned review to help it evaluate both the operation of the SAP Pilot and the Secretariat’s proposal on the three items called for in Decision B.18/06 noted above.

10. In terms of how the SAP has done, both reviews noted positive aspects of the SAP pilot including that:

- (a) SAP has enabled enhanced access for African States, and LDCs compared to the normal Proposal Approval Process (PAP); Projects from SIDS represent 15% of SAP approvals and 20% of the SAP pipeline;
- (b) the SAP has a larger proportion of DAE and adaptation projects compared to the PAP;
- (c) the Secretariat has taken a number of steps to simplify the system through, for example, the development of SAP specific templates, guidelines, on-line tutorials and an on-line submission system; these support steps are both appreciated by stakeholders, and are instrumental to the preparation of quality SAP concept notes and funding proposals; and
- (d) there continues to be a strong demand for the simplified approval modality piloted by the GCF.

Commented [A2]: IEU conclusion 7 on low SIDS uptake should be reflected upon here too

11. On the other hand, both the Secretariat commissioned review and the IEU independent assessment agreed that as currently constructed and implemented, the SAP is only marginally simpler, quicker and less burdensome than the process used to review and approve much larger, higher risk projects under the PAP. Specifically, as related to these core factors:



- (a) The reviews found that the SAP review process was 8-15% faster than the PAP process;
- (b) The Secretariat commissioned review noted that the overall amount of information requested by the Secretariat and iTAP are perceived by stakeholders to be similar, and that all stakeholders interviewed commented on the need to achieve further simplification through a reduction of the documentation and of the number of annexes that need to be provided; and
- (c) Many AES/DAEs including private sector AEs/DAEs have not seen the value added and benefits of using the SAP process. The IEU independent assessment noted that several AEs indicated that they would not use the SAP again as the project size limit is too small for the level of preparation required. The lack of simplification and acceleration is also suggested in the IEU assessment to have limited the use of SAP by SIDs.
12. In summary, the SAP Pilot has attracted a higher number of DAE and adaptation projects than the PAP, and has led to small reductions in the burden of document preparation and the time for review, however, the current SAP process has not succeeded in substantially reducing the burden of project preparation, or in appreciably improving the efficiency and effectiveness of the GCF project cycle for these "small" GCF operations.
13. The reviews suggested several reasons for these findings, including that:
- (a) There has been no simplification when it comes to Board approval of SAP proposals. Proposals submitted through the SAP modality are approved in the same way as other GCF projects: three times a year at Board meetings. In that regard, the SAP process has not used between meeting approval processes as presaged in the initial SAP Guidance.
- (b) The SAP process has not benefited from a rolling review of projects as called for in the initial SAP guidance;
- (c) The Board approved SAP decision requires that SAP projects continue to comply with virtually all the relevant GCF policies that apply to the reviews of PAP proposals. This implies that SAP proponents need to produce information that is very similar to that required for PAP projects. Consequently, it has led to a preparation and review process that is very similar to that required for PAP projects.
14. As regards this latter point, the Secretariat would note that if PAP submission and review requirements (including the GCF investment criteria) continue to largely apply to much smaller, lower risk SAP proposals, there are limits to the amount of further simplification that can be accomplished as regards the preparation and review of SAP proposals.
- The reviews suggested that making various changes, including accelerating the final approval process would increase the efficiency and effectiveness of the SAP pilot, and help it to advance its ambition towards the simplicity and speed implied in both the Governing Instrument and the Board's initial SAP decision. Some of the review's recommendations would need Board approval, and some can be directly implemented by the Secretariat. Section III of this document reviews the key proposed changes to the SAP programme that would require Board approval. That section also reviews under part (d) a number of the direct actions that the Secretariat intends to take on the basis of the SAP reviews. Finally, the Secretariat management response to all of the recommendations included in the IEU review can be found in document [GCF/B.XX/XX AddX].
15. The Secretariat projects that if no changes are made to the SAP programme, the SAP may face a stable or reduced rate of utilization, because, as noted, some project proponents are seeing little difference in the burden and speed associated with using the SAP rather than the PAP. In addition, the current review system (which includes both Secretariat and iTAP review) has limited capacity. Because of the similarity in requirements, it takes a similar effort to review a micro-small sized SAP project with no environmental and social risks/impacts as it does to

Commented [A3]: This policy proposal does not include any clear recommendations/actions how this can be addressed. Clearly the question of templates, information and preparation of projects is a point that needs to be addressed beyond the approval timeframes in the Board.

Commented [A4]: Have options of increasing SAP project size been considered? What would options and implications be?

Commented [A5]: The IEU Evaluation conclusion 5 and 15 on the definition and operationalization of "scaling up potential", recommendation 6b on lack of SAP-related KPI indicators and the recommendation to develop a SAP strategy should also be reflected upon here and incorporated in the proposal as appropriate

In particular, the issue of and recommendations regarding GCF scaling up successful approaches from AF, GEF and others should be considered; this could also be discussed in the context of a possible SAP strategy (see below)

Commented [A6]: This should be further elaborated upon; options of what would have to change to allow for further simplification should be presented as this a key bottleneck to unleash the SAP's full potential and address existing bottlenecks

Commented [A7]: Has this document been shared with the Board? If so, where is it available? If not, it should be shared asap.

review, for example, a large PAP project with significant environmental and social risks/impacts. Therefore, and unless the Board were to direct or otherwise incentivize the use of the SAP it is unlikely that the level of SAP project submissions and reviews would increase.

16. On the other hand, the Secretariat projects that if the further simplification to the SAP is adopted as proposed in this document, and if the capacity to review SAP proposals is expanded, the time for approving SAP proposals could be significantly reduced, and there will be increased demand from countries and AEs which could allow for the approval of up to 20- 25 SAP proposals a year by the end of GCF-1. Related impacts of the Secretariat's proposal are discussed more fully in section IV below.

III. Analysis of the policy proposal

17. The Secretariat has carefully considered the content and recommendations included in the IEU and Secretariat commissioned reviews, as well as its own experience with the operationalization of the SAP programme. On that basis, and consistent with the direction of decision B.18/06, the Secretariat has prepared the proposal in Annex II of this document for the consideration of the Board. The key changes included in that proposal are reviewed below.

(a) **Expansion of SAP eligibility from Projects or programmes whose environmental and social risks and impacts are classified as minimal to none to projects and programmes whose impacts and risks are limited.**

18. Decision B.18/06 requested the Secretariat to *develop a proposal based on the SAP review that would consider, among other things, "expanding the type of eligible activities and increasing GCF funding."* As noted above, the Secretariat's proposal would expand the SAP programme eligibility to projects that involve limited environmental and social risks, while maintaining the exclusion of projects that contain the specific risk factors included in Annex II. While this expansion may elevate the complexity of the project preparation and implementation, it was seen by the Secretariat and the Secretariat commissioned review as an action that could further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities.

(b) **Accelerate the approval of SAP funding proposals through the introduction of in-Between Board Meeting (BBM) approvals by the Board for SAP projects/programmes that entail limited environmental and social impacts and risks;**

19. Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to *"address approving SAP funding proposals between meetings of the Board."* Under the Secretariat's proposal, the approval of SAP proposals with activities that entail limited adverse environmental and/or social risks and impacts can be presented to the Board for approval either at its regular meetings or, as envisaged in decision B.18/06¹, in between meetings. The in between meeting review process would operate as follows:

(a) Only SAP projects that completed the Secretariat and independent TAP review and are recommended for approval by both will be submitted to the Board for its consideration. The SAP funding proposals submitted to the Board will be batched, so that they can be presented to the Board during the regular Board meetings (on average three times a year) or in between Board meetings (on average three times a year).

(b) Each SAP funding proposal package shall be presented for Board consideration as a separate decision item. The approval of SAP proposals in between meetings of the Board will be carried out in accordance to the GCF Rules of Procedure with a 21 day review period being required. During this review period, and following the publication of the

Commented [A8]: we support SAP approval via BBM; considering the heavy Board agendas and to further speed the process up, we would, however, suggest to present SAPs via BBM only and only bring them to the Board in case of objections as per the below

Commented [A9]: what is the reason for the batching? To further speed up the process we would suggest to issue SAP BBMs on a rolling basis whenever they are ready

¹ Decision B.18/06 (c) (ii)



SAP funding proposal packages, the Secretariat can organize online consultations with Board Members, Alternate Board Members, Active Observers, the members of the independent TAP and AEs to address any comments or requested clarifications on the proposed SAP proposals. If one or more Board member/s express an objection to approving a SAP proposal presented in between Board meetings, and no agreement can be reached, that specific SAP proposal can be deferred for consideration of approval to the next occurring meeting of the Board.

20. As noted above, the approval of SAP projects between meetings was presaged in decision B.18/06, and it was recommended in both the IEU and Secretariat commissioned reviews of the SAP programme as a mechanism to further accelerate the timing of the SAP process consistent with the programme's mandate. The addition of between meeting approval for SAP proposals with limited environmental and social risks would enable SAP proposals to be reviewed six times a year and would be expected to result in reducing the SAP review's timeline by up to 51 days compared to the high end of the range of PAP review time which is 346 days (see table 1 below).

(c) **Introduce Delegated Authority (DA) to the Executive Director (ED) for the approval of SAP projects/programme that presents no/minimal environmental and social impacts and risks;**

21. As noted above, Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to "address approving SAP funding proposals between meetings of the Board." As it relates to between meeting approval, the proposal of the Secretariat would delegate authority to the Executive Director (ED) to approve SAP projects/programmes with activities that entail minimal to no adverse environmental and/or social risks and/or impacts.

22. Under the proposed modality, the approval of minimal to no risk/impact SAP funding proposals is performed by the ED on a rolling basis once the review of the Secretariat and independent TAP are completed and both recommend the SAP funding proposal for approval. Following his or her review, and a 21 day publication period, the ED can either approve the SAP funding proposal, approve it with the recommended covenants/conditions, or defer the approval to the Board, thereby postponing the approval decision to the next available meeting of the Board.

23. The delegation of authority to the ED for certain SAP proposals was recommended in both the IEU review and the Secretariat commissioned review of the SAP programme as a mechanism to further speed the time of SAP reviews consistent with the programme's mandate. The addition of delegated authority for SAP projects that present no/minimal environmental or social impacts and risks is estimated to reduce the review/approval by up to **101 days** compared to the high end of the range of PAP review time which is 346 days (see table 1 below).

24. In its benchmarking review of major climate funds and international financial institutions, the IEU SAP assessment found that delegation was among the most common approaches used for fast tracking, and that related modalities have generally been devised in a manner that takes into account the institutions stage of evolution. In that regard, the IEU noted that the GCF has reached a mature level in its programming processes. In particular, it noted that the GCF already had a between meeting approval process, and that the Board would only need to adapt the current process. It also noted that the Board has already supported delegation of authority to the Secretariat for several Board operations. Indeed, the Board has already delegated authority for funding decisions in a number of areas, including for National Adaptations Plans, (NAPs), non-NAP Readiness activities, and Project Preparation Facility (PPF) proposals. Providing delegation for this class of SAP proposals would also be in keeping with paragraph 32 of the Governing Instrument which states that "*the Board will steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance.*" Finally, and beyond the

Commented [A10]: If the outcome of the online consultations are for example conditions that the Board may want to add to the approval, how would such a process work in order to avoid the need for objections?

Commented [A11]: There should be a possibility for the Board and Observers to submit written questions to the AE to be answered before the approval, just like under the current modality ahead of Board meetings; how would this look like for BBM approvals? This should be specified here.

Commented [A12]: We do not support this kind of DA at this stage in time and would prefer to approve all SAPs – regardless of risk category – as BBMs on a rolling basis for now (which should not lead to considerable additional delays compared to ED approval, considering that documents would equally be available for 21 days before ED approval). We are open to look into further delegation at a future point in time (e.g. in the context of a SAP strategy, see below, or elsewhere where appropriate) after some experience with the proposed BBM modality.

efficiency gains made through simplifying the SAP approval cycle, this modality would also be expected to free up capacity of the Board.

25. As regards risk, the IEU review noted that virtually all SAP proposals cleared by the Secretariat and the independent TAP have been approved by the Board without significant discussion, and the class of projects suggested for delegation in the Secretariat's proposal is likely to involve the least amount of discussion. In addition, in the case of this delegation, any risk is minimized further, as any new concerns may be brought to the attention of the ED following the publication of the underlying project 21 days before a final decision on approval is taken.

26. It is important to note that adopting either or both of these between meeting approval modalities implies that a different SAP activity cycle will be needed to replace the current PAP cycle. The resulting SAP cycle is described in the proposal in Annex II.

(d) **The Secretariat's proposal (including both points b and c above) require a shift to rolling ITAP and Secretariat reviews of SAP projects**

27. Decision B.18/06 requested the Secretariat's proposal based on the SAP review to include recommendations to further improve the efficiency and effectiveness of the process. As noted previously in this document, the requirement of rolling independent TAP reviews of SAP projects was included in the initial SAP decision. However, rolling independent TAP review does have implications for the capacity, budget, staffing and operations of the Secretariat and the independent TAP.

28. In relation to the **independent TAP**, this current policy proposal *takes into account that work is underway to update the operational modalities of independent TAP* following the Board's request under decision B.25/09. The decision points under this policy proposal seek to: i) ensure that SAP-specific considerations are being taken into account as part of the update of the operational modalities of independent TAP with a view to expedite SAP processes, while also ii) ensuring that the existing operational modalities of independent TAP, such as reviewing on a rolling basis, are fully deployed and expedited. This can be done by improved utilization of the existing roster of experts available to the independent TAP and exploring options to increase the efficiency of working modalities.

29. Beyond action by the Board, at the **Secretariat-level**, the Secretariat has and will continue to work on simplifying the internal review process for SAP within the overriding requirement that all GCF investment criteria and policies apply to the SAP in the same way as the PAP. The Secretariat has set up internal processes for undertaking SAP and PAP reviews on a rolling basis and has also developed specific Standard Operating Procedures (SOP) for SAP and PAP in its internal Operations Manual².

30. The SAP SOP simplifies internal review procedures compared to the PAP SOP while maintaining the required quality checks against GCF policies and requirements. Fully taking advantage of these processes for SAP review will depend on sufficient Secretariat capacity or external support being available for undertaking SAP reviews in parallel to regular PAP reviews, and on the independent TAP processes also being able to more fully pick up SAP reviews on a rolling basis as soon as they are ready from the Secretariat.

31. On that basis, efficiency gains which could be realized by expanding review capacity and implementing a rolling-basis review for SAP proposals could be up to 66 days compared to the high end of the range³ of PAP review time which is 346 days (see table 1 below). This estimation is based on the same model that was adopted by Secretariat-commissioned review of the SAP Pilot Scheme and the latest SAP and PAP SOP. The review time estimated in the SOP

² {Reference to the OM}

³ See paragraph 23 below

does not include the time that the AEs might need to submit/resubmit their proposals but only the stages of the review and approval which are under the control of the GCF Secretariat and independent TAP.

32. Summary review of the main changes to the SAP and potential time savings that could result from Secretariat actions being taken or proposed in this document for Board approval:

- (a) **Rolling Reviews of SAP Proposals and related contingencies:** The 2021 Secretariat work programme includes funding to enable the Secretariat to process SAP proposals on a rolling basis. Secretariat contracts with the independent TAP currently support a rolling review by the TAP. Assuming the independent TAP and the Secretariat are provided with sufficient review related resources/capacity, rolling reviews will be initiated, and would be expected to reduce current SAP approval times by some 66 days as compared to the high end of the range of PAP review time.
- (b) **BBM approval of SAP Proposals and related contingencies:** If the Board were to agree to approve SAP proposals through BBMs, the current PAP approval time range could be reduced by an additional 51 days as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and BBM approval were agreed, the total time savings would be up to 117 days as compared to the high end of the range of PAP review time (66 days for rolling review and 51 days for BBM approval).
- (c) **Delegation of approval authority to the ED for certain SAP proposals and related contingencies:** If the Board were to agree to delegate approval of low or no risk SAP proposals, the current PAP approval time range could be reduced by 101 days for those proposals as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and delegation for that class of proposals was agreed, the total time savings would be up to 167 days as compared to the high end of the range of PAP review time (66 days for rolling review and 101 days for delegated approval).
- (d) **Expansion of SAP eligibility to projects and programmes whose impacts and risks are limited:** Board agreement to extend SAP eligibility to projects and programmes whose impacts and risk are limited would be expected to further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities. It would not be expected to have an impact on the time from submission to approval.

Table 1: Number of efficiency days gained through changes in the review and approval cycles: SAP vs PAP in relation to their respective Standard Operating Procedures in the GCF Operation Manual.

Efficiency gains in the SAP review process vs. PAP	Days
Approval timelines range	Days
Current PAP approval time range	245-346
SAP approval time range, taking into account the 66 days rolling review efficiency gains	179-280
Additional SAP approval efficiency gains	Days
Approval by the Board at meetings and in-between meetings	Up to 51
Approval by the Executive Director	Up to 101
Total SAP review and approval efficiency gains	Days
SAP rolling basis review and BBM approval	Up to 117
SAP rolling basis review, BBM review and ED approval	Up to 167

33. Table 1 reports the current approval timeline ranges for SAP and PAP based on the approval modality at Board Meetings (on average 3 times for year) and the estimated efficiency

gains of the SAP review process compared to the PAP review process if the rolling basis modality is fully implemented and SAPs are only considered three times/year for approval by the Board, as under current practice.

34. Since the Board currently considers SAP and PAP funding proposals for approval only 3 times a year, the model estimates a range in the approval time. The bottom of the range represents a proposal which completes its review cycle exactly 21 days before the next available meeting of the Board (publication date). The top of the range represents a proposal which completes its review cycle just one day after the publication date, therefore “misses” the earliest meeting of the Board and has to wait for the following one.

IV. Impact assessment & implementation arrangements

35. The benefits of the proposal in terms of a reduction in review times is discussed above. If the eligibility expansion and further simplifications to the SAP described above are adopted, the Secretariat estimates there will be increased demand from countries and AEs which could allow for the approval of up to 20-25 SAP proposals a year by the end of GCF-1. This can substantially expand SAP's reach in meeting the needs of developing countries.

36. This higher number of SAP funding proposals would imply a need for the Secretariat to process approximately two-to-three times more concept notes on annual basis (40-60). Additional support would also be needed for DAEs capacity building and specific technical assistance for the finalization of their funding proposals.

37. Further, and as noted, in order to be able to manage the current and projected increased demand while maximising the efficiency of the SAP review process, both the Secretariat and independent TAP will need to be fully capacitated to review SAP proposals on a rolling basis. To secure this review capacity, the Secretariat will explore the use of reputable firms/organizations that can deploy experts, whose expertise mirrors the skills needed in the review and compliance areas of the Secretariat's second level due diligence process. Given the Secretariat's current headcount limitations, this expansion of capacity is considered essential to ensuring SAP proposals are efficiently and timely reviewed on a rolling basis. Appropriate resources would be allocated through the Secretariat's professional services budget line. Related costs would also be factored into future annual budgets for Board approval.

38. The Board will separately consider updates to the capacity and operating modalities of the independent TAP needed to ensure TAP reviews can keep pace with expected changes in workload resulting from GCF-1 programming. Given the specific capacity requirements of a simplified SAP process in terms of delivering rolling reviews with maximum review cycle efficiency, the Secretariat recommends that in addition to the independent TAP membership increase already implemented by the Board, the Board also consider (as proposed in the draft decision in Annex I):

- (a) fully utilizing and expanding the current roster of experts that can support the independent TAP reviews to execute SAP reviews on a rolling-basis (decision B.19/08); as the volume of SAPs in the pipeline increases with the operationalization of this decision.
- (b) adopting measures to expedite, as far as possible, the independent reviews of SAP funding proposals and ensure the timely and efficient review of SAP proposals on a rolling basis, considering updates to the operational modalities of the independent TAP mandated by decision B.25/09 (i) and detailed in “Update of the operations of the independent Technical Advisory Panel” (GCF/B.28/XX).

39. The following steps will be required to fully implement the further development of the SAP described in Annex II:

Commented [A13]: Concerning the externalization of the SAP review to outside the Secretariat, we are still skeptical as to how this would enhance the process while still ensuring the quality and expertise of the GCF that is needed. The governance implications of creating such a parallel structure are unclear. We would appreciate to see other options of addressing this issues, including hybrid options in terms of staff needs and external support etc.

Commented [A14]: While these points are welcome, the policy lacks clear guidance how the process, templates and information to be provided will be made more efficient and simplified while finding a balance to ensure that GCF policies are complied with



- (a) The Secretariat shall update all the relevant existing SAP guidelines and training material, including its e-learning modules on SAP and the programming and operations manual.
- (b) The Secretariat shall implement, to the extent possible, the recommendations from the IEU SAP assessment, such as:
- (i) develop a capacity development programme for SAP in coordination with the GCF Readiness and Preparatory Support Programme;
 - (ii) strengthen its capacity to provide technical assistance/support to AEs, in particular DAEs to originate quality SAP proposals;
 - (iii) develop a programming guidance for SAP;
 - (iv) develop a tailored approach for SAP and the private sector, and
 - (v) develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage.

40. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality by the Board. This is to allow the Secretariat to have enough time to update the current SAP templates, online submission systems, guidelines, and standard operating procedures so to reflect the changes that the update SAP modality in Annex II will imply.

41. The updated SAP modality will apply to all SAP concept notes and SAP funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.

42. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.

43. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

V. Budgetary Implications

44. In line with the discussion above, the Secretariat does not expect additional resources in 2021 to implement the further development of the SAP. Resources to implement the new SAP SOP through rolling reviews in 2021 are included in the Secretariat's approved 2021 budget. The Secretariat anticipates that the improvements/changes in the SAP activity cycle proposed in Annex II will increase the demand for SAP, and that additional resources will be needed over time to increase the capacity of the Secretariat and independent TAP to conduct a timely review of SAP funding proposals, especially from DAEs.

45. As the financial needs for the review of the SAP proposals can change overtime, the precise assessment and quantification of resources to effectively implement the SAP modality will be carried out as part of the annual budget planning activities of the Secretariat. These will be carried in consultation with the Budget Committee both with regards to Secretariat budget requests and independent TAP budget requests. Appropriate allocations for ensuring the Secretariat's capacity to review SAP proposals will be reflected in future annual budgets, as necessary.

Commented [A15]: As stated above, the IEU conclusion 16 regarding the lack of intra-Secretariat incentives that encourage task managers to review and process SAP projects should also be reflected and acted upon here;

Commented [A16]: We very much support the development of these aspects in line with the IEU Evaluation recommendations and look forward to learning about further details throughout the associated developments.

Commented [A17]: We would also support the development of a SAP strategy in line with the IEU recommendation as the strategic dimension is missing in this document

Annex I: Draft decision by the Board

The Board, having considered document GCF/B.XX/XX titled "Further development of the simplified approval process", and with reference to decision B.18/06, which mandated the review of the simplified approval process pilot scheme:

- (a) Approves the updated simplified approval process and its activity cycle, as set out in annex II;
- (b) Confirms that the Updated Project and Programme Cycle adopted by Decision B.17/09 will not apply for projects and programmes to be processed under the update SAP; and
- (d) Takes note that additional simplified assessment methodologies and a more efficient review process for SAP proposals by the independent TAP, are proposed and will be considered by the Board in the context of the "Update of the operations of the independent Technical Advisory Panel" as requested by decision B.25.09.
- (e) Requests the independent TAP to make full use of its roster of experts to expeditiously execute SAP reviews on a rolling-basis;

DRAFT

Annex II: Updated simplified approval process and activity cycle

I. Objective

1. The objective of the simplified approval process (**SAP**) is to operationalize paragraph 53 of the Governing Instrument for the Green Climate Fund and to reduce the time and effort needed in the preparation, review, approval and disbursement procedures associated with small-scale activities that meet the SAP eligibility criteria (as defined in section II below) and to contribute to the implementation of the GCF Updated Strategic Plan for the GCF for 2020 – 2023⁴. This updated SAP policy sets out:

- (a) the criteria that GCF projects/programmes shall have to be eligible for and to be excluded from SAP;
 - (b) the activities that will be excluded from SAP given their environmental and social risk factors;
 - (c) the project and programme activity cycle for SAP, which describe:
 - (i) The modalities for the origination and submission of concept notes and funding proposals under the SAP;
 - (ii) The modalities for the review of project/programmes under the SAP;
 - (iii) The modalities for the approval of project/programmes under the SAP, and
 - (iv) The post-approval stages;
 - (d) The modality for the evaluation of the SAP
2. Unless otherwise specifically modified or provided for herein, all other relevant GCF policies and procedures apply *mutatis mutandis* to the SAP. The SAP will follow a simplified project and programme activity cycle (SAP activity cycle, in Annex III)⁵.
3. In respect of SAP projects/programmes approved by the ED under this modality, the approval authorities of the Board set out in the Policy on Restructuring and Cancellation⁶ shall also be delegated to the ED and the relevant decision making mechanisms in the Restructuring and Cancellation Policy shall apply *mutatis mutandis* to reflect the approval authority by the ED.

Commented [A18]: See above, we do not support ED approval at this stage

II. Eligibility criteria of projects/programmes under the simplified approval process

4. Funding proposals for projects and programmes that meet the following criteria are eligible to be processed under the SAP:
- (a) Projects or programmes with a GCF contribution of up to USD 10 million; and
 - (b) Projects or programmes whose environmental and/or social risks and/or impacts are classified as (i) minimal or none, or (ii) limited,⁷ in either case subject to the exclusion of such projects or programmes that envisage the “risk factors” listed in section III below.

⁴ Decision B.27/06, Anne VI paragraph 29 (b)

⁵ The Updated Project and Programme Cycle, Annex IV of decision B.17/09, will not apply to SAP projects and programmes.

⁶ Adopted by decision B.22/14.

⁷ The assessment of the environmental and social risk will be aligned with the Environmental and Social Policy (decision B.19/10).

5. SAP projects and programmes are expected to have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development and readiness to scale up activities that have proved to produce climate results.

Commented [A19]: These aspects should be operationalized more explicitly, strictly and coherently in line with IEU evaluation findings

III. Excluded activities under the simplified approval process

6. Projects or programmes that include known “risk factors” that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the SAP notwithstanding that they meet the eligibility criteria set out in section II. The “risk factors” include but are not limited to:

- (a) Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (b) Involve intermediaries⁸ whose existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (c) Activities that are screened to have significant environmental and social impacts from land acquisition and involuntary resettlement;
- (d) Activities that are screened to have significant adverse impacts to indigenous peoples and communities;
- (e) Activities that are undertaken or potentially undertaken in critical habitats or that would lead to losses of biodiversity and habitats; and
- (f) Any other activity that is determined by the relevant accredited entity (AE) to have significant environmental and/or social risks and/or impacts following a screening process by the AE.

7. The screening of environmental and social risks of activities is an important step by the AE in the overall environmental and social due diligence of activities proposed for GCF financing, including those proposed under the SAP. Screening serves to identify and assess, at the earliest stage possible, the likely environmental and social risks and impacts that could be reasonably anticipated from the design and execution of activities. The screening shall be undertaken by the AE using and may use the template provided by the Secretariat, the result of which shall form the basis for assigning the risk category.

8. The AE shall also use its own screening procedure or develop a screening procedure for the proposed activity aided by the GCF guidance note on screening and categorizing GCF-financed projects.⁹ The Secretariat can provide the necessary guidance and technical assistance to the AEs, and in particular to Direct Access Entities (**DAEs**), so that they can carry out thorough environmental and social risk screening during the SAP proposal preparation.

9. Funding proposals that are considered to have limited environmental and/or social risks and impacts shall have completed all the necessary environmental and social due diligence and have completed the corresponding environmental and social safeguards and gender documents by the time of submission. The completed due diligence shall include stakeholder consultations, development of a project-level grievance redress mechanism, and obtaining the

⁸ Refers to subnational, national, regional or international public and private entities (financial or non-financial) with accredited capacities for intermediation.

⁹ The GCF Sustainability Guidance note “Screening and categorizing GCF-financed activities” can be accessed at <https://www.greenclimate.fund/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities>.

any consents required (in the case of activities involving indigenous peoples, free, prior and informed consent).

IV. The simplified approval process activity cycle

10. SAP shall follow the project and programme activity cycle set out in Table 1.
11. **Support to SAP proposals development:** The Secretariat can provide support for the origination and preparation of SAP concept notes and funding proposals, especially for DAEs. In this regard, the Secretariat should:
 - (a) Provide SAP tailored capacity-building activities and technical assistance, under the Readiness and Preparatory Support Programme (RPSP), to enhance the quality at entry of SAP concept notes. Trainings on SAP should be provided to NDAs/Focal Points and DAEs through workshops, knowledge products, webinars, e-learning modules in English and other languages widely spoken in developing countries.
 - (b) Prioritize DAEs that are applying for the resources provided by the Project Preparation Facility of the GCF to develop SAP funding proposals; and
 - (c) provide, in line with decision B.18/06¹⁰, to the accredited entities, in particular DAEs, specific technical assistance for the finalization of their SAP proposals in coordination with the RPSP and the Project Preparation Facility;
12. During the preparation of the funding proposal (table 1, stage IV), resource-intensive studies, such as financial analyses and models, should be required only when deemed necessary by the Secretariat or the independent technical advisory panel (TAP) for mitigation and private sector projects and programmes.
13. SAP funding proposals can be presented with a pre-feasibility study in lieu of a feasibility study, unless specific data, information and/or technical studies are required by the Secretariat or the independent TAP.
14. While performing the review of a SAP funding proposal, the Secretariat and independent TAP shall consider the objective of the SAP stated in section I. The goal is to achieve expeditious reviews and present succinct assessment findings' reports. A specific simplified template for the SAP assessment findings report shall be developed by the Secretariat in coordination with the independent TAP.
15. **Approval modality of SAP funding proposals.** As set out in stage 6.1 of the SAP Activity Cycle:
 - (a) SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board, and
 - (b) In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle.
16. The Secretariat will also develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage while ensuring that all compliance and appropriate accountability standards are maintained.

¹⁰ B.18/06 Annex X paragraph 18.

Commented [A20]: Why has adaptation been excluded here? Especially in terms of climate rationale these might be necessary.

Commented [A21]: Do not agree, see above

V. Review and evaluation of the simplified approval process

17. The simplified approval process will be assessed in line with the four-year policy cycle established under the four-year Board workplan adopted at the twenty-fourth meeting of the Board (decision B.24/04).
18. The assessment should consider, among other topics, the following:
 - (a) The capacity of the SAP to promote transformative climate impacts;
 - (b) The efficiency and effectiveness of the SAP compared with the funding proposals processes through the regular project and programme activity cycle¹¹; and
 - (c) The relevance of the SAP for specific stakeholders, namely the small island developing states, least developed countries, DAEs and the private sector.
19. The assessment will also propose recommendations on how the SAP can be further strengthened in terms of impact, relevance, efficiency and effectiveness.
20. Notwithstanding this assessment, the Secretariat may bring to the Board's attention further recommendations for improvement in the operation of the SAP that may need Board approval for implementation.

VI. Effectiveness and transition arrangements

21. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality. It will apply to all SAP concept notes and funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.
22. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.
23. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

¹¹ B.17/09 Annex IV.

Table 1: Simplified Approval Process project and programme activity cycle (SAP activity cycle)

KEY STAGES AND INDIVIDUAL STEPS	ACTOR(S)	RESPONSIBILITY AND TASK	
I. Country, regional and/or accredited entity programmes			
1.1	Submission and compilation of country programmes	National designated authority (NDA) or focal point (FP) Secretariat	<ol style="list-style-type: none"> NDAs/FPs submit a country programme, including a national adaptation plan or voluntary adaptation plan and appropriate elements of countries' nationally determined contributions, to the Secretariat. NDAs/FPs may request support from the Readiness and Preparatory Support Programme under the readiness activity areas outlined in decision B.22/11. NDAs/FPs may inform the Secretariat of preferred AEs that will implement programmes and projects under the country programme. The Secretariat will compile country programmes and submit this to the Board for its information.
1.2	Submission and compilation of accredited entity work programme	Accredited entity (AE) Secretariat	<ol style="list-style-type: none"> AEs will submit annual and/or multi-annual work programmes to the Secretariat AEs will develop annual and/or multi-annual programmes in consultation with NDAs/FPs The Secretariat will compile AE work programmes to be submitted to the Board for information and discussion.
1.3	Structured dialogues	Secretariat, NDAs/FPs and AEs	<ol style="list-style-type: none"> In accordance with the GCF strategic plan and pursuant to Decision B.17/09 (Annex IV, stage I, step 1.3), the Secretariat will host an annual strategic dialogue at the regional level in each region. For the avoidance of doubt, this step applies to all GCF project and programme cycle.
II. Generation of SAP programme or project funding proposals			
2.1	Strategic approaches	NDA, Secretariat and AEs	<ol style="list-style-type: none"> Based on the country and AE work programmes, countries will identify priorities, analyse financial needs and gaps and identify partners to design and implement SAP funding proposals. The Secretariat would provide support to NDAs/FPs and direct access entities to conduct the process for SAP pipeline origination through strategic approaches.
2.2	Request for proposals	Board, Secretariat	<ol style="list-style-type: none"> The Board may periodically approve requests for proposals (RfP) to guide the development of the GCF SAP portfolio in specific areas in accordance with the GCF strategic plan. Based on the individual eligibility criteria of each RfP the Secretariat will determine if the SAP modality can be used to implement the respective RfPs.

2.3	Regular call for funding proposals	Secretariat	<ol style="list-style-type: none"> The Secretariat may publish regular calls for SAP funding proposals on the GCF website, or Request for Proposals if and as requested by the Board. NDAs/FPs and AEs may submit funding proposals to the Secretariat in response to RfPs as well as the funding proposals included in country and AE work programmes.
III. Concept note (mandatory)			
3.1	Concept note submission	AE and NDA/FP	<ol style="list-style-type: none"> Concept notes are mandatory for projects and programmes to be proposed under the SAP and must be accompanied by an environmental and social risk screening, so that it can be determined whether the proposed project/programme is eligible for approval under the SAP modality. The NDAs/FPs and/or AEs will submit the concept note to the Secretariat via the SAP online submission system (SAP OSS) established by the Secretariat. In accordance with the country ownership guidelines and relevant decisions of the Board, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes. The Secretariat acknowledges the submission of the concept note, and updates the concept note pipeline accordingly. This will be completed automatically by the SAP OSS.
3.2	Concept note confirmation	AE, NDA/FP	<ol style="list-style-type: none"> On receipt of a concept note from an AE, submitted <i>via</i> the SAP OSS, the Secretariat will notify the relevant NDA/FP of the submission. If the concept note does not fit under the national priorities and country ownership of the respective country, the NDA/FP should notify the Secretariat within three weeks from the submission of the concept note through the SAP OSS.
3.3	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline that are cleared under step 3.2/not-objected by the NDA/FP prior to each Board meeting. The SAP pipeline will be presented in coordination with the regular pipeline report to the Board.
3.4	Feedback and recommendations on the concept note	Secretariat, NDA/FP, AE	<ol style="list-style-type: none"> The Secretariat will provide feedback and recommendations to the AE and/or NDA/FP, and will advise if the concept can move into the funding proposal stage, if the concept note should be revised and resubmitted, or if the concept note is rejected. At this step, the Secretariat will confirm if the project/programme described in the concept note conforms to the SAP eligibility criteria.
3.5	Project preparation and technical assistance support	AE, Secretariat	<ol style="list-style-type: none"> The Project Preparation Facility (PPF) can support project and programme preparation requests from all AEs, especially DAEs, for projects/programmes under SAP. The NDA/FP will submit the no-objection letter related to the PPF request through the Accredited Entity. AEs submit proposals based on the PPF application template.

			<ul style="list-style-type: none"> 4. The Secretariat will report to the Board, as part of the regular reporting, on the pipeline of PPF requests received, approved and under implementation under SAP. 5. The Secretariat will report to the Board, as part of the regular portfolio report, on the progression of SAP concept notes receiving PPF support. 6. SAP 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.
IV. Funding proposals			
4.1	Funding proposal pipeline	Secretariat	<ul style="list-style-type: none"> 1. The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website. The SAP pipeline will be presented together with the regular pipeline report to the Board.
4.2	No-objection letter	NDA/FP	<ul style="list-style-type: none"> 1. The NDA/FP will provide a no-objection letter for each SAP funding proposal, 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	<ul style="list-style-type: none"> 1. AEs will submit complete SAP funding proposals to the Secretariat, via the SAP OSS with all the mandatory and requested annexes (including the No-objection letter) as specified in step 5.3 (2). 2. The Secretariat acknowledges the submission of the funding proposal package. This is completed automatically by the SAP OSS once the submission is recorded.
V. Secretariat analysis and independent technical assessment and recommendations to the Board			
5.1	Analysis and recommendation	Secretariat	<ul style="list-style-type: none"> 1. The Secretariat will carry out necessary and appropriate second-level due diligence of SAP funding proposals on a rolling basis. 2. The Secretariat will assess compliance with the GCF's environmental and social safeguards, gender policy, financial policies and any other policies adopted by the Board, in addition to the performance of the project or programme against activity-specific criteria. 3. In respect of SAP funding proposals to be approved by the Executive Director, the approval of such funding proposals will be endorsed by the Deputy Executive Director.
5.2	Independent assessment	Independent TAP, AEs	<ul style="list-style-type: none"> 1. The independent TAP will conduct an independent technical assessment of the performance of the project or programme against activity-specific criteria, as defined in the initial investment framework (decision B.09/05 and B.BM-2018/09) or in any successor policy thereto. 2. The TAP shall prepare a report setting out their assessment findings and indicate whether or not they recommend the relevant SAP funding proposal for approval. The TAP review shall be

			<p>performed on a rolling basis. The Secretariat and independent TAP will establish a SAP-specific timelines pursuant to decision B.19/08 paragraph c.</p> <p>3. The Secretariat facilitates the response from AEs to the assessment and recommendations from the TAP. The TAP assessment and the AEs responses will be published on the GCF website.</p>
5.3	Submission of the documentation to the Executive Director/Board	Secretariat	<ol style="list-style-type: none"> 1. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be considered by the Board by way of a decision between meetings; 2. Only those SAP funding proposals which are recommended for approval by both the Secretariat's and TAP reviews will be submitted for consideration to either by the Board or the Executive Director, as applicable. 3. The Secretariat will submit the following funding proposal package for consideration by the Board or the Executive Director, as applicable, composed by the following: <ul style="list-style-type: none"> (a) The final funding proposal completed template as submitted by the AE; (b) No-objection letter(s); (c) The Secretariat's assessment of compliance with safeguards and policies and performance of the project or programme against activity-specific criteria and a cover note containing a summary of the second-level due diligence carried out and the funding recommendation by the Secretariat; (d) Independent TAP assessment; (e) Response of the AE to the TAP assessment; (f) Environmental and social report(s) disclosure (if applicable); (g) Gender assessment and action plan; (h) List of proposed conditions resulting from the review process; (i) Term sheet; and (j) Any other relevant annex.
VI. Consideration and Approval of Funding Proposals			
6.1.a	Decision	Board	<ol style="list-style-type: none"> 1. SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board.

		<ol style="list-style-type: none">2. The Board may approve SAP funding proposals at Board meetings or, pursuant to section 7.1 (Decision between meetings) of the Rules of Procedure, through in-between Board meetings.3. When considered at a Board meeting, the Board takes a decision to:<ol style="list-style-type: none">(a) Approve the funding proposal; or(b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or(c) Reject the funding proposal.4. The Board will take decisions at a Board meeting, in respect of SAP funding proposals which have been referred to it by the Executive Director in accordance with stage 6.1.b below.5. In respect of SAP funding proposals to be considered in-between Board meeting:<ol style="list-style-type: none">(a) SAP funding proposals considered in-between Board meetings will be circulated to members and alternate members of the Board in batches on average three times per year, in between meetings of the Board, around the mid-point of the timeframe between regular Board Meetings.(b) the period for consideration of the decision between meetings on a no-objection basis will be no less than 21 days.(c) Each SAP funding proposal package shall be presented as a separate between meetings decision item.(d) Following the publication of the SAP funding proposal package, the Secretariat can organize virtual consultations with Board Members, Alternate Board Members, Advisors, Active Observers, members of the independent TAP and the AEs to address comments and requests for clarifications on the proposed SAP projects and programmes.(e) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE;6. When SAP proposals are considered in-between Board meetings, the Board takes a decision to:<ol style="list-style-type: none">(a) Approve the funding proposal; or
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		<p>(b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding;</p> <p>7. The Secretariat shall:</p> <ul style="list-style-type: none">(a) Circulate to the members and alternate members of the Board the relevant draft decision, together with the funding proposal package described in stage 5.3, subject to and in accordance with the Information Disclosure Policy. Such documents shall be simultaneously published on the GCF website, subject to redaction of any information which may not be disclosed pursuant to the Information Disclosure Policy; and(b) In case of projects or programmes where the environmental and/or social risks and impacts are classified as limited, the relevant environmental and social safeguards reports will be disclosed, in accordance with paragraph 17 of the Information Disclosure Policy and the requirements under section 7.1 of the GCF Environmental and Social Policy, at least 30 calendar days in advance of the AE's or GCF's Board decision (on a non-objection basis for GCF), whichever is earlier¹²;(c) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE;(d) In accordance with paragraph 43 of the Rules of Procedure, at the expiration of the period prescribed for replies, the decision will be deemed approved unless there is an objection. If an objection has been received, the Co-Chairs will work through the objection with the Board member directly. If the objecting Board member upholds their objection following discussion with the Co-Chairs, the proposed decision will be considered by the Board at the following meeting. The Secretariat shall circulate all written comments and objections to members and alternate members of the Board and notify all the members and alternate members the Board of the action taken pursuant to paragraph 43 of the Rules of Procedure.
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¹² This shall be without prejudice to the ESS disclosure requirements set out in the relevant AMAs entered into between the GCF and the relevant accredited entity

6.1.b	Decision	Executive Director	<ol style="list-style-type: none"> 1. In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle. 2. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be approved by the Executive Director. 3. Taking into consideration the assessment findings resulting from the review process, the Executive Director takes a decision to within 21 calendar days after the publication of the SAP funding proposal: <ol style="list-style-type: none"> (a) Approve the funding proposal; (b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or (c) Refer the consideration of the funding proposal to the Board at the next occurring Board meeting in any circumstance which the Executive Director deems it appropriate to do so. 4. All decisions by the Executive Director relating to the approval of SAP funding proposals will be reported to the Board, together with an analysis of the portfolio, in the reports of the activities of the Secretariat to the Board.
6.2	Post approval follow-up	Secretariat	<ol style="list-style-type: none"> 1. The Secretariat will inform the AE and the NDA/FP of the Board's decision and the next steps in relation to the approval conditions. 2. If the Executive Director approves a SAP funding proposal, the Secretariat will inform, the members and alternate members of the Board, AE, the relevant NDAs/FPs, and the active observers, of the Executive Director's decision and will also communicate the approval decision to the Trustee. Following the approval of a SAP funding proposal by the Executive Director, the Board, the NDAs and the AEs will be notified and the decision will be published on the GCF website. 3. The decision is recorded by the Secretariat and communicated to the Trustee. In the case of rejection by the Board, the Secretariat will inform the NDA/FP that, in accordance with decision [B.BM-2017/10], they may request reconsideration of the funding decision via the independent Redress Mechanism.

6.3	Implementation of Board conditions	Secretariat	The Secretariat will report to the Board at each meeting on the status of implementation of the approval conditions and identify any matters that require further Board action. The SAP report on implementation will be presented in coordination with the regular implementation report to the Board.
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VII. Legal arrangements for approved proposals

7.1	Funded activity agreement	Secretariat, AE	<ol style="list-style-type: none"> 1. The Secretariat will work with AEs to conclude any necessary legal arrangements between the GCF and the AE. 2. Legal agreements are signed by the Executive Director and the AE. 3. The Trustee is notified. 4. The NDA/FP is informed of the outcome of the funded activity agreement.
7.2	Letter of commitment	Trustee	<ol style="list-style-type: none"> 1. The Trustee provides a letter of commitment, subject to the availability of funding.
7.3	Funding proposal conditions	Secretariat, AE, Board	<ol style="list-style-type: none"> 1. The Secretariat will assess the conditions attached to funding proposals by the Board and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat will make a recommendation to the Board for further guidance and pending such guidance, the relevant condition shall be deemed not to apply.

DRAFT

Annex III: Written feedback received from from Gisella Berardi (first attachment)

Comments are reproduced below.

DEADLINE FOR BOARD COMMENTS: 5 February 2021



Meeting of the Board
XX XXX 2021
Songdo, Incheon, Republic of Korea
Provisional agenda item **XX**

GCF/B.XX/XX
XX XXX 2021

Further development of the simplified approval process

Summary

This document responds to the request in decision B.25/08 to further develop the simplified approval process. It considers the recommendations of the review of the simplified approval process pilot scheme presented at the 25th meeting of the Board and the comments of Board members thereon, as well as the recommendations made by the Independent Evaluation Unit (IEU) in its Independent Assessment of the GCF simplified approval process (SAP) Pilot Scheme (**GCF/B.XX/XX**). On that basis, this document proposes in Annex II an updated simplified approval process and activity cycle designed to increase the scope and speed of the SAP.

I. Background

1. This document responds to decision B.25/08 that requests the Secretariat to further develop the simplified approval process (SAP). Paragraph 31 of the Governing Instrument (GI) lays out a vision for the GCF as an institution that "will provide simplified and improved access to funding, including direct access." Paragraph 53 of the GCF GI calls on the GCF Board to "develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities." Toward these ends, in October of 2017, the Board agreed decision B.18/06 and adopted a Simplified Approval Process (SAP) Pilot Scheme (SAP Pilot). In accordance with its terms, the SAP Pilot was to cover proposals on adaptation and mitigation, that:

- (a) "Are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development";
- (b) Require "a GCF contribution of no more than USD 10 million"; and
- (c) have "environmental and social risks and impacts . . . classified as minimal to none" (and don't include interventions with a specific list of "risk factors").

2. The SAP pilot has now been operational for over three years. During that time (and up to B.27), GCF Accredited Entities, working with the approval of Nationally Designated Authorities/Focal Points, have put forward 19 SAP funding proposals for Board approval. These proposals, all of which were approved, were valued at USD 280 million including USD 171 million of GCF resources, and USD 109 million in co-financing. Some 79 per cent of these SAP projects are in one of the Least Developed Countries (LDCs), Small Island Developing States (SIDS) or African States. 6 SAP projects (31 per cent) were submitted by national DAEs; in terms of funding, over 30 per cent of SAP pilot funding was related to DAE projects. Twelve of the projects are adaptation projects; three of the projects are mitigation projects and four are cross-cutting.

3. Decision 18/06 called for a review of the SAP Pilot to be undertaken "*two years from its operationalization, or when the aggregate amount of approvals under the Pilot Scheme reached USD 80 million of GCF financing, whichever is earlier.*" The review provision also requested the Secretariat to develop a proposal based on that review which would:

- (a) address approving SAP funding proposals between meetings of the Board;
- (b) include recommendations to further improve the efficiency and effectiveness of the process, and
- (c) consider expanding the type of eligible activities and increasing GCF funding.

4. In November of 2019, the aggregate amount of SAP approvals topped USD 80m triggering the mandate for the review called for in decision B.18/06. That review was presented and discussed by the Board at its 25th meeting (GCF/25/12).

5. Based on that review and as requested in decisions B.18/06 and B.25/08, the Secretariat has prepared a proposal to further develop the SAP for Board consideration. The proposal also responds to mandates under the GCF Updated Strategic Plan 2020-2023 (decision B.27/06) which signalled that the GCF will "continue to streamline programming and approval processes to enable timely disbursement, and will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities, including by enhancing and updating the simplified approval process (SAP) as part of the 2020-2023 Board workplan; In

addition, the document and proposal being presented to this meeting take into account comments received from the Board at its 25th meeting and many of the recommendations of the Independent Evaluation Unit (IEU) set out in its recent Independent Assessment of the Simplified Approval Process (SAP) Pilot Scheme (document GCF/B.XX/XX);

II. Policy Rationale

6. As approved by the Board, the objective of the SAP Programme was “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 small-scale activities” that promote and support scalable and transformational actions, in support of the GCF mandate. The terms of the SAP Pilot also establish an aim to ensure that submissions from Direct Access Entities (DAEs) constitute at least 50% of all approved projects under the Pilot Scheme.

7. In terms of implementation, the Board approved SAP guidance called for proposals under the Pilot Scheme to be subject to independent Technical Advisory Panel (TAP) review on a rolling basis, to be based on a simplified set of documents, and to include simplified financial and other terms. Further, the guidance noted that *“Unless specifically modified [...], all other relevant GCF policies apply as usual to the Pilot Scheme”*. As regards approval, the Pilot guidance called for SAP projects to be submitted to the Board for consideration during its regular meetings, *“until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.”* Finally, the guidance called for the post-approval process for approved SAP proposals to be done in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.

8. Taking into account the Board’s deliberations on the SAP Pilot, its value proposition can be said to lay in its ability to facilitate and speed up funding on the ground to address the urgent climate change needs of GCF countries, and in particular, least developed countries, African countries and Small Island Developing States; to enhance DAE (including private sector) access to the GCF while leveraging climate finance; and to promote projects/funding for scaling up ideas and approaches that contribute to transformational change, at both the country and global levels.

9. The Board and the Secretariat now have the benefit of an IEU independent assessment and a Secretariat commissioned review to help it evaluate both the operation of the SAP Pilot and the Secretariat’s proposal on the three items called for in Decision B.18/06 noted above.

10. In terms of how the SAP has done, both reviews noted positive aspects of the SAP pilot including that:

- (a) SAP has enabled enhanced access for African States, and LDCs compared to the normal Proposal Approval Process (PAP); Projects from SIDS represent 15% of SAP approvals and 20% of the SAP pipeline;
- (b) the SAP has a larger proportion of DAE and adaptation projects compared to the PAP;
- (c) the Secretariat has taken a number of steps to simplify the system through, for example, the development of SAP specific templates, guidelines, on-line tutorials and an on-line submission system; these support steps are both appreciated by stakeholders, and are instrumental to the preparation of quality SAP concept notes and funding proposals; and
- (d) there continues to be a strong demand for the simplified approval modality piloted by the GCF.

11. On the other hand, both the Secretariat commissioned review and the IEU independent assessment agreed that as currently constructed and implemented, the SAP is only marginally simpler, quicker and less burdensome than the process used to review and approve much larger, higher risk projects under the PAP. Specifically, as related to these core factors:

- (a) The reviews found that the SAP review process was 8-15% faster than the PAP process;
- (b) The Secretariat commissioned review noted that the overall amount of information requested by the Secretariat and iTAP are perceived by stakeholders to be similar, and that all stakeholders interviewed commented on the need to achieve further simplification through a reduction of the documentation and of the number of annexes that need to be provided; and
- (c) Many AES/DAEs including private sector AEs/DAEs have not seen the value added and benefits of using the SAP process. The IEU independent assessment noted that several AEs indicated that they would not use the SAP again as the project size limit is too small for the level of preparation required. The lack of simplification and acceleration is also suggested in the IEU assessment to have limited the use of SAP by SIDs.

12. In summary, the SAP Pilot has attracted a higher number of DAE and adaptation projects than the PAP, and has led to small reductions in the burden of document preparation and the time for review, however, the current SAP process has not succeeded in substantially reducing the burden of project preparation, or in appreciably improving the efficiency and effectiveness of the GCF project cycle for these "small" GCF operations.

13. The reviews suggested several reasons for these findings, including that:

- (a) There has been no simplification when it comes to Board approval of SAP proposals. Proposals submitted through the SAP modality are approved in the same way as other GCF projects: three times a year at Board meetings. In that regard, the SAP process has not used between meeting approval processes as presaged in the initial SAP Guidance.
- (b) The SAP process has not benefited from a rolling review of projects as called for in the initial SAP guidance;
- (c) The Board approved SAP decision requires that SAP projects continue to comply with virtually all the relevant GCF policies that apply to the reviews of PAP proposals. This implies that SAP proponents need to produce information that is very similar to that required for PAP projects. Consequently, it has led to a preparation and review process that is very similar to that required for PAP projects.

14. As regards this latter point, the Secretariat would note that if PAP submission and review requirements (including the GCF investment criteria) continue to largely apply to much smaller, lower risk SAP proposals, there are limits to the amount of further simplification that can be accomplished as regards the preparation and review of SAP proposals.

The reviews suggested that making various changes, including accelerating the final approval process would increase the efficiency and effectiveness of the SAP pilot, and help it to advance its ambition towards the simplicity and speed implied in both the Governing Instrument and the Board's initial SAP decision. Some of the review's recommendations would need Board approval, and some can be directly implemented by the Secretariat. Section III of this document reviews the key proposed changes to the SAP programme that would require Board approval. That section also reviews under part (d) a number of the direct actions that the Secretariat intends to take on the basis of the SAP reviews. Finally, the Secretariat management response

to all of the recommendations included in the IEU review can be found in document [GCF/B.XX/XX AddX].

15. The Secretariat projects that if no changes are made to the SAP programme, the SAP may face a stable or reduced rate of utilization, because, as noted, some project proponents are seeing little difference in the burden and speed associated with using the SAP rather than the PAP. In addition, the current review system (which includes both Secretariat and iTAP review) has limited capacity. Because of the similarity in requirements, it takes a similar effort to review a micro-small sized SAP project with no environmental and social risks/impacts as it does to review, for example, a large PAP project with significant environmental and social risks/impacts. Therefore, and unless the Board were to direct or otherwise incentivize the use of the SAP it is unlikely that the level of SAP project submissions and reviews would increase.

16. On the other hand, the Secretariat projects that if the further simplification to the SAP is adopted as proposed in this document, and if the capacity to review SAP proposals is expanded, the time for approving SAP proposals could be significantly reduced, and there will be increased demand from countries and AEs which could allow for the approval of up to 20- 25 SAP proposals a year by the end of GCF-1. Related impacts of the Secretariat's proposal are discussed more fully in section IV below.

III. Analysis of the policy proposal

17. The Secretariat has carefully considered the content and recommendations included in the IEU and Secretariat commissioned reviews, as well as its own experience with the operationalization of the SAP programme. On that basis, and consistent with the direction of decision B.18/06, the Secretariat has prepared the proposal in Annex II of this document for the consideration of the Board. The key changes included in that proposal are reviewed below.

(a) **Expansion of SAP eligibility from Projects or programmes whose environmental and social risks and impacts are classified as minimal to none to projects and programmes whose impacts and risks are limited.**

18. Decision B.18/06 requested the Secretariat to *develop a proposal based on the SAP review that would consider, among other things, "expanding the type of eligible activities and increasing GCF funding."* As noted above, the Secretariat's proposal would expand the SAP programme eligibility to projects that involve limited environmental and social risks, while maintaining the exclusion of projects that contain the specific risk factors included in Annex II. While this expansion may elevate the complexity of the project preparation and implementation, it was seen by the Secretariat and the Secretariat commissioned review as an action that could further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities.

(b) **Accelerate the approval of SAP funding proposals through the introduction of in-Between Board Meeting (BBM) approvals by the Board for SAP projects/programmes that entail limited environmental and social impacts and risks;**

19. Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to *"address approving SAP funding proposals between meetings of the Board."* Under the Secretariat's proposal, the approval of SAP proposals with activities that entail limited adverse environmental and/or social risks and impacts can be presented to the Board for approval

Commented [ITA1]: We support the approach of having BBM approvals, including for projects/programmes, that entails limited ES impacts and risks. The 21 day review period for potential BM objection is noted as a procedural safeguard, on the understanding that if the 21 day period is not met, the SAP proposal is automatically deferred to the Board.

either at its regular meetings or, as envisaged in decision B.18/06¹, in between meetings. The in between meeting review process would operate as follows:

- (a) Only SAP projects that completed the Secretariat and independent TAP review and are recommended for approval by both will be submitted to the Board for its consideration. The SAP funding proposals submitted to the Board will be batched, so that they can be presented to the Board during the regular Board meetings (on average three times a year) or in between Board meetings (on average three times a year).
 - (b) Each SAP funding proposal package shall be presented for Board consideration as a separate decision item. The approval of SAP proposals in between meetings of the Board will be carried out in accordance to the GCF Rules of Procedure with a 21 day review period being required. During this review period, and following the publication of the SAP funding proposal packages, the Secretariat can organize online consultations with Board Members, Alternate Board Members, Active Observers, the members of the independent TAP and AEs to address any comments or requested clarifications on the proposed SAP proposals. If one or more Board member/s express an objection to approving a SAP proposal presented in between Board meetings, and no agreement can be reached, that specific SAP proposal can be deferred for consideration of approval to the next occurring meeting of the Board.
20. As noted above, the approval of SAP projects between meetings was presaged in decision B.18/06, and it was recommended in both the IEU and Secretariat commissioned reviews of the SAP programme as a mechanism to further accelerate the timing of the SAP process consistent with the programme's mandate. The addition of between meeting approval for SAP proposals with limited environmental and social risks would enable SAP proposals to be reviewed six times a year and would be expected to result in reducing the SAP review's timeline by up to 51 days compared to the high end of the range of PAP review time which is 346 days (see table 1 below).
- (c) **Introduce Delegated Authority (DA) to the Executive Director (ED) for the approval of SAP projects/programme that presents no/minimal environmental and social impacts and risks;**
- 21. As noted above, Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to "address approving SAP funding proposals between meetings of the Board." As it relates to between meeting approval, the proposal of the Secretariat would delegate authority to the Executive Director (ED) to approve SAP projects/programmes with activities that entail minimal to no adverse environmental and/or social risks and/or impacts.
 - 22. Under the proposed modality, the approval of minimal to no risk/impact SAP funding proposals is performed by the ED on a rolling basis once the review of the Secretariat and independent TAP are completed and both recommend the SAP funding proposal for approval. Following his or her review, and a 21 day publication period, the ED can either approve the SAP funding proposal, approve it with the recommended covenants/conditions, or defer the approval to the Board, thereby postponing the approval decision to the next available meeting of the Board.
 - 23. The delegation of authority to the ED for certain SAP proposals was recommended in both the IEU review and the Secretariat commissioned review of the SAP programme as a mechanism to further speed the time of SAP reviews consistent with the programme's mandate.

¹ Decision B.18/06 (c) (ii)

Commented [ITA2]: While in the evolution of the SAP some form of delegated authority to the SEC/ED is welcome, we believe it is premature to introduce it at this stage. It would be more appropriate to have delegated authority for project approvals when simplified and tailored investment criteria are better identified, in particular concerning the notions of "ready for scale up", implementation feasibility, innovation, and climate rationale. Delegation of authority also requires a prior clarification of the liability of the Board with regard to SAP projects, i.e. what are the criteria on whose basis the ED can decide to either approve the SAP funding proposal, approve it with the recommended covenants/conditions, or defer the approval to the Board?

The addition of delegated authority for SAP projects that present no/minimal environmental or social impacts and risks is estimated to reduce the review/approval by up to **101 days** compared to the high end of the range of PAP review time which is 346 days (see table 1 below).

24. In its benchmarking review of major climate funds and international financial institutions, the IEU SAP assessment found that delegation was among the most common approaches used for fast tracking, and that related modalities have generally been devised in a manner that takes into account the institutions stage of evolution. In that regard, the IEU noted that the GCF has reached a mature level in its programming processes. In particular, it noted that the GCF already had a between meeting approval process, and that the Board would only need to adapt the current process. It also noted that the Board has already supported delegation of authority to the Secretariat for several Board operations. Indeed, the Board has already delegated authority for funding decisions in a number of areas, including for National Adaptations Plans, (NAPs), non-NAP Readiness activities, and Project Preparation Facility (PPF) proposals. Providing delegation for this class of SAP proposals would also be in keeping with paragraph 32 of the Governing Instrument which states that "*the Board will steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance.*" Finally, and beyond the efficiency gains made through simplifying the SAP approval cycle, this modality would also be expected to free up capacity of the Board.

25. As regards risk, the IEU review noted that virtually all SAP proposals cleared by the Secretariat and the independent TAP have been approved by the Board without significant discussion, and the class of projects suggested for delegation in the Secretariat's proposal is likely to involve the least amount of discussion. In addition, in the case of this delegation, any risk is minimized further, as any new concerns may be brought to the attention of the ED following the publication of the underlying project 21 days before a final decision on approval is taken.

26. It is important to note that adopting either or both of these between meeting approval modalities implies that a different SAP activity cycle will be needed to replace the current PAP cycle. The resulting SAP cycle is described in the proposal in Annex II.

(d) **The Secretariat's proposal (including both points b and c above) require a shift to rolling ITAP and Secretariat reviews of SAP projects**

27. Decision B.18/06 requested the Secretariat's proposal based on the SAP review to include recommendations to further improve the efficiency and effectiveness of the process. As noted previously in this document, the requirement of rolling independent TAP reviews of SAP projects was included in the initial SAP decision. However, rolling independent TAP review does have implications for the capacity, budget, staffing and operations of the Secretariat and the independent TAP.

28. In relation to the **independent TAP**, this current policy proposal *takes into account that work is underway to update the operational modalities of independent TAP* following the Board's request under decision B.25/09. The decision points under this policy proposal seek to: i) ensure that SAP-specific considerations are being taken into account as part of the update of the operational modalities of independent TAP with a view to expedite SAP processes, while also ii) ensuring that the existing operational modalities of independent TAP, such as reviewing on a rolling basis, are fully deployed and expedited. This can be done by improved utilization of the existing roster of experts available to the independent TAP and exploring options to increase the efficiency of working modalities.

29. Beyond action by the Board, at the **Secretariat-level**, the Secretariat has and will continue to work on simplifying the internal review process for SAP within the overriding requirement that all GCF investment criteria and policies apply to the SAP in the same way as the PAP. The Secretariat has set up internal processes for undertaking SAP and PAP reviews on a rolling basis and has also developed specific Standard Operating Procedures (SOP) for SAP and PAP in its internal Operations Manual².

30. The SAP SOP simplifies internal review procedures compared to the PAP SOP while maintaining the required quality checks against GCF policies and requirements. Fully taking advantage of these processes for SAP review will depend on sufficient Secretariat capacity or external support being available for undertaking SAP reviews in parallel to regular PAP reviews, and on the independent TAP processes also being able to more fully pick up SAP reviews on a rolling basis as soon as they are ready from the Secretariat.

31. On that basis, efficiency gains which could be realized by expanding review capacity and implementing a rolling-basis review for SAP proposals could be up to 66 days compared to the high end of the range³ of PAP review time which is 346 days (see table 1 below). This estimation is based on the same model that was adopted by Secretariat-commissioned review of the SAP Pilot Scheme and the latest SAP and PAP SOP. The review time estimated in the SOP does not include the time that the AEs might need to submit/resubmit their proposals but only the stages of the review and approval which are under the control of the GCF Secretariat and independent TAP.

32. Summary review of the main changes to the SAP and potential time savings that could result from Secretariat actions being taken or proposed in this document for Board approval:

- (a) **Rolling Reviews of SAP Proposals and related contingencies:** The 2021 Secretariat work programme includes funding to enable the Secretariat to process SAP proposals on a rolling basis. Secretariat contracts with the independent TAP currently support a rolling review by the TAP. Assuming the independent TAP and the Secretariat are provided with sufficient review related resources/capacity, rolling reviews will be initiated, and would be expected to reduce current SAP approval times by some 66 days as compared to the high end of the range of PAP review time.
- (b) **BBM approval of SAP Proposals and related contingencies:** If the Board were to agree to approve SAP proposals through BBMs, the current PAP approval time range could be reduced by an additional 51 days as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and BBM approval were agreed, the total time savings would be up to 117 days as compared to the high end of the range of PAP review time (66 days for rolling review and 51 days for BBM approval).
- (c) **Delegation of approval authority to the ED for certain SAP proposals and related contingencies:** If the Board were to agree to delegate approval of low or no risk SAP proposals, the current PAP approval time range could be reduced by 101 days for those proposals as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and delegation for that class of proposals was agreed, the total time savings would be up to 167 days as compared to the high end of the range of PAP review time (66 days for rolling review and 101 days for delegated approval).

² {Reference to the OM}

³ See paragraph 23 below

- (d) **Expansion of SAP eligibility to projects and programmes whose impacts and risks are limited:** Board agreement to extend SAP eligibility to projects and programmes whose impacts and risk are limited would be expected to further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities. It would not be expected to have an impact on the time from submission to approval.

Table 1: Number of efficiency days gained through changes in the review and approval cycles: SAP vs PAP in relation to their respective Standard Operating Procedures in the GCF Operation Manual.

Efficiency gains in the SAP review process vs. PAP		Days
Approval timelines range		Days
Current PAP approval time range		245-346
SAP approval time range, taking into account the 66 days rolling review efficiency gains		179-280
Additional SAP approval efficiency gains		Days
Approval by the Board at meetings and in-between meetings		Up to 51
Approval by the Executive Director		Up to 101
Total SAP review and approval efficiency gains		Days
SAP rolling basis review and BBM approval		Up to 117
SAP rolling basis review, BBM review and ED approval		Up to 167

33. Table 1 reports the current approval timeline ranges for SAP and PAP based on the approval modality at Board Meetings (on average 3 times for year) and the estimated efficiency gains of the SAP review process compared to the PAP review process if the rolling basis modality is fully implemented and SAPs are only considered three times/year for approval by the Board, as under current practice.

34. Since the Board currently considers SAP and PAP funding proposals for approval only 3 times a year, the model estimates a range in the approval time. The bottom of the range represents a proposal which completes its review cycle exactly 21 days before the next available meeting of the Board (publication date). The top of the range represents a proposal which completes its review cycle just one day after the publication date, therefore “misses” the earliest meeting of the Board and has to wait for the following one.

IV. Impact assessment & implementation arrangements

35. The benefits of the proposal in terms of a reduction in review times is discussed above. If the eligibility expansion and further simplifications to the SAP described above are adopted, the Secretariat estimates there will be increased demand from countries and AEs which could allow for the approval of up to 20-25 SAP proposals a year by the end of GCF-1. This can substantially expand SAP's reach in meeting the needs of developing countries.

36. This higher number of SAP funding proposals would imply a need for the Secretariat to process approximately two-to-three times more concept notes on annual basis (40-60). Additional support would also be needed for DAEs capacity building and specific technical assistance for the finalization of their funding proposals.

37. Further, and as noted, in order to be able to manage the current and projected increased demand while maximising the efficiency of the SAP review process, both the Secretariat and independent TAP will need to be fully capacitated to review SAP proposals on a rolling basis. To

secure this review capacity, the Secretariat will explore the use of reputable firms/organizations that can deploy experts, whose expertise mirrors the skills needed in the review and compliance areas of the Secretariat's second level due diligence process. Given the Secretariat's current headcount limitations, this expansion of capacity is considered essential to ensuring SAP proposals are efficiently and timely reviewed on a rolling basis. Appropriate resources would be allocated through the Secretariat's professional services budget line. Related costs would also be factored into future annual budgets for Board approval.

38. The Board will separately consider updates to the capacity and operating modalities of the independent TAP needed to ensure TAP reviews can keep pace with expected changes in workload resulting from GCF-1 programming. Given the specific capacity requirements of a simplified SAP process in terms of delivering rolling reviews with maximum review cycle efficiency, the Secretariat recommends that in addition to the independent TAP membership increase already implemented by the Board, the Board also consider (as proposed in the draft decision in Annex I):

- (a) fully utilizing and expanding the current roster of experts that can support the independent TAP reviews to execute SAP reviews on a rolling-basis (decision B.19/08); as the volume of SAPs in the pipeline increases with the operationalization of this decision.
- (b) adopting measures to expedite, as far as possible, the independent reviews of SAP funding proposals and ensure the timely and efficient review of SAP proposals on a rolling basis, considering updates to the operational modalities of the independent TAP mandated by decision B.25/09 (i) and detailed in "Update of the operations of the independent Technical Advisory Panel" (GCF/B.28/XX).

39. The following steps will be required to fully implement the further development of the SAP described in Annex II:

- (a) The Secretariat shall update all the relevant existing SAP guidelines and training material, including its e-learning modules on SAP and the programming and operations manual.
- (b) The Secretariat shall implement, to the extent possible, the recommendations from the IEU SAP assessment, such as:
 - (i) develop a capacity development programme for SAP in coordination with the GCF Readiness and Preparatory Support Programme;
 - (ii) strengthen its capacity to provide technical assistance/support to AEs, in particular DAEs to originate quality SAP proposals;
 - (iii) develop a programming guidance for SAP;
 - (iv) **develop a tailored approach for SAP and the private sector, and**
 - (v) develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage.

40. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality by the Board. This is to allow the Secretariat to have enough time to update the current SAP templates, online submission systems, guidelines, and standard operating procedures so to reflect the changes that the update SAP modality in Annex II will imply.

Commented [ITA3]: We are supportive of the recommendation (5b) included in the IEU Independent Review of the SAP to develop a tailored approach for the private sector, within a SAP modality/modalities strategy, including a separate sub-strategy. In this regard, we believe the SAP should have a time-bound approval and de-risking of investment activities in order to be attractive for the private sector.. We believe that such tailored approach should be clarified and considered by the Board, together with other IEU recommendations, to respond to the USP goals for the SAP. In order to overcome challenges identified in the IEU review, a set of updated tools and SAP eligibility criteria approved by the Board is needed.

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41. The updated SAP modality will apply to all SAP concept notes and SAP funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.
42. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.
43. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

V. Budgetary Implications

44. In line with the discussion above, the Secretariat does not expect additional resources in 2021 to implement the further development of the SAP. Resources to implement the new SAP SOP through rolling reviews in 2021 are included in the Secretariat's approved 2021 budget. The Secretariat anticipates that the improvements/changes in the SAP activity cycle proposed in Annex II will increase the demand for SAP, and that additional resources will be needed over time to increase the capacity of the Secretariat and independent TAP to conduct a timely review of SAP funding proposals, especially from DAEs.

45. As the financial needs for the review of the SAP proposals can change overtime, the precise assessment and quantification of resources to effectively implement the SAP modality will be carried out as part of the annual budget planning activities of the Secretariat. These will be carried in consultation with the Budget Committee both with regards to Secretariat budget requests and independent TAP budget requests. Appropriate allocations for ensuring the Secretariat's capacity to review SAP proposals will be reflected in future annual budgets, as necessary.

Annex I: Draft decision by the Board

The Board, having considered document GCF/B.XX/XX titled "Further development of the simplified approval process", and with reference to decision B.18/06, which mandated the review of the simplified approval process pilot scheme:

- (a) Approves the updated simplified approval process and its activity cycle, as set out in annex II;
- (b) Confirms that the Updated Project and Programme Cycle adopted by Decision B.17/09 will not apply for projects and programmes to be processed under the update SAP; and
- (d) Takes note that additional simplified assessment methodologies and a more efficient review process for SAP proposals by the independent TAP, are proposed and will be considered by the Board in the context of the "Update of the operations of the independent Technical Advisory Panel" as requested by decision B.25.09.
- (e) Requests the independent TAP to make full use of its roster of experts to expeditiously execute SAP reviews on a rolling-basis;



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Annex II: Updated simplified approval process and activity cycle

I. Objective

1. The objective of the simplified approval process (**SAP**) is to operationalize paragraph 53 of the Governing Instrument for the Green Climate Fund and to reduce the time and effort needed in the preparation, review, approval and disbursement procedures associated with small-scale activities that meet the SAP eligibility criteria (as defined in section II below) and to contribute to the implementation of the GCF Updated Strategic Plan for the GCF for 2020 – 2023⁴. This updated SAP policy sets out:

- (a) the criteria that GCF projects/programmes shall have to be eligible for and to be excluded from SAP;
 - (b) the activities that will be excluded from SAP given their environmental and social risk factors;
 - (c) the project and programme activity cycle for SAP, which describe:
 - (i) The modalities for the origination and submission of concept notes and funding proposals under the SAP;
 - (ii) The modalities for the review of project/programmes under the SAP;
 - (iii) The modalities for the approval of project/programmes under the SAP, and
 - (iv) The post-approval stages;
 - (d) The modality for the evaluation of the SAP
2. Unless otherwise specifically modified or provided for herein, all other relevant GCF policies and procedures apply *mutatis mutandis* to the SAP. The SAP will follow a simplified project and programme activity cycle (SAP activity cycle, in Annex III)⁵.
3. In respect of SAP projects/programmes approved by the ED under this modality, the approval authorities of the Board set out in the Policy on Restructuring and Cancellation⁶ shall also be delegated to the ED and the relevant decision making mechanisms in the Restructuring and Cancellation Policy shall apply *mutatis mutandis* to reflect the approval authority by the ED.

II. Eligibility criteria of projects/programmes under the simplified approval process

4. Funding proposals for projects and programmes that meet the following criteria are eligible to be processed under the SAP:

- (a) Projects or programmes with a GCF contribution of up to USD 10 million; and

⁴ Decision B.27/06, Anne VI paragraph 29 (b)

⁵ The Updated Project and Programme Cycle, Annex IV of decision B.17/09, will not apply to SAP projects and programmes.

⁶ Adopted by decision B.22/14.

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- (b) Projects or programmes whose environmental and/or social risks and/or impacts are classified as (i) minimal or none, or (ii) limited,⁷ in either case subject to the exclusion of such projects or programmes that envisage the “risk factors” listed in section III below.
5. SAP projects and programmes are expected to have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development and readiness to scale up activities that have proved to produce climate results.

III. Excluded activities under the simplified approval process

6. Projects or programmes that include known “risk factors” that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the SAP notwithstanding that they meet the eligibility criteria set out in section II. The “risk factors” include but are not limited to:

- (a) Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (b) Involve intermediaries⁸ whose existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (c) Activities that are screened to have significant environmental and social impacts from land acquisition and involuntary resettlement;
- (d) Activities that are screened to have significant adverse impacts to indigenous peoples and communities;
- (e) Activities that are undertaken or potentially undertaken in critical habitats or that would lead to losses of biodiversity and habitats; and
- (f) Any other activity that is determined by the relevant accredited entity (AE) to have significant environmental and/or social risks and/or impacts following a screening process by the AE.

7. The screening of environmental and social risks of activities is an important step by the AE in the overall environmental and social due diligence of activities proposed for GCF financing, including those proposed under the SAP. Screening serves to identify and assess, at the earliest stage possible, the likely environmental and social risks and impacts that could be reasonably anticipated from the design and execution of activities. The screening shall be undertaken by the AE using and may use the template provided by the Secretariat, the result of which shall form the basis for assigning the risk category.

8. The AE shall also use its own screening procedure or develop a screening procedure for the proposed activity aided by the GCF guidance note on screening and categorizing GCF-financed projects.⁹ The Secretariat can provide the necessary guidance and

⁷ The assessment of the environmental and social risk will be aligned with the Environmental and Social Policy (decision B.19/10).

⁸ Refers to subnational, national, regional or international public and private entities (financial or non-financial) with accredited capacities for intermediation.

⁹ The GCF Sustainability Guidance note “Screening and categorizing GCF-financed activities” can be accessed at <https://www.greenclimate.fund/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities>.

technical assistance to the AEs, and in particular to Direct Access Entities (**DAEs**), so that they can carry out thorough environmental and social risk screening during the SAP proposal preparation.

9. Funding proposals that are considered to have limited environmental and/or social risks and impacts shall have completed all the necessary environmental and social due diligence and have completed the corresponding environmental and social safeguards and gender documents by the time of submission. The completed due diligence shall include stakeholder consultations, development of a project-level grievance redress mechanism, and obtaining the any consents required (in the case of activities involving indigenous peoples, free, prior and informed consent).

IV. The simplified approval process activity cycle

10. SAP shall follow the project and programme activity cycle set out in Table 1.

11. **Support to SAP proposals development:** The Secretariat can provide support for the origination and preparation of SAP concept notes and funding proposals, especially for DAEs. In this regard, the Secretariat should:

- (a) Provide SAP tailored capacity-building activities and technical assistance, under the Readiness and Preparatory Support Programme (RPSP), to enhance the quality at entry of SAP concept notes. Trainings on SAP should be provided to NDAs/Focal Points and DAEs through workshops, knowledge products, webinars, e-learning modules in English and other languages widely spoken in developing countries.
- (b) Prioritize DAEs that are applying for the resources provided by the Project Preparation Facility of the GCF to develop SAP funding proposals; and
- (c) provide, in line with decision B.18/06¹⁰, to the accredited entities, in particular DAEs, specific technical assistance for the finalization of their SAP proposals in coordination with the RPSP and the Project Preparation Facility;

12. During the preparation of the funding proposal (table 1, stage IV), resource-intensive studies, such as financial analyses and models, should be required only when deemed necessary by the Secretariat or the independent technical advisory panel (**TAP**) for mitigation and private sector projects and programmes.

13. SAP funding proposals can be presented with a pre-feasibility study in lieu of a feasibility study, unless specific data, information and/or technical studies are required by the Secretariat or the independent TAP.

14. While performing the review of a SAP funding proposal, the Secretariat and independent TAP shall consider the objective of the SAP stated in section I. The goal is to achieve expeditious reviews and present succinct assessment findings' reports. A specific simplified template for the SAP assessment findings report shall be developed by the Secretariat in coordination with the independent TAP.

15. **Approval modality of SAP funding proposals.** As set out in stage 6.1 of the SAP Activity Cycle:

¹⁰ B.18/06 Annex X paragraph 18.

Commented [ITA4]: We would appreciate to see proposals by the Secretariat's based on the findings and recommendations 2b) and 3b) of the IEU Independent Review of the SAP on modalities to focus on developing processes for the post-approval stages of the SAP project cycle that are SAP-ready, as well as to provide a more coordinated timeline to provide one set of consolidated comments for each CN and FP. Also, we would welcome proposals by the Secretariat on how to better define key GCF concepts related to the SAP modality, such as climate rationale, scaling up and innovation.



- (a) SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board, and
 - (b) In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle.
16. The Secretariat will also develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage while ensuring that all compliance and appropriate accountability standards are maintained.

V. Review and evaluation of the simplified approval process

17. The simplified approval process will be assessed in line with the four-year policy cycle established under the four-year Board workplan adopted at the twenty-fourth meeting of the Board (decision B.24/04).
18. The assessment should consider, among other topics, the following:
- (a) The capacity of the SAP to promote transformative climate impacts;
 - (b) The efficiency and effectiveness of the SAP compared with the funding proposals processes through the regular project and programme activity cycle¹¹; and
 - (c) The relevance of the SAP for specific stakeholders, namely the small island developing states, least developed countries, DAEs and the private sector.
19. The assessment will also propose recommendations on how the SAP can be further strengthened in terms of impact, relevance, efficiency and effectiveness.
20. Notwithstanding this assessment, the Secretariat may bring to the Board's attention further recommendations for improvement in the operation of the SAP that may need Board approval for implementation.

VI. Effectiveness and transition arrangements

21. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality. It will apply to all SAP concept notes and funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.
22. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.
23. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

Commented [ITA5]: The SAP has showed so far a specific relevance for enhanced access for African States, LDCs and adaptation projects compared to the PAP, which should be valued and enforced. At the same time, the IEU review shows that further efforts should be pursued to ensure that the benefits of the SAP can be attained also for SIDS, DAEs and the private sector. Further specific recommendations from the Secretariat are welcome in this direction for Board consideration. Expanding the eligibility criteria for proposals with limited environmental and social risks may be beneficial for further interest of the private sector towards the SAP, a specific private sector sub-strategy.

Commented [ITA6]: This is a key element which we think should be preliminary to any update of the policy for review of the SAP, in terms of updating the SAP modalities in terms of approval process, delegation of authority and review of eligibility criteria. According to the IEU Review, there is some concern on the limited impact of the SAP value added in achieving the three expected outcomes, namely a) providing resources for meeting urgent climate adaptation needs of GCF priority countries; b) enhancing DAEs' access to the GCF while leveraging climate finance; and c) supporting projects that scale up ideas, and approaches that contribute to transformation change. Could the Secretariat better clarify the timeframe for the preparation and presentation to the Board of further recommendations (e.g. by B29?) and how these should be integrated/streamlined within the updating of SAP modalities?

¹¹ B.17/09 Annex IV.



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Table 1: Simplified Approval Process project and programme activity cycle (SAP activity cycle)

KEY STAGES AND INDIVIDUAL STEPS	ACTOR(S)	RESPONSIBILITY AND TASK
I. Country, regional and/or accredited entity programmes		
1.1	Submission and compilation of country programmes	<p>National designated authority (NDA) or focal point (FP) Secretariat</p> <ol style="list-style-type: none"> NDAs/FPs submit a country programme, including a national adaptation plan or voluntary adaptation plan and appropriate elements of countries' nationally determined contributions, to the Secretariat. NDAs/FPs may request support from the Readiness and Preparatory Support Programme under the readiness activity areas outlined in decision B.22/11. NDAs/FPs may inform the Secretariat of preferred AEs that will implement programmes and projects under the country programme. The Secretariat will compile country programmes and submit this to the Board for its information.
1.2	Submission and compilation of accredited entity work programme	<p>Accredited entity (AE) Secretariat</p> <ol style="list-style-type: none"> AEs will submit annual and/or multi-annual work programmes to the Secretariat AEs will develop annual and/or multi-annual programmes in consultation with NDAs/FPs The Secretariat will compile AE work programmes to be submitted to the Board for information and discussion.
1.3	Structured dialogues	<p>Secretariat, NDAs/FPs and AEs</p> <ol style="list-style-type: none"> In accordance with the GCF strategic plan and pursuant to Decision B.17/09 (Annex IV, stage I, step 1.3), the Secretariat will host an annual strategic dialogue at the regional level in each region. For the avoidance of doubt, this step applies to all GCF project and programme cycle.
II. Generation of SAP programme or project funding proposals		
2.1	Strategic approaches	<p>NDA, Secretariat and AEs</p> <ol style="list-style-type: none"> Based on the country and AE work programmes, countries will identify priorities, analyse financial needs and gaps and identify partners to design and implement SAP funding proposals.

			<ul style="list-style-type: none"> 2. The Secretariat would provide support to NDAs/FPs and direct access entities to conduct the process for SAP pipeline origination through strategic approaches.
2.2	Request for proposals	Board, Secretariat	<ul style="list-style-type: none"> 1. The Board may periodically approve requests for proposals (RfP) to guide the development of the GCF SAP portfolio in specific areas in accordance with the GCF strategic plan. Based on the individual eligibility criteria of each RfP the Secretariat will determine if the SAP modality can be used to implement the respective RfPs.
2.3	Regular call for funding proposals	Secretariat	<ul style="list-style-type: none"> 1. The Secretariat may publish regular calls for SAP funding proposals on the GCF website, or Request for Proposals if and as requested by the Board. 2. NDAs/FPs and AEs may submit funding proposals to the Secretariat in response to RfPs as well as the funding proposals included in country and AE work programmes.
III. Concept note (mandatory)			
3.1	Concept note submission	AE and NDA/FP	<ul style="list-style-type: none"> 1. Concept notes are mandatory for projects and programmes to be proposed under the SAP and must be accompanied by an environmental and social risk screening, so that it can be determined whether the proposed project/programme is eligible for approval under the SAP modality. 2. The NDAs/FPs and/or AEs will submit the concept note to the Secretariat via the SAP online submission system (SAP OSS) established by the Secretariat. 3. In accordance with the country ownership guidelines and relevant decisions of the Board, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes. 4. The Secretariat acknowledges the submission of the concept note, and updates the concept note pipeline accordingly. This will be completed automatically by the SAP OSS.
3.2	Concept note confirmation	AE, NDA/FP	<ul style="list-style-type: none"> 1. On receipt of a concept note from an AE, submitted <i>via</i> the SAP OSS, the Secretariat will notify the relevant NDA/FP of the submission. 2. If the concept note does not fit under the national priorities and country ownership of the respective country, the NDA/FP should notify the Secretariat within three weeks from the submission of the concept note through the SAP OSS.

3.3	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline that are cleared under step 3.2/not-objected by the NDA/FP prior to each Board meeting. The SAP pipeline will be presented in coordination with the regular pipeline report to the Board.
3.4	Feedback and recommendations on the concept note	Secretariat, NDA/FP, AE	<ol style="list-style-type: none"> 1. The Secretariat will provide feedback and recommendations to the AE and/or NDA/FP, and will advise if the concept can move into the funding proposal stage, if the concept note should be revised and resubmitted, or if the concept note is rejected. 2. At this step, the Secretariat will confirm if the project/programme described in the concept note conforms to the SAP eligibility criteria.
3.5	Project preparation and technical assistance support	AE, Secretariat	<ol style="list-style-type: none"> 1. The Project Preparation Facility (PPF) can support project and programme preparation requests from all AEs, especially DAEs, for projects/programmes under SAP. 2. The NDA/FP will submit the no-objection letter related to the PPF request through the Accredited Entity. 3. AEs submit proposals based on the PPF application template. 4. The Secretariat will report to the Board, as part of the regular reporting, on the pipeline of PPF requests received, approved and under implementation under SAP. 5. The Secretariat will report to the Board, as part of the regular portfolio report, on the progression of SAP concept notes receiving PPF support. 6. SAP 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.
IV. Funding proposals			
4.1	Funding proposal pipeline	Secretariat	<ol style="list-style-type: none"> 1. The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website. The SAP pipeline will be presented together with the regular pipeline report to the Board.
4.2	No-objection letter	NDA/FP	<ol style="list-style-type: none"> 1. The NDA/FP will provide a no-objection letter for each SAP funding proposal, 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	<ul style="list-style-type: none"> 1. AEs will submit complete SAP funding proposals to the Secretariat, via the SAP OSS with all the mandatory and requested annexes (including the No-objection letter) as specified in step 5.3 (2). 2. The Secretariat acknowledges the submission of the funding proposal package. This is completed automatically by the SAP OSS once the submission is recorded.
V. Secretariat analysis and independent technical assessment and recommendations to the Board			
5.1	Analysis and recommendation	Secretariat	<ul style="list-style-type: none"> 1. The Secretariat will carry out necessary and appropriate second-level due diligence of SAP funding proposals on a rolling basis. 2. The Secretariat will assess compliance with the GCF's environmental and social safeguards, gender policy, financial policies and any other policies adopted by the Board, in addition to the performance of the project or programme against activity-specific criteria. 3. In respect of SAP funding proposals to be approved by the Executive Director, the approval of such funding proposals will be endorsed by the Deputy Executive Director.
5.2	Independent assessment	Independent TAP, AEs	<ul style="list-style-type: none"> 1. The independent TAP will conduct an independent technical assessment of the performance of the project or programme against activity-specific criteria, as defined in the initial investment framework (decision B.09/05 and B.BM-2018/09) or in any successor policy thereto. 2. The TAP shall prepare a report setting out their assessment findings and indicate whether or not they recommend the relevant SAP funding proposal for approval. The TAP review shall be performed on a rolling basis. The Secretariat and independent TAP will establish a SAP-specific timelines pursuant to decision B.19/08 paragraph c. 3. The Secretariat facilitates the response from AEs to the assessment and recommendations from the TAP. The TAP assessment and the AEs responses will be published on the GCF website.
5.3	Submission of the documentation to the	Secretariat	<ul style="list-style-type: none"> 1. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be considered by the Board by way of a decision between meetings;

Executive Director/Board	<ul style="list-style-type: none"> 2. Only those SAP funding proposals which are recommended for approval by both the Secretariat's and TAP reviews will be submitted for consideration to either by the Board or the Executive Director, as applicable. 3. The Secretariat will submit the following funding proposal package for consideration by the Board or the Executive Director, as applicable, composed by the following: <ul style="list-style-type: none"> (a) The final funding proposal completed template as submitted by the AE; (b) No-objection letter(s); (c) The Secretariat's assessment of compliance with safeguards and policies and performance of the project or programme against activity-specific criteria and a cover note containing a summary of the second-level due diligence carried out and the funding recommendation by the Secretariat; (d) Independent TAP assessment; (e) Response of the AE to the TAP assessment; (f) Environmental and social report(s) disclosure (if applicable); (g) Gender assessment and action plan; (h) List of proposed conditions resulting from the review process; (i) Term sheet; and (j) Any other relevant annex.
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VI. Consideration and Approval of Funding Proposals

6.1.a	Decision	Board	<ul style="list-style-type: none"> 1. SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board. 2. The Board may approve SAP funding proposals at Board meetings or, pursuant to section 7.1 (Decision between meetings) of the Rules of Procedure, through in-between Board meetings. 3. When considered at a Board meeting, the Board takes a decision to: <ul style="list-style-type: none"> (a) Approve the funding proposal; or (b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or
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		<p>(c) Reject the funding proposal.</p> <p>4. The Board will take decisions at a Board meeting, in respect of SAP funding proposals which have been referred to it by the Executive Director in accordance with stage 6.1.b below.</p> <p>5. In respect of SAP funding proposals to be considered in-between Board meeting:</p> <ul style="list-style-type: none">(a) SAP funding proposals considered in-between Board meetings will be circulated to members and alternate members of the Board in batches on average three times per year, in between meetings of the Board, around the mid-point of the timeframe between regular Board Meetings.(b) the period for consideration of the decision between meetings on a no-objection basis will be no less than 21 days.(c) Each SAP funding proposal package shall be presented as a separate between meetings decision item.(d) Following the publication of the SAP funding proposal package, the Secretariat can organize virtual consultations with Board Members, Alternate Board Members, Advisors, Active Observers, members of the independent TAP and the AEs to address comments and requests for clarifications on the proposed SAP projects and programmes.(e) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE; <p>6. When SAP proposals are considered in-between Board meetings, the Board takes a decision to:</p> <ul style="list-style-type: none">(a) Approve the funding proposal; or(b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; <p>7. The Secretariat shall:</p> <ul style="list-style-type: none">(a) Circulate to the members and alternate members of the Board the relevant draft decision, together with the funding proposal package described in stage 5.3, subject to and in accordance with the Information Disclosure Policy. Such documents shall be simultaneously published on the GCF website, subject to redaction of any
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			<p>information which may not be disclosed pursuant to the Information Disclosure Policy; and</p> <p>(b) In case of projects or programmes where the environmental and/or social risks and impacts are classified as limited, the relevant environmental and social safeguards reports will be disclosed, in accordance with paragraph 17 of the Information Disclosure Policy and the requirements under section 7.1 of the GCF Environmental and Social Policy, at least 30 calendar days in advance of the AE's or GCF's Board decision (on a non-objection basis for GCF), whichever is earlier¹²;</p> <p>(c) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE;</p> <p>(d) In accordance with paragraph 43 of the Rules of Procedure, at the expiration of the period prescribed for replies, the decision will be deemed approved unless there is an objection. If an objection has been received, the Co-Chairs will work through the objection with the Board member directly. If the objecting Board member upholds their objection following discussion with the Co-Chairs, the proposed decision will be considered by the Board at the following meeting. The Secretariat shall circulate all written comments and objections to members and alternate members of the Board and notify all the members and alternate members the Board of the action taken pursuant to paragraph 43 of the Rules of Procedure.</p>
6.1.b	Decision	Executive Director	<ol style="list-style-type: none"> 1. In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle. 2. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be approved by the Executive Director.

¹² This shall be without prejudice to the ESS disclosure requirements set out in the relevant AMAs entered into between the GCF and the relevant accredited entity

			<ol style="list-style-type: none"> 3. Taking into consideration the assessment findings resulting from the review process, the Executive Director takes a decision to within 21 calendar days after the publication of the SAP funding proposal: <ol style="list-style-type: none"> (a) Approve the funding proposal; (b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or (c) Refer the consideration of the funding proposal to the Board at the next occurring Board meeting in any circumstance which the Executive Director deems it appropriate to do so. 4. All decisions by the Executive Director relating to the approval of SAP funding proposals will be reported to the Board, together with an analysis of the portfolio, in the reports of the activities of the Secretariat to the Board.
6.2	Post approval follow-up	Secretariat	<ol style="list-style-type: none"> 1. The Secretariat will inform the AE and the NDA/FP of the Board's decision and the next steps in relation to the approval conditions. 2. If the Executive Director approves a SAP funding proposal, the Secretariat will inform, the members and alternate members of the Board, AE, the relevant NDAs/FPs, and the active observers, of the Executive Director's decision and will also communicate the approval decision to the Trustee. Following the approval of a SAP funding proposal by the Executive Director, the Board, the NDAs and the AEs will be notified and the decision will be published on the GCF website. 3. The decision is recorded by the Secretariat and communicated to the Trustee. In the case of rejection by the Board, the Secretariat will inform the NDA/FP that, in accordance with decision [B.BM-2017/10], they may request reconsideration of the funding decision via the independent Redress Mechanism.
6.3	Implementation of Board conditions	Secretariat	The Secretariat will report to the Board at each meeting on the status of implementation of the approval conditions and identify any matters that require further Board action. The SAP report on implementation will be presented in coordination with the regular implementation report to the Board.
VII. Legal arrangements for approved proposals			

Commented [F7]: How does this stage respond to the proposed recommendation of the IEU Independent Review regarding the updated of the full post-approval process, including in relation to the clearance of any conditions, and disbursements? How is this expected to impact expedition of the next stage regarding the legal arrangements of approved SAP proposals? Could the Secretariat please further elaborate on that?

7.1	Funded activity agreement	Secretariat, AE	<ol style="list-style-type: none">1. The Secretariat will work with AEs to conclude any necessary legal arrangements between the GCF and the AE.2. Legal agreements are signed by the Executive Director and the AE.3. The Trustee is notified.4. The NDA/FP is informed of the outcome of the funded activity agreement.
7.2	Letter of commitment	Trustee	<ol style="list-style-type: none">1. The Trustee provides a letter of commitment, subject to the availability of funding.
7.3	Funding proposal conditions	Secretariat, AE, Board	<ol style="list-style-type: none">1. The Secretariat will assess the conditions attached to funding proposals by the Board and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat will make a recommendation to the Board for further guidance and pending such guidance, the relevant condition shall be deemed not to apply.

Annex IV: Written feedback received from Gisella Berardi (second attachment)

Comments are reproduced below.

SAP**ITALY's Comments**

- We appreciated the work of the Secretariat regarding further development of the Simplified Approval Process (SAP), which we think represents a strategic instrument for the GCF to ensure simplified and improved direct access to funding for smaller scale projects and programmes with transformational impact, including for specific results areas such as adaptation, beneficiaries such as Least Developed Countries as well as for GCF partnership with Direct Access Entities, in line with the provision of the Governing Instrument. Having an improved and fully advanced SAP is a key priority for us also in line with the relevant provision of the recently adopted Updated Strategic Plan, and we welcome the timely work of the Secretariat in this respect.
- In this regard, we look favourably to further improve efficiency of SAP modalities by considering the in between meetings decisions modality, by means of the consolidated decision-making procedures that allows the Board's review.
- Enlarging the SAP eligibility to projects with limited environmental and social risk categories under specific conditionality is also an opportunity to further amplify the potential transformational impact of SAP proposals and incentivize applications from stakeholders that are yet showing low interest towards the SAP such as the private sector.
- However, some clarifications are still needed on the policy rationale, since specific recommendations of the independent review of the SAP Pilot scheme conducted by the IEU, are still to be developed. In principle, addressing some of the shortcomings identified in the SAP pilot scheme with specific strategic recommendations should be preliminary to any further review of the operational modality of the SAP.
- Looking at the findings of the IEU review, the present SAP modality has not translated into simplified requirements, nor has resulted in accelerated processes in terms of preparation, review and approvals of projects. We would appreciate to see proposals based on these findings. We share the view that there is a need to improve efficiency and accelerate review procedures as a real incentive to entities for applying through the SAP modality when proposals fit the required eligibility criteria. The proposed extension of eligibility to limited environmental and social risks and the use of BBM decision-making would be helpful in this direction.
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- Some concern remains on the limited impact so far of the value added of the SAP in achieving the three expected outcomes, namely a) providing resources for meeting urgent climate adaptation needs of GCF priority countries; b) enhancing DAEs' access to the GCF while leveraging climate finance; and c) supporting projects that scale up ideas, and approaches that contribute to transformational change.
- It would be useful to have clearer indications on how to implement the considerations included in the Recommendation 2a) of the IEU Review, highlighting the usefulness for the Board and the Secretariat to simplify and tailor investment criteria, in particular related to the notions of “ready for scale up”, implementation feasibility, innovation, and climate rationale.

- Eligibility criteria should be tailored to the purpose of the simplified process, in order to give further incentives to applicants to channel proposals reflecting added value and scalability. A refined proposal for reviewing the eligibility criteria would be highly welcome
- The constraints so far assessed in facilitating the use of the SAP by SIDS and the private are noted. It would be also useful to have some more indications on how to address the IEU review's Recommendation (5b) to develop a tailored approach to the private sector, including a separate sub-strategy for attracting the private sector. In this regard, we believe that SAP should have a time-bound approval and de-risking of investment activities in order to be attractive for the private sector.
- For the above mentioned reasons, while introducing some form of delegation authority for approval of specific SAP proposals is a clear objective for the future, we believe it is premature to introduce it at this stage. It would be more appropriate to have delegated authority for project approvals when simplified and tailored investment criteria are better identified, in particular concerning the concepts of “ready for scale up”, implementation feasibility, innovation, and climate rationale. Delegation of authority also requires a prior clarification of the liability of the Board with regard to SAP projects.

Annex V: Written feedback received from Mathew Haarsager and Trigg Talley

Comments are reproduced below.

DEADLINE FOR BOARD COMMENTS: 5 February 2021



Meeting of the Board
XX XXX 2021
Songdo, Incheon, Republic of Korea
Provisional agenda item **XX**

GCF/B.XX/XX****
XX XXX 2021

Further development of the simplified approval process

Summary

This document responds to the request in decision B.25/08 to further develop the simplified approval process. It considers the recommendations of the review of the simplified approval process pilot scheme presented at the 25th meeting of the Board and the comments of Board members thereon, as well as the recommendations made by the Independent Evaluation Unit (IEU) in its Independent Assessment of the GCF simplified approval process (SAP) Pilot Scheme (**GCF/B.**XX/XX****). On that basis, this document proposes in Annex II an updated simplified approval process and activity cycle designed to increase the scope and speed of the SAP.

I. Background

1. This document responds to decision B.25/08 that requests the Secretariat to further develop the simplified approval process (SAP). Paragraph 31 of the Governing Instrument (GI) lays out a vision for the GCF as an institution that "will provide simplified and improved access to funding, including direct access." Paragraph 53 of the GCF GI calls on the GCF Board to "develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities." Toward these ends, in October of 2017, the Board agreed decision B.18/06 and adopted a Simplified Approval Process (SAP) Pilot Scheme (SAP Pilot). In accordance with its terms, the SAP Pilot was to cover proposals on adaptation and mitigation, that:

- (a) "Are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development";
- (b) Require "a GCF contribution of no more than USD 10 million"; and
- (c) have "environmental and social risks and impacts ... classified as minimal to none" (and don't include interventions with a specific list of "risk factors").

2. The SAP pilot has now been operational for over three years. During that time (and up to B.27), GCF Accredited Entities, working with the approval of Nationally Designated Authorities/Focal Points, have put forward 19 SAP funding proposals for Board approval. These proposals, all of which were approved, were valued at USD 280 million including USD 171 million of GCF resources, and USD 109 million in co-financing. Some 79 per cent of these SAP projects are in one of the Least Developed Countries (LDCs), Small Island Developing States (SIDS) or African States. 6 SAP projects (31 per cent) were submitted by national DAEs; in terms of funding, over 30 per cent of SAP pilot funding was related to DAE projects. Twelve of the projects are adaptation projects; three of the projects are mitigation projects and four are cross-cutting.

3. Decision 18/06 called for a review of the SAP Pilot to be undertaken "*two years from its operationalization, or when the aggregate amount of approvals under the Pilot Scheme reached USD 80 million of GCF financing, whichever is earlier.*" The review provision also requested the Secretariat to develop a proposal based on that review which would:

- (a) address approving SAP funding proposals between meetings of the Board;
- (b) include recommendations to further improve the efficiency and effectiveness of the process, and
- (c) consider expanding the type of eligible activities and increasing GCF funding.

4. In November of 2019, the aggregate amount of SAP approvals topped USD 80m triggering the mandate for the review called for in decision B.18/06. That review was presented and discussed by the Board at its 25th meeting (GCF/25/12).

5. Based on that review and as requested in decisions B.18/06 and B.25/08, the Secretariat has prepared a proposal to further develop the SAP for Board consideration. The proposal also responds to mandates under the GCF Updated Strategic Plan 2020-2023 (decision B.27/06) which signalled that the GCF will "continue to streamline programming and approval processes to enable timely disbursement, and will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities, including by enhancing and updating the simplified approval process (SAP) as part of the 2020-2023 Board workplan; In addition, the document and proposal being presented to this meeting take into account comments received from the Board at its 25th meeting and many of the recommendations of the

Independent Evaluation Unit (IEU) set out in its recent Independent Assessment of the Simplified Approval Process (SAP) Pilot Scheme (document GCF/B.XX/XX);

II. Policy Rationale

6. As approved by the Board, the objective of the SAP Programme was “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 small-scale activities” that promote and support scalable and transformational actions, in support of the GCF mandate. The terms of the SAP Pilot also establish an aim to ensure that submissions from Direct Access Entities (DAEs) constitute at least 50% of all approved projects under the Pilot Scheme.

7. In terms of implementation, the Board approved SAP guidance called for proposals under the Pilot Scheme to be subject to independent Technical Advisory Panel (TAP) review on a rolling basis, to be based on a simplified set of documents, and to include simplified financial and other terms. Further, the guidance noted that *“Unless specifically modified [...] all other relevant GCF policies apply as usual to the Pilot Scheme”*. As regards approval, the Pilot guidance called for SAP projects to be submitted to the Board for consideration during its regular meetings, *“until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.”* Finally, the guidance called for the post-approval process for approved SAP proposals to be done in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.

8. Taking into account the Board’s deliberations on the SAP Pilot, its value proposition can be said to lay in its ability to facilitate and speed up funding on the ground to address the urgent climate change needs of GCF countries, and in particular, least developed countries, African countries and Small Island Developing States; to enhance DAE (including private sector) access to the GCF while leveraging climate finance; and to promote projects/funding for scaling up ideas and approaches that contribute to transformational change, at both the country and global levels.

9. The Board and the Secretariat now have the benefit of an IEU independent assessment and a Secretariat commissioned review to help it evaluate both the operation of the SAP Pilot and the Secretariat’s proposal on the three items called for in Decision B.18/06 noted above.

10. In terms of how the SAP has done, both reviews noted positive aspects of the SAP pilot including that:

- (a) SAP has enabled enhanced access for African States, and LDCs compared to the normal Proposal Approval Process (PAP); Projects from SIDS represent 15% of SAP approvals and 20% of the SAP pipeline;
- (b) the SAP has a larger proportion of DAE and adaptation projects compared to the PAP;
- (c) the Secretariat has taken a number of steps to simplify the system through, for example, the development of SAP specific templates, guidelines, on-line tutorials and an on-line submission system; these support steps are both appreciated by stakeholders, and are instrumental to the preparation of quality SAP concept notes and funding proposals; and
- (d) there continues to be a strong demand for the simplified approval modality piloted by the GCF.

11. On the other hand, both the Secretariat commissioned review and the IEU independent assessment agreed that as currently constructed and implemented, the SAP is only marginally simpler, quicker and less burdensome than the process used to review and approve much larger, higher risk projects under the PAP. Specifically, as related to these core factors:

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- (a) The reviews found that the SAP review process was 8-15% faster than the PAP process;
 - (b) The Secretariat commissioned review noted that the overall amount of information requested by the Secretariat and iTAP are perceived by stakeholders to be similar, and that all stakeholders interviewed commented on the need to achieve further simplification through a reduction of the documentation and of the number of annexes that need to be provided; and
 - (c) Many AES/DAEs including private sector AEs/DAEs have not seen the value added and benefits of using the SAP process. The IEU independent assessment noted that several AEs indicated that they would not use the SAP again as the project size limit is too small for the level of preparation required. The lack of simplification and acceleration is also suggested in the IEU assessment to have limited the use of SAP by SIDs.
12. In summary, the SAP Pilot has attracted a higher number of DAE and adaptation projects than the PAP, and has led to small reductions in the burden of document preparation and the time for review, however, the current SAP process has not succeeded in substantially reducing the burden of project preparation, or in appreciably improving the efficiency and effectiveness of the GCF project cycle for these “small” GCF operations.
13. The reviews suggested several reasons for these findings, including that:
- (a) There has been no simplification when it comes to Board approval of SAP proposals. Proposals submitted through the SAP modality are approved in the same way as other GCF projects: three times a year at Board meetings. In that regard, the SAP process has not used between meeting approval processes as presaged in the initial SAP Guidance.
 - (b) The SAP process has not benefited from a rolling review of projects as called for in the initial SAP guidance;
 - (c) The Board approved SAP decision requires that SAP projects continue to comply with virtually all the relevant GCF policies that apply to the reviews of PAP proposals. This implies that SAP proponents need to produce information that is very similar to that required for PAP projects. Consequently, it has led to a preparation and review process that is very similar to that required for PAP projects.
14. As regards this latter point, the Secretariat would note that if PAP submission and review requirements (including the GCF investment criteria) continue to largely apply to much smaller, lower risk SAP proposals, there are limits to the amount of further simplification that can be accomplished as regards the preparation and review of SAP proposals.

The reviews suggested that making various changes, including accelerating the final approval process would increase the efficiency and effectiveness of the SAP pilot, and help it to advance its ambition towards the simplicity and speed implied in both the Governing Instrument and the Board's initial SAP decision. Some of the review's recommendations would need Board approval, and some can be directly implemented by the Secretariat. Section III of this document reviews the key proposed changes to the SAP programme that would require Board approval. That section also reviews under part (d) a number of the direct actions that the Secretariat intends to take on the basis of the SAP reviews. Finally, the Secretariat management response to all of the recommendations included in the IEU review can be found in document [GCF/B.XX/XX AddX].

15. The Secretariat projects that if no changes are made to the SAP programme, the SAP may face a stable or reduced rate of utilization, because, as noted, some project proponents are seeing little difference in the burden and speed associated with using the SAP rather than the PAP. In addition, the current review system (which includes both Secretariat and iTAP review) has limited capacity. Because of the similarity in requirements, it takes a similar effort to review a micro-small sized SAP project with no environmental and social risks/impacts as it does to

review, for example, a large PAP project with significant environmental and social risks/impacts. Therefore, and unless the Board were to direct or otherwise incentivize the use of the SAP it is unlikely that the level of SAP project submissions and reviews would increase.

16. On the other hand, the Secretariat projects that if the further simplification to the SAP is adopted as proposed in this document, and if the capacity to review SAP proposals is expanded, the time for approving SAP proposals could be significantly reduced, and there will be increased demand from countries and AEs which could allow for the approval of up to 20- 25 SAP proposals a year by the end of GCF-1. Related impacts of the Secretariat's proposal are discussed more fully in section IV below.

III. Analysis of the policy proposal

17. The Secretariat has carefully considered the content and recommendations included in the IEU and Secretariat commissioned reviews, as well as its own experience with the operationalization of the SAP programme. On that basis, and consistent with the direction of decision B.18/06, the Secretariat has prepared the proposal in Annex II of this document for the consideration of the Board. The key changes included in that proposal are reviewed below.

(a) **Expansion of SAP eligibility from Projects or programmes whose environmental and social risks and impacts are classified as minimal to none to projects and programmes whose impacts and risks are limited.**

18. Decision B.18/06 requested the Secretariat to *develop a proposal based on the SAP review that would consider, among other things, "expanding the type of eligible activities and increasing GCF funding."* As noted above, the Secretariat's proposal would expand the SAP programme eligibility to projects that involve limited environmental and social risks, while maintaining the exclusion of projects that contain the specific risk factors included in Annex II. While this expansion may elevate the complexity of the project preparation and implementation, it was seen by the Secretariat and the Secretariat commissioned review as an action that could further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities.

(b) **Accelerate the approval of SAP funding proposals through the introduction of in-Between Board Meeting (BBM) approvals by the Board for SAP projects/programmes that entail limited environmental and social impacts and risks;**

19. Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to *"address approving SAP funding proposals between meetings of the Board."* Under the Secretariat's proposal, the approval of SAP proposals with activities that entail limited adverse environmental and/or social risks and impacts can be presented to the Board for approval either at its regular meetings or, as envisaged in decision B.18/06¹, in between meetings. The in between meeting review process would operate as follows:

(a) Only SAP projects that completed the Secretariat and independent TAP review and are recommended for approval by both will be submitted to the Board for its consideration. The SAP funding proposals submitted to the Board will be batched, so that they can be presented to the Board during the regular Board meetings (on average three times a year) or in between Board meetings (on average three times a year).

(b) Each SAP funding proposal package shall be presented for Board consideration as a separate decision item. The approval of SAP proposals in between meetings of the Board will be carried out in accordance to the GCF Rules of Procedure with a 21 day review period being required. During this review period, and following the publication of the

Commented [UST1]: How are "minimal to none" and "limited" defined? Who will make that judgment on what constitutes "minimal to none" vs. "limited" risk?

¹ Decision B.18/06 (c) (ii)



SAP funding proposal packages, the Secretariat can organize online consultations with Board Members, Alternate Board Members, Active Observers, the members of the independent TAP and AEs to address any comments or requested clarifications on the proposed SAP proposals. If one or more Board member/s express an objection to approving a SAP proposal presented in between Board meetings, and no agreement can be reached, that specific SAP proposal can be deferred for consideration of approval to the next occurring meeting of the Board.

20. As noted above, the approval of SAP projects between meetings was presaged in decision B.18/06, and it was recommended in both the IEU and Secretariat commissioned reviews of the SAP programme as a mechanism to further accelerate the timing of the SAP process consistent with the programme's mandate. The addition of between meeting approval for SAP proposals with limited environmental and social risks would enable SAP proposals to be reviewed six times a year and would be expected to result in reducing the SAP review's timeline by up to 51 days compared to the high end of the range of PAP review time which is 346 days (see table 1 below).

(c) **Introduce Delegated Authority (DA) to the Executive Director (ED) for the approval of SAP projects/programme that presents no/minimal environmental and social impacts and risks;**

21. As noted above, Decision B.18/06 requested the Secretariat's proposal, based on the SAP review, to "address approving SAP funding proposals between meetings of the Board." As it relates to between meeting approval, the proposal of the Secretariat would delegate authority to the Executive Director (ED) to approve SAP projects/programmes with activities that entail minimal to no adverse environmental and/or social risks and/or impacts.

22. Under the proposed modality, the approval of minimal to no risk/impact SAP funding proposals is performed by the ED on a rolling basis once the review of the Secretariat and independent TAP are completed and both recommend the SAP funding proposal for approval. Following his or her review, and a 21 day publication period, the ED can either approve the SAP funding proposal, approve it with the recommended covenants/conditions, or defer the approval to the Board, thereby postponing the approval decision to the next available meeting of the Board.

23. The delegation of authority to the ED for certain SAP proposals was recommended in both the IEU review and the Secretariat commissioned review of the SAP programme as a mechanism to further speed the time of SAP reviews consistent with the programme's mandate. The addition of delegated authority for SAP projects that present no/minimal environmental or social impacts and risks is estimated to reduce the review/approval by up to **101 days** compared to the high end of the range of PAP review time which is 346 days (see table 1 below).

24. In its benchmarking review of major climate funds and international financial institutions, the IEU SAP assessment found that delegation was among the most common approaches used for fast tracking, and that related modalities have generally been devised in a manner that takes into account the institutions stage of evolution. In that regard, the IEU noted that the GCF has reached a mature level in its programming processes. In particular, it noted that the GCF already had a between meeting approval process, and that the Board would only need to adapt the current process. It also noted that the Board has already supported delegation of authority to the Secretariat for several Board operations. Indeed, the Board has already delegated authority for funding decisions in a number of areas, including for National Adaptations Plans, (NAPs), non-NAP Readiness activities, and Project Preparation Facility (PPF) proposals. Providing delegation for this class of SAP proposals would also be in keeping with paragraph 32 of the Governing Instrument which states that "*the Board will steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance.*" Finally, and beyond the

Commented [UST2]: We can anticipate that it may become hard to keep track of various proposals moving at different stages in the pipeline, and much would need to happen within the 21 days for each project proposal. Should we consider a mechanism to better bunch proposal submissions, e.g., through two or more SAP-specific Request for Proposals throughout the year, rather having open submission period all year round? This may also help with resource allocation and planning for the iTAP and Secretariat's review efforts. And better advertising and marketing the RFPs throughout the year could attract more proposals.

Commented [UST3]: We have some reservations about this approach and would like some more information before we contemplate this option:
-How is "minimal to no" E&S impacts and risk defined?
Who will make that judgment on what constitutes "minimal to no" vs. "limited" risk?
-How many project funding proposals is this expected to impact?
-Would there still be time efficiency gains if the Board were informed ex ante of the project proposals and retained a right to oppose an ED's decision?

efficiency gains made through simplifying the SAP approval cycle, this modality would also be expected to free up capacity of the Board.

25. As regards risk, the IEU review noted that virtually all SAP proposals cleared by the Secretariat and the independent TAP have been approved by the Board without significant discussion, and the class of projects suggested for delegation in the Secretariat's proposal is likely to involve the least amount of discussion. In addition, in the case of this delegation, any risk is minimized further, as any new concerns may be brought to the attention of the ED following the publication of the underlying project 21 days before a final decision on approval is taken.

26. It is important to note that adopting either or both of these between meeting approval modalities implies that a different SAP activity cycle will be needed to replace the current PAP cycle. The resulting SAP cycle is described in the proposal in Annex II.

(d) **The Secretariat's proposal (including both points b and c above) require a shift to rolling ITAP and Secretariat reviews of SAP projects**

27. Decision B.18/06 requested the Secretariat's proposal based on the SAP review to include recommendations to further improve the efficiency and effectiveness of the process. As noted previously in this document, the requirement of rolling independent TAP reviews of SAP projects was included in the initial SAP decision. However, rolling independent TAP review does have implications for the capacity, budget, staffing and operations of the Secretariat and the independent TAP.

28. In relation to the **independent TAP**, this current policy proposal *takes into account that work is underway to update the operational modalities of independent TAP* following the Board's request under decision B.25/09. The decision points under this policy proposal seek to: i) ensure that SAP-specific considerations are being taken into account as part of the update of the operational modalities of independent TAP with a view to expedite SAP processes, while also ii) ensuring that the existing operational modalities of independent TAP, such as reviewing on a rolling basis, are fully deployed and expedited. This can be done by improved utilization of the existing roster of experts available to the independent TAP and exploring options to increase the efficiency of working modalities.

29. Beyond action by the Board, at the **Secretariat-level**, the Secretariat has and will continue to work on simplifying the internal review process for SAP within the overriding requirement that all GCF investment criteria and policies apply to the SAP in the same way as the PAP. The Secretariat has set up internal processes for undertaking SAP and PAP reviews on a rolling basis and has also developed specific Standard Operating Procedures (SOP) for SAP and PAP in its internal Operations Manual².

30. The SAP SOP simplifies internal review procedures compared to the PAP SOP while maintaining the required quality checks against GCF policies and requirements. Fully taking advantage of these processes for SAP review will depend on sufficient Secretariat capacity or external support being available for undertaking SAP reviews in parallel to regular PAP reviews, and on the independent TAP processes also being able to more fully pick up SAP reviews on a rolling basis as soon as they are ready from the Secretariat.

31. On that basis, efficiency gains which could be realized by expanding review capacity and implementing a rolling-basis review for SAP proposals could be up to 66 days compared to the high end of the range³ of PAP review time which is 346 days (see table 1 below). This estimation is based on the same model that was adopted by Secretariat-commissioned review of the SAP Pilot Scheme and the latest SAP and PAP SOP. The review time estimated in the SOP

² {Reference to the OM}

³ See paragraph 23 below

does not include the time that the AEs might need to submit/resubmit their proposals but only the stages of the review and approval which are under the control of the GCF Secretariat and independent TAP.

32. Summary review of the main changes to the SAP and potential time savings that could result from Secretariat actions being taken or proposed in this document for Board approval:

- (a) **Rolling Reviews of SAP Proposals and related contingencies:** The 2021 Secretariat work programme includes funding to enable the Secretariat to process SAP proposals on a rolling basis. Secretariat contracts with the independent TAP currently support a rolling review by the TAP. Assuming the independent TAP and the Secretariat are provided with sufficient review related resources/capacity, rolling reviews will be initiated, and would be expected to reduce current SAP approval times by some 66 days as compared to the high end of the range of PAP review time.
- (b) **BBM approval of SAP Proposals and related contingencies:** If the Board were to agree to approve SAP proposals through BBMs, the current PAP approval time range could be reduced by an additional 51 days as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and BBM approval were agreed, the total time savings would be up to 117 days as compared to the high end of the range of PAP review time (66 days for rolling review and 51 days for BBM approval).
- (c) **Delegation of approval authority to the ED for certain SAP proposals and related contingencies:** If the Board were to agree to delegate approval of low or no risk SAP proposals, the current PAP approval time range could be reduced by 101 days for those proposals as compared to the high end of the range of PAP review time. If the capacity for rolling review is facilitated and delegation for that class of proposals was agreed, the total time savings would be up to 167 days as compared to the high end of the range of PAP review time (66 days for rolling review and 101 days for delegated approval).
- (d) **Expansion of SAP eligibility to projects and programmes whose impacts and risks are limited:** Board agreement to extend SAP eligibility to projects and programmes whose impacts and risk are limited would be expected to further incentivize the use of SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities. It would not be expected to have an impact on the time from submission to approval.

Table 1: Number of efficiency days gained through changes in the review and approval cycles: SAP vs PAP in relation to their respective Standard Operating Procedures in the GCF Operation Manual.

Efficiency gains in the SAP review process vs. PAP	Days
Approval timelines range	Days
Current PAP approval time range	245-346
SAP approval time range, taking into account the 66 days rolling review efficiency gains	179-280
Additional SAP approval efficiency gains	Days
Approval by the Board at meetings and in-between meetings	Up to 51
Approval by the Executive Director	Up to 101
Total SAP review and approval efficiency gains	Days
SAP rolling basis review and BBM approval	Up to 117
SAP rolling basis review, BBM review and ED approval	Up to 167

33. Table 1 reports the current approval timeline ranges for SAP and PAP based on the approval modality at Board Meetings (on average 3 times for year) and the estimated efficiency

gains of the SAP review process compared to the PAP review process if the rolling basis modality is fully implemented and SAPs are only considered three times/year for approval by the Board, as under current practice.

34. Since the Board currently considers SAP and PAP funding proposals for approval only 3 times a year, the model estimates a range in the approval time. The bottom of the range represents a proposal which completes its review cycle exactly 21 days before the next available meeting of the Board (publication date). The top of the range represents a proposal which completes its review cycle just one day after the publication date, therefore “misses” the earliest meeting of the Board and has to wait for the following one.

IV. Impact assessment & implementation arrangements

35. The benefits of the proposal in terms of a reduction in review times is discussed above. If the eligibility expansion and further simplifications to the SAP described above are adopted, the Secretariat estimates there will be increased demand from countries and AEs which could allow for the approval of up to 20-25 SAP proposals a year by the end of GCF-1. This can substantially expand SAP's reach in meeting the needs of developing countries.

36. This higher number of SAP funding proposals would imply a need for the Secretariat to process approximately two-to-three times more concept notes on annual basis (40-60). Additional support would also be needed for DAEs capacity building and specific technical assistance for the finalization of their funding proposals.

37. Further, and as noted, in order to be able to manage the current and projected increased demand while maximising the efficiency of the SAP review process, both the Secretariat and independent TAP will need to be fully capacitated to review SAP proposals on a rolling basis. To secure this review capacity, the Secretariat will explore the use of reputable firms/organizations that can deploy experts, whose expertise mirrors the skills needed in the review and compliance areas of the Secretariat's second level due diligence process. Given the Secretariat's current headcount limitations, this expansion of capacity is considered essential to ensuring SAP proposals are efficiently and timely reviewed on a rolling basis. Appropriate resources would be allocated through the Secretariat's professional services budget line. Related costs would also be factored into future annual budgets for Board approval.

38. The Board will separately consider updates to the capacity and operating modalities of the independent TAP needed to ensure TAP reviews can keep pace with expected changes in workload resulting from GCF-1 programming. Given the specific capacity requirements of a simplified SAP process in terms of delivering rolling reviews with maximum review cycle efficiency, the Secretariat recommends that in addition to the independent TAP membership increase already implemented by the Board, the Board also consider (as proposed in the draft decision in Annex I):

- (a) fully utilizing and expanding the current roster of experts that can support the independent TAP reviews to execute SAP reviews on a rolling-basis (decision B.19/08); as the volume of SAPs in the pipeline increases with the operationalization of this decision.
- (b) adopting measures to expedite, as far as possible, the independent reviews of SAP funding proposals and ensure the timely and efficient review of SAP proposals on a rolling basis, considering updates to the operational modalities of the independent TAP mandated by decision B.25/09 (i) and detailed in “Update of the operations of the independent Technical Advisory Panel” (GCF/B.28/XX).

39. The following steps will be required to fully implement the further development of the SAP described in Annex II:

-
- (a) The Secretariat shall update all the relevant existing SAP guidelines and training material, including its e-learning modules on SAP and the programming and operations manual.
 - (b) The Secretariat shall implement, to the extent possible, the recommendations from the IEU SAP assessment, such as:
 - (i) develop a capacity development programme for SAP in coordination with the GCF Readiness and Preparatory Support Programme,
 - (ii) strengthen its capacity to provide technical assistance/support to AEs, in particular DAEs to originate quality SAP proposals;
 - (iii) develop a programming guidance for SAP;
 - (iv) develop a tailored approach for SAP and the private sector, and
 - (v) develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage.

40. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality by the Board. This is to allow the Secretariat to have enough time to update the current SAP templates, online submission systems, guidelines, and standard operating procedures so to reflect the changes that the update SAP modality in Annex II will imply.

41. The updated SAP modality will apply to all SAP concept notes and SAP funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.

42. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.

43. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

V. Budgetary Implications

44. In line with the discussion above, the Secretariat does not expect additional resources in 2021 to implement the further development of the SAP. Resources to implement the new SAP SOP through rolling reviews in 2021 are included in the Secretariat's approved 2021 budget. The Secretariat anticipates that the improvements/changes in the SAP activity cycle proposed in Annex II will increase the demand for SAP, and that additional resources will be needed over time to increase the capacity of the Secretariat and independent TAP to conduct a timely review of SAP funding proposals, especially from DAEs.

45. As the financial needs for the review of the SAP proposals can change overtime, the precise assessment and quantification of resources to effectively implement the SAP modality will be carried out as part of the annual budget planning activities of the Secretariat. These will be carried in consultation with the Budget Committee both with regards to Secretariat budget requests and independent TAP budget requests. Appropriate allocations for ensuring the Secretariat's capacity to review SAP proposals will be reflected in future annual budgets, as necessary.

Annex I: Draft decision by the Board

The Board, having considered document GCF/B.XX/XX titled "Further development of the simplified approval process", and with reference to decision B.18/06, which mandated the review of the simplified approval process pilot scheme:

- (a) Approves the updated simplified approval process and its activity cycle, as set out in annex II;
- (b) Confirms that the Updated Project and Programme Cycle adopted by Decision B.17/09 will not apply for projects and programmes to be processed under the update SAP; and
- (d) Takes note that additional simplified assessment methodologies and a more efficient review process for SAP proposals by the independent TAP, are proposed and will be considered by the Board in the context of the "Update of the operations of the independent Technical Advisory Panel" as requested by decision B.25.09.
- (e) Requests the independent TAP to make full use of its roster of experts to expeditiously execute SAP reviews on a rolling-basis;

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Annex II: Updated simplified approval process and activity cycle

I. Objective

1. The objective of the simplified approval process (**SAP**) is to operationalize paragraph 53 of the Governing Instrument for the Green Climate Fund and to reduce the time and effort needed in the preparation, review, approval and disbursement procedures associated with small-scale activities that meet the SAP eligibility criteria (as defined in section II below) and to contribute to the implementation of the GCF Updated Strategic Plan for the GCF for 2020 – 2023⁴. This updated SAP policy sets out:

- (a) the criteria that GCF projects/programmes shall have to be eligible for and to be excluded from SAP;
 - (b) the activities that will be excluded from SAP given their environmental and social risk factors;
 - (c) the project and programme activity cycle for SAP, which describe:
 - (i) The modalities for the origination and submission of concept notes and funding proposals under the SAP;
 - (ii) The modalities for the review of project/programmes under the SAP;
 - (iii) The modalities for the approval of project/programmes under the SAP, and
 - (iv) The post-approval stages;
 - (d) The modality for the evaluation of the SAP
2. Unless otherwise specifically modified or provided for herein, all other relevant GCF policies and procedures apply *mutatis mutandis* to the SAP. The SAP will follow a simplified project and programme activity cycle (SAP activity cycle, in Annex III)⁵.
3. In respect of SAP projects/programmes approved by the ED under this modality, the approval authorities of the Board set out in the Policy on Restructuring and Cancellation⁶ shall also be delegated to the ED and the relevant decision making mechanisms in the Restructuring and Cancellation Policy shall apply *mutatis mutandis* to reflect the approval authority by the ED.

II. Eligibility criteria of projects/programmes under the simplified approval process

4. Funding proposals for projects and programmes that meet the following criteria are eligible to be processed under the SAP:
- (a) Projects or programmes with a GCF contribution of up to USD 10 million; and
 - (b) Projects or programmes whose environmental and/or social risks and/or impacts are classified as (i) minimal or none, or (ii) limited,⁷ in either case subject to the exclusion of such projects or programmes that envisage the “risk factors” listed in section III below.

⁴ Decision B.27/06, Anne VI paragraph 29 (b)

⁵ The Updated Project and Programme Cycle, Annex IV of decision B.17/09, will not apply to SAP projects and programmes.

⁶ Adopted by decision B.22/14.

⁷ The assessment of the environmental and social risk will be aligned with the Environmental and Social Policy (decision B.19/10).

5. SAP projects and programmes are expected to have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development and readiness to scale up activities that have proved to produce climate results.

III. Excluded activities under the simplified approval process

6. Projects or programmes that include known “risk factors” that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the SAP notwithstanding that they meet the eligibility criteria set out in section II. The “risk factors” include but are not limited to:

- (a) Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (b) Involve intermediaries⁸ whose existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented⁹;
- (c) Activities that are screened to have significant environmental and social impacts from land acquisition and involuntary resettlement;
- (d) Activities that are screened to have significant adverse impacts to indigenous peoples and communities;
- (e) Activities that are undertaken or potentially undertaken in critical habitats or that would lead to losses of biodiversity and habitats; and
- (f) Any other activity that is determined by the relevant accredited entity (AE) to have significant environmental and/or social risks and/or impacts following a screening process by the AE.

7. The screening of environmental and social risks of activities is an important step by the AE in the overall environmental and social due diligence of activities proposed for GCF financing, including those proposed under the SAP. Screening serves to identify and assess, at the earliest stage possible, the likely environmental and social risks and impacts that could be reasonably anticipated from the design and execution of activities. The screening shall be undertaken by the AE using and may use the template provided by the Secretariat, the result of which shall form the basis for assigning the risk category.

8. The AE shall also use its own screening procedure or develop a screening procedure for the proposed activity aided by the GCF guidance note on screening and categorizing GCF-financed projects.¹⁰ The Secretariat can provide the necessary guidance and technical assistance to the AEs, and in particular to Direct Access Entities (**DAEs**), so that they can carry out thorough environmental and social risk screening during the SAP proposal preparation.

9. Funding proposals that are considered to have limited environmental and/or social risks and impacts shall have completed all the necessary environmental and social due diligence and have completed the corresponding environmental and social safeguards and gender documents by the time of submission. The completed due diligence shall include stakeholder

⁸ Refers to subnational, national, regional or international public and private entities (financial or non-financial) with accredited capacities for intermediation.

⁹ Such intermediaries would include those that have received funding to support activities with significant impacts.

¹⁰ The GCF Sustainability Guidance note “Screening and categorizing GCF-financed activities” can be accessed at <https://www.greenclimate.fund/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities>.

consultations, development of a project-level grievance redress mechanism, and obtaining the any consents required (in the case of activities involving indigenous peoples, free, prior and informed consent).

IV. The simplified approval process activity cycle

10. SAP shall follow the project and programme activity cycle set out in Table 1.
11. **Support to SAP proposals development:** The Secretariat can provide support for the origination and preparation of SAP concept notes and funding proposals, especially for DAEs. In this regard, the Secretariat should:
 - (a) Provide SAP tailored capacity-building activities and technical assistance, under the Readiness and Preparatory Support Programme (RPSP), to enhance the quality at entry of SAP concept notes. Trainings on SAP should be provided to NDAs/Focal Points and DAEs through workshops, knowledge products, webinars, e-learning modules in English and other languages widely spoken in developing countries.
 - (b) Prioritize DAEs that are applying for the resources provided by the Project Preparation Facility of the GCF to develop SAP funding proposals; and
 - (c) provide, in line with decision B.18/06¹¹, to the accredited entities, in particular DAEs, specific technical assistance for the finalization of their SAP proposals in coordination with the RPSP and the Project Preparation Facility;
12. During the preparation of the funding proposal (table 1, stage IV), resource-intensive studies, such as financial analyses and models, should be required only when deemed necessary by the Secretariat or the independent technical advisory panel (**TAP**) for mitigation and private sector projects and programmes.
13. SAP funding proposals can be presented with a pre-feasibility study in lieu of a feasibility study, unless specific data, information and/or technical studies are required by the Secretariat or the independent TAP.
14. While performing the review of a SAP funding proposal, the Secretariat and independent TAP shall consider the objective of the SAP stated in section I. The goal is to achieve expeditious reviews and present succinct assessment findings' reports. A specific simplified template for the SAP assessment findings report shall be developed by the Secretariat in coordination with the independent TAP.
15. **Approval modality of SAP funding proposals.** As set out in stage 6.1 of the SAP Activity Cycle:
 - (a) SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board, and
 - (b) In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle.
16. The Secretariat will also develop guidance for the AEs on how to build a robust monitoring system to accelerate disbursements of SAP projects during the implementation stage while ensuring that all compliance and appropriate accountability standards are maintained.

¹¹ B.18/06 Annex X paragraph 18.

V. Review and evaluation of the simplified approval process

17. The simplified approval process will be assessed in line with the four-year policy cycle established under the four-year Board workplan adopted at the twenty-fourth meeting of the Board (decision B.24/04).
 18. The assessment should consider, among other topics, the following:
 - (a) The capacity of the SAP to promote transformative climate impacts;
 - (b) The efficiency and effectiveness of the SAP compared with the funding proposals processes through the regular project and programme activity cycle¹²; and
 - (c) The relevance of the SAP for specific stakeholders, namely the small island developing states, least developed countries, DAEs and the private sector.
 19. The assessment will also propose recommendations on how the SAP can be further strengthened in terms of impact, relevance, efficiency and effectiveness.
 20. Notwithstanding this assessment, the Secretariat may bring to the Board's attention further recommendations for improvement in the operation of the SAP that may need Board approval for implementation.

VI. Effectiveness and transition arrangements

21. The SAP modality described in this annex shall become effective no later than twelve months following the approval of this updated SAP modality. It will apply to all SAP concept notes and funding proposals, including those that are in the pipeline under the SAP pilot scheme and which have not been approved by the GCF.
22. The effectiveness of the updated SAP modality will be communicated to members and alternate members of the Board, active observers, AEs and national designated authorities and focal points.
23. Until the effectiveness of this updated SAP modality, the concept notes and funding proposals that are in the SAP pilot scheme pipeline will be processed according to the SAP pilot scheme.

¹² B.17/09 Annex IV.

Table 1: Simplified Approval Process project and programme activity cycle (SAP activity cycle)

KEY STAGES AND INDIVIDUAL STEPS	ACTOR(S)	RESPONSIBILITY AND TASK	
I. Country, regional and/or accredited entity programmes			
1.1	Submission and compilation of country programmes	National designated authority (NDA) or focal point (FP) Secretariat	<ol style="list-style-type: none"> NDAs/FPs submit a country programme, including a national adaptation plan or voluntary adaptation plan and appropriate elements of countries' nationally determined contributions, to the Secretariat. NDAs/FPs may request support from the Readiness and Preparatory Support Programme under the readiness activity areas outlined in decision B.22/11. NDAs/FPs may inform the Secretariat of preferred AEs that will implement programmes and projects under the country programme. The Secretariat will compile country programmes and submit this to the Board for its information.
1.2	Submission and compilation of accredited entity work programme	Accredited entity (AE) Secretariat	<ol style="list-style-type: none"> AEs will submit annual and/or multi-annual work programmes to the Secretariat AEs will develop annual and/or multi-annual programmes in consultation with NDAs/FPs The Secretariat will compile AE work programmes to be submitted to the Board for information and discussion.
1.3	Structured dialogues	Secretariat, NDAs/FPs and AEs	<ol style="list-style-type: none"> In accordance with the GCF strategic plan and pursuant to Decision B.17/09 (Annex IV, stage I, step 1.3), the Secretariat will host an annual strategic dialogue at the regional level in each region. For the avoidance of doubt, this step applies to all GCF project and programme cycle.
II. Generation of SAP programme or project funding proposals			
2.1	Strategic approaches	NDA, Secretariat and AEs	<ol style="list-style-type: none"> Based on the country and AE work programmes, countries will identify priorities, analyse financial needs and gaps and identify partners to design and implement SAP funding proposals. The Secretariat would provide support to NDAs/FPs and direct access entities to conduct the process for SAP pipeline origination through strategic approaches.
2.2	Request for proposals	Board, Secretariat	<ol style="list-style-type: none"> The Board may periodically approve requests for proposals (RfP) to guide the development of the GCF SAP portfolio in specific areas in accordance with the GCF strategic plan. Based on the individual eligibility criteria of each RfP the Secretariat will determine if the SAP modality can be used to implement the respective RfPs.

Commented [UST4]: It might be helpful to see a column with the amount of time each step takes (where possible), to see where there could be further efficiencies.

Separately, is this how the activity cycle presented publicly? It is quite an involved table with an intimidatingly large number of steps, and could repel potential proposers.

2.3	Regular call for funding proposals	Secretariat	<ol style="list-style-type: none"> The Secretariat may publish regular calls for SAP funding proposals on the GCF website, or Request for Proposals if and as requested by the Board. NDAs/FPs and AEs may submit funding proposals to the Secretariat in response to RfPs as well as the funding proposals included in country and AE work programmes.
III. Concept note (mandatory)			
3.1	Concept note submission	AE and NDA/FP	<ol style="list-style-type: none"> Concept notes are mandatory for projects and programmes to be proposed under the SAP and must be accompanied by an environmental and social risk screening, so that it can be determined whether the proposed project/programme is eligible for approval under the SAP modality. The NDAs/FPs and/or AEs will submit the concept note to the Secretariat via the SAP online submission system (SAP OSS) established by the Secretariat. In accordance with the country ownership guidelines and relevant decisions of the Board, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes. The Secretariat acknowledges the submission of the concept note, and updates the concept note pipeline accordingly. This will be completed automatically by the SAP OSS.
3.2	Concept note confirmation	AE, NDA/FP	<ol style="list-style-type: none"> On receipt of a concept note from an AE, submitted <i>via</i> the SAP OSS, the Secretariat will notify the relevant NDA/FP of the submission. If the concept note does not fit under the national priorities and country ownership of the respective country, the NDA/FP should notify the Secretariat within three weeks from the submission of the concept note through the SAP OSS.
3.3	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline that are cleared under step 3.2/not-objected by the NDA/FP prior to each Board meeting. The SAP pipeline will be presented in coordination with the regular pipeline report to the Board.
3.4	Feedback and recommendations on the concept note	Secretariat, NDA/FP, AE	<ol style="list-style-type: none"> The Secretariat will provide feedback and recommendations to the AE and/or NDA/FP, and will advise if the concept can move into the funding proposal stage, if the concept note should be revised and resubmitted, or if the concept note is rejected. At this step, the Secretariat will confirm if the project/programme described in the concept note conforms to the SAP eligibility criteria.
3.5	Project preparation and technical assistance support	AE, Secretariat	<ol style="list-style-type: none"> The Project Preparation Facility (PPF) can support project and programme preparation requests from all AEs, especially DAEs, for projects/programmes under SAP. The NDA/FP will submit the no-objection letter related to the PPF request through the Accredited Entity. AEs submit proposals based on the PPF application template.

			<ul style="list-style-type: none"> 4. The Secretariat will report to the Board, as part of the regular reporting, on the pipeline of PPF requests received, approved and under implementation under SAP. 5. The Secretariat will report to the Board, as part of the regular portfolio report, on the progression of SAP concept notes receiving PPF support. 6. SAP 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.
IV. Funding proposals			
4.1	Funding proposal pipeline	Secretariat	<ul style="list-style-type: none"> 1. The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website. The SAP pipeline will be presented together with the regular pipeline report to the Board.
4.2	No-objection letter	NDA/FP	<ul style="list-style-type: none"> 1. The NDA/FP will provide a no-objection letter for each SAP funding proposal, 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	<ul style="list-style-type: none"> 1. AEs will submit complete SAP funding proposals to the Secretariat, via the SAP OSS with all the mandatory and requested annexes (including the No-objection letter) as specified in step 5.3 (2). 2. The Secretariat acknowledges the submission of the funding proposal package. This is completed automatically by the SAP OSS once the submission is recorded.
V. Secretariat analysis and independent technical assessment and recommendations to the Board			
5.1	Analysis and recommendation	Secretariat	<ul style="list-style-type: none"> 1. The Secretariat will carry out necessary and appropriate second-level due diligence of SAP funding proposals on a rolling basis. 2. The Secretariat will assess compliance with the GCF's environmental and social safeguards, gender policy, financial policies and any other policies adopted by the Board, in addition to the performance of the project or programme against activity-specific criteria. 3. In respect of SAP funding proposals to be approved by the Executive Director, the approval of such funding proposals will be endorsed by the Deputy Executive Director.
5.2	Independent assessment	Independent TAP, AEs	<ul style="list-style-type: none"> 1. The independent TAP will conduct an independent technical assessment of the performance of the project or programme against activity-specific criteria, as defined in the initial investment framework (decision B.09/05 and B.BM-2018/09) or in any successor policy thereto. 2. The TAP shall prepare a report setting out their assessment findings and indicate whether or not they recommend the relevant SAP funding proposal for approval. The TAP review shall be

			<p>performed on a rolling basis. The Secretariat and independent TAP will establish a SAP-specific timelines pursuant to decision B.19/08 paragraph c.</p> <p>3. The Secretariat facilitates the response from AEs to the assessment and recommendations from the TAP. The TAP assessment and the AEs responses will be published on the GCF website.</p>
5.3	Submission of the documentation to the Executive Director/Board	Secretariat	<ol style="list-style-type: none"> 1. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be considered by the Board by way of a decision between meetings; 2. Only those SAP funding proposals which are recommended for approval by both the Secretariat's and TAP reviews will be submitted for consideration to either by the Board or the Executive Director, as applicable. 3. The Secretariat will submit the following funding proposal package for consideration by the Board or the Executive Director, as applicable, composed by the following: <ul style="list-style-type: none"> (a) The final funding proposal completed template as submitted by the AE; (b) No-objection letter(s); (c) The Secretariat's assessment of compliance with safeguards and policies and performance of the project or programme against activity-specific criteria and a cover note containing a summary of the second-level due diligence carried out and the funding recommendation by the Secretariat; (d) Independent TAP assessment; (e) Response of the AE to the TAP assessment; (f) Environmental and social report(s) disclosure (if applicable); (g) Gender assessment and action plan; (h) List of proposed conditions resulting from the review process; (i) Term sheet; and (j) Any other relevant annex.
VI. Consideration and Approval of Funding Proposals			
6.1.a	Decision	Board	<ol style="list-style-type: none"> 1. SAP funding proposals which have been assessed as entailing limited adverse environmental and/or social risks and impacts shall be approved by the Board.

		<ol style="list-style-type: none">2. The Board may approve SAP funding proposals at Board meetings or, pursuant to section 7.1 (Decision between meetings) of the Rules of Procedure, through in-between Board meetings.3. When considered at a Board meeting, the Board takes a decision to:<ol style="list-style-type: none">(a) Approve the funding proposal; or(b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or(c) Reject the funding proposal.4. The Board will take decisions at a Board meeting, in respect of SAP funding proposals which have been referred to it by the Executive Director in accordance with stage 6.1.b below.5. In respect of SAP funding proposals to be considered in-between Board meeting:<ol style="list-style-type: none">(a) SAP funding proposals considered in-between Board meetings will be circulated to members and alternate members of the Board in batches on average three times per year, in between meetings of the Board, around the mid-point of the timeframe between regular Board Meetings.(b) the period for consideration of the decision between meetings on a no-objection basis will be no less than 21 days.(c) Each SAP funding proposal package shall be presented as a separate between meetings decision item.(d) Following the publication of the SAP funding proposal package, the Secretariat can organize virtual consultations with Board Members, Alternate Board Members, Advisors, Active Observers, members of the independent TAP and the AEs to address comments and requests for clarifications on the proposed SAP projects and programmes.(e) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE;6. When SAP proposals are considered in-between Board meetings, the Board takes a decision to:<ol style="list-style-type: none">(a) Approve the funding proposal; or
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		<p>(b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding;</p> <p>7. The Secretariat shall:</p> <ul style="list-style-type: none">(a) Circulate to the members and alternate members of the Board the relevant draft decision, together with the funding proposal package described in stage 5.3, subject to and in accordance with the Information Disclosure Policy. Such documents shall be simultaneously published on the GCF website, subject to redaction of any information which may not be disclosed pursuant to the Information Disclosure Policy; and(b) In case of projects or programmes where the environmental and/or social risks and impacts are classified as limited, the relevant environmental and social safeguards reports will be disclosed, in accordance with paragraph 17 of the Information Disclosure Policy and the requirements under section 7.1 of the GCF Environmental and Social Policy, at least 30 calendar days in advance of the AE's or GCF's Board decision (on a non-objection basis for GCF), whichever is earlier¹³;(c) Following such circulation and publication, inputs and comments from members, and alternate members of the Board, received within 21 days from the publication date will be addressed in writing by the Secretariat in coordination with the relevant AE;(d) In accordance with paragraph 43 of the Rules of Procedure, at the expiration of the period prescribed for replies, the decision will be deemed approved unless there is an objection. If an objection has been received, the Co-Chairs will work through the objection with the Board member directly. If the objecting Board member upholds their objection following discussion with the Co-Chairs, the proposed decision will be considered by the Board at the following meeting. The Secretariat shall circulate all written comments and objections to members and alternate members of the Board and notify all the members and alternate members the Board of the action taken pursuant to paragraph 43 of the Rules of Procedure.
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¹³ This shall be without prejudice to the ESS disclosure requirements set out in the relevant AMAs entered into between the GCF and the relevant accredited entity

6.1.b	Decision	Executive Director	<ol style="list-style-type: none"> 1. In respect of the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and/or social risks and/or impacts, the approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle. 2. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be approved by the Executive Director. 3. Taking into consideration the assessment findings resulting from the review process, the Executive Director takes a decision to within 21 calendar days after the publication of the SAP funding proposal: <ol style="list-style-type: none"> (a) Approve the funding proposal; (b) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or (c) Refer the consideration of the funding proposal to the Board at the next occurring Board meeting in any circumstance which the Executive Director deems it appropriate to do so. 4. All decisions by the Executive Director relating to the approval of SAP funding proposals will be reported to the Board, together with an analysis of the portfolio, in the reports of the activities of the Secretariat to the Board.
6.2	Post approval follow-up	Secretariat	<ol style="list-style-type: none"> 1. The Secretariat will inform the AE and the NDA/FP of the Board's decision and the next steps in relation to the approval conditions. 2. If the Executive Director approves a SAP funding proposal, the Secretariat will inform, the members and alternate members of the Board, AE, the relevant NDAs/FPs, and the active observers, of the Executive Director's decision and will also communicate the approval decision to the Trustee. Following the approval of a SAP funding proposal by the Executive Director, the Board, the NDAs and the AEs will be notified and the decision will be published on the GCF website. 3. The decision is recorded by the Secretariat and communicated to the Trustee. In the case of rejection by the Board, the Secretariat will inform the NDA/FP that, in accordance with decision [B.BM-2017/10], they may request reconsideration of the funding decision via the independent Redress Mechanism.

6.3	Implementation of Board conditions	Secretariat	The Secretariat will report to the Board at each meeting on the status of implementation of the approval conditions and identify any matters that require further Board action. The SAP report on implementation will be presented in coordination with the regular implementation report to the Board.
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VII. Legal arrangements for approved proposals

7.1	Funded activity agreement	Secretariat, AE	<ol style="list-style-type: none"> 1. The Secretariat will work with AEs to conclude any necessary legal arrangements between the GCF and the AE. 2. Legal agreements are signed by the Executive Director and the AE. 3. The Trustee is notified. 4. The NDA/FP is informed of the outcome of the funded activity agreement.
7.2	Letter of commitment	Trustee	<ol style="list-style-type: none"> 1. The Trustee provides a letter of commitment, subject to the availability of funding.
7.3	Funding proposal conditions	Secretariat, AE, Board	<ol style="list-style-type: none"> 1. The Secretariat will assess the conditions attached to funding proposals by the Board and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat will make a recommendation to the Board for further guidance and pending such guidance, the relevant condition shall be deemed not to apply.

DRAFT

Annex VI: Written feedback received from Masahiro Takasugi and Yoshitomo Kondo

Comments are reproduced below.

Comments on "Further development of the simplified approval process"

4. Page 13, Annex II. Para 15 (b): It is proposed that the SAP funding proposals which have been assessed as entailing minimal to no adverse environmental and /or social risks and/or impacts, the approval authority is delegated to the Executive Director. However, in order to secure the governance of the GCF, the Board control needs to be secured.

~~1st option: t~~ The Board will take decisions even for SAP funding proposals at a Board meeting or in-between Board meeting.

~~1. 2nd option: When the Secretariat reports on the indicative pipeline of SAP concept notes and funding proposals which are eligible to be approved by the Executive Director (as written in Page 21, section 6.1.b, 2.), sufficient information should be reported so that the Board can judge the appropriateness of delegation of approval authority to the Executive Director.~~

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2. Page 7, Para 32 (d): Please provide an analysis on time increase due to expansion of eligibility of SAP while table 1 "Efficiency gains in the SAP review process vs. PAP" shows reduced time thanks to timesaving actions.
3. Page 2, Para 10 (c): As indicated, the usability of current SAP on-line submission system shall be further improved: i.e. the current system is very slow; formatting such as numbering is changed after copy and paste; insertion of figures is not allowed; and as a result, it will take nearly a half day to upload a SAP funding proposal. If uploading a Word file itself is allowed, it will be very convenient.