Secretariat management response to the Independent Assessment of the Green Climate Fund's Simplified Approval Process (SAP) Pilot Scheme

Summary

This document presents the Secretariat management response to the Independent Assessment of the Green Climate Fund's Simplified Approval Process (SAP) Pilot Scheme undertaken by the Independent Evaluation Unit (IEU).

1.	The Secretariat welcomes the Independent Assessment of the Green Climate Fund's Simplified Approval Process (SAP) Pilot Scheme undertaken by the Independent Evaluation Unit.

2.	The Simplified Approval Process Pilot Scheme was approved in decision B.18/06, with the objective to "to apply best practices to reduce the time and effort needed in the preparation, review, approval and disbursement procedures for proposals of certain activities, in particular and small-scale activities" that promote and support scalable and transformational actions, in support of the GCF mandate. The evaluation pointed to several areas where the GCF can simplify and accelerate the approval and implementation of SAP projects.

3.	The Secretariat agrees or partially agrees with all the recommendations and has either already taken actions on many of them or is in the process of doing so. Such actions include strengthening internal processes, structures and incentives within the Secretariat, and producing guidelines and information materials.

4.	Overall, the Secretariat agrees with the recommendations that IEU proposes to the Board as they will have a tangible impact on efficiency gains for the approval of SAP projects and programmes. Specific responses to each of the key recommendations in the evaluation are detailed below.

Key Recommendations

Consider expanding the type of activities that are eligible for the SAP.

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1a	xxxvii	**Develop a strategy for SAP while focusing on processes that accelerate and simplify the project cycle, and so respond (also) to guidelines from UNFCCC and the Governing Instrument:** A strategy for SAP should expand (through clear and practical guidance) the scope of the SAP modality to include proposals that bring value to the GCF through, for example: • Financing innovation of approaches and implementation modalities (i.e., early stages of proof of concept); • Proposals from countries that are engaging the GCF for the first time; • Clarity of what scale-up means in relation to the GCF mandate and most importantly how evidence from the previous experiences should be incorporated and how new evidence and learning should be collected. • Proposals that respond to urgent climate change issues, in particularly from SIDS and LDCs. Focus on learning and developing evidence so projects are truly 'ready for	**Partially Agree**. The Secretariat welcomes this recommendation, however, it considers that the elements suggested for this strategy should be framed under an overall "SAP programming guidance" that enables AEs, and in particular DAEs, to submit high quality SAP proposals. Therefore, this would be a task fully within the mandate and the expertise of the Secretariat. **Action:** The Secretariat will develop a "SAP programming guidance", with all the elements outlined by IEU's 1a recommendation, as part of its 2021 delivery plan for SAP.

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		scale-up.	

Improve the efficiency and effectiveness of the process.

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2a	xxviii	**Simplify the review criteria for the SAP and develop different and tailored investment criteria.** In particular, in the case of SAP modalities, key criteria that should be considered are: 'ready for scale up', implementation feasibility, innovation and climate rationale. This would enable SAP projects to be truly different, bring strong value added and address specific GCF priorities.	**Partially Agree.** The Secretariat agrees that innovation, implementation feasibility, scaling up potential and climate rationale are important appraisal factors for SAP proposals. They are already included in the appraisal of SAP proposal as sub-criteria under the impact potential and paradigm shift potential criteria of the GCF investment framework which applies to SAP, and their analysis can be further strengthened as recommended by IEU. However, from the experience of the Secretariat in appraising PAP and SAP funding proposals, the Secretariat has not completed its own assessment to verify if a simplification of the investment criteria for SAP would lead to tangible efficiency gains the preparation and/or review of SAP projects and programmes without compromising the expected quality of the Secretariat and ITAP assessments.
3a	xxviii	**Approve the four crucial elements of the Board decision that have not yet been implemented, namely: simplified financial terms, approvals in the absence of Board meetings, iTAP review on a rolling basis and robust monitoring system.**	**Agree.** The Secretariat agrees that approvals in absence of Board meetings will increase the efficiency of the approvals of the SAP projects/programmes. The Secretariat also agrees that performing the iTAP (and Secretariat) reviews on a rolling basis is an important element to ensure a meaningful reduction of the SAP approval time. The Secretariat considers a robust monitoring system at the SAP project/programme implementation stage, an additional safeguard that further support the simplification of the preparation and review stages of the SAP approval cycle.
4a	xxviii	**Consider delegating authority to the ED for the approval of SAP-type projects following the current experiences of delegation of authority at the GCF for certain funding operations (PPF and RPSP, decisions, etc.).**	**Agree.** The Secretariat agrees with this recommendation on the delegation of authority to the ED for approval of SAP projects as this will have considerable

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			efficiency gains in shortening the approval cycle.

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2b	xxviii	**Simplifying requirements - the Secretariat should:** • Enhance clarity of guidance on review criteria with clear definition for the Secretariat and iTAP; • Better define key GCF concepts related to the SAP modality such as climate rationale, scaling up and innovation and clarify how to consistently demonstrate, measure and review them; and • Further simplify documentation requirements for proposals particularly from the SIDS and LDC and when proposals respond to urgent climate change impacts.	**Agree.** The Secretariat agrees with this recommendation and will work on providing guidance on the review criteria for SAP projects through a specific appraisal toolkit. The Secretariat is planning to further strengthen its technical assistance to SIDS and LDC countries to improve their access to SAP finance, in particular through their Direct Access Entities. However, while the Secretariat deems that further simplification on the documentation requirements for SAP proposals is still marginally feasible, it considers that such further simplification should benefit all GCF eligible developing countries and should not be restricted to SIDS and LDC countries only. **Action:** as recommended by IEU, the Secretariat will update in the course of 2021 the existing SAP knowledge products for the AEs (such as the SAP FP guidelines) to better clarify the guidance on GCF concepts related to the SAP modality. It will also develop as part of its 2021 plan a toolkit for the appraisal of the SAP FPs by the Secretariat and the independent TAP that, as recommended will provide clarity on review criteria.
3b	xxviii	**Acceleration:** • Focus on developing processes for the post-approval stages of the SAP project cycle that are SAP-ready rather than imitating PAP; • Develop and enforce transparent and predictable business standards for every step of the SAP process; and • Provide consolidated one set of comments for each CN and FP rather than providing proponents with multiple rounds of comments.	**Agree** The Secretariat agrees with the recommendation and it will work on the implementing the suggested actions. **Action:** this IEU recommendation will be addressed by developing specific guidance for the AEs on SAP on the post-approval stage as part of the 2021 SAP delivery plan. The Secretariat has revised its internal SAP standard operating procedures that more clearly define the service time expected for the processing of SAP reviews. This shall increase the transparency and business predictability of the SAP for AEs and

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Increase the value added of SAP modalit(ies)

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4b	xxviii	**Include capacity development program (small and fast approval) to support DAEs on how to apply the simplified and accelerated procedures and the GCF key concepts within RPSP or others. Further strengthen current activities supported by the SAP team.**	**Agree** The Secretariat agrees with the recommendation and it take action to work in coordination with RPSP to develop the suggested program, building on the knowledge products, trainings and e-learning already developed and available to AEs and NDAs for the SAP. **Action:** The Secretariat will develop as part of its 2021 delivery plan, a fully-fledged SAP capacity building programme tailored to the needs of DAEs and work with the RPSP and its delivery partners to transfer knowledge and expertise to DAEs.
5b	xxviii	**Take a tailored approach to the private sector. Within a future SAP modalit(ies) strategy include a separate sub-strategy for attracting the private sector.**	**Agree** The Secretariat agrees with this recommendation. **Action:** by mid-2021, the Secretariat aims to develop specific technical guidance on SAP and the private sector.
6b	xxxviii	**Develop KPIs for GCF and Secretariat performance that incentivize processing of proposals and projects through the SAP modalit(ies) (i.e., intra-institutional incentives for task managers)**	**Agree** The Secretariat agrees with this recommendation. **Action**: The Secretariat will propose SMART performance indicators in the GCF-1 workplans that can also be included in the PMDS of the relevant staff to incentivize the timely and effective processing of SAP proposals.