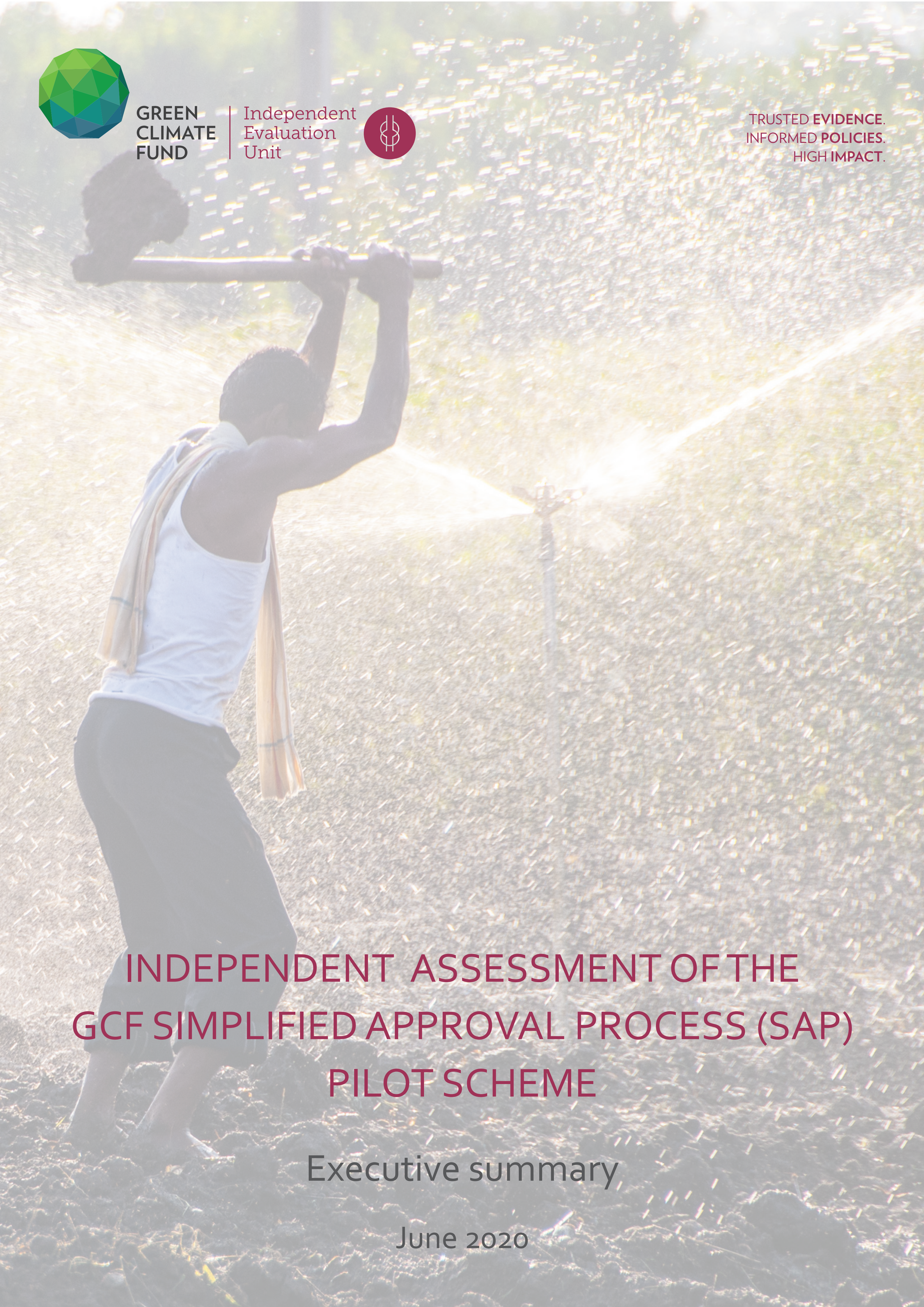

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INDEPENDENT ASSESSMENT OF THE GCF SIMPLIFIED APPROVAL PROCESS (SAP) PILOT SCHEME

Executive summary

June 2020

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent Assessment of the GCF’s Simplified Approval Process (SAP) Pilot Scheme

EXECUTIVE SUMMARY

June 2020

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This evaluation is a product of the Independent Evaluation Unit at the Green Climate Fund (IEU/GCF). It is part of a larger effort to provide open access to its research and work and to make a contribution to climate change discussions around the world.

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CONTENTS

ABBREVIATIONS

AE	Accredited Entity
AMA	Accreditation Master Agreement
B.[20]	[Twentieth] meeting of the Board
CN	Concept Note
CSO	Civil Society Organization
DAE	Direct Access Entity
ESS	Environmental and Social Safeguards
FAA	Funded Activity Agreement
FP	Funding Proposal
FPR	Forward-looking Performance Review
GCF / (the) Fund	Green Climate Fund[1]
GI	Governing instruments
IEU	Independent Evaluation Unit
iTAP	independent Technical Advisory Panel
KPIs	Key Performance Indicators
LDC	Least Developed Country
M&E	Monitoring and Evaluation
NAP	National Adaptation Plan
NDA	National Designated Authority
OSS	Online Submission System
PAP	Project approval process
PPF	Project Preparation Facility
PSO	Private Sector Organization
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified Approval Process
SIDS	Small Island Developing States
ToC	Theory of Change
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar

[1] 'GCF' and 'the Fund' are used interchangeably in this assessment.

EXECUTIVE SUMMARY

A. Introduction

About the SAP

The Green Climate Fund approved the Simplified Approval Process (SAP) Pilot Scheme in decision B.18/06 (October 2017), with the objective *"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 decision also states that *"unless specifically modified […], all other relevant GCF policies apply as usual to the Pilot Scheme"*. The SAP modality is part of the GCF response to Article 9.9 of the Paris Agreement (UNFCCC, 2-15a) and paragraph 31 of the GCF Governing Instrument.

The SAP Pilot Scheme aims to achieve its objective by simplifying access to GCF funding for a certain group of GCF eligible proposals on adaptation and mitigation, that:

- "[A]re ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development";
- Require "a GCF contribution of no more than USD 10 million"; and
- Have "environmental and social risks and impacts. .. classified as minimal to none", falling under environmental and social safeguards (ESS) risk category C or I-3, and activities not included in a list of risk factors.

The key features in the decision, required simplification and acceleration in the SAP project cycle: this has necessitated inter alia a simplification of templates used for concept notes (CNs) and funding proposals (FPs) that made them shorter and easier to fill in, a reduction in information required (a pre-feasibility study and no economic study), and acceleration through streamlined reviews, online submission of documents and approval in the absence of Board meetings.

IEU assessment of the SAP

Context. At the twenty-fourth meeting of the Board (B.24), the Independent Evaluation Unit (IEU) of the GCF was requested by the Board to conduct an independent assessment of the GCF SAP Pilot Scheme,[2] with the aim of informing the Board on the performance of the SAP, as well as supporting the scheme's further development.

The IEU assessment was conducted in two phases. The first phase focused on the initial assessment of the review of the SAP pilot conducted by the Secretariat (the 'Secretariat's review'), while the second phase focused on the implementation, value added and lessons from the pilot. As part of this assessment, the IEU also conducted a benchmarking exercise across relevant organizations and examined their experiences with simplifying and accelerating their project cycles.

Initial assessment of the Secretariat's review. Within decision B.18/06, the Board requested the Secretariat to review the SAP Pilot Scheme once the GCF contribution to the projects had reached USD 80 million, which was triggered when SAP proposals were approved at B.24, in November 2019. As part of its review, the Secretariat was requested to report back to the Board with recommendations to further improve the efficiency and effectiveness of the process, and to consider expanding the types of activities that are eligible for the SAP. The Secretariat's review was submitted to the Board in time for the twenty-fifth meeting of the Board (B.25).

At B.24, the Board requested the IEU to conduct an initial independent assessment of

[2] Decision B.24/06 relative to the approval of the work programme and budget of the IEU (document GCF/B.24/12/Rev.01).

the Secretariat's review. The IEU initial assessment was submitted to the Board at B.25 in March 2020. In this initial assessment, the IEU assessed the extent to which the findings in the Secretariat's review were unbiased, evidence-based, relevant and sufficient to inform the findings and its recommendations.

Independent assessment of the SAP Pilot Scheme. This document is the IEU full assessment of the SAP that includes a summary of the initial assessment submitted to the Board (submitted at B.24), and an overall full assessment of the SAP as laid out in paragraph 5 above. It will be submitted to the Board for its twenty-sixth meeting (B.26) in July 2020.
The IEU independent assessment focuses on five areas:

1) **A summary of the initial assessment** of the Secretariat's review;
2) An assessment of the **implementation of the SAP modality:** whether the projects follow SAP processes and eligibility criteria, related to the efficiency and effectiveness of the SAP pilot, and how the scalability criterion was applied;
3) Examining the **value added** of the SAP, especially with respect to the needs of countries, capacities of accredited entities (AEs) and ultimately to the GCF mandate;
4) **Benchmarking** the SAP against other fast-track processes used by comparable organizations, as well as those used within the GCF; and
5) **Identifying lessons** that may be applied to the SAP and GCF regular processes.

Phase I: The IEU assessment of the Secretariat's review

In the first phase, the IEU was requested by the Board to examine the Secretariat's review of the SAP and their recommendations. The IEU appraised the extent to which these recommendations were evidence-based.

The Secretariat's review provided two sets of recommendations. One set of recommendations was expected to inform decisions by the Board. These recommendations by the Secretariat focused on how proposals are approved (approval of projects in the absence of Board meetings and through delegation of authority to the Secretariat), and requested an expanded set of eligibility criteria with respect to ESS risks. They also requested the creation of a separate and dedicated group of independent reviewers. The Secretariat's review estimated that allowing approvals in the absence of a Board meeting would reduce the project cycle by about 124 days, and delegation of authority to the Secretariat would bring about a reduction of around 135 days.

The IEU assessment could not reproduce these estimates but concluded that in either of these cases, the possibility of having the approval of proposals on a rolling basis would reduce the project cycle by between 45 to 50 days (roughly 13 per cent of the current situation). Regarding the expansion of the ESS category, the IEU team considered that the Secretariat's review did not provide a clear presentation of potential demand and the expansion's impact on improving access to the GCF. The Secretariat's review also did not provide enough information on the consequences of creating another independent group of consultants in lieu of the independent Technical Advisory Panel (iTAP).

The other set of recommendations that the Secretariat's review proposed were: contracting external consultants instead of using Secretariat staff for the internal Secretariat technical review of SAP proposals; strengthening support for the direct access entity (DAE); and continuing the development of guidelines and knowledge products.

As will be discussed in the recommendations section, the IEU team supports the last two recommendations but did not find evidence supporting the need for additional resources from outside the Secretariat to conduct the reviews.

Phase II: Independent assessment of the SAP Pilot Scheme

Scope. This independent assessment undertaken by the IEU covers the SAP modality from its approval in late 2017, and includes data until the end of April 2020.[3] The current document presents lessons, findings, conclusions and recommendations stemming from the assessment of the implementation of the SAP Pilot Scheme, to date. **The key differences between this report and the Secretariat's review** (in addition to including one SAP project approved at B.25) are that IEU examines the overall (implicit) strategy of the SAP, its theory of practice and its value added, and identifies lessons that could be applicable to the entire GCF. The IEU assessment also includes a benchmarking exercise to bring in experiences from other organizations. The key audiences for this assessment are the Board and the Secretariat, who will be responsible for developing and implementing any subsequent stages of the SAP or any other simplified processes for accessing the GCF.

Methods. The IEU independent assessment uses a mixed-methods approach combining data collection tools such as: (i) phone and in-person semi-structured interviews with about 50 people representing the Secretariat, GCF independent units, iTAP, AEs and other institutions; (ii) reviews by the Board, Secretariat and project documents as well as relevant IEU evaluations and documents from other institutions; (iii) quantitative and qualitative analysis of the entire GCF portfolio and pipeline with a focus on SAP projects; (iv) deep dive analyses of the 13 projects approved using the SAP modality; and (v) a benchmarking exercise of around 12 organizations. The IEU team used, when appropriate, data from the online survey conducted by the Secretariat. The methodology used by IEU included a visit to Kenya but due to the COVID-19 pandemic, the evaluation team could not travel to the country. Interviews with several stakeholders were still conducted. The IEU DataLab collected, analysed and assured the quality of data used in the assessment.

B. Key findings and conclusions

SAP implementation

Key achievements

Conclusion 1. The GCF Secretariat's implementation of the Board decision that established the SAP modality has been partially satisfactory, with some concrete achievements and some shortcomings. The Secretariat's team has been proactive and effective overall for the short time period it has been in operation, but needs support going forward.

Finding 1.1. Some two and a half years since the approval of the SAP Pilot Scheme decision by the Board, the GCF and its SAP team have been able to put forward 13 FPs that have been approved by the Board (up to B.25, March 2020). These 13 projects correspond to USD 115 million of commitments from the GCF and USD 71 million in co-financing (six micro projects with total project costs of less than USD 10 million each, and seven projects between USD 10 million and USD 50 million). They represent about 16 per cent of the total projects approved and 3 per cent of funding provided by the Board since the SAP modality was approved at the eighteenth meeting of the Board (B.18).

Finding 1.2. Least developed countries (LDCs) and African States are well represented in the current portfolio, but SIDS are underrepresented. Eight of the 13 projects,

[3] This includes SAP proposals approved up to B.25 (March 2020), the last Board meeting.

which will be implemented in 12 countries (half of them in LDCs and two in SIDS), are implemented through international AEs. Eleven focus on adaptation and public sector grants, and only three use a private sector entity or scheme. All projects fall within the "micro" or "small" size categories.

Finding 1.3. A dedicated SAP team at the Secretariat has been established and is effective and proactive. Proponents that have taken part in preparing a proposal to be processed through the SAP modality have appreciated the guidelines, online tutorials and most importantly the willingness of the SAP team to either provide direct hands-on support or give technical assistance to the projects.

Finding 1.4. The process through which the Board and the Secretariat implement SAP-related simplifications and accelerations is still ongoing. Most guidelines and templates have recently been developed and put under implementation. The Secretariat developed and adopted almost immediately (by December 2017) the CN template and guidelines for the environmental and social screening of SAP activities. Templates for Secretariat and iTAP assessment, and the guidelines for full SAP funding proposals were developed later in 2018. Technical guidelines on pre-feasibility were developed only in 2019, at the same time as technical guidelines for different sectors/areas were developed (translations were made in November 2019) and the online submission system (OSS) was launched.

Have the time and effort needed for the preparation, review, approval and disbursement of SAP proposals, reduced, compared to the full Project Approval Process (PAP)?

Conclusion 2. The SAP modality, as implemented so far, has not translated into simplified requirements, nor has it resulted in accelerated processes. The median time to process a project through the SAP (from CN submission to Board approval) is only 8 per cent shorter than for a comparable set of PAP projects,[4] and 13 per cent shorter than for higher ESS category projects.[5] Most SAP projects had previously been considered through the PAP, so they had some history within the GCF project cycle.

Finding 2.1. The current SAP process has not succeeded in substantially reducing the burden of project preparation, or in improving the efficiency and effectiveness of the GCF project cycle for these "small" GCF operations. Furthermore, the requirement that all proposals attempting to use the SAP process need to have a CN adds a step compared with regular GCF processing. The dedicated SAP team within the Secretariat has developed tailored guidelines and provided hands-on support that has been appreciated by proponents.

Finding 2.2. The SAP process includes multiple stages, but only two stages have targets on business standards: these include turnaround times for GCF Secretariat comments on CNs and FPs. Other processes, such as second-level due diligence reviews by the Secretariat and reviews by the iTAP, are neither predictable nor transparent regarding timing. Project proponents are also not required to respond within any particular period. Several proposals in the SAP pipeline are inactive, with no actions in the last six months or more, and it is not clear how long they will stay in a particular stage of the process.

Conclusion 3. So far, the SAP process has not been predictable, transparent nor efficient for the types of proposals processed. This has resulted in high transaction costs for AEs and the consequent high amount of effort for a small GCF contribution has limited AEs' interest in the SAP. The SAP does not live up to the expectation from AEs that projects will be approved faster and will be based on simpler information.

[4] Projects with less than USD 25 million contribution from GCF and classified as ESS category C.

[5] Projects with less than USD 25 million contribution from GCF and classified as ESS category B.

Finding 3.1. The review process has multiple layers and duplications**.** The project cycle includes reviews by different parts of the Secretariat (SAP team, technical teams, legal and procurement teams, senior management and the investment committee), iTAP and the Board, as well as comments by the civil society organization (CSO) and private sector organization (PSO) observers to the Board. Comments sent to applicants are not coordinated (e.g. proponents receive non-consolidated and often repetitive or contradictory comments from the Secretariat, that come at different times of the process, and put an excessive burden on proponents that need to respond to all comments, even when they are contradictory).

Finding 3.2. Secretariat and iTAP reviewers have not changed their review practices and frequently have to deal with missing information (the provision of which would be expected for the PAP, but is not expected for the SAP) to conduct the review. Ensuring that SAP proposals comply with *all* GCF policies and investment criteria is difficult. The shorter and simpler CN and FP could have reduced some of the requirements for the proponents, but to date have proven counterproductive to the review process.

Finding 3.3. So far, most projects processed through the SAP modality were originally PAP projects. The Secretariat asked the proponents to change them into SAP projects, which involved retrofitting information into the SAP templates and in some cases reducing the scope of the projects to fit the SAP eligibility criteria (particularly the GCF contribution). These ad hoc requests and advice from the Secretariat with no clear guidelines on when or how to retrofit these projects, has added to the non-transparency of the SAP.

Conclusion 4. The SAP pilot decision included several features, but four of them have not yet been implemented. Two of these are considered crucial elements that could have accelerated the processing of projects, had they had been implemented (these include approval in the absence of Board meetings, and iTAP reviews on a rolling basis). As requested by the Board, the Secretariat developed a proposal for a process to approve projects under the SAP pilot in the absence of a Board meeting, but the Board did not review it. The Board decision also requested that the iTAP review proposals under the SAP modality on a rolling basis, but this has so far not been implemented.

Have SAP projects met the overall remit of the SAP, according to SAP eligibility criteria?

Conclusion 5. All SAP projects clearly comply with two of the three eligibility criteria: all of them involve GCF contributions of less than USD 10 million and are classified under the ESS C category, which corresponds to “minimal to none” in terms of environmental and social risks. The definition of the third criteria, “ready for scaling up”, is unclear and has not been applied consistently. Consequently, many SAP projects do not comply with it.

How are projects processed through the SAP fulfilling the GCF investment criteria?

Conclusion 6. The Secretariat and iTAP generally concur in their assessment of SAP projects. Neither of them specifically discussed the “ready for scaling up” criterion. The ratings – generally “medium” or “high” – are similar to those of findings from the Forward-looking Performance Review (FPR). The highest-ranked criteria are on “country ownership” and “needs of the recipient”. About half of the projects have a good monitoring and evaluation (M&E) quality-at-entry (low risk). Although not a criterion in the GCF investment criteria, climate rationale is a concept that is still difficult to articulate for many AEs. The iTAP has questioned several projects on this topic, but the GCF review processes do not have a consolidated and coordinated approach on how to measure it, and on what type of information to ask for.

How different is the portfolio of projects processed through the SAP from projects processed through the PAP?

Conclusion 7. The SAP has enabled enhanced access for African States, LDCs and DAEs compared to the PAP portfolio. However, usage of the SAP by SIDS countries remains low. The expectation that priority countries would be a key "client" for the SAP has so far been partially fulfilled. The target of 50 per cent of projects being submitted by DAEs has not been achieved (although the proportion is almost double that of the PAP portfolio).

Finding 7.1. In terms of focus areas, sectors and impact areas, the distribution of the SAP portfolio is similar to that of the PAP portfolio. Two aspects that are different between them are a larger proportion of adaptation projects and the presence of DAEs. Most micro and small PAP projects are adaptation projects and most ESS C category projects have been processed through the SAP.

Were the findings and recommendations of the Secretariat's review supported by evidence, and were they unbiased and relevant?

Conclusion 8. The Secretariat's review focused on the SAP processes and does not examine the value added or strategic fit of the SAP for the GCF, and some of the findings and recommendations were not linked to evidence. The initial assessment by the IEU found that overall, the Secretariat's review does not examine the overall value added of the SAP or how it fits into the overall theory of change (ToC) of the GCF. Furthermore, 10 of the 18 recommendations presented in the review by the Secretariat are based on valid findings. Seven findings are not valid (i.e. they are not based on evidence or data presented).

WHAT IS THE VALUE ADDED OF THE SAP?

The SAP was created to reduce the time and effort needed in the project cycle for small-scale activities. It was supposed to deal with some of the shortcomings of the cycle, as described, for example, in the FPR. The value of the SAP modality was related to the expected outcomes that it was supposed to generate (refer to the discussion in chapter II). These areas of value added include:

- Providing resources for meeting urgent climate adaptation needs of GCF priority countries;
- Enhancing DAEs' access to the GCF while leveraging climate finance; and
- Supporting projects that scale up ideas, and approaches that contribute to transformational change.

Conclusion 9. Overall, the IEU assessment concludes that so far, the value added of the SAP in achieving these three expected outcomes, has been limited.

By using the SAP pilot, have AEs and National Designated Authorities (NDAs) improved their capacities to access the GCF, prepare concepts for the GCF and in general, their capacities for climate finance?

Conclusion 10. While some entities may have improved their understanding of the GCF and its processes, the capacity-building mechanisms currently in place are not adequate for the needs of AEs applying through the SAP. Most entities involved in the SAP modality have had previous experience in processing and implementing projects similar to the SAP, and/or with the GCF. The Secretariat's SAP team provide direct technical support to AEs to help them develop SAP CNs and FPs, which has been welcomed by proponents. One of the key delays in processing investments, across all entities and organizations (not only financial and the GCF), is the capacity of proponents to understand the process and concepts of the SAP.

Finding 10.1. An important capacity gap is that most SAP entities (even those that had processed GCF projects before) did not know how to deal with the GCF processes, requirements and concepts. This indicates that some level of direct capacity support is required from the GCF. It is too early to tell if the capacity generated by the experience with the SAP modality will bring these entities to being able to further access the GCF (or other climate finance institutions). Several entities indicated that they are developing new concepts that are larger and that they would use the regular GCF project cycle. Many entities indicated that they would not use the SAP again, as the project size is too small for the level of preparation required.

Is the SAP modality relevant to the needs of countries and to the size of change the GCF seeks to bring about?

Conclusion 11. All projects in the SAP portfolio are clearly linked to national needs and priorities (sustainable development, poverty and climate change). Both the Secretariat and iTAP reviews considered the alignment of proposals with national adaptation plans (NAPs)/nationally determined contributions (NDCs), as well as with national development priorities, and in some cases, the Sustainable Development Goals (SDGs). Indeed, "country needs" is one investment criteria that seems to be clear to most AEs. On the other hand, the maximum GCF contribution of USD 10 million does make it unclear as to what impact SAP projects may have in meeting these needs.

Conclusion 12. The SAP was not designed to leverage the comparative advantages of SIDS. There was an expectation (even from some Board members) that the SAP modality would be used for countries that have limited capacities to design and implement GCF projects, such as SIDS and LDCs. The experience from the SAP pilot clearly indicates that this has not been the case for SIDS. As discussed, the fact that the requirements were not simplified and that the process was not seriously accelerated, has provided neither an incentive nor a clear comparative advantage. Countries encounter some of the same problems they had with regular projects, while formulating and proposing SAP projects.

Has the SAP modality created an incentive for new entities/partners to access the GCF, particularly DAEs and PSOs?

Conclusion 13. There has been no significant increase in *new* entities coming to the GCF because of the SAP. So far, only three entities that did not have previous GCF experience have applied through the SAP. Despite being accredited for more complex and larger GCF projects, these entities decided to use the SAP modality purportedly because the SAP presents an opportunity to initiate partnership and familiarity with the GCF.

Conclusion 14. The private sector has not seen the value added and benefits of using the SAP process. There are no more private sector AEs in the pipeline than in the regular GCF pipeline. This does not appear to be related to size or ESS category. The lack of interest appears to be linked to a lack of information and knowledge about the SAP among private sector actors, and to the slow and unpredictable process.

Has the SAP led to investments that use the opportunity to support scalable transformational projects?

Conclusions 15. Most projects in the SAP portfolio support further testing and the demonstration of ideas or approaches, *but are not scaling up* initiatives themselves. The IEU examination of the project proposals showed that most SAP projects contain the objective to demonstrate or test an approach or an idea that has been tested in another place, and aim to test the implementation parameters in new/different contexts (but on the same scale). These projects are therefore not supporting scale up. This is a missed opportunity. So far, SAP implementation does not require proposals to include evidence that their approach was proven in a specific/previous context. The cap limiting GCF contribution to USD 10 million has also shaped the types of projects that are submitted, since it limits the extent of the scaling up. Projects in the SAP portfolio are not different from the point of view of innovation/scaling up compared to those in the PAP portfolio. Few projects provided evidence that they will scale up a successful idea or approach from a demonstration area to the overall population. None of them are financing innovations or proof of concept.

Conclusion 16. There are few intra-Secretariat incentives that encourage task managers to review and process SAP projects. The Secretariat has developed several indicators that may incentivize the submission and processing of projects, and has set targets and relevant key performance indicators (KPIs) for the SAP in its work programme. However, there are no SAP-specific KPIs that incentivize task managers to prioritize and encourage the processing of proposals and projects through the SAP modality/modalities. The sizes of SAP projects are small, and if an overall institutional (or even divisional) objective is “resources committed”, then processing SAP projects is not an attractive opportunity for task managers. This needs to change.

BENCHMARKING

Are there comparable fast-track mechanisms that exist in climate, environment and development finance in the public and private sectors?

Conclusion 17. There is no international or industry standard for fast-track/speedily-processed projects/operations in general and in particular. When discussing operational activities with other institutions (multilateral, national, private and public, and climate financing), in most cases, institutions have devised their fast-track processes in an incremental way that takes on board their stage of evolution and context. The SAP modality was set up with the expectation that it would use best practices from relevant institutions regarding fast-tracking. The benchmarking exercise conducted by the IEU found that the most common fast-tracking approaches among the institutions surveyed are:

- Some type of delegation of authority to the management of the organization;
- Simpler application forms;
- Clear, transparent and predictable business standards about the time it could take to process an investment; and
- Clear definitions of terms that are particular to the institution.

Finding 17. 1. The GCF Board has supported expedited procedures for several types of processes and projects already, within the GCF. The Board has delegated authority to the Secretariat in operations such as the Readiness and Preparatory Support Programme (RPSP) and the Project Preparation Facility (PPF), for approving extensions to projects, restructuring, cancellation and waivers of projects as well as for negotiating and signing Accreditation Master Agreements (AMAs) and Funded Activity Agreements (FAAs). The rules and procedures for making decisions in the absence of Board meetings have been in place since the early days of the GCF, and at least one decision is made during each period between Board meetings, when the facility to make a decision without a full Board meeting is exercised. The GCF therefore does not need to develop new procedures but needs to *adapt current ones* to facilitate such a provision for the SAP. The GCF has reached a mature level in its evolution, with 129 approved projects committing USD 5.6 billion from the GCF and leveraging almost USD 14 billion in co-financing. This warrants having this discussion at the Board. Furthermore, the climate change crisis is reaching such levels that any procedures to accelerate access to funding and to help funding reach the ground should be promoted and encouraged.

C. Key recommendations

The IEU has three areas of recommendations, which are organized depending on whether they are addressed to the Board or to the Secretariat.

First, consider expanding the types of activities that are SAP-eligible while building a strategy for the SAP.

For the Board

Recommendation 1(a). Develop a strategy for the SAP while focusing on processes that accelerate and simplify the project cycle, and so respond (also) to guidelines from the UNFCCC and the GI. A strategy for the SAP is required. This should lay out the value added of the SAP and its fit into the current GCF mandate and priorities, with a clear focus on expected primary and secondary outcomes to be realized from SAP projects and processes. The processes, guidelines and business standards for the SAP are currently not sufficient for successfully implementing the simplification and acceleration of the project cycle of particular types of proposals. They need to be considered within a *strategy for the SAP* that clearly indicates how these simplified and accelerated processes contribute to the GCF mandate. **A strategy for the 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 *innovative* approaches and implementation modalities (i.e. early stages of proof of concept);
- Supporting proposals from countries that are engaging the GCF for the *first time*;
- Providing clarity on what *scale up* means in relation to the GCF mandate, and most importantly how evidence from previous experiences should be incorporated and how new evidence and learning should be collected;
- Supporting proposals that respond to *urgent climate change issues*, in particular from SIDS and LDCs; and
- Focusing on *learning* and developing *evidence* so projects are truly “ready for scaling-up”.

Eligibility criteria should be tailored to the purpose of the simplified process, and different levels of ideas or implementation risks should be acknowledged.

Second, improve the efficiency and effectiveness of the SAP process.

For the Board

Recommendation 2(a). 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 scaling 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.

Recommendation 3(a). 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 considered critical for accelerating and simplifying the project cycle.

Recommendation 4(a). 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.).

For the Secretariat

Recommendation 2(b). 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; and
- Further simplify documentation requirements for proposals, particularly from the SIDS and LDCs, and when proposals relate to urgent climate change impacts.

Recommendation 3(b). Acceleration – the Secretariat should:

- Focus on developing processes for the post-approval stages of the SAP project cycle that are SAP-ready rather than imitating the PAP;
- Develop and enforce transparent and predictable business standards for every step of the SAP process; and
- Provide one set of consolidated comments for each CN and FP, rather than giving proponents with multiple rounds of comments.

THIRD, INCREASE THE VALUE ADDED OF THE SAP MODALITY/MODALITIES

For the Secretariat

Recommendation 4(b). 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.

Recommendation 5(b). 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.

Recommendation 6(b): Develop KPIs for GCF and Secretariat performance that incentivize the processing of proposals and projects through the SAP modality/modalities (i.e. intra-institutional incentives for task managers).

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