Annex VIII: Management Action Report on the Independent Assessment of the GCF's Simplified Approval Process Pilot Scheme

1.   Decision B.BM-2021/07 established the Green Climate Fund's Evaluation Policy (GCF/BM-2021/09). This Policy describes how all evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see para. 58 (g) / appendix III).

2.   Management action reports are prepared by the Independent Evaluation Unit and received by the Board to provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation (see GCF/BM-2021/09, paragraph 28, paragraph 64 (b) / appendix I / appendix III).

3.   In preparing this MAR, the IEU considered the Secretariat's management response to the Independent Assessment of the GCF's Simplified Approval Process (GCF/B.30/07/Add.01). Decision B.30/02 took note of the Independent Assessment and its corresponding management response and "requested the Independent Evaluation Unit to submit a management action report to the Board no later than one year following the adoption of this decision".

4.   Of the 9 recommendations of the evaluation, the Secretariat agrees with 7 recommendations and partially agrees with two recommendations. The Secretariat did not disagree with any of the recommendations.

5.   For each recommendation made by the IEU evaluation, this MAR provides a rating and commentary prepared by the IEU. The draft rating scale and commentary were shared and discussed with the Secretariat prior to the writing of this report. The comments provided by the Secretariat were then taken into account in the preparation of the MAR. The rating scale for the progress made on the adoption of recommendations is as follows:

(a)   High: Recommendation is fully adopted and fully incorporated into policy, strategy, or operations.

(b)   Substantial: Recommendation largely adopted but not fully incorporated into policy, strategy, or operations yet.

(c)   Medium: Recommendation is adopted in some operational and policy work, but not significantly in key areas.

(d)   Low: No evidence or plan for adoption, or plan and actions for adoption are at a very preliminary stage.

(e)   Not rated: Ratings or verification will have to wait until more data is available or proposals have been further developed.

6.   In terms of the progress made with the adoption of the 9 recommendations set out in the evaluation, the rating "high" is given to one recommendation, the rating "substantial" is given to two recommendations, the rating "medium" is given to two recommendations, and the rating "low" is given to 4 recommendations.

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Recommendations for the GCF Board				
1a	**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	**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.	Low	Decision B.32/05 paragraph 8 (c) states that the Secretariat will develop SAP programming guidance to guide the GCF, NDAs and AEs on how to identify interventions that can (1) finance innovative approaches and implementation modalities; (2) clarify what scaling up means in the context of the SAP; (3) identify the opportunity to unlock private sector finance; and (4) promote the use of the SAP to address urgent climate change needs in developing countries, particularly in SIDS, LDCs and African States. The Secretariat confirmed it has developed terms of reference for a consultancy firm to support the drafting of the SAP programming guidelines under the Secretariat's supervision. While the Board has mandated the development of this guidance, the process is at a preliminary stage. The IEU thus rates the progress as "Low".

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	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 scale up'.			
2a	**Simplify the review criteria for the SAP and develop different and tailored investment criteria.** As recommended by the FPR, several investment criteria should be considered as minimum (entry) requirements for GCF proposals. 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-	**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	Low	The management response did not indicate any action that addresses the IEU recommendation to simplify the SAP's review criteria. Additionally, in GCF/B.32/05, the Secretariat underlined that the recommendation to develop tailored investment criteria was directed at the Board. The document indicates that while the Secretariat had considered trying to evaluate the potential for SAP-specific investment criteria in the GCF investment framework and related documents, these papers had their own mandate (para. 22). As best can be determined from publicly available information, the assessment was not pursued. The Secretariat underscored that it followed the Board's directions, as received via decision B.32/05, and consultations with the Board during the preparation of the SAP policy. The Secretariat emphasized that the Board specifically indicated all existing GCF project-related policies

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	added and address specific GCF priorities.	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.		will apply to the SAP, including the existing investment framework and its six investment criteria.
3a	**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 a robust monitoring system.** These features of the SAP modality decision are	**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	Medium	The Secretariat outlined a proposed Update of the simplified approval process in GCF/B.32/05. The document addressed three of the four crucial elements of Board decision B.18/06 and highlighted in the IEU's recommendation 3a. The document proposed that (1) the approval of SAP funding proposals be accelerated through the introduction of no-objection approval of SAP proposals without a Board meeting, (2) the Secretariat and independent TAP review SAP funding proposals on a rolling basis, (3) the Secretariat develop SAP-specific results-based monitoring and reporting systems, based on the GCF's integrated results management

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	considered critical for accelerating and simplifying the project cycle.	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.		framework. However, the Board-approved update did not include the first of these changes, reemphasizing that SAP funding proposals will be considered at Board meetings (Annex IV to decision B.32/05). Furthermore, the Update did not mention any simplification of the financial terms included in SAP funding proposals. In its response to this management action report, the Secretariat stated that there are no specific simplifications in the preparation or review of SAP FPs that can be achieved through a change of the financial terms for SAP compared to PAP, as decision B.09/04, which describes the Fund's financial terms, is a procedural determination on the tenure, rates, and fees that GCF applies to loans and grants. The IEU reemphasizes that Board decision B.18/06 on the SAP pilot scheme states that "simplified financial and other terms shall be included with the Funding Proposal" (Annex X, para. 22). It further notes that GCF/B.32/05 does not address this crucial element nor does it articulate the reason behind this omission.
4a	**Consider delegating authority to the Executive Director for the approval of SAP-type projects following the current experiences of authority delegation 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 efficiency gains	Low	The Update of the Simplified Approval Process states that the approval of SAP projects lies with the GCF Board (decision B.32/05, table 1, stage 6.1). There is no delegation of authority to the ED on this matter. The delegation of authority to the ED was discussed at B.28, B.29 and B.30. Consultations with Board members indicated there was not enough consensus to support this approval

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		in shortening the approval cycle.		option and thus it was not addressed in the Update of the Simplified Approval Process adopted at B.32.
Recommendations for the Secretariat				
2b	**Simplifying requirements** – the Secretariat should: • Enhance the 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. • Further simplify documentation requirements for proposals, particularly from the SIDS and LDCs, and when proposals relate 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	Medium	Since the publication of the independent assessment of the GCF's SAP pilot scheme in June 2020, the Secretariat published two technical guidelines for SAP proposals, one on Water Security (October 2020) and the other on Agriculture (February 2021). Additionally, the Secretariat compiled on the 9 existing technical guidelines in a SAP technical guidance compendium which was published in September 2021. All the included guidelines are available on the GCF website in English, French and Spanish. Additionally, the Secretariat translated the iLearn module on 'Developing GCF funding proposals for the Simplified Approval Process (SAP) to French, Spanish and Arabic in Q3 and Q4-2020. The Secretariat also completed the SAP Appraisal Toolkit in November 2021 which was endorsed by the Senior Management Team in January 2022. The Toolkit was subsequently revised to be consistent with the revised SAP FP template and other IRMF-related changes. The Secretariat indicated the Toolkit would be published as an Annex to the full version of the GCF Appraisal Guidance which is expected to be published by September 2022. The IEU notes that, as of 5 July 2022, the GCF Appraisal Guidance did not include the SAP review Toolkit in Annex VII as stated. The toolkit will also be sent to all AEs and NDAs by Q4-2022.

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		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.		As the review Toolkit is pending publication, the IEU is unable to provide an assessment of the guidance provided in the document and its alignment with recommendation 2b. However, the IEU notes that the GCF Appraisal Guidance states that the SAP review toolkit will be used to confirm the completeness of the SAP proposals. The IEU further notes that the Toolkit aims to guide the Secretariat staff and consultants towards a streamlined appraisal process. In addition, it also aims to provide clarity to the AEs of the type and quality of information that is expected in each section of the SAP CN/FP and annexes. The IEU underlines that the document is, however, not intended for use by the independent TAP. In addition, the IEU notes that it is unclear whether the SAP review Toolkit will be used by consultants contracted under Request for Proposals no. 2021/005. The Secretariat highlighted that decision B.32/05 mandate several actions to simplify the documentation requirements for SAP. The Secretariat stated that the SAP concept note is now optional and will be further reduced. The Secretariat also underscored that it will develop guided funding proposal templates for fast-tracking and scaling up. The Secretariat further indicated that the simplification actions listed in the SAP Update will be implemented and delivered within 12 months from Board approval (by May 2023).
3b	Acceleration: • Focus on developing processes for the post-approval stages of the SAP project cycle that are	**Agree.** The Secretariat agrees with the recommendation, and it will work on the	Substantial	The Secretariat indicated that the SAP standard operating procedures were updated in 2020. The updated SOPs clearly define the average time required for each step of the SAP review. The Secretariat indicated that the SAP SOPs are

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	SAP-**ready rather than imitating PAP**. • Develop and enforce **transparent and predictable business standards** for every step of the SAP process. • Provide consolidated one set of comments for each CN and FP rather than providing proponents with multiple rounds of comments.	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 countries. The standard operating procedures also address the expected modality to share technical feedback with the AEs in way that, as recommended by IEU, will consolidate comments in **"one-go".**		currently being redeveloped to further streamline and simplify the review of SAP CNs and FPs. Additionally, the Update of the Simplified Approval Process approved by the Board in decision B.32/05 made a series of provisions for SAP-specific post-approval processes. Regarding pre-first disbursement processes, the Secretariat proposes to expedite the clearance of FAA conditions, develop clear timelines for the fulfillment of conditions related to FAA execution and effectiveness, apply standardized fiduciary and operational conditions to the extent possible, and develop standardized and fit-for-purpose post-approval templates (para. 10). According to the decision, SAP funding proposal packages are recommended to include certificates of internal approvals from the AEs, and the Secretariat should aim to execute FAAs at the Board meeting at which they are approved (or promptly thereafter) (Annex IV to decision B.32/05, para. 10). Furthermore, the Secretariat will also develop guidance and templates for the AEs on building a results-based monitoring and reporting system for SAP projects (Annex IV to decision B.32/05, para. 10). The Secretariat confirmed it has developed terms of reference for a consultancy firm to support the development of the results-based monitoring and reporting guidance. The Secretariat expects to proceed with the procurement of a firm over August-September 2022. The Secretariat stated that, as per the effectiveness and transition arrangements noted in the Update of the SAP, all

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				changes will be delivered within 12 months of Board approval of the policy (by May 2023).
				While there has been progress on addressing recommendation 3b, the above-mentioned post-approval templates, and monitoring and reporting guidance and templates have not yet been developed.
4b	**Include a capacity development programme (small, and fast approval) to support DAEs on how to apply the simplified and accelerated procedures and the GCF key concepts within the RPSP or other instruments. Further strengthen current activities supported by the SAP team.** There is a continued need to support entities when preparing proposals, particularly for new ones. The quality-at-entry of the proposals will dramatically increase if the proponents have the capacity to respond to GCF requirements, processes and concepts.	**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	Substantial	The 2021 and 2022 Work Programmes of the Secretariat (GCF/B.27/04GCF/B.30/09, respectively) mention the following key deliverables for the Division of Country Programming: • Develop and update knowledge products for PPF, SAP and EDA, including e-learning, technical guidelines, webinars and training events (GCF/B.27/04, para. 105). • Develop and update knowledge products for Readiness, PPF, SAP and EDA, including e-learning, technical guidelines, webinars and training events, and well as contributing formalization of learning loops for the Readiness Programme (GCF/B.30/09, para. 112). Notably, the iLearn Module on Developing GCF funding proposals for the Simplified Approval Process was translated into French, Spanish and Arabic in Q3 and Q4-2020, thus enhancing its accessibility to DAEs. Webinars on the SAP were also held throughout 2022. These included a webinar which was held for AEs in early 2022 to provide further details on the SAP update. It will hold more webinars for the remainder of 2022 and in 2023.

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		knowledge and expertise to DAEs.		The Secretariat underscored it continued to hold bilateral meetings with AEs and NDAs regarding the SAP, and that the SAP was featured in regional dialogues during 2021 and 2022.
				However, the Secretariat clarified that its updates to knowledge products were delayed because the SAP policy was not being considered for approval by the Board in 2021. In 2022, following the approval of the Update of the SAP at B.32, the Secretariat began updating its SAP knowledge products, including the SAP Funding Proposal Guidelines (by end of 2022), SAP technical Guidelines (by end of 2022), and the SAP in Brief (Updated July 2022).
5b	Take a tailored approach to the private sector. Within an SAP modality/modalities strategy, including a separate sub-strategy for attracting the private sector. The Secretariat should consider how the SAP modality/modalities are applicable to the private sector context.	**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.	Low	Decision B.32/05/Annex IV states that the Secretariat will develop a SAP programming guidance. The programming document will guide the GCF, NDAs and AEs in identifying interventions that can identify the opportunity to unlock private sector finance.
				The Secretariat indicated it has developed terms of reference for a reputed firm to support the drafting of the SAP programming guidelines under the Secretariat's supervision. The Secretariat is expected to proceed with the procurement of the firm over August – September 2022.
				While the Board decision requested the development of this guidance, the process is still at a preliminary stage. Consequently, the IEU rates the recommendation as Low.
6b	Develop KPIs for GCF and Secretariat performance that	**Agree.**	High	The Secretariat's 2022 work programme and budget (GCF/B.30/09) included two SAP-specific KPIs, namely: (1)

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	incentivize the processing of proposals and projects through the SAP modality/modalities (i.e. intra-institutional incentives for task managers).	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.		the total number and volume of SAP proposals submitted to iTAP and (2) the percentage of SAP proposals reviewed within target services standards, including concept notes and funding proposals. As indicated in GCF/B.32/05, these KPIs were intended as a baseline and will be reviewed annually (para. 11(b)). Furthermore, all approved KPIs in the annual Secretariat's work programme are reflected in the relevant Secretariat's staff annual delivery plans. Consequently, achieving the KPIs is embedded in individual and divisional annual performance evaluations (para. 49). Board decision B.32/05 further requests that starting in 2023, the Secretariat include, granular and progressively ambitious key performance indicators for the SAP, including for post-approval stages.