



**GREEN
CLIMATE
FUND**

Meeting of the Board

16 – 19 March 2021

Virtual meeting

Provisional agenda item 17

GCF/B.28/08

23 February 2021

Update 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 (pending Board publication) and the Board comments received during the initial consultation process. 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) for Board consideration. 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), which was initially proposed at B.08 but not considered by the Board¹. In accordance with its terms, the SAP Pilot covers proposals on adaptation and mitigation, that:

- (a) "*[A]re 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 up to USD 10 million*"; and
- (c) Have "*environmental and social risks and impacts classified as minimal to none*".

2. The SAP pilot has now been operational for over three years. During that time (and up to B.27), GCF Accredited Entities (AEs), working with the approval of Nationally Designated Authorities/Focal Points, have got approved 19 SAP funding proposals. These approved proposals were valued at USD 280 million including USD 171 million of GCF resources and USD 109 million in co-financing. 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 Direct Access Entity (DAE) projects. Twelve of the projects are adaptation projects; three are mitigation projects and four are cross-cutting.

3. Decision B.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) Develop a proposal for 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 80 million 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/B.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, in its operational and institutional priority section, stated 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*

¹ GCF/B.08/46.

activities, including by enhancing and updating the simplified approval process (SAP) as part of the 2020-2023 Board workplan”.

6. In addition, the document and proposal being presented to this meeting takes into account SAP related comments made at the 25th meeting of the Board² and the results of a subsequent consultation process with the Board Members and Alternate Board Members (25 January – 5 February 2021).

7. Finally, as directed by the Board through the approval of the 2020 workplan of the Independent Evaluation Unit (IEU), the IEU undertook an independent assessment of the SAP, and this proposal takes note of its independent findings and recommendations which were published on the IEU's website in June of 2020. At the time of the preparation of this document, the IEU assessment had not yet been discussed by the Board (pending Board publication).

II. Policy rationale

8. As approved by the Board, the objective of the SAP Pilot is *“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 aimed to have at least 50% of all approved projects under the Pilot Scheme from DAEs.

9. In terms of implementation, the Board approved SAP decision called for proposals under the Pilot Scheme to be subject to independent Technical Advisory Panel (TAP) review on a rolling basis, and to be based on a simplified set of documents. Further, the guidance noted that *“Unless specifically modified [...], all other relevant GCF policies apply as usual to the Pilot Scheme”*. Regarding the 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.

10. 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, LDCs, African countries and SIDS; to enhance DAEs (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.

11. 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.

12. In terms of how the SAP has performed, both the Secretariat review and the IEU independent assessment 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;

² Summary of the discussion is available in the Report of the twenty-fifth meeting of the Board, 10 – 12 March 2020, pg. 32 – 35.

- (b) SAP has a larger proportion of DAE and adaptation projects compared to the PAP in its pipeline;
 - (c) The Secretariat has taken a number of steps to simplify the preparation stage through, for example, the development of SAP specific templates, guidelines, on-line tutorials and an on-line submission system, with many related documents translated in different languages. 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 a simplified approval modality by the GCF.
13. On the other hand, both the Secretariat commissioned review and the IEU independent assessment agreed that as currently constructed and implemented, the SAP Pilot 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 that the overall amount of information requested by the Secretariat and independent TAP 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.
14. In summary, the SAP Pilot has attracted a higher number of DAEs and adaptation projects than the PAP, and has led to some 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.
15. Both the Secretariat commissioned review and the IEU independent assessment 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 independent TAP 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.
16. As regards this latter point, the Secretariat would note that if PAP submission and review requirements 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. That being said, as the application of all GCF policies not otherwise addressed in the original SAP decision was a fundamental component of the

Board agreed SAP Pilot, and the scope of review given to the Secretariat in decision B.18/06 was limited, the Secretariat's commissioned review and the proposal included in this document did not consider potential changes to other GCF requirements such as the applicable review or investment criteria.

17. Beyond simplification of the review criteria for SAP proposals, the review and assessment suggested to make various changes, including accelerating the final approval process, which 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 and assessment 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. Section III and IV, in paragraph 40, also review a number of the direct actions that the Secretariat intends to take on the basis of the SAP review and IEU findings.

18. The Secretariat projects that if no changes are made to the current pilot, the SAP may face a stable or reduced rate of utilization. This is 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 independent TAP review) has limited capacity. Furthermore, due to the similarity in requirements, it takes a similar effort to review a micro-small sized SAP project with minimal to 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, especially through a more efficient approval modality, it is unlikely that the level of SAP project submissions and reviews would increase.

19. On the other hand, the Secretariat projects that if the further simplification to the process of approval of SAP proposals 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 an 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

20. Based on the content and recommendations included in the Secretariat commissioned review, the factual findings included in the IEU independent assessment, as well as its own experience with the operationalization of the SAP programme, the Secretariat proposed three key updates for the further development of the SAP: (i) the expansion of SAP activities to those that entail limited adverse environmental and/or social risks and impacts, (ii) the approval in-between Board Meetings on a non-objection basis of SAP funding proposals entailing limited risks and (iii) authorize the Executive Director to approve, on a rolling basis, of SAP funding proposals that entail minimal to no adverse environmental and/or social risks.

21. On 25 January 2021, the SAP policy was sent for an initial Board consultation for a two-week period. The Secretariat received a wide range of comments from a total of 12 Board Members, alternate Board Members, and constituencies. 8 replies were from developed country members, 1 from a developing country alternate member, 2 from developed country members representing multi-country constituencies, and 1 from a developing country member on behalf of developing country groups members. Many were generally supportive of the policy, with

some suggesting changes or modifications to the proposed SAP cycle or seeking clarifications. The spectrum of views received are as follows:

- (a) 6 of the 12 replies supported the proposal to increase the environmental and social safeguards (ESS) eligibility criteria to include activities with limited adverse environmental and/or social risks and impacts, while one was explicitly opposed;
- (b) 9 out of 12 replies agreed to the mechanism for between board meeting decisions, with one opposed;
- (c) 5 out of 12 replies supported the mechanism for Delegated Authority to the Executive Director, while 5 were opposed. Others asked for more detail before expressing an opinion;
- (d) Some of the comments did not explicitly express support or oppose the proposed changes;
- (e) Other comments focused on the funding envelope of the SAP (including increasing the GCF contribution limit to USD 50m), the Secretariat, independent TAP and Board review processes (including using rolling review for consideration of between meeting approvals), the outcomes of the IEU rapid assessment, and simplification of preparation.

22. This paper was updated following the initial Board consultation, taking into account decision B.18/06, which requests the Secretariat's proposal be based on the findings of the Secretariat's commissioned review of the SAP Pilot Phase; the views from the comments received, and the goal of maintaining an approach that would be operationally implementable and effective in achieving the objective of speeding up access and approvals for certain small-scale, limited risk funding proposals as mandated by the Board in decision B.18/06.

23. On the basis of the above, and consistent with the direction of decision B.18/06, the Secretariat has prepared the updated proposal in Annex II of this document for the consideration of the Board. The key changes included in the proposal relative to the SAP pilot phase are reviewed below.

24. **Expansion of SAP eligibility from projects or programmes whose environmental and/or social risks and impacts are classified as minimal to none to projects and programmes whose impacts and risks are limited as defined in the GCF Environmental and Social Policy.**

- (a) 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 adverse environmental and/or social risks and impacts, while maintaining the exclusion of projects that contain the specific risk factors included in Annex II that would typically correspond to projects or programmes with potential significant adverse environmental and/or social risks and impacts. While this expansion may elevate the complexity of the project preparation and implementation, it was seen by 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.

25. **Accelerate the approval of SAP funding proposals through the introduction of in-Between Board Meeting (BBM) approvals on a non-objection basis by the Board for SAP projects/ programmes that entail limited adverse environmental and social impacts and risks.**

- (a) Decision B.18/06 requested the Secretariat, based on the SAP review, to "*Develop a proposal for approving funding proposals brought forward under this Pilot Scheme between meetings of the Board in the context of the ongoing work to develop further options for decision-making.*" 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 suggested for consideration in decision B.18/06³, "*between meetings of the Board*". The process of in-between Board Meeting approvals on a non-objection basis would operate, following the procedure outline in Annex II at Table 1, as follows:
- (i) Only SAP projects that complete the Secretariat and independent TAP review and are recommended for approval by both will be submitted to the Board for its consideration;
 - (ii) SAP funding proposals will be batched and sent to the Board between meetings of the Board for consideration on a no-objection basis within a 21 day period;
 - (iii) Each SAP funding proposal package shall be transmitted to the Board with a proposed decision with an invitation to approve on a non-objection basis. The approval of SAP proposals between meetings of the Board will be carried out according with the process described in Annex II, table 1, section 6.1.a;
 - (iv) During this 21 day no-objection period following the submission and publication of the SAP funding proposal packages, the Secretariat can receive written comments from Board members, Alternate members and Active Observers. The Secretariat, in coordination with the members of the independent TAP and AEs, will address and respond to any comments or requested clarifications on the proposed SAP proposals in writing;
- (b) The addition of between meeting approval for SAP proposals with limited adverse environmental and/or social risks and impacts would enable SAP proposals to be reviewed six times a year (three times in between Board meetings and three times during the Board meetings) and would be expected to reduce the SAP review's approval timeline as explained and quantified in paragraph 32(b) (see table 1 below).
26. **Authorize the Executive Director (ED) to approve SAP projects/programmes that present no/minimal environmental and/or social risks and/or impacts as defined in the GCF Environmental and Social Policy.**
- (a) The delegation of authority to the ED for certain SAP proposals was recommended in both the Secretariat commissioned review of the SAP pilot scheme and the IEU assessment as a mechanism to further speed the time of SAP approvals consistent with the programme's mandate. The addition of delegated authority for SAP proposals will further reduce the timeline of approval as explained and presented in paragraph 32(c) and table 1 below.
 - (b) In its fact-based 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. 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 can also be viewed in the context of paragraph 32 of the Governing

³ Decision B.18/06, paragraph (c)(ii)

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 during its meetings.

- (c) As regards risk, the IEU assessment 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 discussion⁴. 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.
- (d) Under the delegated authority to the ED 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.
- (e) The recommended SAP funding proposal will be published on a rolling basis on the GCF Website and the SAP funding proposal package will be circulated to the Board members and alternative board members for a commenting period of 21 days. Following the publication, and before final approval, the Secretariat can receive written comments and requests from the Board members, alternate board members and Active Observers that will be responded to by the Secretariat in writing in coordination with the independent TAP and the relevant AE as necessary.
- (f) Within 7 days of the expiration of the 21-day commenting period, the ED, takes a decision to either approve the SAP funding proposal, or refer the approval to the Board, thereby postponing the approval decision to the next available meeting of the Board. The ED will consider the referral to the Board for a decision on approval in any circumstance the ED will deem appropriate. This includes cases when one or more Board members request the funding proposal's referral to the Board or conditional approval.

27. It is important to note that adopting either or both of these approval modalities (BBM or granting approval authority to the ED) implies the use of a SAP activity cycle that would be different than the current PAP cycle. The resulting SAP cycle is described in the proposal in Annex II, Table 1. The proposed SAP cycle requires a shift to a review on a rolling basis by the independent TAP and Secretariat, as already envisaged by decision B.18/06. However, shifting to a full rolling basis review by the independent TAP and the Secretariat have implications for the capacity, budget, staffing, and operations of both the Secretariat and the independent TAP.

28. In relation to the **independent TAP**, this 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. This parallel work seeks 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 expediting the SAP reviews, while also ii) ensuring that the existing operational modalities of independent TAP, such as reviewing on a rolling basis, are fully deployed and expedited.

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

⁴ The IEU assessment of the SAP notes in Chapter III paragraph that the only SAP FP to receive significant comments during a Board Meeting is SAP003.

Decision B.18/06 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 Manual.

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 range⁵ of PAP review time which is 363 days (see table 1 below). This estimation is based on the same theoretical model that was adopted by Secretariat's 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 59 days as compared to the high end of the range of PAP review time. If, in addition, the capacity for rolling review is facilitated and BBM approval were agreed, the total time savings would be **up to 125 days** as compared to the high end of the range of PAP review time (66 days for rolling review and 59 days for BBM approval).
- (c) **Authorize the Executive Director to approve 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 118 days for those proposals as compared to the high end of the range of PAP review time. If, in addition the capacity for rolling review is facilitated and delegation for that class of proposals was agreed, the total time savings would be up to **184 days** as compared to the high end of the range of PAP review time (66 days for rolling review and 118 days for delegated approval).
- (d) **Expansion of SAP eligibility to projects and programmes whose adverse environmental and/or social risks and impacts are limited:** Board agreement to extend SAP eligibility to projects and programmes whose adverse environmental and/or social risks and impacts are limited would be expected to further incentivize the use of

⁵ See paragraph 32(a) below

SAP and facilitate an expansion of access, including an increase in the uptake of the SAP by private sector entities. This expansion in the activities that can be eligible to SAP, 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	Secretariat Days in Review
Approval timelines range	Days
Current PAP approval time range (from CN submission to FP consideration)	245-363
SAP approval time range, taking into account the 66 days rolling review efficiency gains (from CN submission to FP consideration)	179-297
Additional SAP approval efficiency gains	Days
Approval by the Board at meetings and in-between meetings	Up to 59
Approval by the Executive Director	Up to 118
Total SAP review and approval efficiency gains	Days
SAP rolling basis review and BBM approval	Up to 125
SAP rolling basis review and ED approval	Up to 184

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)⁶ 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.

35. Increasing the GCF contribution above USD 10 million was not among the recommendations formulated by the Secretariat's commissioned review of the SAP nor by the IEU independent assessment of the SAP. However, as reported in paragraph 21(e), during the Board's initial consultations (25 January – 5 February 2021), the option of increasing the GCF funding contribution to USD 50 million was indicated by one of the twelve sets of feedback received. As this option would require further analysis to explore its operational feasibility, it is not addressed in this paper.

IV. Impact assessment and implementation arrangements

36. 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

⁶ The number of days between Board Meetings is calculated to be 118 on average when taking the Board Meetings from 2017-2020.

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.

37. 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 an 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.

38. Further, and as noted above, 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 reviewed on a rolling basis, while maintaining the Secretariat's full ownership and quality control of SAP proposals under the last stages of its due diligence review processes. 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.

39. Securing sufficient capacity on the independent TAP side to manage increased SAP programming, will depend on both an increased independent TAP membership and more streamlined modalities for independent TAP reviews of SAP projects, as has been proposed to the Board under the parallel paper *Review of the structure and operations of the independent Technical Advisory Panel*.

40. 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 independent assessment of the SAP, such as:
 - (i) Develop a programming guidance document for SAP, with indications on how:
 - (1) To originate impactful SAP proposals that can promote innovative financing solutions, scale up successful climate approaches and activities already supported by other donors and climate funds;
 - (2) Entities can make use of SAP in private sector investments, so that SAP can leverage and unlock significant finance for climate investments; and
 - (3) Promote the use of SAP to address urgent climate change needs in developing countries, in particular in SIDS, LDCs and African States.
 - (ii) Develop a capacity development programme for SAP in coordination with the GCF Readiness and Preparatory Support Programme;
 - (iii) Strengthen its capacity to provide technical assistance/support to AEs, in particular DAEs to originate quality SAP proposals;
 - (iv) Develop guidance for the AEs on how to build a robust monitoring and reporting system in order to simplify the reporting requirements of the Annual Performance Reports of SAP projects under implementation, to accelerate disbursements of SAP projects during the implementation stage.

41. The SAP modality described in this annex shall become effective no later than twelve months following the Secretariat's update of the current SAP templates, online submission systems, guidelines, and standard operating procedures so as to reflect the changes that the updated SAP modality in Annex II will imply.
42. 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.
43. 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.
44. 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

45. 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 as that demand increases, 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.
46. 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.28/08 titled "Update 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 (SAP) 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 updated SAP; and
- (c) Requests the independent TAP to make full use of its roster of experts to expeditiously execute SAP reviews on a rolling-basis.

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 – 2023⁷. This updated SAP policy sets out:

- (a) The eligibility criteria for GCF projects/programmes to be considered for funding under the updated Simplified Approval Process SAP;
- (b) The activities that will be excluded from SAP consideration due to their potential for significant adverse environmental and/or social risks and impacts;
- (c) The action that will be undertaken to further simplify the preparation and the appraisal of SAP proposals;
- (c) The project and programme activity cycle for SAP, which describes:
 - (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 review and 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 Table 1)⁸.

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

3. SAP Projects or programmes are expected to possess significant climate impact potential. They will aim to scale up successful approaches and activities piloted by countries, other donors, and climate funds. SAP proposals are expected to have the potential for transformation, and promoting a paradigm shift to low-emission and climate-resilient development.

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

⁷ Decision B.27/06, Annex VI paragraph 29 (b)

⁸ The Updated Project and Programme Cycle, Annex IV of decision B.17/09, will not apply to SAP projects and programmes.

- (b) Projects or programmes whose potential environmental and/or social risks and/or impacts are classified as (i) minimal or none, or (ii) limited,⁹ in either case subject to the exclusion of such projects or programmes that envisage the "risk factors" listed in section III below.

III. Excluded activities under the simplified approval process

5. Projects or programmes with activities entailing specific 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 intermediaries¹⁰ 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 local communities;
- (e) Activities that are undertaken or potentially undertaken in critical habitats and/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 adverse 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. The screening shall be undertaken by the AE, the result of which shall form the basis for assigning the risk category.

7. The AE shall 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 projects¹¹, and related policies such as the indigenous people's policy. The Secretariat shall 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 adverse 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 assessment and gender action plans by the time of submission. The completed due

⁹ The assessment of the environmental and social risk will be aligned with the Environmental and Social Policy (decision B.19/10).

¹⁰ Refers to subnational, national, regional or international public and private entities (financial or non-financial) with accredited capacities for intermediation.

¹¹ 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>>.

diligence shall include stakeholder consultations, development of a project-level grievance redress mechanism, and obtaining any consents required including free, prior and informed consent where applicable under the indigenous people's policy.

IV. Origination, preparation and review

9. All relevant GCF policies and quality standards will be maintained for the SAP proposals during their preparation and review, in line with decision B.18/06 and the stages highlighted in table 1.

10. The Secretariat will develop a programming guidance document for SAP to allow the origination of transformational and innovative projects and programmes. This programming document will guide the GCF NDAs, and AEs on how to identify interventions that can (i) promote climate financing innovation, (ii) clarify what scaling up means in the context of the SAP, (iii) identify the opportunity to unlock private sector finance through SAP and (iv) promote the use of SAP to address urgent climate change needs in developing countries, in particular in SIDS, LDCs and African States.

11. To ensure the preparation of SAP concept notes with high impact potential that promote transformative and innovative solutions and scale-up approaches and climate action that proved to be successful in addressing climate change, the Secretariat will provide tailored capacity-building activities and technical assistance, under the Readiness and Preparatory Support Programme (RPSP). Training on SAP should be provided to NDAs/Focal Points and DAEs through workshops, knowledge products, webinars, e-learning modules in English, and other languages.

12. To make the development of the SAP funding proposals less burdensome and more efficient, especially for DAEs, the Secretariat will:

- (a) Prioritize DAEs that are applying for the resources provided by the Project Preparation Facility (PPF) of the GCF to develop SAP funding proposals;
- (b) Provide, in line with decision B.18/06¹², SAP tailored technical assistance, as part of the PPF, to enhance the quality at entry of SAP projects and support the accredited entities, in particular DAEs, in completing the SAP funding proposals in compliance with their requirements.
- (c) Provide training on SAP project preparation to NDAs/Focal Points and DAEs through workshops, knowledge products, webinars, e-learning modules in English, and other languages.
- (d) Improve the SAP Online Submission System's digitalization and reduce the complexity of the SAP concept note and funding proposals submission forms and templates.

13. SAP funding proposals can be presented with **only a pre-feasibility study** in lieu of a full feasibility study. However, if the Secretariat deems it necessary, following its review of the SAP proposal, it can request the AE to provide additional technical studies to ensure an appropriate appraisal.

14. During the preparation of the funding proposal (table 1, stage IV), resource-intensive studies, such as economic and financial analyses and models, should be required only when deemed necessary. Given the SAP mandate for simplified preparation requirements, if, during the review of SAP proposals, there is a need for additional non-critical information or data,

¹² Decision B.18/06, Annex X, paragraph 18.

provisions should be made for the related data collection or more detailed technical studies to be performed by the AE during the implementation stage.

15. While reviewing a SAP funding proposal, the Secretariat and the independent TAP shall consider the objective of the SAP. The goal is to achieve expeditious reviews that are commensurate with the small size, reduced complexity and low risk of SAP proposals, and present succinct assessment findings reports.

16. The Secretariat shall develop a specific simplified template for the SAP assessment findings report and a guided appraisal toolkit with the standards that both the Secretariat and the independent TAP will follow to ensure the consistency of the reviews and transparency of how SAP reviews are performed relative to the SAP requirements.

17. The Secretariat and the independent TAP shall review SAP proposals efficiently and on a rolling basis.

V. Approval process and post-approval stage

18. The approval and post-approval steps for the SAP are described in table 1. SAP shall follow the project and programme activity cycle set out in Table 1. 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 Executive Director (ED) is authorized to approve the funding proposal.

19. The Secretariat will prioritize and expedite the clearance of conditions that might be attached to the approval of SAP funding proposals to accelerate the inception of the activities to be funded.

20. The Secretariat will develop guidance for the AEs on building a robust monitoring and reporting system for the purpose of simplifying the annual-performance reports' requirements and acceleration of disbursements for SAP projects during the implementation stage while ensuring compliance with GCF requirements and accountability standards.

21. 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 Cancellation¹³ 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.

VI. Review and evaluation of the simplified approval process

22. The Secretariat will regularly review the progress of implementation of the SAP and will report to the Board on that progress periodically through the report to the Board on the Secretariat's activities. If the Secretariat becomes aware of problems with the SAP that it believes might necessitate a change that would require board action, it will evaluate the matter and bring the evaluation and any proposed changes to the Board for consideration.

¹³ Adopted by decision B.22/14.

VII. Effectiveness and transition arrangements

23. 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.

24. 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.

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"> 1. 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. 2. NDAs/FPs may request support from the Readiness and Preparatory Support Programme under the readiness activity areas outlined in decision B.22/11. 3. NDAs/FPs may inform the Secretariat of preferred AEs that will implement programmes and projects under the country programme. 4. 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"> 1. AEs will submit annual and/or multi-annual work programmes to the Secretariat 2. AEs will develop annual and/or multi-annual programmes in consultation with NDAs/FPs 3. 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"> 1. 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"> 1. 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. 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	<ol 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.

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
2.3	Regular call for funding proposals	Secretariat	<ol 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	<ol 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 and categorization output, 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	<ol 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	<ol style="list-style-type: none"> 1. The Secretariat will present, prior to each Board meeting, an updated concept note pipeline of SAP proposals that are cleared under step 3.2/not-objected by the NDA/FP. 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.

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
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 PPF 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 review of SAP funding proposals on a rolling basis. 2. The Secretariat will assess compliance with the GCF's environmental and social safeguards, environmental and social policy, gender policy, indigenous people's policy, financial policies and

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
			<p>any other policies adopted by the Board, in addition to the performance of the project or programme against activity-specific criteria.</p> <p>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.</p>
5.2	Independent assessment	Independent TAP, AEs	<p>1. The independent TAP will conduct an independent technical assessment of the SAP project or programme proposal 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., and the provisions of the SAP Policy.</p> <p>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 timeline 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	<p>1. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals, including those which are eligible to be considered by the Board, through a decision between Board meetings and by the ED (see paragraph 6.1);</p> <p>2. Only those SAP funding proposals which are recommended for approval by both the Secretariat and TAP reviews will be submitted for consideration to either the Board or the Executive Director, as applicable.</p> <p>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:</p> <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

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
			<p>summary of the second-level due diligence carried out and the funding recommendation by the Secretariat;</p> <p>(d) Independent TAP assessment;</p> <p>(e) Response of the AE to the TAP assessment;</p> <p>(f) Environmental and social report(s) disclosure (if applicable);</p> <p>(g) Gender assessment and action plan;</p> <p>(h) List of proposed conditions resulting from the review process;</p> <p>(i) Term sheet; and</p> <p>(j) Any other relevant annex.</p>
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 by decisions between Board meetings, pursuant to the between meeting procedure outlined in paragraphs 3 – 5 below. 3. Consideration at Board meeting. The Board will consider funding proposals at Board-meetings in accordance to decision B.17/09¹⁴. 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.

¹⁴ Policy matter related to the approval of funding proposals.

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
			<p>4. Consideration between Board meetings. In respect of SAP funding proposals to be considered between Board meetings:</p> <ul style="list-style-type: none"> (a) The eligible SAP funding proposals will be submitted for consideration to the Board – Board members, Alternate members and Active Observers of the Board in batches in between meetings of the Board. Active observers will be shared the funding proposal for information purposes. (b) Simultaneously with the submission to the Board the relevant SAP funding proposals will be disclosed pursuant to the Information Disclosure Policy. 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 earlier. (c) Each SAP funding proposal package shall be transmitted to the Board with a proposed decision with invitation to approve the decision on a non-objection basis within a 21 day period. (d) Within 21 days following the submission and publication of the SAP funding proposal package, the Secretariat can receive written comments from Board members and alternate members, and address, and respond to, the comments in writing in coordination with the independent TAP and the relevant AE. <p>5. When a SAP proposal is considered between Board meetings, the Board takes a decision to:</p> <ul style="list-style-type: none"> (a) Approve the funding proposal on a non-objection basis; or (b) Refer the consideration of the funding proposal to the Board at the next occurring Board meeting if the funding proposal is objected, or a conditional approval is proposed by a Board member;
6.1.b	Decision	Executive Director	<p>1. The eligible SAP funding proposals which has been assessed as entailing minimal to no environmental and/or social risks and/or impacts, will be considered by the Executive Director. The approval authority is delegated to the Executive Director pursuant to stage 6.1(b) of the SAP Activity Cycle.</p>

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
			<ol style="list-style-type: none"> 2. Simultaneously with the submission to the Executive Director, the relevant SAP funding proposals will be disclosed pursuant to the Information Disclosure Policy. SAP funding proposals considered by the Executive Director will be circulated to the Board and Alternate Board members and Active Observers, for a commenting period of 21 days. Active observers will be shared the funding proposal for information purposes. 3. Within 21 days following the submission and publication of the SAP funding proposal package, the Secretariat can receive comments and requests from the Board members and alternate members, and the Secretariat will address and respond to the questions, in consultation with the independent TAP and the relevant AEs. 4. Within seven (7) days after the expiration of the 21-day period set out above, taking into consideration of the assessment findings of the independent TAP and the Secretariat, and of any comments received from the Board during 21-day period, the Executive Director takes a decision to: <ol style="list-style-type: none"> (a) Approve the funding proposal; or (b) Refer the consideration of the funding proposal to the Board at a Board meeting if the Executive Director determines it appropriate to do so, including in case a Board member requests the funding proposal to be referred to the Board, or a conditional approval is proposed by a Board member. 5. 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, or via a transmittal note.
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.

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
			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	<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.