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Meeting of the Board
16 – 19 May 2022
Antigua and Barbuda
Provisional agenda item 8(a)

GCF/B.32/05/Add.02

25 April 2022

Update of the Simplified Approval Process – Addendum II

Summary of the Bilateral Consultations on the Update of the Simplified Approval Process

Summary

This policy package has been prepared for agenda item 8(a) on policy consultations, in line with the B.31 decision by which the Board agreed and confirmed the dates and venue of B.32, noting that the first two days will be sessions for policy consultations.

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 17 November and 12 January 2022.

The consultations focused on: discussions on comments shared by Board members on the SAP policy presented at the thirtieth 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 advisors on the update of the simplified approval process (SAP) during bilateral consultations organized by the Secretariat between 17 November and 12 January 2022. 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 thirtieth meeting of the Board (B.30);
 - (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 led multiple rounds of consultations with the Board during 2021 to aid the development of the Update of the SAP policy.
 - (a) From 25 January to 5 February 2021 a general Board consultation on the draft of the B.28 version of the Simplified Approval Process policy paper¹ was held, 12 Board and/or alternate Board members provided comments or requested clarifications. The comments received are available in document GCF/B.28/08/Add.01² and the Secretariat responses are available in document GCF/B.28/08/Add.02³.
 - (b) On 9 March 2021, the Secretariat organized a technical session with the Board Members, Alternate Board Members and Advisors on the B.28 version of the Simplified Approval Process policy paper (GCF/B.28/08) in advance of the 28th meeting of the Board.
 - (c) In May 2021, the Secretariat carried out 10 bilateral consultations with members and alternate members of the Board and their advisors (GCF/B.30/06/Add.02⁴) to gather views and comments for the development of the SAP policy paper that was presented at B.30.
 - (d) From 19 July to 10 August 2021 a general Board consultation was held on a draft of the "Update of the Simplified Approval Process" policy paper. 11 Board Members and/or Alternate Board Members provided comments or requested clarifications. The comments and the Secretariat responses are available in document GCF/B.30/06/Add.01⁵.
 - (e) On the 23 September 2021, the Secretariat held another technical session with the Board Members, Alternate Board Members and Advisors, on the "Update of the Simplified Approval Process" policy paper (GCF/B.30/06), in advance of the 30th meeting of the Board.

¹ The draft sent to the Board for consultation was titled to "Further Development of the SAP". The title of the policy was later changed to "Update of the SAP" following this first round of consultations.

² [gcf-b28-08-add01.pdf \(greenclimate.fund\)](#)

³ [gcf-b28-08-add02.pdf \(greenclimate.fund\)](#)

⁴ [gcf-b30-06-add02.pdf \(greenclimate.fund\)](#)

⁵ [gcf-b30-06-add01.pdf \(greenclimate.fund\)](#)

4. Following the consultations summarized in paragraph 3, the “Update of the Simplified Approval Process” action item was presented to the Board at B.30 (October 2021). The item was opened and discussed by the Board and, while no decision was taken on its approval, the Board members shared views and comments that were captured by the Secretariat and considered for the revision of the paper (GCF/B.32/05).
5. Following the publication of the document for B.30 (13 September 2021), a Board member shared written comments on a draft version of the Update of the Simplified Approval Process document that reached the Secretariat on 13 September 2021. An updated position paper was then shared on the 23rd September, taking into account the published version of the policy. Those comments were considered during the post-B.30 revision of the Update of the Simplified Approval Process. In addition, between 17 November 2021 and 12 January 2022, the Secretariat carried out consultations with the following members and alternate members of the Board and their advisors: Nadia Spencer-Henry, Jos Wheatley, Ren Yan, Jeremiah Sokan, H.E. Teuea Toatu, and the advisors for the members and alternate members of the African Board constituency when the members were unavailable.
6. Prior to B.32, the Update of the SAP was released for a third round of Board consultations from the 5th to 12th April 2022. The comments received and the Secretariat responses can be found in document GCF/B.32/05/Add.03. The Secretariat also held a technical session on the Update of the SAP with Board Members, Alternate Members and advisors on 11th April.

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

7. This section is a summary of the feedback provided by Board members during the bilateral consultations held between 17 November 2021 and 12 January 2022 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 members and alternate members of the Board and their advisors the opportunity to comment openly on the policy.
8. The comments are classified by subject rather than by each consultation 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.

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

- The majority of members of the Board expressed support for the approval mechanism for SAP proposals to be expanded to include decisions between Board meetings (BBM) on a no-objection basis.
- An advisor noted their Board Seat’s opposition to 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. They further noted that the approval of BBM for SAP would require a change to the ROP, which would need full Board consensus.

Feedback collected during consultations

- Another Board member noted that decision B.18/06 expressly called the BBM decision and further noted that it was correct that the Board should pursue the evolution of the approval modality.
- Another Board Member had questions regarding the procedure when an objection to a project is made when approving projects in between Board meetings. The Board Member also made a proposal to have a small oversight group for the approval of projects between Board Meetings, to help reach consensus on the matter.

Responses from the Secretariat

The Secretariat notes the comments received on the BBM mechanism and the concerns highlighted in relation to the approval of SAP proposals between Board meetings and the ROP. The Secretariat believes that the BBM proposal described in GCF/B.30/06 is generally aligned with the ROP and recalled decision B.18/06 in which the Secretariat was given the mandate by the Board to develop a proposal for the approval of funding proposal between meetings of the Board.

The Secretariat explained that in the proposed policy document if Board members submit objections, requests for changes, or requests for conditions related to a SAP funding proposal, the Co-Chairs will attempt to facilitate discussions on such objections, requests for changes or conditions in an open and inclusive manner. The Co-Chairs may facilitate technical sessions/discussions among Board and alternate members on such submissions, keeping in mind the no-objection nature of the process; and if, at the end of the 21-day review period, no Board members have an outstanding written objection or request for a change or condition, the funding proposal will be approved. If, at the end of the 21-day review period, there is an outstanding written objection or request for a condition, the decision on the SAP proposed would, consistent with paragraph 43 of the Rules of Procedure, “be considered by the Board at the following meeting.”

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

Feedback collected during consultations

- Some Board members express their support to expanding the risk category to B. One Board member noted the expanding the risk category to B is particularly important to the SIDS, LDCs and African states, noting the importance of funding key adaptation activities in an urgent manner.
- Other Board members were not supportive of expanding the risk category, noting the risk/reward trade-offs of doing so.
- One Board members called for the Secretariat to produce a list of activities for the SAP, as was present in the B.18/06 decision.
- Another Board member noted that the discussion on increasing the risk categorization did not have a majority during the B.30 discussions. They also noted that it the expansion of the environmental and social risks that a SAP proposal can undertake a trade-off for the increase in GCF financing.

Responses from the Secretariat

The Secretariat notes that there are opposing views regarding the expansion of the environmental and social risks and acknowledges this in the B.XX policy version by maintaining both options on the policy for the Board to deliberate.

Regarding the request to produce a list of activities for the SAP, similar to decision B.18/06, the Secretariat notes that the list of activities in B.18/06 is consistent with the GCF's Environmental and Social Policy. Therefore, an inclusion of a list in the policy would be a repetition of information from the Environmental and Social Policy.

Feedback on expanding GCF financing for SAP projects over the current USD 10 million limit to either USD 20 million, USD 25 million, USD 50 million or USD 50 million if some conditions are met

Feedback collected during consultations

- There is general support to increase the eligible amount of GCF funding for a SAP project above the current USD 10 million amount.
- One Board member suggested there is general agreement among the constituencies to land an increase of GCF funding to USD 25 million.
- One Board member noted that decision B.18/06 applies SAP to small-scale activities and given the Board has decided⁶ that small scale applies to projects/programmes under USD 50 million, the SAP mandate falls into the USD 50 million category.
- Another Board member noted that increasing the GCF finance beyond USD 20 million would throw off the risk-benefit balance.

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, including the USD 25 million scenarios, and the impact this could have on the GCF portfolio. It informed that the update of the SAP will maintain a series of options on the increase in GCF funding for the Board to decide upon including and additional option for an amount of USD 25 million.

Feedback on the need for simplification of the SAP documentation and fast tracking

Feedback collected during consultations

- Many Board members commented on simplification measures presented at the B.30 policy paper asking for further detail on the templates, the assessment process and the interaction of the AE with the Secretariat and ITAP.
- Board Members also asked for further clarifications on the concept of fast tracking.
- Some Board members expressed the need to change the SAP concept note from mandatory to voluntary.
- One Board member expressed their concerns regarding the proposed simplification measures regarding the FAA conditions and the lack of understanding on the indicators measuring post-approval timing and process.

⁶ Decision B.08/02

Responses from the Secretariat

The Secretariat explained the steps that it is taking and will take to simplify the SAP, for example: the further simplification of the SAP concept note and annexes templates (within the boundaries of the policies adopted by the Board); a review tool defining the appraisal standards to ensure consistency of reviews and transparency of how SAP reviews are performed; the development of SAP guided templates to fast-track preparation of projects that are in demand for SAP-sized interventions or that are scaling-up/replicate successful projects from other climate funds.

The Secretariat confirmed that as in the B.30 version of the SAP policy, the proposal of making the concept note an optional step will be retained in the policy paper and that consideration will be given to the additional actions that can increase the efficiency of the post-approval stage of SAP project and programmes.

Other general feedback

Feedback collected during consultations

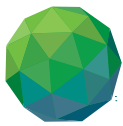
- Board members re-iterated the need to have a clear mapping on the steps of the SAP and PAP cycles. The Board members asked the Secretariat to include the mapping in the policy.
- Board members also raised the need to change the proposed SAP capacity building program to be part of the readiness program, rather than a stand alone initiative. Others however didn't want it removed from the policy but agree on the link to readiness.
- One member raised the need to include SAP related Key Performance Indicators (KPIs) in the policy as a way of incentivizing the Secretariat and independent TAP to prioritize and promote the reviews and processing of SAPs.
- Board members also raised the establishment of a principle for the presumptive existence of climate rationale for SAP adaptation projects.
- Board members noted that some of the key points of the IEU evaluation of the SAP have not been added in the current policy, such as the dedicated SAP investment framework.

Responses from the Secretariat

Regarding the clear mapping of the steps comparing the SAP and PAP, the Secretariat is planning to include an addendum to the policy that provides a comparative outline of the Proposal Approval Process, the current SAP Pilot and the upcoming Update of the SAP, by each stage of the project cycle as approved by the Board in decision B.17/09.

In relation to the SAP KPIs, the Secretariat noted that KPIs are submitted to the Board annually and are developed considering the capacity of all units that are involved in the SAP reviews. The Secretariat observed that it may be prudent to continue to consider new SAP KPIs in the context of the Secretariat's work programme where they can be adjusted annually to take into account prevailing Fund wide priorities and available resources.

In reference to the investment criteria, the Secretariat noted that the IEU directed this recommendation to the Board and that indeed the Secretariat would need a mandate from the Board to develop a SAP-specific investment framework. In addition, as noted by the Secretariat in its management response to the IEU assessment of the SAP (GCF/B.30/07/Add.01), the degree to which a



reduction of the number of investment criteria (as suggested by IEU) would simplify the preparation and review of a SAP proposals should be further assessed. In this regard, the Secretariat noted that there will be a review of the Investment criteria indicators, and this could be the opportunity to gauge the value of changing/reducing the investment criteria for SAP.
