



**GREEN
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Summary of the bilateral consultations on the update of the simplified approval process

Summary

This note summarizes the comments provided by members and alternate members of the Board and their advisers on the update of the simplified approval process (SAP) during bilateral consultations organized by the Secretariat held between 6 and 28 May 2021.

The consultations focused on: discussions on comments shared by Board members on the SAP policy presented at the twenty-eighth meeting of the Board; issues that were identified as still outstanding and warranting further consultations and consensus-building among Board members and their respective constituencies; and obtaining feedback on any outstanding concerns from the various Board members. This note also provides the Secretariat's responses and actions to address the comments received.

I. Introduction

1. This note summarizes the comments provided by members and alternate members of the Board and their advisers on the update of the simplified approval process (SAP) during bilateral consultations organized by the Secretariat between 6 and 18 May 2021. It also provides the Secretariat's responses and actions to address the comments received.

2. The consultations focused on:

- (a) Comments shared by Board members on the draft of the SAP policy presented at the twenty-eighth meeting of the Board (B.28);
- (b) Issues that were identified as still outstanding and warranting further consultations and consensus-building among Board members and their respective constituencies; and
- (c) Obtaining feedback on any outstanding concerns from Board members.

II. Recent history of Board consideration and consultations

3. The Secretariat initially sent the draft policy to the Board for consultation from 25 January to 5 February 2021. Following this initial consultation, the update of the SAP was presented to the Board during the Co-Chairs' consultations on policies scheduled for consideration at B.28, held on 9 March 2021. The update of the SAP was then presented and discussed at B.28.

4. After B.28, the Secretariat in consultation with the Co-Chairs conducted a series of bilateral consultations with Board members to gain a better understanding of their views of the document.

5. Accordingly, the Secretariat held 10 bilateral consultations with members and alternate members of the Board Josceline Wheatley, Philip Weech, Gérard Bussier, Reina Sotillo, Susan Krohn, Nauman Bashir Bhatti, Karma Tshering, Richard Muyungi, Mathew Haarsager and Jock Geselschap. Where members and alternate members of the Board were unavailable, bilateral consultations were held with their advisers via calls or email exchanges.

III. Comments from members of the Board on the simplified approval process and the Secretariat's responses

6. This section is a summary of the feedback provided by Board members during the bilateral consultations and the Secretariat's responses and follow-up actions in response to those comments. The Secretariat began each consultation with an overview of the discussions and comments received so far and focused questions on a number of key areas for discussion, while also allowing for members and alternate members of the Board and their advisers the opportunity to comment openly on the policy.

7. The comments are classified by subject rather than by each session with a view to providing the Co-Chairs and Board members with a clear summary of the overall discussions that took place during the consultations.

8. Through the discussions at B.28, and comments received during the consultations prior to B.28, it became clear there was a lack of consensus on the matter of delegated authority to the Executive Director to approve SAP funding proposals. Prior to these bilateral consultations, the Secretariat decided to remove the mechanism for delegated authority to the Executive Director from the draft SAP policy. This decision was communicated to the Board members during the introductory remarks at the beginning of each bilateral consultation. The Secretariat notes that while the delegated authority mechanism was removed from the latest draft, there was still

some support among Board members for this mechanism that emerged during the consultations.

Feedback received on a mechanism for SAP proposals to be approved as decisions between Board meetings on a no-objection basis and other approval matters

Feedback collected during consultations

- A number of members and alternate members of the Board expressed support for the approval mechanism for SAP proposals to be expanded to include decisions between Board meetings (BBMs) on a no-objection basis. However, a number of the consulted Board members opposed the approval of SAP proposals in between meetings and expressed views that the proposed approval of SAP proposals between Board meetings was incompatible with the Rules of Procedure (ROP) of the Board.
- Some Board members expressed concerns about the information disclosure process for BBMs, highlighting the need to share information in a timely manner with Board members and active observers (AOs).
- The need to effectively engage AOs and civil society organizations (CSOs) in the BBM process to ensure transparency of the approval process was also raised during some of the consultations.
- Some Board members expressed concern that the mechanism for delegated authority to the Executive Director had been removed from a revised version of the draft policy. Other Board members were supportive of this removal.

Responses from the Secretariat

The Secretariat notes the responses it received on the BBM mechanism and the concerns highlighted in relation to the compliance of the approval of SAP proposals between Board meetings with the ROP. The Secretariat took note of the concerns expressed, and will elaborate further in the draft policy on how the proposed approval process for SAP proposals between Board meetings can work in compliance with the current ROP.

The Secretariat notes the feedback received regarding the inclusion of AOs and CSOs for consistency in a transparent accelerated review process and will include details on their engagement in the revised version of the draft policy.

The Secretariat assures that the current practice of the GCF Information Disclosure Policy will be followed with the approval of SAP proposals in between Board meetings, and the funding proposals will be circulated to members and alternate members of the Board, AOs and CSOs following the current 21-day disclosure period.

Feedback on expanding the environmental and social safeguards risk categorization to include projects with limited risks and impacts

Feedback collected during consultations

- There was general support for expanding the environmental and social safeguards risk categorization to include project activities defined as having limited risks and impacts.
- Some Board members sought clarification on how projects would be identified as having limited environmental and social risk during project submission and review.

Responses from the Secretariat

The Secretariat notes the general support from Board members on the expansion of environmental and social safeguard risk categorization to include project activities defined as having limited risks and impacts.

On the matter of defining limited environmental and social risk project activities, the Secretariat clarified that the expansion to activities that entail limited environmental and social risks would be done in accordance with the GCF Environmental and Social Policy.

Feedback on expanding GCF financing for SAP projects over the current USD 10 million limit

Feedback collected during consultations

- There is general support to increase the eligible amount of GCF funding for a SAP project. The amounts suggested for such an increase ranged from USD 20 million to USD 50 million.
- Some Board members suggested that an increase should be based on a trial assessment.

Responses from the Secretariat

The Secretariat notes the support from Board members on the expansion of GCF finance from the current limit of USD 10 million. The update of the SAP policy will provide an analysis of the different funding scenarios and the impact this could have on the GCF portfolio.

Feedback on the need for simplification of the SAP documentation

Feedback collected during consultations

- Many Board members commented on the lack of simplification of documentation for the SAP. This is seen as a major hurdle for many accredited entities) in the development of SAP funding proposals.
- Some specifically requested the Secretariat to analyse what policy requirements can be reduced for SAP projects, noting that this would entail more risks for SAP proposals.
- One Board member noted they are open to revising GCF policies for the SAP to ensure simplified preparation and review processes.

Responses from the Secretariat

The Secretariat understands the comments made and reminds the Board that if the core approval process and information requirements of the SAP remain the same as the standard proposal approval process, then there are only a few elements that the Secretariat can simplify.

Moreover, the Secretariat explained the steps that it is taking or will be taking to simplify the SAP, for example: the development of a simplified template for SAP concept notes and annexes; a review tool defining the appraisal standards to ensure consistency of reviews and transparency of how SAP reviews are performed; a fast-tracking system for preparation and review of SAP proposals that are scaling up climate-impactful projects/programmes and/or following sector-specific guided templates that the Secretariat will develop. The description of these simplification and acceleration measures will be further developed in the revised SAP policy.

Other general feedback

Feedback collected during consultations

- Many Board members noted the need for increased support for direct access entities (DAEs), especially in small island developing States, the least developed countries, and African States. The need for continued and increased technical assistance was stressed by many.
- A number of Board members asked for the Secretariat to explore synergies with other funding institutions such as the Adaptation Fund to scale up financed projects, highlighting that this could be one approach to project simplification.
- Some Board members asked for clarification regarding the idea of a SAP funding envelope and whether there was a cap on the amount of funding that can be requested by each country.
- Some Board members expressed their support for a tailored approach for the SAP and the private sector as recommended by the assessment of the Independent Evaluation Unit.

Responses from the Secretariat

Regarding the increased support for DAEs, the Secretariat is continuing to implement and improve its technical assistance plan. The Secretariat will also continue its capacity-building activities to help DAEs and NDAs prepare SAP concept notes and funding proposals.

Regarding the synergy with other funding institutions, the Secretariat informed the Board members that there is coordinated ongoing work with the Adaptation Fund to discuss how the SAP can scale up their projects/programmes. In addition, in the revised policy paper, there will be a further elaboration on the fast-tracking of SAP proposals that are scaling up successfully implemented climate interventions as a means to simplify and accelerate the preparation and review of SAP projects/programmes.

Regarding the notion of a SAP funding envelope, the Secretariat clarified that USD 80 million is the trigger for the review of the pilot phase of the SAP (presented to the Board at B.25).