GREEN CLIMATE FUND | Independent Evaluation Unit

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

Final Report

June 2020

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

FINAL REPORT

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FOREWORD

I write this in the midst of the COVID-19 pandemic raging around the world. As of 16 June 2020, the number of confirmed COVID-19 cases globally exceeded 8.1 million, with more than 439,000 deaths.

While countries are in an all-out war to contain the spread of COVID-19, we must not lose sight of another global emergency with catastrophic consequences: the climate crisis. As United Nations Secretary-General Antonio Guterres noted in his recent World Environment Day remarks, climate disruptions are reaching a point of no-return. The World Meteorological Organization says we are heading for a temperature increase of more than 3°C by the end of the century. Such an increase is likely to result in more frequent extreme weather events.

In the context of this urgency, the Paris Agreement calls for speedy action from international climate funds such as the Green Climate Fund (GCF) in its Article 9.9, by employing measures such as "simplified approval procedures" and "enhanced Readiness support" for developing country Parties, particularly for the least developed countries (LDCs) and small island developing states (SIDS).

In response to this call for speedy action, the GCF launched a Simplified Approval Process for small-scale projects (those requiring a GCF contribution of no more than USD 10 million) on a Pilot Scheme basis in October 2017 (decision B.18/06). The Simplified Approval Process Pilot Scheme was first reviewed by the Secretariat, and the Board subsequently requested the Independent Evaluation Unit (IEU) to conduct an independent assessment of the Secretariat's review of the SAP. The IEU's initial assessment of the Secretariat's review, as part of this independent assessment, was submitted to the Board at its twenty-fifth meeting (B.25) in March 2020. **The IEU's full report on the independent assessment will be submitted at the twenty-sixth meeting of the Board (B.26) for its consideration.**

The IEU independent assessment of the SAP concludes that the SAP modality, as implemented so far, has *not* translated into simplified requirements for project proponents, and has *not* resulted in accelerated approval processes. The median time for processing a project through the SAP (from the submission of concept notes to Board approval) takes 365 days on average, which is only eight per cent shorter than that of a regular project approval process for similar types of projects. The process of reviewing proposals under the SAP scheme has multiple layers with many different reviewers, which often results in non-consolidated and repetitive or even contradictory comments being given to project proponents. The review criteria are not clearly explained; the burden on documentation is also seen as excessive.

In this context, the assessment makes three key recommendations.

First, **the GCF needs to develop a strategy for the SAP**, communicating the value-added of this new process and its fit into the current GCF mandate and priorities. On a more practical note, such a strategy for the SAP should include, among other advice, clear guidance on how aspects of "innovation" and the potential for "scaling up" in relation to the GCF mandate will be assessed in the SAP review process.

Second, the GCF needs to significantly enhance the efficiency and effectiveness of the SAP modality. For this, the Board may wish to consider how to simplify the review criteria for SAP proposals and to develop different and more tailored investment criteria. What this means for the Secretariat is that it needs to establish clearer guidance relating to SAP review criteria for its own purposes, and also for the independent Technical Advisory Panel (iTAP) which reviews funding

proposals. Furthermore, key GCF concepts relating to the SAP modality, such as climate rationale, scale up and innovation, need to be spelled out in addition to how these can be demonstrated, measured and reviewed consistently. The simplification of documentation requirements for proposals to be processed under the SAP is also needed, particularly for proposals that aim to address the urgent climate priorities of the SIDS and LDCs.

Additional simplification of the financial terms used in proposal templates – instituting a system for project approvals in the absence of Board meetings as well as enabling iTAP reviews on a rolling basis, as contained in the annex of decision B.18/06 – may allow the SAP to accelerate the processing of proposals. achieve a more accelerated processing of proposals. The Board may also wish to consider delegating authority to the Executive Director of the Fund for the approval of SAP projects, similar to the recent cases of authority delegation at the GCF for certain funding operations, such as the Project Preparation Facility and the Readiness and Preparatory Support Programme.

Third, the SAP can be improved with a more substantial capacity-development programme for direct access entities, **a separate sub-strategy for the private sector, and new key performance indicators for the GCF** and the Secretariat that incentivize the processing of projects through the SAP modality.

I hope this independent assessment will highlight various pertinent aspects of the GCF SAP modality, trigger good discussions and help decision-makers to enhance the SAP scheme. Making the SAP faster, smarter and better will enable developing countries' speedy access to climate finance and action. The clock is ticking, and we do not have any time to lose in combating climate change and enabling action.

Dr. Jyotsna Puri

Head, Independent Evaluation Unit
Green Climate Fund
16 June 2020

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GUIDE FOR BUSY READERS

The IEU recognizes that its evaluation reports are distributed to a wide range of stakeholders with different objectives and time frames for reading them.

The IEU makes the following suggestions on how you might approach reading its Independent Assessment of the GCF Simplified Approval Process Pilot Scheme:

- If you have **15** minutes: The Foreword and the Executive Summary.
- If you have **30** minutes: The Foreword, Executive Summary and the boxes on the first page of chapters II-VI.
- If you have **45** minutes: The Foreword, Executive Summary and chapter VII.
- If you have **70** minutes: The Foreword, Executive Summary and the first page of chapters II-VII.
- If you have **90** minutes: The Foreword, Executive Summary and the first page of chapters II-VII and the statistical annexes, in particular annexes 2, 3 and 4.
- If you have **two hours**, the full report.

ABBREVIATIONS

ADB	Asian Development Bank
AE	Accredited Entity
AFD	*Agence Française de Développement*
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
AMA	Accreditation Master Agreement
B.[20]	[Twentieth] meeting of the Board
BNP	BNP Paribas S.A.
CIC	Climate Investment Committee
CIF	Climate Investment Funds
CIFF	Children's Investment Fund Foundation
CO₂	Carbon Dioxide
COP	Conference of the Parties
CP	Country Programme
CSO	Civil Society Organization
DAE	Direct Access Entity
DCP	Division of Country Programming
DEA	Division of External Affairs
DGM	Dedicated Grant Mechanism
DMA	Division of Mitigation and Adaptation
DPSP	Dedicated Private Sector Programs
EBRD	European Bank for Reconstruction and Development
ED	Executive Director of the Green Climate Fund
EDA	Enhanced Direct Access
EE	Executing Entity
EIF	European Investment Fund
EIB	European Investment Bank
ESMS	Environmental and Social Management System
ESS	Environmental and Social Safeguards
FAA	Funded Activity Agreement
FIP	Forest Investment Program
FP	Funding Proposal
FPR	Forward-looking Performance Review

GCF / (the) Fund Green Climate Fund[1]

GEF	Global Environment Facility
GHG	Greenhouse Gas
IADB	Inter-American Development Bank
IAE	International Accredited Entity
IEU	Independent Evaluation Unit
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institution
IIU	Independent Integrity Unit
INDCs	Intended Nationally Determined Contributions
IPCC	Intergovernmental Panel on Climate Change
iPMS	Integrated Portfolio Management System
IRM	Initial Resource Mobilisation
ISP	Initial Strategic Plan
iTAP	independent Technical Advisory Panel
JICA	Japan International Cooperation Agency
KPIs	Key Performance Indicators
KDB	Korean Development Bank
LAC	Latin America and the Caribbean
LDC	Least Developed Country
LOT	Lapse of Time
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MFI	Multilateral Finance Institution
MSP	Medium-small Sized Project
MUFG	MUFG Bank. Ltd
NAMAs	Nationally Appropriate Mitigation Actions
NAP	National Adaptation Plan
NDA	National Designated Authority
NDCs	Nationally Determined Contributions
NEFCO	Nordic Environment Finance Corporation
NOL	No-objection Letter
OAS	Online Application System

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

OGA	Office of General Affairs
OGC	Office of the General Council
OIA	Office of Internal Audit
OPM	Office of Portfolio Management
ORMC	Office of Risk Management and Compliance
OSS	Online Submission System
PPF	Project Preparation Facility
PSF	Private Sector Facility, Green Climate Fund
PSO	Private Sector Organization
PPCR	Pilot Program for Climate Resilience
REDD	Reducing Emissions from Deforestation and Forest Degradation
RMF	Results Management Framework
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified Approval Process
SIDS	Small Island Developing States
SMT	Senior Management Team
tCO2eq	Tonnes of CO_2 Equivalent
ToC	Theory of Change
ToP	Theory of Practice
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
WBG	World Bank Group
WFP	World Food Programme

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

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[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,

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[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.

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[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 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).

MAIN REPORT

Chapter I. INTRODUCTION AND OBJECTIVES

1. At the twenty-fourth meeting of the Board (B.24), the IEU of the GCF was requested by the Board to conduct an independent assessment of the GCF Simplified Approval Process (SAP) Pilot Scheme,[6] with the intent of informing the Board on the performance of the SAP, as well as supporting the scheme's further development.

2. The assessment conducted by the IEU focused on the following questions:

   1. **Critical assessment of the Secretariat's review.** The IEU assessed the extent to which the findings of the review undertaken by the Secretariat (hereon the 'Secretariat's review') were unbiased, evidence-based, relevant and sufficient for informing their findings and recommendations. The critical assessment performed by the IEU was prepared for the twenty-fifth meeting of the Board (B.25) in March 2020.[7] The following key questions were explored in the Secretariat's review:

      1.1. How relevant is the methodological approach of the Secretariat's review to assessing the SAP and responding to the Board request?

      1.2. To what extent are the findings of the Secretariat's review unbiased, relevant and supported by evidence?

      1.3. To what extent are the recommendations of the Secretariat's review supported by evidence from the findings?

      1.4. What types of changes would the proposed recommendations in the Secretariat's review make to the performance of the SAP?

      1.5. How was the Secretariat's review used in the development of the draft document presented to the Board for the further development of the SAP process?

   2. **Implementation of the SAP.** Do SAP projects follow approved processes and eligibility criteria and satisfy the mandate of the GCF? (These questions relate to the efficiency and effectiveness of the SAP pilot and how the scalability criterion was applied.) The following key questions were explored:

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

      2.2. Have the time and effort needed for preparation, review, approval and disbursement been reduced when compared to the regular PAP?

      2.3. Are SAP eligibility criteria clear enough and suitably distinct from the regular PAP? How different is the portfolio of projects processed through the SAP from that of projects processed through the PAP?

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

      2.5. What are the expected results from the GCF projects approved with the SAP modality, and how do they compare with GCF projects approved through the PAP?

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[6] Decision B.24/06 relative to the approval of the work programme and budget of the IEU (document GCF/B.24/12/Rev.01).
[7] GCF/B.25/Inf.12 (4 March 2020). Independent Evaluation Unit's initial assessment of the Secretariat's review of the Simplified Approval Process Pilot Scheme.

3. **Value added of the SAP.** Is the SAP pilot relevant to the needs of countries and useful for enhancing the capacity of AEs – and particularly DAEs – to prepare FPs? The following key questions were explored:

   3.1. Have AEs (particularly DAEs and PSOs) improved their capacities to access the GCF by using the SAP pilot? How have the PPF and the RPSP (as well as other technical assistance provided) supported AEs, NDAs and focal points applying through the SAP?

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

   3.3. To what extent does the SAP add value for the GCF?

   3.4. How does the SAP modality fit (or not) into the overall ToC of the GCF?

   3.5. Are projects approved through the SAP supporting scalable transformational projects?

4. **Benchmarking.** How does the SAP pilot of the GCF compare with similar fast-track and simplified processes in other comparable organizations?

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

   4.2. How does the SAP compare to them with regard to eligibility, processes, governance and results?

5. **Learning to improve the GCF project cycle.** Can lessons learned from implementing the SAP pilot apply to other GCF projects?

   5.1. To what extent are experiences and lessons from the SAP pilot relevant to improving the SAP in the future?

   5.2. How can existing GCF technical assistance to countries and agencies (RPSP, PPF) be improved to enable easier access and the simplification of processes?

A. SCOPE AND METHODOLOGY

3. **The IEU independent assessment has two objectives:** First, to critically appraise the Secretariat's review,[8] and second, to provide an independent assessment of the SAP pilot. The IEU assessment was conducted in two phases. The IEU critically assessed the Secretariat's review in February 2020, and shared this with the Board and Secretariat at B.25[9] (a brief discussion and update of the initial assessment is presented later). In the second phase, the IEU undertook its own independent assessment. Please refer to the assessment matrix (annex 1) for more details.

4. **Key differences between the IEU assessment and the Secretariat's review:** The IEU assessment examines the SAP from its adoption in late 2017, and includes data until 30 April 2020, unless otherwise specified. It includes GCF projects that went through the SAP process and were approved at B.25 (March 2020). The initial and critical IEU assessment of the Secretariat's review was completed and shared with the Board at B.25. A summary of key findings and recommendations, along with key elements from the IEU analysis are presented here (see GCF/B.25/Inf.12 for the full assessment). The IEU independent assessment (the current document) examines the overall (implicit) strategy of the SAP, its ToC and its value added. It also includes a review of fast-track and simplified approaches from other organizations (mostly AEs from the public and private sectors).

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[8] GCF/B.25/12. Review of the Simplified Approval Process Pilot Scheme (March 2020).
[9] GCF/B.25/Inf.12. Independent Evaluation Unit's initial assessment of the Secretariat's review of the Simplified Approval Process Pilot Scheme (March 2020).

Lastly, the assessment identifies lessons potentially applicable to the regular PAP. The Secretariat's review mainly examines the processes used for the SAP.

5. **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. Secondary audiences include organizations that have used or are considering using the SAP, such as AEs, NDAs and focal points. Other climate finance institutions, as well as the development finance sector, are also important audiences as they always seek to learn from experiences to improve the speed of approving and implementing projects, in support of the urgent climate crisis.

6. The IEU independent assessment uses a mixed-methods approach combining data from interviews, document and literature reviews, webinars, quantitative and qualitative analysis of the GCF portfolio (including the pipeline) with a focus on SAP projects, deep-dive analyses of 13 approved SAP projects, and a benchmarking exercise. The IEU DataLab[10] collected, analysed and quality assured the data used in this report.

1. DATA COLLECTION

7. The following data collection methods are used in this document.

a. Document review

8. The assessment includes a comprehensive review of key documents and other literature relevant to the SAP modality. These include, among others, the following:

- Board decisions and policies;
- Project-level documentation: CNs and FPs and their annexes, reviews by the Secretariat and the independent Technical Advisory Panel (iTAP);
- Documentation from other organizations that have processes comparable to the SAP, for the benchmarking exercise;
- Review of relevant videos and reports of the Board meetings (e.g. SAP discussions, discussions around SAP proposals, presentation of the Secretariat's review);
- Previous IEU evaluations, including the FPR (2019) – its background and supporting documents were used as a source of validated information on the GCF. This is particularly relevant as some issues that the SAP encountered are considered systemic GCF issues (e.g. cumbersome project cycle, compliance culture surrounding policies, under-representation of DAEs, relatively scarce private sector involvement in the GCF portfolio, as well as issues with the diversity of financial instruments available at the GCF). When assessing the quality-at-entry of projects approved through the SAP modality, the IEU team adopted the questionnaire from the IEU working paper "Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals". When possible, the team also leveraged information from other ongoing IEU works, such as the Accreditation Synthesis (ongoing); and
- The IEU assessment also examined the data in the Secretariat's review and its recommendations. When relevant, the IEU team referred to findings for which sufficient and unbiased/objective evidence was provided, or directly to the data collected in the process of preparing the review issued by the Secretariat.

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[10] This is a group of dedicated individuals within the IEU, who support evaluations by leading the data-related work and facilitating key processes such as data extraction, data analysis, presentation and reporting of findings.

b. GCF project and programme data

9. The IEU team reviewed data on GCF projects and programmes processed through both the PAP and SAP modalities. The database contains information on many attributes, such as project profiles (topics, countries, types of AEs, sector, etc.), status in the project cycle, timelines, reviews from the Secretariat and iTAP, and more. The IEU team looked at data related to the time and resources used for processing projects and programmes as well as data from iTAP and Secretariat reviews. The team also looked for any information on capacity-building resources used to support project development under the SAP.

c. Semi-structured interviews and focus groups

10. Phone semi-structured interviews were conducted with a sample of GCF stakeholders, with a focus on those that have experience with the SAP process (AEs with approved SAP projects) and other entities with fast-track approaches to their project approval cycles. Targeted interviewees included Secretariat staff, NDAs and focal points, PSOs and CSOs. Private sector representatives within this group will also be considered, given their importance in the GCF. The perspectives of iTAP members were documented during a focus group in January 2020. A full list of interviewees is provided in annex 2. The following semi-structured interviews were conducted:

Table I-1.   Summary of interviews

TYPE OF ORGANIZATION/DEPARTMENT	NUMBER OF INTERVIEWEES	TOPICS
GCF Secretariat		
Department of Country Programming (DCP)	2	Main interview protocols, SAP review
DCP–SAP team	3	Main interview protocols, SAP review
Department of Mitigation and Adaptation (DMA)	2	Main interview protocols, SAP review
Office of Risk Management and Compliance (ORMC)	2	Main interview protocols, SAP review
Private Sector Facility (PSF)	2	Main interview protocols, SAP review
Office of the General Council (OGC)	2	Main interview protocols, SAP review
Independent Technical Advisory Panel (iTAP)	6	Main interview protocols
GCF independent units		
Independent Redress Mechanism (IRM)	3	Main interview protocols, SAP review
Accredited entities		
DAEs	5	Project deep dives, benchmarking
International AEs	18	Project deep dives, benchmarking
Other funds		
Climate funds	3	Benchmarking
Other development finance institutions	1	Benchmarking
Other		
Independent consultant	1	SAP review

11. Due to the COVID-19 pandemic unfolding during the implementation of this assessment, several stakeholders could not be reached as offices closed in many countries. This included NDAs from the three countries that were targeted for deeper analysis. Representatives from CSOs and PSOs were contacted for interviews but did not follow through with the requests. The IEU team also reviewed interview notes from the authors of the Secretariat's review of the SAP, and used them to develop complementary interview guides and to enrich the SAP project deep dives. Confidentiality conditions established for those interviews have been preserved.

12. Towards the end of this assessment the team conducted three webinars to present preliminary findings and recommendations with Board members, CSOs, PSOs and the GCF Secretariat management team.

d. Analysis of the online survey conducted by the Secretariat

13. The IEU also used the results of an online survey undertaken by the Secretariat. The Secretariat conducted this online survey in July 2019 and then again in December 2019, with a wide set of respondents. It was open for a total of six weeks. It collected 70 responses in total from the Secretariat (40 per cent of respondents), AEs (24 per cent), NDAs (19 per cent), Board members (9 per cent) and iTAP (8 per cent). The IEU team had access to the raw data (for which it is thankful) and used these responses to build protocols for deeper and more probing questions during interviews and focus groups. This assessment clearly indicates when the source is the Secretariat's survey.

e. Country visit(s)

14. To collect more in-depth information and perspectives about country experience with this process, Kenya was chosen for a country visit, as described in the Approach Paper to this evaluation. Kenya currently has four proposals in the SAP pipeline – all submitted through a DAE – and a large PAP pipeline that allows processes to be compared. Due to the COVID-19 pandemic, the evaluation team could not travel to Kenya to conduct the planned interviews. It was fortuitous that an IEU team member was working from Kenya and was able to conduct some in-country interviews. Given that the Government of Kenya declared a lockdown during this period, the IEU staff member could not visit project sites nor visit any of the people identified for an interview, in person. Interviews were conducted via phone and/or Skype, with the DAE that has several CNs in the SAP pipeline.

2. DATA ANALYSIS

15. Data was analysed using a mixed-methods approach that included:

- Qualitative analysis of the interviews and document review;
- Quantitative analysis of the portfolio and pipeline, survey responses and process analysis, with comparisons to the non-SAP GCF portfolio-comparable FPs.

16. The IEU DataLab verified, validated and triangulated the data used in this evaluation, and findings were confirmed by one or more sources of data. Triangulation also involved using evidence from multiple sources to obtain a good variety and depth of perspectives. Analysis is structured around the key questions that the assessment sought to answer.

17. The quantitative analysis of the portfolio was used to extract the following types of information:

- Overview of the characteristics of the portfolio and of the pipeline (type of AE, project size, priority countries, etc.);
- Mapping of the process, and of timelines for approvals;

- Review of assessments provided by the Secretariat and iTAP; and

- Comparison of all of the above with the PAP.

18. **Comparison clusters:** To compare projects approved through the SAP to projects that were approved through the PAP, the PAP portfolio was divided into two comparison groups named Cohort 1 and Cohort 2. Cohort 1 comprised projects approved through the PAP that had an ESS category of C, had submitted a CN and had a GCF funding threshold of USD 25 million. Cohort 2 consisted of ESS category B PAP projects that had submitted a CN and had a GCF funding threshold of USD 25 million. As presented in the analysis, there is no direct comparison group between the SAP and PAP modalities.

a. Benchmarking

19. A benchmarking exercise was undertaken to compare the SAP to other fast-track processes within the climate, environment, development and private sector finance spheres. It focused on comparing the SAP with simplified processes for fund allocation and the project processing of other organizations. The process involved identifying the criteria used in each organization to discern fast-track process eligibility (activities funded, financial instruments used) and identifying simplification steps implemented at different stages of the project lifecycle (preparation, review, approval and post-approval processes). The team sought to identify the results achieved through these processes, and any lessons learned. This process also allowed the team to understand the overall project cycles in these organizations, and to extract some insights for the GCF.

The data collection on the comparators entailed a literature review of the funds' project lifecycle documentation and internal policies, supplemented with phone call interviews when relevant. The following organizations were covered by this exercise:

- Green Environment Fund;

- Adaptation Fund (AF);

- Climate Investment Funds (CIF);

- Japan International Corporation Agency (JICA);

- Children's Investment Fund Foundation (CIFF);

- Asian Development Bank (ADB);

- European Bank of Reconstruction and Development (EBRD);

- BNP Paribas;

- Mitsubishi UFJ Financial Group, Inc.;

- International Fund for Agricultural Development (IFAD);

- Korean Development Bank (KDB);

- Asian Infrastructure Investment Bank (AIIB); and

- International Finance Corporation (IFC).

20. For the list above, eight organizations were interviewed and 21 fast-track processes were reviewed. The findings from the benchmarking exercise are presented synthetically in annex 4.

b. Project deep dives

21. Project deep dives were employed as an alternative to the country visit. This included a comprehensive document review of all 13 FPs approved through the SAP modalities and their annexes, together with interviews with each AE project manager. This exercise sought to understand

what differentiates the SAP from the PAP. Among other questions, the aim was to answer the following:

- Is the SAP project effectively meeting the SAP eligibility criteria, especially the ready for scaling up and replicability criteria?
- How much time and effort were required to process the SAP project (e.g. financial or human resources)?
- What is the quality-at-entry of SAP projects?
- How is the project fulfilling the GCF investment criteria framework?

22. A synthesis of the deep dives for all 13 SAP projects is provided in annex 3.

Chapter II. THE SAP PILOT SCHEME – PORTFOLIO AND PIPELINE

KEY FINDINGS

Portfolio and pipeline

- The SAP portfolio comprises 13 projects implemented in 12 countries and represents 16 per cent of projects and 3 per cent of the funding approved by the GCF Board since the ratification of the SAP modality. The projects mainly focus on adaptation, the public sector, grants and international AEs.

- The SAP has been responsive to LDCs (half of all SAP projects) but not to SIDS (only two projects), which currently hold a smaller proportion of the portfolio than they do for the remainder of GCF projects.

- The pipeline of proposals to be processed through the SAP modality contains 76 CNs and FPs, representing 22 per cent of the GCF overall pipeline. The pipeline is similar in profile to the current SAP portfolio.

Theory of practice for the SAP Pilot Scheme

- There are three expected outcomes from the SAP modality, as an expeditious approval procedure that improves access to the GCF for low risk and small activities:

  - Providing resources to meet the urgent climate adaptation needs of GCF priority countries

  - Enhancing DAEs' access to the GCF while leveraging climate finance

  - Supporting projects that scale up ideas, and approaches that contribute to transformational change

- The SAP modality involves two key risks: not achieving the expected outcomes and delivering the expected outputs, and failing to provide sufficient information for the second-level due diligence performed by the Secretariat, through the simplified templates and requirements.

1. The Paris Agreement calls for institutions serving the agreement to "aim to ensure efficient access to financial resources through simplified approval procedures and enhanced Readiness support" (UNFCCC 2015a, Article 9.9). Paragraph 31 of the GCF GI calls for the Fund to "provide simplified and improved access to funding …" and paragraph 53 mandates the Board to "develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities." The SAP Pilot Scheme is a response to these directives.

2. This chapter provides an overview of the SAP Pilot Scheme, including its objectives, eligibilities, key features, processes and ToP and current portfolio and pipeline.

A. OBJECTIVE OF THE SAP MODALITY

3. The GCF approved the 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 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".*

4. The discussion during the Board meeting where the decision was approved indicated that the SAP design was a compromise among Board members, and that the Board was to continue considering issues regarding simplification at future meetings, while seeking to integrate some of the elements of the SAP more widely across the GCF. One Board member noted that the current draft decision and the proposed Pilot Scheme were far from ideal and did not capture all the elements.[11] In particular, this Board member emphasized the non-applicability of this modality for SIDS and LDCs. During the negotiation period, the Co-Chairs reminded Board members of the long journey made to reach this point.[12] Board members who intervened expressed support for the decision. One Board member said they had consulted on the proposal, and although not perfect, it represented progress and now needed to be tested so that lessons could be learned. The Board urged the Secretariat to expedite the implementation of the decision. The discussion also referred to the SAP as having been conceived for the GCF as a whole – not as an isolated element of its operations, and not only for a specific group of countries.

B. ELIGIBLE FUNDING

5. The SAP pilot sought 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".[13]

6. The Board decision included an extensive discussion about the third criterion. It made it clear that this criterion would refer to activities that fall under the ESS risk category C or I-3. Activities with

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[11] GCF/B.18/24 (para. 254).
[12] The simplified approach request dates back to the GCF Governing Instrument, the UNFCCC Paris Agreement, and as far back as B.08 (October 2014), the Board received a proposal (GCF/B.08/2) prepared by the Secretariat but the Board did not open the item. (A similar document was brought to the Board at B.11 (October 2015) and again the Board did not open the item.)
[13] Decision B.18/06.

these characteristics are project-specific, but the following activities are likely to fall within these categories are included specifically in the description of the pilot:[14]

- Capacity development, planning support, institutional development and strengthening, advisory services, communication and outreach, and early warning and other monitoring systems;

- Household-level facilities and production within an already built-up area and with an additional footprint;[15] and

- Small-scale rural and urban community-based projects such as water supply and drainage, rural energy, small-scale infrastructure, watershed and habitat management and rehabilitation.

7. The decision also included a list of "risk factors" that would be excluded from the SAP modality:

Projects and/or programmes that include known "risk factors" that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the pilot notwithstanding that it meets the criteria set out in Category (a) of eligibility. The "risk factors" include (although not limited to):

- *Activities with potential resettlement and dispossession, land acquisition, and economic displacement issues.*

- *Activities that may affect indigenous peoples.*

- *Activities within protected areas and areas of ecological significance, including critical habitats, key biodiversity areas, and internationally recognized conservation sites.*

- *Activities that may affect cultural heritage and physical, cultural properties.*

- *Activities with critical infrastructure (like dams, water impoundments, coastal and riverbank infrastructure) that would require further technical assessment and safety studies.*

- *Activities that may generate waste, including hazardous waste and pollutants and require further studies on management, minimization and control, and compliance to country and applicable international environmental quality standards.*

- *Activities that may adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers.*

- *Activities that may involve trans-boundary impacts, including those that would require further due diligence and notification to downstream riparian states.*

- *Activities that have associated facilities and require further due diligence of such associated facilities.[16]*

C. ELIGIBLE ENTITIES

8. **Application:** Entities eligible to *apply* for the SAP Pilot Scheme include already AEs, but the process is also open to others. As is already the case for the PAP, NDAs and AEs may submit CNs to the SAP pilot. One difference is that it is mandatory for the SAP that CNs need to be submitted prior to FPs. Under the SAP, the aim is for 50 per cent of the approved FPs to be submitted by DAEs.[17] According to decision B.18/06 annex X, the Secretariat is expected to encourage and

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[14] Decision B.18/06 annex X.
[15] Such as *basic post-harvest processing, rainwater harvesting, pico- to micro-scale renewable energy, retrofit renewable energy systems and energy efficiency and conservation, agroforestry and small-scale climate resilient agriculture (decision V.18/06 annex X)*
[16] Ibid.
[17] Decision B.18/06 annex X.

support DAEs in the preparation of proposals that would qualify for the SAP under SAP criteria, but goals for this were not specified.[18]

D. KEY FEATURES

9. The SAP Pilot Scheme aimed to simplify and accelerate processes by adopting several measures as a way of implementing the SAP modality Board decision, including:[19]

   1) Simplification: dedicated templates for CNs and FPs, with forms that are easier to fill in (compared to the FP template) and have fewer pages of text

   2) Acceleration: streamlined review, online submission of documents and approval in the absence of Board meetings

10. Specifically, the SAP Pilot Scheme is expected to include the following features:[20]

4.1 Project screening and further development

7. The Pilot Scheme will require the submission of a Concept Note (CN). The Concept Note shall set out a summary of the project or programme and details relating to the project size, the proposed extent of the GCF's participation and the environmental and social risks and impacts of the project or programme. The Secretariat will develop a simplified Concept Note template for this purpose as soon as possible.

*8. The Secretariat will put in place the structure and process for review of proposals with **target schedule and completion dates of reviews** and report to the Board on the implementation of the structure and process by B.19. [Bold added for emphasis.]*

9. The Concept Note may be submitted at any point during the operation of the Pilot Scheme and shall be accompanied by the results of the environmental and social risk screening that identify project-related environmental and social risks and impacts and their proposed mitigation measures.

10. Such screening by the entities will be conducted against standardized screening form which shall be developed and published by the Secretariat, and which shall be supplemented by explanation on how the screening form should be completed by entities and how the screening will be conducted.

11. An Environmental and Social Action Plan (ESAP) may also be required that will describe the actions necessary to carry out the mitigation measures including timelines for their implementation, continuing consultations and engagement, monitoring and reporting, and actions to develop further the institutional environmental and social management system where gaps are identified. The ESAP will also identify any additional studies and work that will need to be carried out by the entity post-approval stage and prior to the execution of relevant activities. The result of the environmental and social risk screening and the ESAP, as required, will allow the Secretariat to confirm the level of risk and the environmental and social safeguards requirements of the activities proposed for GCF financing and will be attached as a covenant to the Funding Proposal, becoming binding on the approval of the project. All environmental and social risks and impacts are to be checked by the Secretariat.

12. Upon receipt of the Concept Note and related documentation, the Secretariat shall first assess the eligibility of the proposed project or programme and the relevant entity. Concept Notes which

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[18] *Ibid.*
[19] According to GCF SAP website. Available at: <https://www.greenclimate.fund/projects/sap>
[20] Decision B.18/06 Annex X.

satisfy the eligibility criteria set out in sections II and III shall then be developed into funding proposals.

13. Entities whose Concept Notes are eligible and whose screening has concluded in a positive determination shall be invited to submit a Funding Proposal for the Secretariat's review.

14. The Funding Proposal will follow a simplified format based on the updated project approval process and using a template that will be developed by the Secretariat for this purpose.

*15. Funding proposals will include a pre-feasibility study, and be screened in relation to the environmental and social risks and impacts, stakeholder engagement undertaken, and **grievance redress mechanisms,** which will be put in place. [Bold added for emphasis.]*

16. The entity proposing the project or programme will need to provide a summary of consultations and a stakeholder engagement plan including activity-level and entity-level grievance redress mechanisms following the guidance and standard format to be provided by the Secretariat.

17. The review of safeguards will take into account the results of the environmental and social risk screening and the ESAP, as required.

18. In addition, the Secretariat will provide technical support on how to complete Funding Proposals to relevant entities through the use of any appropriate means.

4.2 Project review

19. It is expected that the entity will conduct all relevant due diligence for the project or programme prior to the submission of a funding proposal.

20. The Secretariat will carry out its second-level due-diligence based on the simplified set of documents. The Secretariat will confirm the risk category of the project or programme activity. The Secretariat will confirm during project or programme assessment that all activities are consistent with the risk categories adopted.

*21. **Proposals under this Pilot Scheme will be subject to iTAP review on a rolling basis.** This review will be based on the simplified set of documents. [Bold added for emphasis.]*

*22. **Simplified financial and other terms** shall be included with the Funding Proposal. [Bold added for emphasis.]*

23. Pilot projects assessed with minimal to no ESS risks do not have ESS disclosure requirements by the submitting entities.

4.3 Project approval

*24. Funding Proposals whose approval is recommended by the Secretariat shall be submitted to the Board for consideration during its regular meetings, **until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.** [Bold added for emphasis.]*

4.4 Post-Approval

*25. The Secretariat will implement the full post-approval process for approved **Funding Proposals, in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.** [Bold added for emphasis.]*

4.5 Implementation

*26. The list of items attached as conditions and covenants to the project or programme will be implemented **by the entity and monitored by the Secretariat.** [Bold added for emphasis.]*

27. Any changes to project or programme design and implementation arrangements will trigger a project or programme restructuring process that will include re-assessment of project or programme risks and compliance with relevant GCF policies.

*28. **A robust monitoring system will be put in place to assist projects or programmes to reach compliance, where possible gaps exist.** This robust monitoring system may also build capacity of the entities to meet GCF standards and to be able to put forward full proposals in the future. The Secretariat will develop this monitoring system for the simplified approval process in this regard. [Bold added for emphasis.]*

E. GCF PROJECT CYCLE AND SAP PROCESSES

11. Figure II-1 below presents the differences between the cycle that PAP GCF proposals go through and those that follow the SAP modality, as decided in decision B.18/06. The representation of the GCF project cycle is extracted from the FPR, 2019) of the IEU.[21] This presents the project cycle in nine steps, one of which (the CN) is optional. The FPR figure does not exhaustively mention all the steps and all the requirements of the project cycle. The "Key SAP differences" highlight the main differences between the PAP and the SAP, based on the decision text (cited above). The figure also illustrates some additional changes implemented by the Secretariat.

12. Until December 2019, the processing of proposals using the SAP modality was managed by a small team within the Secretariat, embedded into the DMA. As of January 2020, the team has been moved to the DCP. The team's responsibilities have not changed, although it is likely that the team manager can now devote only up to a third of their time to the SAP since the team manager is also responsible for other programmes such as the PPF and Enhancing Direct Access (EDA). The SAP team is responsible for coordinating SAP processes and SAP-related capacity-building, for developing the OSS and guidelines for project development. Until December 2019, once the decision was made that a CN or FP could use the SAP modality, the proposals were received by the DMA or the PSF Deputy Director to be managed by task managers from the DMA or from the PSF as relevant. Task Managers were expected to review the SAP proposals with shorter target times. The FPs submitted through the SAP were discussed by the GCF Senior Management Team (SMT) in a similar way to those submitted through the PAP. Members of the iTAP reviewed SAP proposals and provided their recommendation to the Board for approval. Then and now, the Board has followed the same process for SAP and PAP proposals submitted for approval, making a decision at its regular meetings, three times a year. After approval, the SAP projects continue (then and now) to follow the same process as PAPs with the negotiation, signature and effectiveness of an FAA. The entity responsible for implementing the project requires an effective AMA before the FAA is signed. The process for disbursements and annual monitoring reports was and is similar to the one for the PAP.

13. New procedures have been developed to manage the project cycle,[22] and have been implemented since January 2020. They establish that the Climate Investment Committee (CIC) clears the CNs and FPs before these are allowed to move on to the next stage. The process for the SAP modality now essentially follows the same process as the PAP, with some operational differences (please refer to chapter III for more on this new process).

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[21] It corresponds to figure VIII-1 "Overview of the Fund's project cycle".
[22] GCF Operations Manual for the project and programme lifecycle. Draft, April 2020.

	Country, regional and/or AE programmes (optional)	Preparation of FP and/or CN	Concept note submission (optional)	FP submission	FP review	Board consideration	Post-approval FAA negotiation and signing	FAA effectiveness	Project implementation
GCF Project cycle	• Submission of country programmes • Submission of AE work programmes • Structured dialogues	• Regular CN or FPs • Requests for proposals • Strategic approaches	• CN submission to Secretariat • Secretariat feedback • Project preparation support	• FP submission to Secretariat • No-objection letter • Information disclosure	• Secretariat review • Independent assessment by iTAP • Recommendation to Board	• Board review of proposal • Board decision	• Certificate of AEs' internal approval • Fulfilment of execution conditions • Supporting letter of co-financing • FAA signed	• Fulfilment of effectiveness conditions	• Fulfilment of pre-first disbursement conditions • Fulfilment of implementation conditions • Submission of Annual Progress Reports • Interim and final evaluations
Key SAP differences (as per Decision B.18/06)	• No difference	• Pre-identification of specific types of projects and activities • ESS screening form	• CN is mandatory • Simpler CN template • Must include E&S risk screening	• Simpler FP template • Simplified financial terms • Pre-feasibility required (not full feasibility study) • ESAP may be required	• *Shorter target review and completion dates* • No difference in ESS risk review • 2nd level due diligence based on simplified set of documents • *iTAP review on a rolling basis*	• *No difference* • *Possibility of BM approval (not approved)*	• No difference • Attempts to expedite it when possible	• No difference	• Changes in project would trigger risk re-assessment • *Robust monitoring system to enhance compliance and build capacity*
Additional simplifications and accelerations		• Template check lists • Webinars • E-learning	• Submission through Online Submission System (OSS) • NDA/FP encouraged to submit CN	• Submission through OSS • NDA/FP must find AEs to submit their FPs			• Template for FAA developed for some AEs		

Figure II-1. Comparison of GCF regular and SAP project cycles

Note: The modalities in italics have so far not been implemented.
Source: Decision B.18/06 and interviews with Secretariat.

F. SAP PORTFOLIO

14. As of 12 March 2020, after B.25, the GCF had approved 13 projects under the SAP Pilot Scheme with an overall approved amount of USD 115 million that has leveraged co-financing of USD 71 million. The Board requested the Secretariat to review the SAP pilot after two years or after funding of USD 80 million has been approved through the SAP modality. Table II-1 below presents a list of these projects along with basic information and their current statuses.

15. Average GCF funding per SAP project is USD 9.3 million, while co-financing averages USD 1.1 million. Three projects (SAP004, SAP010 and SAP013) have co-financing ratios above 1:1, while the average co-financing ratio is 0.5:1. Seven of the projects are considered "micro" projects (total budget of less than USD 10 million) while six are considered "small" (between USD 10 million and USD 50 million). In all cases, the GCF contribution was less than USD 10 million, as required by SAP procedures.

16. Within this portfolio, five projects (38 per cent) were submitted by national DAEs, representing 42 per cent of GCF SAP commitments and 37 per cent of co-financing, slightly below the 50 per cent target for the number of projects presented by DAEs. Only one of the projects (SAP004) is a mitigation project, two (SAP012 and SAP013) are cross-cutting, and the rest are adaptation projects. SAP004 is also the only project approved with a private sector entity to date (DAE, XacBank/Mongolia), although SAP013 is also a private sector project, and SAP012 was processed through the PSF.[23]
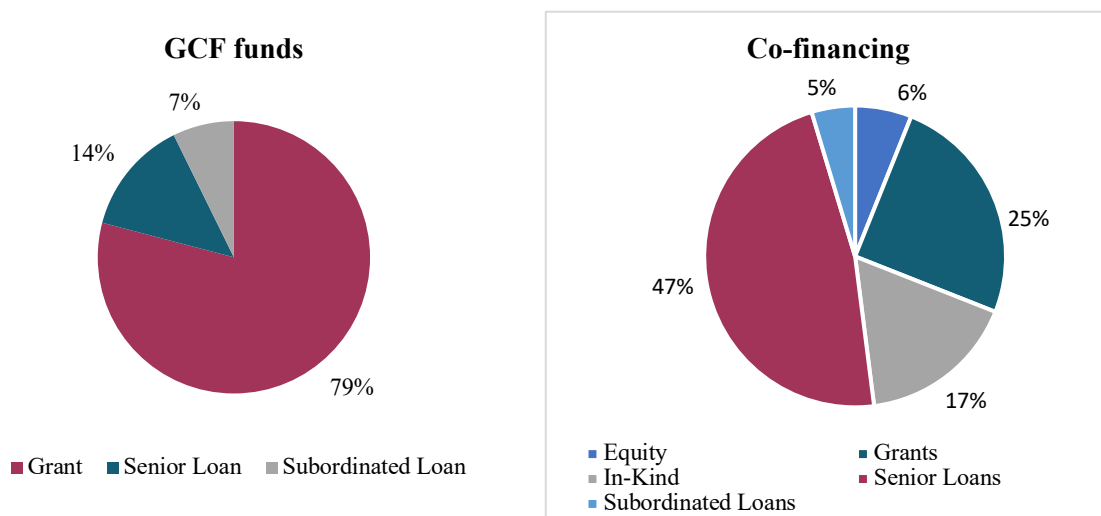
Figure II-2.   ***Proportion of funds allocated through each financial instrument for projects approved under the SAP modality***

Source: IEU DataLab

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[23] This analysis follows the self-identification of the categories of private/public sector projects in FPs, for projects processed through the DMA or the PSF. However, there could be another angle of categorisation of "public or private" based on the type of AE – whether the project is submitted by a public AE or a private AE. For example, SAP012 is also a private sector project (it involves private banks developing financial instruments) processed by the PSF although it was submitted by IFAD, the public AE.

Table II-1.   GCF projects approved through the SAP (as of B.25, and disbursements as of 30 March 2020)

REF.	PROJECT NAME	AE	GCF FUNDING (USD MILLION)	CO-FINANCING (USD MILLION)	COUNTRY	FAA STATUS	AMOUNTS DISBURSED (USD MILLION)
SAP001	Improving rangeland and ecosystem management practices of smallholder farmers under conditions of climate change in the Sesfontein, Fransfontein, and Warmquelle areas of the Republic of Namibia	Environmental Investment Fund (EIF) (DAE)	9.3	0.7	Namibia	Effective	3.8
SAP002	Climate services and diversification of climate-sensitive livelihoods to empower food-insecure and vulnerable communities in the Kyrgyz Republic	World Food Programme (WFP)	8.6	1.1	Kyrgyzstan	Pending	N/A
SAP003	Enhancing climate resilience of the water sector in Bahrain	UN Environment (UNEP)	2.3	-	Bahrain	Effective	0.9
SAP004	Energy Efficient Consumption Loan Programme	XacBank (DAE)	10	11.5	Mongolia	Effective	2
SAP005	Enhanced climate resilience of rural communities in central and north Benin through the implementation of ecosystem-based adaptation in forest and agricultural landscapes	UNEP	9	1.0	Benin	Effective	1.1
SAP006	Building resilience of communities living in landscapes threatened under climate change through an ecosystem-based adaptation approach	EIF (DAE)	8.9	0.2	Namibia	Effective	0.7
SAP007	Integrated Climate Risk Management for Food Security and Livelihoods in Zimbabwe focusing on Masvingo and Rushinga Districts	WFP	8.9	1.1	Zimbabwe	Pending	N/A
SAP008	Extended Community Climate Change Project-Flood (ECCCP-Flood)	Palli Karma-Sahayak Foundation (PKSF) (DAE)	9.7	3.6	Bangladesh	Pending	N/A
SAP009	Building resilience of urban populations with ecosystem-based solutions in Lao PDR	UNEP	10	1.5	Lao PDR	Executed	N/A

Ref.	Project name	AE	GCF funding (USD million)	Co-financing (USD million)	Country	FAA status	Amounts disbursed (USD million)
SAP010	Multi-Hazard Impact-Based Forecasting and Early Warning System for the Philippines	Landbank (DAE)	10	10.2	Philippines	Pending	N/A
SAP011	Climate-resilient food security for women and men smallholders in Mozambique through integrated risk management	WFP	9.5	0.8	Mozambique	Pending	N/A
SAP012	Inclusive Green Financing for Climate Resilient and Low-Emission Smallholder Agriculture	International Fund for Agricultural Development (IFAD)	9.5	3.3	Niger	Pending	N/A
SAP013	Scaling Smart, Solar, Energy Access Microgrids in Haiti	Nordic Environment Finance Corporation (NEFCO)	9.9	35.8	Haiti	Pending	N/A

Source: IEU DataLab

17. **In terms of the geographic distribution** of projects, six are in Africa, six in Asia-Pacific and one is in Latin America and the Caribbean. The Venn diagram below illustrates their distribution according to the priority countries of the GCF. Some 76 per cent of the projects are in one of the priority countries, with 46 per cent in LDCs, 46 per cent in African States and 15 per cent in SIDS.
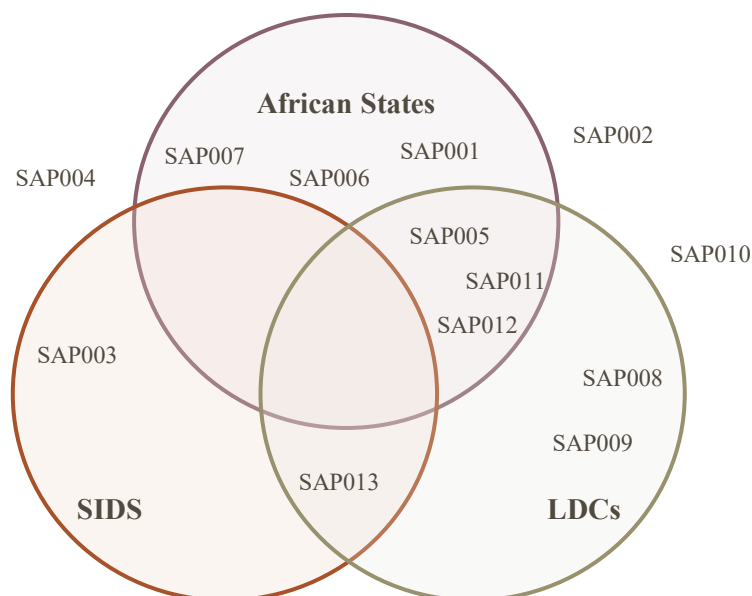
Figure II-3.   Projects approved through the SAP as per GCF priority countries
Source: IEU DataLab

18. **Result areas:** Cumulatively, 42 per cent of the projects approved through the SAP modality should contribute to the resilience of the most vulnerable people and communities, and 25 per cent to health, well-being, and food and water security. Contributions to the impact areas attributed to mitigation occur in 15 per cent of projects (Figure II-4).
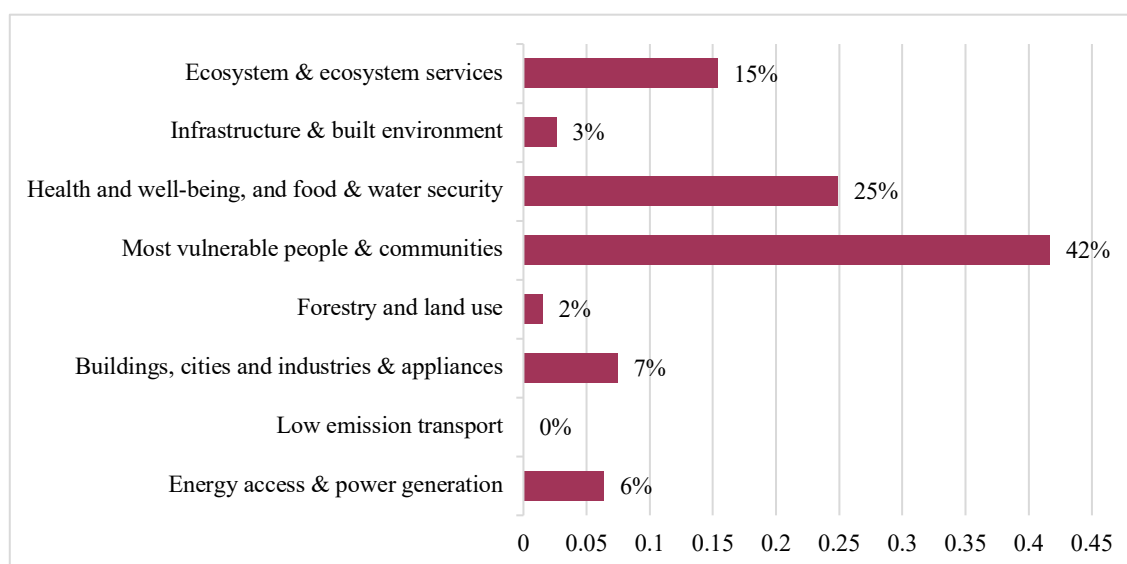
Figure II-4.   Cumulative contribution of SAP projects to GCF impact areas
Source: IEU DataLab

19. Most projects contribute to a variety of impact areas, with the most frequent combination being one of addressing the vulnerability of populations jointly by dealing with health, well-being, and food

and water security. The mitigation (SAP004) and cross-cutting projects (SAP012 and SAP013) stand out with their emphases on energy access and power generation, buildings, cities, industries and appliances, and forestry and land use.
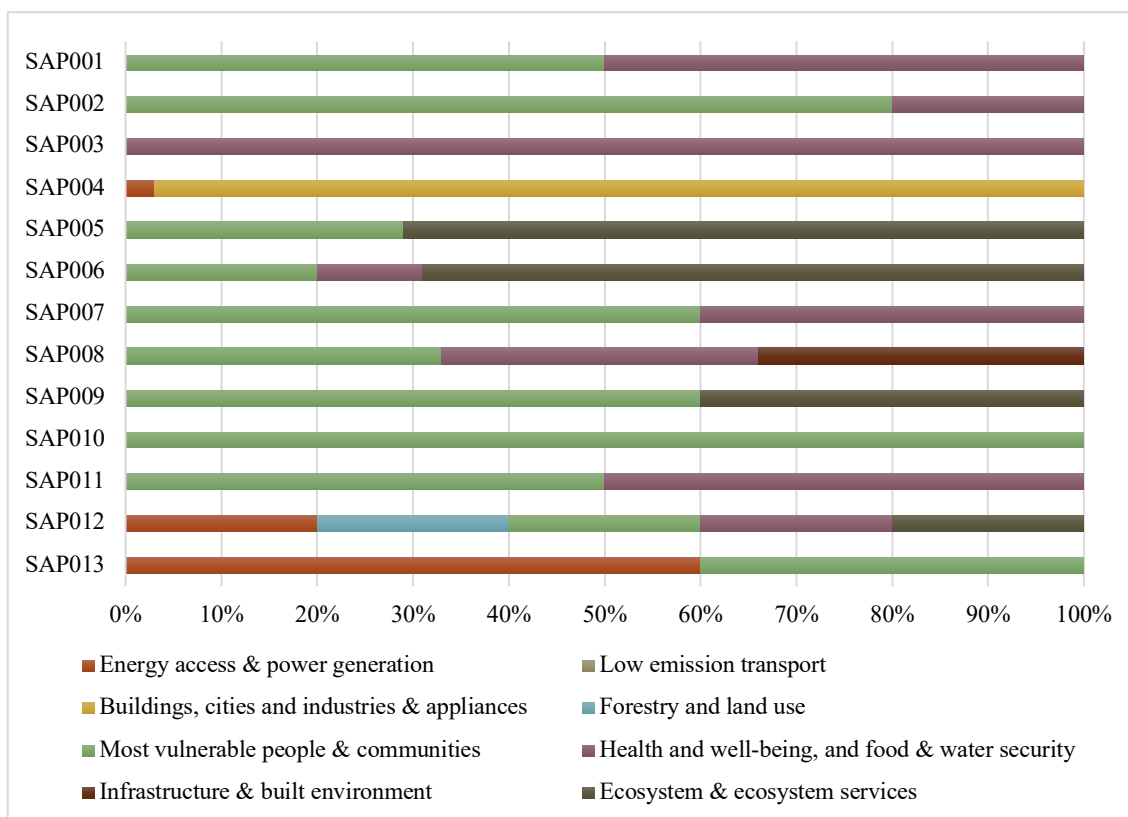
Figure II-5.   *Contribution of SAP projects to GCF impact areas by budget amounts*
Source: IEU DataLab

20. **Beneficiaries, gender and costs:** Altogether, the projects approved through the SAP are expected to reach 1.2 million direct beneficiaries and 13.1 million indirect beneficiaries. The projects that set gender targets estimate that 50.7 per cent of these beneficiaries will be women. The number of direct beneficiaries per USD 1 million GCF contribution is on average lower than for PAP projects (see Table II-2), but it is higher for indirect beneficiaries. The three projects that have mitigation objectives expect to contribute to reducing emissions by 2.3 Mt of CO_2 over the life of the project, that is on average a cost of USD 24.43/tCO2eq for projects approved through the SAP modality, compared to a cost of USD 35.96/tCO2eq for the PAP portfolio (68 projects).

Table II-2. **Comparison of number of beneficiaries per GCF dollar invested between SAP and PAP**

	NUMBER OF APPLICABLE PROJECTS	AVERAGE DIRECT BENEFICIARIES PER USD 1 MILLION GCF CONTRIBUTION		NUMBER OF APPLICABLE PROJECTS	AVERAGE INDIRECT BENEFICIARIES PER USD 1 MILLION GCF CONTRIBUTION
SAP	12 projects	14,000	SAP	12 projects	155,000
PAP	88 projects	56,000	PAP	73 projects	88,000

Notes: Not all projects included targets in terms of number of beneficiaries.[24]
Source: IEU Datalab.
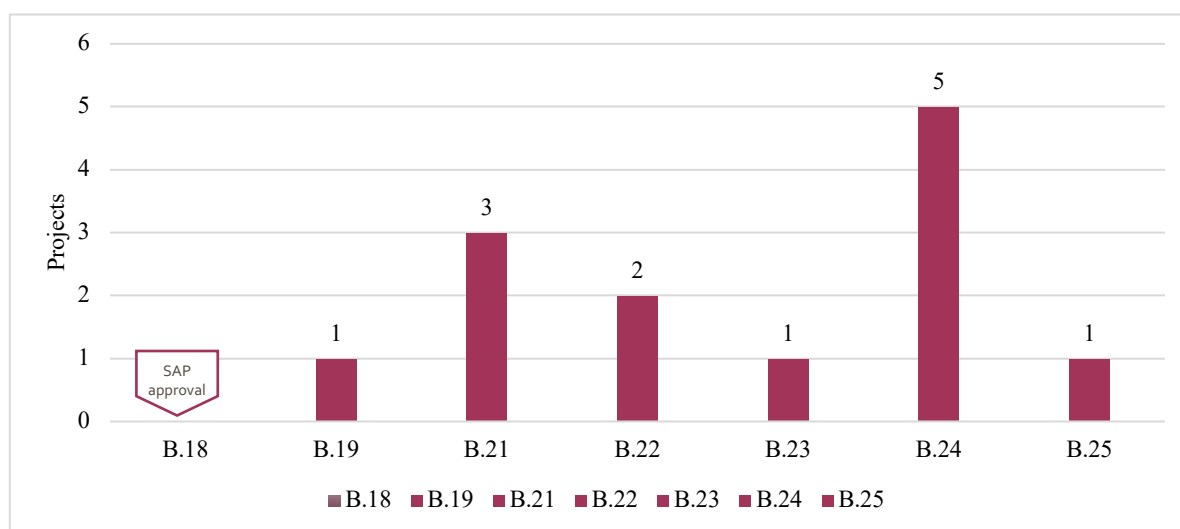
Figure II-6. **Number of projects approved through the SAP per Board meeting**
Source: IEU DataLab

21. There is no clear trend yet as to the evolution of the number of projects approved through the SAP at each Board meeting. As of B.25, these projects represent 16 per cent of the number of projects and 3 per cent of the funds approved by the Board since the approval of the SAP modality.

G. SAP PIPELINE

22. As of 16 April 2020, there were 76 active[25] proposals in the SAP pipeline (with 18 additional that are considered 'inactive'). This represents 22 per cent of the total number of proposals in the GCF pipeline. Most of these projects (76 per cent) are at Stage 3, which means the Secretariat provided a response to the CN and it is expected that proponents are working on improving their CN or developing an FP. Figure II-7 summarizes where projects are located in the SAP pipeline.

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[24] The N changes from one measure to the other. There are 68 PAP with greenhouse gas (GHG) reductions targets, 73 PAP projects with indirect beneficiary targets, and 88 with direct beneficiary targets.
[25] *Active projects* are those that have seen communications between the Secretariat and proponents in the last six months. Unless otherwise specified, only active projects are considered in the presentation of the pipeline.
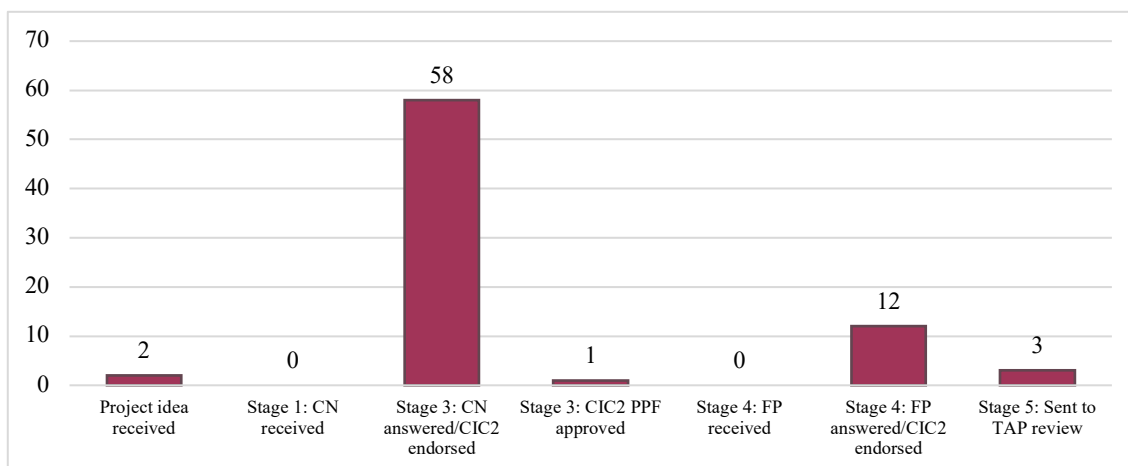
Figure II-7. ***Stages of proposals in the active SAP pipeline***
Source: IEU DataLab

23. As illustrated in Figure II-8, the current pipeline includes a larger proportion of cross-cutting proposals, while the proportion of mitigation proposals remains low. The increase in cross-cutting proposals should be reflected by an increased proportion of project contributions to mitigation impact areas, and in particular to forestry and land use and to energy access and power generation. The proposals in the pipeline are for larger projects, with more than half of the proposals classified as "small" (total project cost between USD 10 million and USD 50 million). The pipeline is more diverse in geographical coverage than the portfolio since more proposals come from Latin America and the Caribbean. The proportion of private sector proposals is similar to the portfolio.

Geographic distribution

Africa 51%
Asia-Pacific 29%
Eastern Europe 1%
Latin America and the Caribbean 16%
3%

- Africa
- Asia-Pacific
- Eastern Europe
- Latin America and the Caribbean

Project size

Micro 41%
Small 51%
Medium 4%
Large 1%
N/A 3%

- Micro
- Small
- Medium
- Large
- N/A

Sector

Public 84%
Private 16%

- Public
- Private

Theme

Adaptation 37%
Mitigation 8%
Cross-cutting 55%

- Adaptation
- Mitigation
- Cross-cutting

Cumulative contribution of projects in SAP pipeline to GCF impact areas

Impact area	Percentage
Ecosystem & ecosystem services	12%
Infrastructure & built environment	7%
Health and well-being, and food & water security	23%
Most vulnerable people & communities	30%
Forestry and land use	11%
Buildings, cities and industries & appliances	4%
Low emission transport	3%
Energy access & power generation	11%

Figure II-8.   *Main characteristics of the active SAP pipeline*
Source: IEU DataLab

24.   Compared to the current SAP portfolio, its pipeline includes a slightly higher proportion of
proposals in SIDS (20 per cent) and in African States (51 per cent, compared to 46 per cent
currently), as illustrated in Figure II-9.
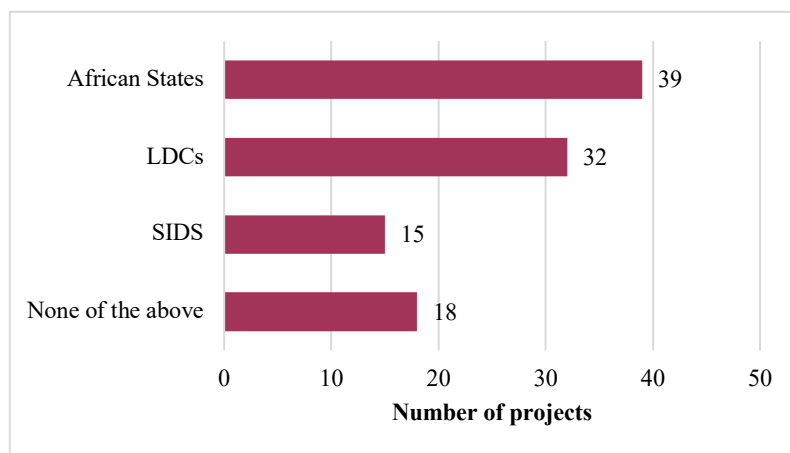
Figure II-9. *SAP pipeline planned contribution to priority countries*
Source: IEU Datalab

H. RETROSPECTIVE THEORY OF PRACTICE FOR THE SAP PILOT

25. As indicated above, the objective of the SAP pilot is to develop a modality to access the GCF that is more efficient and effective for "small-scale"[26] climate change investments. This is a direct response to the Conference of the Parties United Nations Framework Convention on Climate Change (UNFCCC/COP)[27] and to the mandate on access and disbursement of GCF funding included in the GCF GI paragraphs 31 and 53. Paragraph 31 refers to the mandate of the Fund to develop simplified and improved access to GCF funding, including direct access. Paragraph 53 directly instructs the Fund to have a streamlined programming and approval process to enable the timely disbursement of funds. This paragraph further mandates the Board to develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities. Ultimately, the GCF providing financial access to UNFCCC member countries supports the primary objective of the UNFCCC, in its Article 2: the stabilization of greenhouse gas (GHG) concentrations and ensuring the adaptation of ecosystems, food production and economic development. At the highest level, the SAP modality, by attempting to increase efficiency and effectiveness when accessing GCF funding, should incentivize more entities to come to the GCF with FPs – particularly direct access ones, including private sector partners – that contribute to the GCF mandate.

26. The diagram below (Figure II-10) provides an interpretation of the theory behind the implementation or practice of the SAP modality based on the Board decision, and on its implementation by the Secretariat in a retrospective manner. It does not attempt to incorporate all of the procedures and guidelines developed to implement the decision since its approval. The practice or implementation of the decision was presented in the section above, describing the SAP project cycle compared with the PAP project cycle.

27. Based on the decision and discussions with the Secretariat and AEs, this assessment concluded that there are three expected **outcomes** from the SAP modality, as an expeditious approval modality for accessing the GCF for low risk and small activities:

- Facilitate and speed up funding on the ground to address the urgent climate change needs of GCF priority countries;

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[26] The term "small scale" was used in the SAP decision, but it is not the same definition of "small" used for defining GCF projects with total costs of between USD 10 million and USD 50 million.
[27] Decision 10/CP.22, paragraph 7 and Decision 1/CP.21 (Paris Agreement), paragraph 64.

- Enhance access of DAEs – including the private sector – to the GCF while leveraging climate finance; and

- Projects/funding for scaling up ideas and approaches that contribute to transformational change, at country and global level.

28. These outcomes are currently achieved through two **outputs,** namely: (i) reducing the time and effort needed in the preparation, review, approval and disbursement of this type of project, and (ii) promoting the approval of projects that are ready for scaling up and have the potential for transformational change. The assessment identified several **pathways** that the GCF has developed to achieve these outputs and outcomes. These pathways and approaches include:

- **Incorporating lessons** from the best practices on fast-tracking procedures of similar and relevant institutions and learning from the SAP pilot to later improve it, and incorporating relevant lessons from the entire GCF business model and project cycle;

- **Simplifying documentation and requirements**, particularly the templates of key documents; developing an OSS, and guidelines for proposal development; conducting reviews by the Secretariat and iTAP teams on a streamlined and simplified approach, requiring simplified financial terms, post-approval processes and the implementation of a rigorous M&E system;

- **Develop an accelerated process** (even if all GCF policies and investment criteria are applicable) with business standards that increase transparency and predictability; have iTAP reviews on a rolling basis; and the review, discussion and approval of FPs through decisions in the absence of a Board meeting;

- **Implementing the eligibility criteria** for FPs that have a less than USD 10 million contribution by the GCF, have none to low ESS risk, that are ready for scaling up and have potential for transformational change; and

- **Delegating the responsibility** for the due diligence of a project – as required in the accreditation agreements – to AEs, before submission of an SAP funding proposal.

29. To achieve the outcomes and outputs and for the pathways to be effective and efficient, the SAP modality and its decision were based on several assumptions. **These assumptions** include:

- The eligibility criteria for projects to be processed through the SAP modality generate projects that support the GCF mandate and country priorities on climate change;

- The simplified templates for CNs and FPs do not affect the quality of the projects nor the rigorous second-level due diligence conducted by the Secretariat and iTAP (as well as by the internal CIC, SMT and the Board) demanded by the Board for the approval of FPs;

- The AEs have the appropriate mechanisms, structures, policies and capacities to conduct all relevant due diligence for the projects prior to the submission of an FP. Since entities do not need an effective AMA to submit FPs but they must be accredited, they will have justified having such mechanisms during the accreditation process, although accreditation focuses more on fiduciary processes than on capacity to prepare and implement climate change investments;

- The Secretariat, and its SAP team, develop clear and more streamlined procedures for project processing and for assessing key attributes such as innovation and scale up;

- The DAEs and the private sector, are incentivized to come to the GCF because the enhanced predictability, transparency, simplification and acceleration of the GCF project cycle makes it attractive to them. The GCF is therefore able to unlock private sector financing to improve the leveraging potential of GCF finance; and

- The project proponents assess (and clearly present in the FP) the evidence and lessons taken from the efficiency of the proof of concept – or demonstration of innovative idea or approach – to justify scaling up/replication.

30. **The SAP modality involves two key risks**. The first one is related to not succeeding in achieving the expected outcomes and delivering the expected outputs. As found and concluded by the FPR, the project cycle (currently cumbersome, unpredictable, non-transparent and with high transaction costs) is a key weakness in the GCF business model since it has created a widespread perception that the GCF is unable to be fast and nimble, which limits its ability to respond to the urgent climate change needs in all developing countries. The second risk is that the simplified templates and requirements will not provide sufficient information for the second-level due diligence by the Secretariat, which would slow the process (by increasing interactions and information required from proponents). Preventive measures should be implemented to minimize these two risks.

31. The rest of the assessment will test the different aspects of this ToP to assess the assumptions, achievements and challenges of the SAP Pilot Scheme.

Mandate

Access and disbursement of GCF funding from Governing Instrument: para. 31 on simplified and improved access and para. 53 on streamlined and simplified approval process

Decision 18/06

Learning pathway

"Small activities" pathway

SAP : More efficient and effective funding modality for countries to access the GCF for small-scale CC investments

Simplification and acceleration pathways

Assumption: Simplified templates for CN and FP will not affect the quality of the projects nor the rigorous second-level due diligence

Assumption: Secr. will develop clearer and more streamlined procedures for project processing and for key concepts such as innovation and scale up

AE due diligence pathway:

Assumption: Entities have the relevant mechanisms, structures, polices and capacities

Expected Outcomes of SAP
1. Funding addresses the urgent climate adaptation needs of GCF priority countries
2. DAE enhanced access to the GCF while leveraging climate finance
3. Projects/funding scale up ideas/approaches that contribute to transformational change.

Expected output of SAP
1. Reduce the time and effort
2. Projects to scale up ideas/approaches and potential for transformation

Assumptions: Project proponents have evidence and lessons on the effectiveness/efficiency of the proof of concept or demonstration of innovation to justify scaling up/replication with GCF funding

Assumption: DAEs, particularly from the private sector, are incentivized to come to the GCF

Assumption: Projects that satisfy the eligibility criteria will support the GCF mandate and country priorities to deal with CC

GCF goal: UNFCCC Article 2

GCF impact: Country-level paradigm shift development pathways and Paris Agreement

Figure II-10.   Retrospective ToP for the SAP modality and how it fits into the GCF mandate

I. KEY FINDINGS

32. The key findings from the portfolio and pipeline analysis conducted throughout this chapter are as follows:

- **Finding 1:** The SAP portfolio consists of 13 projects, implemented in 12 countries and representing 16 per cent of the number of projects approved by the GCF Board. It mainly focuses on adaptation, the public sector, grants and international AEs.

- **Finding 2:** The SAP has been responsive to LDCs (half of the countries are LDCs) but not to SIDS (only two projects are in SIDS).

- **Finding 3**: The pipeline of proposals to be processed through the SAP modality contains 76 CNs/FPs, representing 22 per cent of the overall GCF pipeline. The pipeline is similar to the proposals already approved by the Board in terms of distribution according to geography, topics and financial instruments, but the number of cross-cutting projects (and thus the focus on mitigation) is higher.

- **Finding 4:** There are three expected outcomes from the SAP modality, as an expeditious approval modality for accessing the GCF for low risk and small activities:
  - Providing resources for meeting the 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.

- **Finding 5:** The SAP modality involves two key risks: not achieving the expected outcomes and delivering the expected outputs, and not succeeding in the provision of sufficient information for the second-level due diligence performed by the Secretariat, through the simplified templates and requirements.

Chapter III.   IMPLEMENTATION OF THE SAP MODALITY: THE PROJECT CYCLE TIMELINE

KEY RECOMMENDATIONS

For the Board:

- 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 Governing Instrument. The strategy should have transparent and predictable business standards, throughout the process, that are monitored and enforced.

- Approve crucial elements of the Board decision that have not yet been implemented.

For the Secretariat:

- Further simplify the SAP process by exploring the following options: clarity of guidance for reviews and consistent application across the Secretariat and iTAP; and better defined key GCF concepts.

- Further accelerate the process by exploring the following options: provide one set of consolidated comments for each CN and FP, rather than giving proponents multiple rounds of comments; focus on developing processes for the post-approval stages of the SAP project cycle that are SAP-ready rather than imitating the PAP; and develop and enforce transparent and predictable business standards for every step of the SAP process.

- 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).

KEY FINDINGS

- The SAP team within the Secretariat has been established to develop and manage the SAP process and related tools. It has been effective and proactive in the facilitation of and support for the pilot, and has developed specific templates for the CNs and FPs of the SAP, an OSS, and provided direct support to proponents.

- The implementation of the SAP modality has not translated into simplified requirements or accelerated processes. The process still lacks transparency and predictability. It is driven by Board meetings and presents multiple and duplicative reviews.

- The current SAP process has not produced the expected effect: the time it takes from CN submission to FP approval (median of 365 days) is not significantly shorter than for the PAP (median of 399 days). SAP processes do not seem to improve the predictability and transparency of the project cycle.

- All GCF policies and investment criteria are applicable and reviewed in the same way as for the PAP.

- There are no SAP-specific KPIs that incentivize task managers, at the relevant Secretariat divisions, to prioritize and promote the processing of proposals and projects through the SAP modality/modalities.

- Two crucial features approved in the Board decision have not been implemented: approvals in the absence of Board meetings and iTAP reviews on a rolling basis.

A. BACKGROUND

1. This chapter presents mechanisms that the GCF has developed and implemented to fulfil the requirements of the Board decision for the SAP modality over the past two and a half years. It discusses whether simplification and acceleration procedures have affected the processing of projects. The key question under consideration is:

   - Have the time and effort needed for the preparation, review, approval and disbursement of SAP proposals, reduced, compared to the PAP?

2. It is important to note that the Secretariat also undertook a review of the SAP modality with a view to improving the modality's efficiency (as mentioned in chapter I, the 'Secretariat's review'). The Secretariat's review was triggered – as requested by the Board decision – after a USD 80 million GCF contribution was approved at B.24 in November 2019. The key questions considered are:

   - Were the findings of the Secretariat's review supported by evidence that is unbiased and relevant?

   - Were the recommendations of the Secretariat's review supported by evidence from the findings?

   - What types of changes do the recommendations made in the Secretariat's review make to the performance of the SAP?

B. DATA AND KEY FINDINGS

1. WHAT SIMPLIFICATIONS AND ACCELERATIONS HAVE BEEN IMPLEMENTED WITHIN THE SAP?

3. The SAP team at the Secretariat has developed several tools and procedures to operationalize, implement, facilitate and clarify the SAP pilot modality.

Operational simplifications

4. **The SAP team**, located within the DMA since December 2019, has been responsible for developing SAP-related procedures, training, guidelines and activities. Other teams in the Secretariat are responsible for implementing them, while also processing SAP proposals and projects. All projects, including SAP projects, have an assigned task team (who are usually located outside the SAP team) that includes a task manager (TM), task support and technical reviewers. The task team also undertakes technical and legal reviews, and FAA negotiations.

5. **The OSS** was developed and implemented as the platform through which all SAP proposals are submitted, and is designed to simplify and facilitate communications between the entity submitting the proposal (AE or NDA/focal point – the 'proponents') and the Secretariat. At the CN stage, the OSS includes a checklist for ESS screening that is meant to ensure that the project is indeed a category C project and does not fall into the specific exclusions identified in the decision text. The screening seems to indicate that if any of the ESS screening exclusion criteria are positive, proposed activities will not be eligible for the SAP. The application does not clearly indicate the requirements for SAP eligibility, but if the proponent indicates that the proposal is not an ESS category C, it does not allow them to move forward. The structure (sections and areas) of the OSS follows the same templates as for the CN and the FP, and data is automatically transferred between the CN and the FP, so the AE does not have to enter it again. Other than for the ESS section for which there is a seven-page guidance document, guidance on other questions is scarce. The main advantage of the

OSS is that it ensures that the most recent versions of documents are readily available to the Secretariat, which was identified as an advantage by some staff. It generates notifications when a new CN or FP is submitted so that it can be allocated rapidly to a TM. It is also used to provide guidance on the number of words that are recommended by each section of the CN/FP. AEs reported some technical difficulties in using the OSS, mostly related to the quality of the internet in their institutions, but seemed relatively indifferent to its benefits. The OSS is not currently used as management record system where all comments and interactions between the reviewers and the proponents are kept (these interactions are still saved in emails). The OSS is primarily used to keep the latest version of the documents.

6. **Sharing of information:** The SAP team at the Secretariat has led several activities to inform stakeholders about the SAP modality. These include:

   - Developing a dedicated SAP page in the GCF website with an introductory video and links to various resources. According to data provided by the SAP team, the page had 20,462 single external visitors between September 2018 and November 2019, indicating that there is high interest in the SAP;

   - Providing SAP preparation guidelines, including for FP preparation, ESS screening, economic and financial analysis and for pre-feasibility studies;

   - Leading six webinars in 2018 and 2019 (four of which were in collaboration with the United Nations Institute for Training and Research), which reached a total of 930 participants. The topics covered included introductions to the SAP, to the OSS and REDD+. Two of these webinars were multilingual (English and French and/or Spanish);

   - Presenting the SAP at several (more than four) country or thematic dialogues, with side meetings with NDAs and AEs;

   - Publishing SAP-specific technical guidelines for seven topics related to the impact areas, such as "Cities and Climate Change", "Ecosystems and Ecosystem Services" and "Renewable Energy". These guidelines describe how to approach the topic from a GCF and SAP perspective, what paradigm shift means for that topic, and provide examples and guidance on activities that could be eligible through the SAP. They are available in English, French and Spanish. These were downloaded almost 3,400 times between September 2018 and November 2019 – a relatively high number, especially considering they were developed during the year; and

   - An e-learning course called "Developing GCF funding proposals for the Simplified Approval Process" was published at the end of 2019 on the GCF iLearn platform. It consists of a dozen modules explaining the SAP as a whole and each section of an SAP proposal.

7. While proposals and documentation can still only be submitted in English, the efforts from the SAP team to make information accessible to stakeholders in various languages go beyond the usual practice of the GCF.

2. EXPECTED SIMPLIFICATIONS AND ACCELERATIONS TO THE PROJECT CYCLE

8. **Modifications to the project cycle**. In response to the Board decision and as presented in Figure II-1, several modifications were introduced to the project cycle to simplify and accelerate it, as required and included in the Board decision. These changes include:

   a) Simpler CN and FP templates

   b) Early screening of the ESS categorization to ensure eligibility

c) Technical support for FP preparation

d) The SAP requiring only a pre-feasibility study, not a full feasibility study[28]

e) Business standards for the time the Secretariat takes to respond to CN and FP submissions

f) Second-level due diligence and iTAP review based on simplified documents

g) FAA templates for certain AEs

9. **Features not implemented yet.** Several simplifications and acceleration features approved in the Board decision have not been implemented, meaning that the full potential of the SAP modality has not been realized (these shortcomings of the pilot are discussed in different parts of the evaluation). **The following features have not been operationalized/applied**:

- Simplified financial terms to be included in the FAAs;

- iTAP review on a rolling basis;

- Approval of proposals in the absence of a Board meeting (the decision refers to approvals of FPs through 'in-between Board meetings'); and

- A robust monitoring system to enhance compliance and build capacity.

a. Simplified CN and FP templates

10. **Specific templates for CNs and FPs applying and processing through the SAP modality were developed and have been used.** A detailed analysis of these templates yielded the following findings:

- Requirements for an SAP CN are similar to those of a PAP CN, except for the additional requirements related to the ESS screening. CNs are required for proposals intending to apply through the SAP modality, while they are not required for the PAP.

- The SAP FP form has fewer pages and states that the final document should not exceed 20 pages. Form filling has been simplified (it takes place online through the OSS), the structure is more logical and seeks to avoid duplications, and additional guidance is provided to guide answers.

- A few sections of the SAP FP require less information, not necessarily in content but in terms of the number of words (e.g. 750 words instead of 1,500 to describe the implementation arrangements).

- The SAP FP requires less annexes (11 or 12) than the PAP FP (18).

11. Based on data compiled by the Secretariat and included in its review of the SAP submitted at B.25:

- Approved SAP projects (excluding SAP013, since it was approved after the Secretariat's review) submitted on average 16 annexes with their FPs. A randomly selected sample of seven PAP FPs also had 16 annexes, on average;

- SAP proposals, excluding annexes and the Gender Assessment and Action Plan, were 50 pages in length on average, while the randomly selected sample of PAP projects were an average of 81 pages.

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[28] According to "Guidance for preparing a pre-feasibility study under the Simplified Approval Process", the pre-feasibility study:
• *Can rely on secondary data sources complemented by primary sources (as needed);*
• *Makes use of existing evaluation reports for previously implemented/ongoing projects;*
• *Uses proven technologies and solutions with track records to demonstrate the feasibility of proposed technological solutions; and*
• *Assesses feasible options using existing/available data, studies and resources.*

12. **In practice,** interviews with AEs that have approved SAP projects indicate consistently that a shorter justification in the core of the proposal does not simplify work for them. AEs must make extra efforts to synthesize text so that it fits in the recommended number of words. This has proven to be particularly challenging for those projects that were initially developed as PAP projects, and then submitted through the SAP modality (because the Secretariat recommended it). **It should be noted that nine of the projects approved through the SAP modality were initially developed as PAP projects but were retrofitted into the SAP after CN submission, as advised by the Secretariat.** Retrofitting the proposal, according to AEs, has been time consuming and complex since it required the summarizing of information and the addition of annexes to comply with the recommended space in the OSS form. Fewer requirements on ESS documentation has not always meant less work, since the proponents needed to justify the minimum to low ESS risk with less information, and early on in the process.

13. The requirement of a pre-feasibility study rather than a full feasibility study has reduced the level of information and analysis provided by proponents. Simplified Approval Process proposals for the public sector are not required to conduct a full economic and financial assessment, which was considered a major simplification compared to a PAP proposal, for some AEs interviewed.

b. Mandatory CN preparation

14. The mandatory requirement of a CN submission may seem intuitively counter-productive in a process that is attempting to be swifter, since it adds a requirement. The GCF Secretariat justifies this by the need to ensure that the project effectively fits the SAP modality eligibility criteria, and complies with the ESS risk standard.

15. The AEs interviewed did not report challenges in developing the CN. One AE noted that the information required for the CN was similar to the requirements for the FP.

16. The SAP team has encouraged NDAs or focal points to present CNs themselves, without the support of an AE. This is a positive approach in terms of generating projects with strong country ownership and enhancing NDAs' understanding of GCF processes. But it has also generated delays, since on many occasions comments from the Secretariat have not been addressed by the NDA or focal point, for several reasons, such as lack of knowledge of or experience with GCF processes. On other occasions, once the CN is cleared by the Secretariat, the NDA or focal point has taken time to identify an AE to submit the FP. There are currently 10 CNs in the pipeline with no AE, and four inactive ones.[29]

c. Technical support for FP preparation

17. Another feature of the SAP preparation phase is the availability of enhanced technical support for project preparation. While AEs are eligible to apply for PPF support for SAP projects, as for any other proposal, no proposal approved through the SAP modality or in the pipeline has yet benefited from a PPF grant. **Some DAEs interviewed reported they did not request PPF support since in their view it would generate additional delays, and preferred to develop the proposal with their own resources. They estimated that the expected process for PPF approval could add one year to their project cycle. Other DAEs indicated they did not need funding in the areas eligible under the PPF.**[30] Their needs focus more specifically on how to prepare a GCF proposal in

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[29] Inactive proposals are those that have not had any communication between the Secretariat and proponents for more than six months.
[30] These include support on specific aspects such as pre-feasibility studies, environmental, social and gender studies, identification of indicators, etc. For more information, please refer to the PPF web page. Available at: <*https://www.greenclimate.fund/projects/ppf*>

response to GCF requirements or specific concepts (such as climate rationale). In some cases, the DAE requested assistance directly from the NDAs, and the assistance was provided from RPSP projects. On the other hand, some AEs have invested large amounts of money (many from their own accounts) to prepare their proposals (discussed below).

18. **The Secretariat's SAP team has also developed an ad hoc, in-house, lean approach for technical assistance** that involves on-site short-term consultants.[31] With this process, no proposal is required and support can be mobilized within a few weeks. This initiative is not yet clearly institutionalized, and as a result, some beneficiaries seem not to have realized that they received this support, and others do not know that it is available. The SAP page on the GCF website does not clearly indicate that this is available and identifies PPF as the option for project preparation support. In 2018 and 2019, eight proposals benefited from such support:

    - Two have now been approved (SAP003 and SAP010);

    - Four are active in the SAP pipeline and one is inactive; and

    - One is being processed as a PAP, despite still being described as C category.

19. **The hands-on, direct support to AEs was appreciated**. Another technical assistance approach developed by the SAP team was direct support to proponents. One AE reported that having the opportunity to sit down with Secretariat staff for a few days was highly beneficial to their process.

d. Review process

20. Based on the project cycle in effect up to December 2019, **the process to review SAP proposals** within the Secretariat involves the following steps:[32]

    - The TM assigned for the CN conducts the first review of the CN with comments on eligibility. The TMs are required to provide a response within 21 days to the AE or NDA/focal point submitting the CN. Several iterations of this step are possible until the CN is cleared to move to the FP development stage.

    - Upon receiving an FP, the TM has 30 days to provide feedback, including on technical aspects, compliance with GCF policies and with the Performance Management Framework. Multiple iterations of this review process may take place between the TM and the AEs. At this stage, the TM may recommend technical support to improve the FP.

    - When the TM considers that the FP is acceptable, it passes it on to the GCF SMT for their review and clearance to the next stage.

    - The FP is then submitted to an interdivisional technical review, which then sends comments back to the TM and the AE. This is considered the "second-level due diligence". These comments are not coordinated or synthesized. This step may be repeated several times until the SMT is satisfied that the FP is ready for the next stage.

    - The proposal is submitted to iTAP for their review.

21. The two requirements to respond to CN and FP submissions are the only two business standards in the SAP project cycle. Although there may be several back and forths between the proponent and Secretariat staff, the clock resets to zero every time. These business standards have not been enforced. As indicated in Figure III-1, **the median time taken to respond to a CN is 13 days, with**

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[31] Funding came from sources within the SAP team budget or from the PPF programme.
[32] This process does not describe the iTAP reviews as well as it does the reviews conducted by Board members and alternates, and by the CSO and PSO observers to the Board.

a range from zero to 88 days. The reason for the "zeros" is that several projects were initially submitted as FPs, which allowed the Secretariat to speed through the review of their CNs.[33]
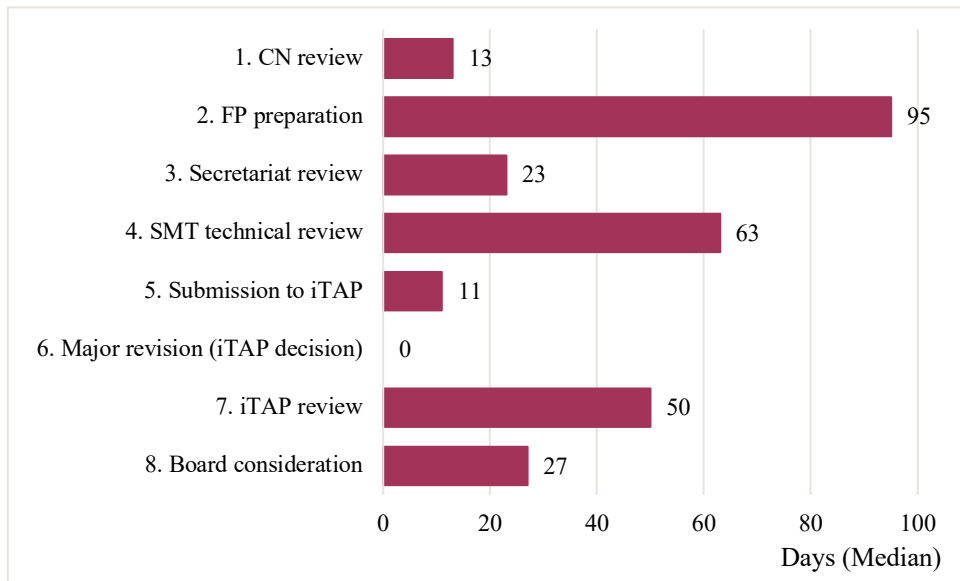
Figure III-1.   Median number of days taken for each review stage[34] of SAP projects

Notes: The figure uses data for 11 of the 13 SAP projects. SAP009 and SAP003 were excluded because data was inconsistent.

Source: SAP portfolio data as of the end of April 2020, analysed by the IEU DataLab.

22.   **The Board required the second-level due diligence conducted by the Secretariat and the review by iTAP to be "based on a simplified set of documents", and for iTAP reviews to be conducted on a rolling basis.** Although there was an attempt to require less information in the OSS, the fact that SAP proposals had to comply with all GCF policies, required the reviewers to ask for more information. AEs interviewed described a lengthy review cycle with multiple rounds of comments with the Secretariat, often with contradictory comments and with requests for additional information. Once the Secretariat concludes its reviews, the review by iTAP starts, along with any requests for additional information. In the online survey conducted by the Secretariat, 62 per cent of respondents considered the "comprehensiveness and thoroughness of the questions asked" by the Secretariat while reviewing projects submitted through the SAP, to be "too cumbersome", while 38 per cent thought them to be "just right". To the same question, 44 per cent of respondents stated that the iTAP review was "too cumbersome", and 50 per cent said it was "just right". A Board member also commented on the role of iTAP in the review of SAP projects, and thought that not having iTAP review SAP proposals would increase the efficiency of the process.[35]

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[33] The process of retrofitting PAP proposals into the SAP created some confusing data in the Secretariat's recording system database. For example, one of these projects reported that they did not submit a CN since the FP proposal was ready, but the IEU still received a CN document from the SAP team. There are three approved SAP projects that received a response to their CNs the same day they were submitted. Another took three days, and one took six days. In another case, the FP was submitted before the CN. The data for CN review is not fully reliable.

[34] CN review = from CN submission to CN response; FP Preparation = from CN response to FP submission; Secretariat review = from FP submission to passing over to SMT; SMT technical review = received from Secretariat TM to submission to iTAP, or major revision; Submission to iTAP = when SMT submits to iTAP, until iTAP starts its review; iTAP review = from when iTAP review starts, to submission to the Board or major revision; Board consideration = from reception from iTAP to Board approval. Data for SAP009 was inconsistent and was not included in the figure.

[35] GCF/B.18/24 (para. 233).

23. The Secretariat's review concluded in all cases that SAP proposals complied with all GCF policies. Regarding the iTAP review, AEs indicated that the most challenging aspect was responding to requests for **further clarification about the climate rationale** of the proposal.[36] The review of FPs by the IEU confirmed that the level of detail requested by iTAP on climate rationale seems high for the size, ESS level and type of the projects. Furthermore, the templates are not conducive to the proponents providing the level of information that iTAP seems to expect, and AEs have struggled to find (often scarce) data. The iTAP review comes at the very end of the process (just before submission for Board approval) and as such any request for additional information becomes time-sensitive. This additional information is also often costly to acquire or develop (particularly for LDCs and SIDS), and, should AEs have been aware of the level of expectations on that aspect, they could have considered adopting a different approach when considering seeking GCF funding.

24. The review process is over-complicated for this type of project, and it is uncoordinated and involves duplications. Neither the Secretariat nor iTAP reviews have changed or implemented the Board decision about streamlining and simplifying the review. The requirement for iTAP to simplify its review was stated both in the SAP decision, and in its revised terms of reference:

> The Panel will conduct its review of funding proposals remotely, and through physical meetings at the GCF headquarters in Songdo, Republic of Korea. The dates and timelines for reviews will be determined by the Secretariat in accordance with the project and programme approval cycle and the SAP, and may take place on a rolling basis. For funding proposals categorized under the SAP modality, reviews may follow new streamlined procedures for the simplification of the review process envisaged by the SAP.[37]

25. During a focus group, iTAP members said they have not received sufficient and clear instructions from the Board (or the Secretariat) on how to simplify their review. The reason for not conducting reviews on a rolling basis seemed to be operational, and founded in limited iTAP capacity (time and resources). The Board has now approved a monthly compensation for iTAP members to provide more flexible resources, but this does not seem to be sufficient to ensure reviews on a rolling basis, as FPs are still only approved during Board meetings.

26. **Additional reviews will take place in the updated project cycle.** In 2020, the project cycle for the PAP and SAP is being updated to incorporate reviews by the CIC[38] and the ORMC. For the SAP, this involves the following changes:

- CIC2:[39] After the initial review of the CN, the CIC2 confirms whether the CN has the potential to fully meet GCF investment criteria before a response is provided to the proponent. (Note: PAP projects that do not submit CNs are also reviewed by the CIC2 once the FP has been

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[36] The Board has requested the Secretariat to further clarify this concept: GCF/B.20/Inf.11. Steps to enhance the climate rationale of GCF supported activities (June 2018).

[37] Decision B.BM-2018/09.

[38] The CIC is a committee of the Secretariat that oversees the GCF project pipeline. The CIC oversees the development, management and financial planning of the pipeline of concept notes and funding proposals submitted by AEs and NDAs, as applicable, in alignment with the GCF portfolio-level goals and Board decisions on financial planning, including matters related to readiness and preparatory support and the Project Preparation Facility.

[39] The CIC2 considers a project's: (i) strategic fit with the Fund's portfolio-level goals and resource allocation objectives; (ii) preliminary FP evaluation against the investment criteria, including the scorecard, with particular focus on climate impact potential, paradigm shift potential, and country ownership; (iii) FP alignment with country programmes (CPs) and entity work programmes (EWPs); and (iv) opportunity to promote complementarity and coherence with other funds, and decides if the FP should be sent for inter-divisional review.

submitted.) The administrative instruction establishing the CIC indicates that SAP CNs do not require this approval,[40] but to date they are following the same process as the PAP.

- CIC3:[41] After the Secretariat technical review and second-level due diligence, the CIC3 will assess whether the proposal is ready for submission to iTAP and to the Board. (This step applies for both the SAP and PAP.)

- Additional second-level due diligence will be conducted by ORMC, which is expected to present its views independently of the SMT and in addition to the reviews performed by the Secretariat.

- The CIC approvals, the second-level due diligence and iTAP reviews are scheduled to take place on a rolling basis.

27. This has been applied since January 2020, and is being operationalized in a new Operations Manual. Beyond the fact that the Operations Manual establishes tighter review timelines for SAP projects, the review process is like that used for all FPs.

e. Approval

28. **There are no simplifications when it comes to Board approval of SAP proposals.** Proposals submitted through the SAP modality are approved in the same way as other GCF projects: three times a year at Board meetings. Decision B.18/06 requested the Secretariat to prepare procedures for the Board to be able to approve projects in the absence of Board meetings. The Secretariat prepared GCF/B.20/22 "Further options for decision-making relating to funding proposals" (June 2018) to respond to this request.[42] It was proposed that the Board consider a decision in which projects under USD 50 million and with low to zero environmental and social risks (C category), and those submitted under the SAP modality, are approved in the absence of Board meetings. The FP would be transmitted to the Board with an invitation to approve it on a no-objection basis, using the procedures set out in paragraphs 41-44 of the Rules of Procedures of the Board for approving decisions. In the Secretariat's proposal, this would not apply to FPs submitted under the proposed Project Specific Accreditation Approach. The Secretariat would decide whether an FP would be submitted for this approval considering other characteristics of the funding proposal. The document GCF/B.20/22 was not discussed during the twentieth meeting of the GCF Board (B.20), and has not been resubmitted to the Board.

29. Presenting proposals for approval through the SAP modality three times a year alongside non-SAP proposals, currently provides no time-efficiency gains. According to the online survey conducted during the Secretariat's review of the SAP modality,[43] the overwhelming majority (86 per cent) of respondents agreed with the idea that projects using the SAP modality should have an option of being presented for Board approval between Board meetings, on a rolling basis. Regarding the

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[40] Green Climate Fund, Administrative Instruction on the Senior Management Team, the Establishment of the Climate Investment Committee, the Operations Committee and Readiness and Preparatory Support and Project Preparation Facility Working Group, 5 September 2019.

[41] The CIC3 reviews FPs that have completed the Secretariat's technical review and have been assessed by ORMC to be ready for ITAP review and Board approval. The CIC3 decides whether the FP should be sent to ITAP and eventually the Board, or if it should be sent back to the AE for revisions and a possible resubmission.

[42] It also responded to Decision 17/09, paragraph (p), in which the Board requested the Secretariat to "develop an interim restructuring and cancellation policy, **including further options for decision-making**, for consideration by the Board no later than its eighteenth session, and a comprehensive restructuring and cancellation policy no later than April 2018… [emphasis added]". Paragraph (m) of the same decision, "Further requests the Co-Chairs, in consultation with the Board, to **explore options for the timely consideration of funding proposals between Board meetings** … [emphasis added].

[43] The Secretariat conducted an online survey in July 2019 and then again in December 2019, with a wide set of respondents. It was open for a total of six weeks. It collected 70 responses in total from the Secretariat (40 per cent of respondents), AEs (24 per cent), NDAs (19 per cent), Board members (9 per cent) and iTAP (8 per cent).

Board delegating authority to the Executive Director (ED) to approve projects using the SAP modality, again the majority (72 per cent) indicated they supported this idea.

30. The review of Board meeting discussions on SAP proposals indicated that none of the projects received any significant comments from Board members (except for SAP003). Indeed, most Board members commented on the need to further support simplifications for accessing the GCF.

f.   Post-approval

31. **All approved SAP FPs have gone through the same process as PAP FPs.** The only procedure the SAP team is currently working on for the post-approval stage is the development of FAA templates that could be used based on the FAAs already negotiated by the AE for previous GCF projects. This will not only be applicable to the SAP. As indicated earlier, the SAP decision also requested the development of a robust M&E system for these projects. However, this emphasis has not been noted in our review of approved SAP FPs.

g.   Incentives

32. The Secretariat has developed several indicators that may incentivize the submission and processing of projects using the SAP modality. The GCF 2020 programming goals (see Table III- 2) include specific indicators for the SAP, such as two SAP FPs that have been externally[44] reviewed (USD 20 million), three proposals from the private sector (USD 30 million) and six from the public sector with USD 9 million under disbursement. One additional deliverable for 2020 is the "development of SAP capacity building and knowledge products and engage in at least five trainings at regional and national level."

33. The results management framework for the Secretariat's 2020 work programme includes several KPIs that directly or indirectly affect the deliverables of projects through the SAP modality:

- KPI 1.3: review and feedback on CNs and FPs (70 CNs endorsed by CIC for FP development and 95 FPs endorsed by CIC for interdivisional review);

- KPI 1.4: number and volume of FPs submitted for Board approval (42–51 FPs submitted for Board approval and USD 1.2 billion to USD 1.5 billion in GCF resources for FPs submitted for Board approval);

- KPI 4.1: review and feedback on CNs and FPs (70 per cent of SAP CNs receive the Secretariat's feedback within the target 21 days; 75 per cent of FPs reviewed within the 75-day target from start of interdivisional review to iTAP submission); and

- KPI 4.3: projected aggregate disbursements (cumulative disbursements reach USD 1.2 billion to USD 1.6 billion).

34. There are however no SAP-specific KPIs that incentivize task managers to prioritize processing proposals and projects through the SAP modality/modalities over those through the PAP.

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[44] This is related to the iTAP reviews.

C. ANALYSIS

Effects of simplifications and accelerations on the SAP modality project cycle

35. **Time taken for Board approval.** It takes proposals submitted through the SAP modality a median time of a year (365 days) from CN submission to Board approval, which is about the same as (8 per cent less than) a comparable set of PAP projects.[45]

Table III-1.   Number of days from CN submission to FP approval for SAP projects compared with a comparable set of PAP projects (Cohort 1 and Cohort 2)

STAGES	SAP (MEDIAN DAYS)	PAP (MEDIAN DAYS)	
		Cohort 1	Cohort 2
CN submission to FP submission	107	114	132
FP submission to FP approval	244	230	263
CN submission to FP approval	365	399	422

Notes: Population – Cohort 1 has 14 PAP-approved FPs, Cohort 2 has 19 PAP-approved FPs and 13 approved SAP FPs.

Source: GCF project lifecycle data from the integrated Portfolio Management System (iPMS), analysed by IEU DataLab.

36. While the number of days between the submission of a CN and that of an FP is slightly shorter for proposals approved through the SAP modality, the steps that include reviews and clearances take slightly more time, which reiterates the **lack of simplification or streamlining** of reviews. However, as illustrated by Table III-1, when comparing SAP projects with a sample of projects with a higher risk category (i.e. Cohort 2), the SAP approval timeline is consistently shorter (13 per cent). This indicates that the lower ESS category for SAP projects contributes to faster project preparation and approval, more than if only project size were considered.

37. The difference is more significant when comparing the approval timeline for SAP projects with the entire portfolio of PAP projects that submitted CNs (84 PAP-approved FPs with a CN). However, it also shows that delays are the same and even slightly longer for SAP projects than for the PAP, when it comes to the time it takes for the Secretariat to provide feedback on the CN (and AEs to respond to it), and for iTAP to review the project.

Table III-2.   Time taken from CN submission to FP approval for PAP projects with a CN, and for SAP projects

STAGES	SAP (MEDIAN DAYS)	PAP (MEDIAN DAYS)
CN submission to CN answered	13	11
iTAP review	50	49

Notes: Population – 84 PAP-approved FPs with a CN, and 13 approved SAP FPs.

Source: GCF project lifecycle data analysed by the IEU DataLab.

38. Figure III-1 illustrates the diversity of the times that it took each of the approved projects to be processed through the SAP, including the times for FAA execution (six projects) and FAA

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[45] This set of projects established by the evaluation team, called "Cohort 1", are ESS category C projects with a GCF contribution of less than USD 25 million that have also submitted a CN (14 projects). This cohort was selected as no directly comparable proposals to those processes are available through the SAP modality, with the same level of GCF contribution.

effectiveness (five projects). With the exception of SAP002 and SAP013, the nine projects that were retrofitted from a PAP project stand out for the short time between CN and FP submissions, as in several cases the FP was ready and submitting a CN was a formality.[46] In most cases, the most time-consuming stage of the process was the period between FP submission and Board approval, which took 244 days (median). The FAA effectiveness time periods are relatively short and do not exceed three months.
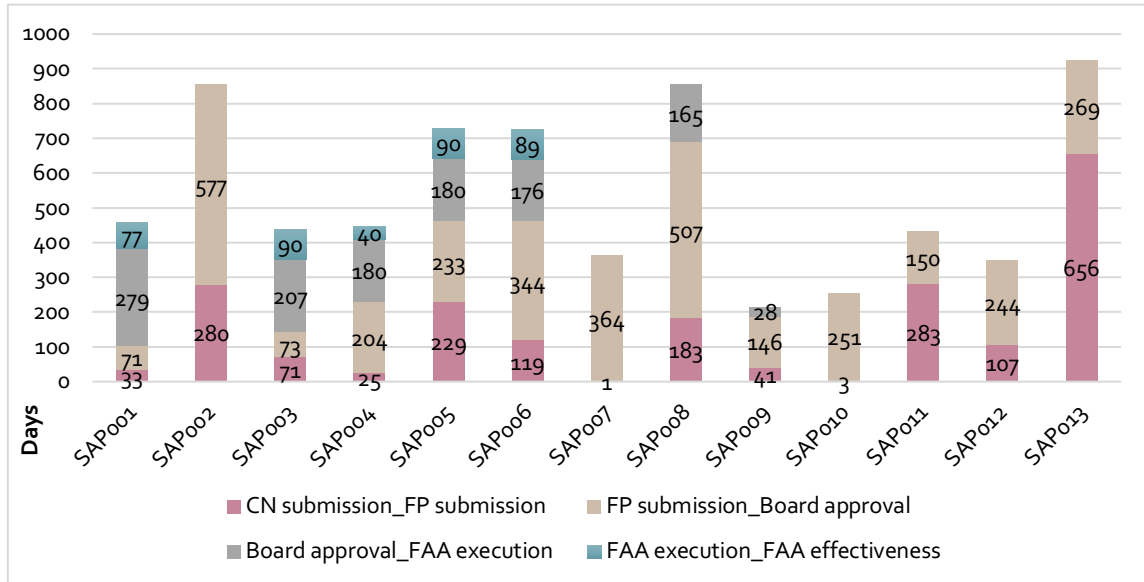
Figure III-2. *Timeline for SAP projects from CN submission to FAA effectiveness*

Notes: Population – 13 approved SAP FPs. Five of the 13 projects approved through the SAP modality were submitted by entities whose AMA had not been executed at the time of approval, which also added to the FAA execution timeline.

Source: SAP portfolio data analysed by IEU DataLab.

39. Looking closer into the timestamps for the review processes of each SAP project gives further insight into which aspects of the process took more time (this data does not yet incorporate any changes related to the revised project cycle). The actual time stamps included more steps that were not always performed in the same order or for all projects, or sometimes were not reported.

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[46] The database does not accurately report the dates for submission of original FPs or CNs.
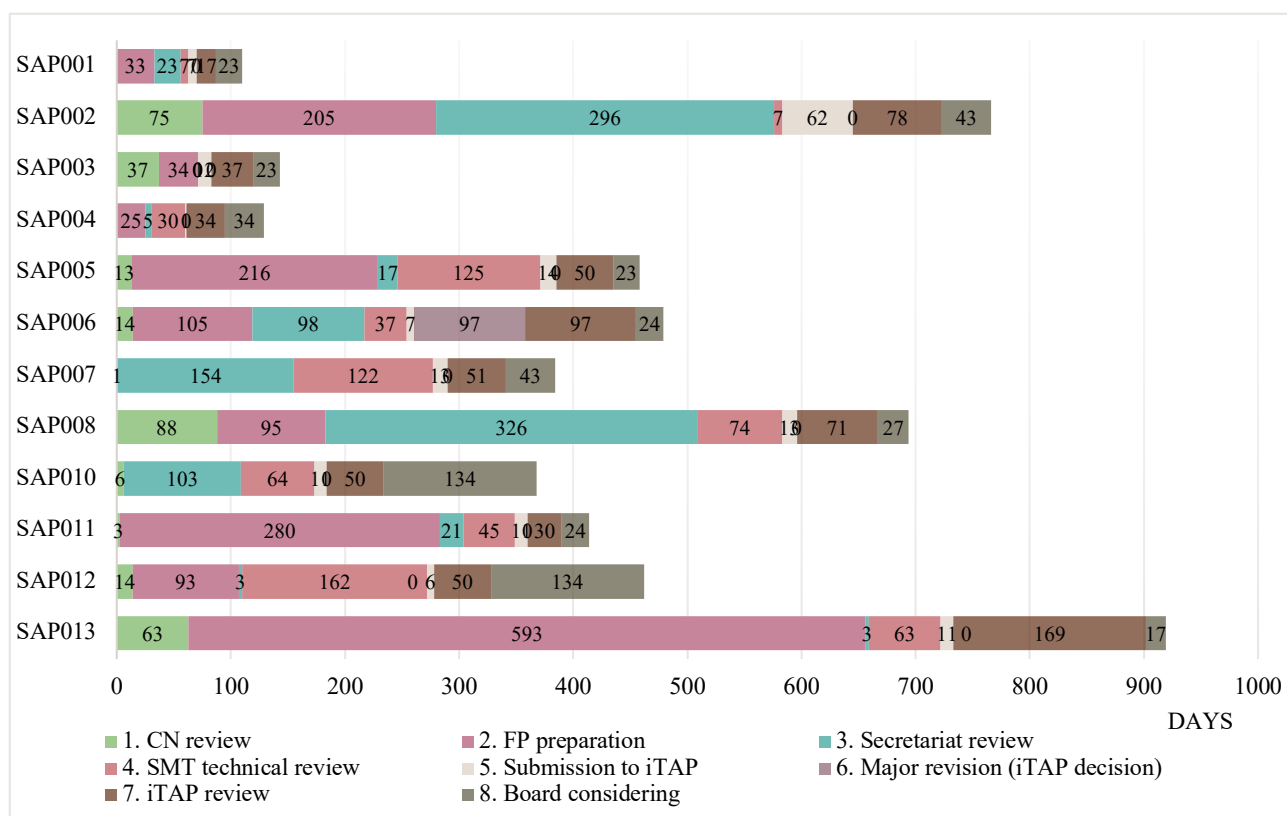
Figure III-3. **Time taken at each pre-approval stage for SAP projects[47]**
Source: SAP portfolio data analysed by the IEU DataLab.

40. **Overall, SAP projects follow diverse paths before reaching the Board.** Longer project preparation does not correlate with shorter review times. The time taken at each of the technical and SMT review stages is very variable. The lapse of time between when the project is cleared by the SMT and submitted to the iTAP is very short, while the duration of the iTAP review averages 58 days (ranging from 17 to 169 days). This indicates that the current project preparation and review cycle is synchronized with iTAP reviews and Board meetings.

41. Following iTAP review, the duration of Board consideration ranges between 17 and 27 days. There are three exceptions where FPs were not considered at the Board immediately following iTAP review, and the time for these increased by 134 days on average. For these three projects, the approval of proposals in the absence of Board meetings could possibly have decreased this extra delay by approximately 45 to 50 days (assuming approval midway between the two Board meetings). When projects are submitted to the Board meeting immediately following iTAP review, the additional time required is small compared to the entire project preparation cycle. The current tightly synchronized Secretariat clearance/iTAP review/Board approval stages do not leverage the opportunity to gain efficiency by approving projects on a rolling basis.

42. The Board has approved all of the proposals processed through the SAP modality when they were sent for consideration. Once the proposals are submitted to the Board, the Board approves them, thereby not adding significant delays to the project cycle.[48]

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[47] Timestamps for each stage were used. When data was missing, imputation was employed.
[48] SAP003 in Bahrain was the only project to cause extensive discussions at the Board on topics ranging from its climate rationale to the choice of executing entity. The project was ultimately approved, but after one of its two components was cancelled and the GCF contribution slashed from USD 9.8 million to USD 2.3 million.

43. **The SAP process is costly and similar to the PAP.** Most AEs interviewed are of the opinion that there is no difference between preparing a PAP and an SAP project, in terms of effort and time. While times seem effectively a bit shorter than for comparable PAP projects, the cost of preparing an SAP proposal is estimated to be around USD 100,000 to USD 150,000, with some projects costing up to USD 400,000 but considered as exceptions given that the investment was made to develop a larger PAP proposal. Several AEs indicated that the effort and costs involved were too high for the size of the project, and that the resources allocated would make sense for a project at least twice as big. In some of the cases, the AE had to cover this cost from their own account. The proponents had to invest this funding to cover additional studies requested by reviewers and to cover the cost of staff time at all levels of the organization, required to respond to the multiple review rounds. Throughout interviews, the lack of predictability (e.g. on the required resources that need to be allocated to prepare the proposal, the questions they will receive from the Secretariat and iTAP and the timeline for submitting the proposal for Board approval) has been the biggest issue cited by all types of AEs.

D. IEU ASSESSMENT OF THE SECRETARIAT'S REVIEW

44. Within decision B.18/06, the Board requested the Secretariat to review the SAP Pilot Scheme and report back to the Board with recommendations to further improve the efficiency and effectiveness of the process, and to consider expanding the type of activities that are eligible for the SAP. The review of the pilot by the Secretariat was triggered on 14 November 2019, when the aggregate amount of GCF financing for approved FPs processed through the SAP modality reached more than USD 80 million.

45. The Secretariat presented the review and the proposed changes of the scheme at B.25. The objectives of the Secretariat's review were to "assess the results achieved by the SAP to date" and to provide "information on the areas that are recommended to be improved".[49]

46. The Secretariat's review provided two sets of recommendations. One set of recommendations was expected to require decisions by the Board (emphasis added by IEU):[50]

   a) Consider proposals processed through the SAP modality for approval **between Board meetings**

   b) Introduce the **delegation of authority to the Secretariat** to approve proposals that are eligible to be processed through the SAP modality

   c) **Expand** the eligibility criteria for proposals to be processed through the SAP modality to include those that may have **limited environmental and social risks** (excluding known risk factors that may elevate the complexity of the project preparation and implementation). This can also benefit the uptake of the SAP by the private sector

   d) The use of **dedicated independent expert consultants**, in lieu of the iTAP

47. The Secretariat's review estimates that if the Board approves and implements the above recommendations, there could be a reduction in the workload of the Board, and the following potential impacts on approval time could take place:

   • If SAP proposals with limited ESS risks are approved in batches by the Board between Board meetings, the potential approval time could be reduced by up to 124 days; or

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[49] GCF/B.25/12.
[50] GCF/B.25/12.

- If SAP proposals with minimal to no ESS risks are approved through delegated authority to the Secretariat's ED, the approval time could be reduced by up to 136 days.

48. **The IEU could not replicate these estimates.** According to the SAP team, they are based on "business-as-usual under standard operating procedures". These times between steps in the cycle do not include the reality of multiple iterations of exchanges between the Secretariat or iTAP and the proponent. The use of real data would have allowed for a more accurate analysis. As analysed above (based on Figures III-4 and III-5), not relying on the Board meeting for approval (either through in-between approval or having delegation of authority) would save between 45-50 days or about 13 per cent of the average entire SAP modality processing time (average for the Board consideration timestamp).

49. The other set of key recommendations from the Secretariat's review are:

- Contracting external consultants/reviewers to the Secretariat in lieu of the internal Secretariat technical review of SAP proposals;

- Strengthening the technical assistance support to DAEs, as well as establishing closer alignment with the Readiness and PPF activities for the development of FPs eligible for the SAP modality; and

- Continuing the development of guidelines and knowledge products including webinars and e-learning. Where not yet available, increasing the availability of this material in other languages.

50. The IEU initial assessment[51] examined the relevance, potential for bias and sufficiency of the Secretariat's review for informing the overall strength and credibility of its findings and recommendations. The assessment by the IEU found that:

- Overall, the review does not examine the overall value added of the SAP or how it fits into the overall ToC of the GCF; and

- Ten of the 18 recommendations presented in the Secretariat's review are based on valid findings. Seven findings are not valid (i.e. they are not based on evidence or data presented).

51. The IEU concluded that:[52]

- **For the "in-between Board approval process"**: The review by the Secretariat does not provide an analysis of the reasons why the Secretariat proposal for approving the SAP in the absence of a Board meeting (as requested by the SAP Decision 18/06) was neither discussed nor approved by the Board.

- **For the "in-between-Board approval process" and "delegation authority to ED for SAP project approval"**: These recommendations are accurately linked to the review findings. The review does not assess the legal aspects of the recommendations on the adoption of SAP proposal approval between Board meetings, and the introduction of delegated authority to the ED for the approval of SAP projects, and what it would take for the Board to agree to delegate authority to the ED and how it would affect the role of the Trustee.

- **For "the expansion of the eligibility of the environmental category":** The review does not analyse the demand from stakeholders on higher-level ESS risks, to increase the number of proposals that could be eligible for the SAP. The review also does not analyse whether proponents are not coming to the GCF because of this restriction. There is no clear indication presented on how this expansion of the eligibility criterion on ESS would increase or improve access to GCF funding.

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[51] Document GCF/B.25/INF.12
[52] Ibid.

- **For "the use of dedicated independent expert consultants, in lieu of the independent TAP"**: Adding more resources for conducting the review may be a solution to the finding that says there is a perceived bottleneck in reviews, and that the iTAP has reached capacity. It is not evident as to why creating an independent assessment process will solve the situation of a potential growing pipeline of SAP projects. The review does not analyse the consequences for example, on governance, of creating a parallel independent review process with a new group.

- **For "enhancing the support to DAEs by establishing closer links between SAP, Readiness and PPF"**: The review by the Secretariat does not provide evidence to indicate that the in-house capacity of DAEs is a project preparation issue.

- **For "Continue in developing and providing wider and simplified access to material":** The review by the Secretariat provides an analysis of the ease of use and the comprehensiveness of the documents produced by the SAP team (and the fact that they are provided in several languages). The analysis was also backed by responses from interviews that included DAEs.

E. CONCLUSIONS AND RECOMMENDATIONS

52. **The overall conclusion** reached by analysing the data on the expected simplification and acceleration of the project cycle is that **these procedures and tools did not translate into simplified requirements or accelerated processes**.

53. **Finding 1.** The current SAP process has not produced the expected effect: the time it takes from CN submission to FP approval (median of 365 days) is not significantly shorter than for the PAP process (median of 399 days). The SAP processes do not seem to improve the predictability and transparency of the project cycle.

54. **Finding 2.** All GCF policies and investment criteria are applicable and reviewed the same way as for the PAP. The key limitation in the simplification was the lack of clarity on how to streamline the review process and the review of compliance with GCF policies. There was no discussion with the Board (and neither the GCF Secretariat nor iTAP brought the discussion to the Board) on which policies and/or requirements could be streamlined or simplified. Interviews with different departments of the Secretariat indicated that there was almost no room, from a risk management perspective, to review compliance with GCF policies more lightly.

55. **Finding 3.** The SAP team within the Secretariat has been established to develop and manage the SAP process and related tools. It has been effective and proactive in the facilitation of and support to the pilot. It has developed specific templates for CNs and FPs for the SAP, an OSS and provided direct support to proponents.

56. **Finding 4.** The SAP pilot decision included several features, but four of them are yet to be implemented. Two of these are considered crucial elements that could have accelerated the processing of projects if they had been implemented: approval in the absence of Board meetings, and iTAP reviews on a rolling basis.

57. **Finding 5.** There are no SAP-specific KPIs that incentivize task managers at the relevant Secretariat divisions to prioritize and promote the processing of proposals and projects through the SAP modality/modalities.

58. **The recommendations** are applicable either to the Board or to the Secretariat.

59. **The key recommendations for the Board** are:

- **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. The strategy should have transparent and predictable business standards, throughout the process, that are monitored and enforced.

- **Recommendation 2(a).** The Board should approve the four crucial elements of the Board decision that have not yet been implemented. The Board already included in the decision establishing the SAP crucial elements of a simplification and an accelerated project cycle, and they need to be revisited, discussed and approved: **simplified financial terms; approvals in the absence of Board meetings; iTAP reviews on a rolling basis; and a robust monitoring system**. The monitoring system should support the simplification of project approvals by enabling the projects to fill some data gaps early on in the implementation (rather than before approval), and to learn from implementation experience.

60. **The key recommendations for the Secretariat** related to the process are:

- **Recommendation 1(b).** Simplification – 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

- **Recommendation 2(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 multiple rounds of comments.

- **Recommendation 3(b).** The Secretariat should 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).

Chapter IV. IMPLEMENTATION OF THE SAP: THE SAP PORTFOLIO

KEY RECOMMENDATIONS

For the Board

- The Board should consider simplifying the review criteria for the SAP and develop different and tailored investment criteria. Several investment criteria should be considered to be minimum 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.

The Secretariat

- The Secretariat should take a tailored approach to the private sector. Within a future SAP modality/modalities strategy, it should include 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.

- Given that SIDS have not taken advantage of the SAP modality, the Secretariat should further simplify the SAP to attract proposals that respond to the urgent climate change needs/emergencies in these countries.

KEY FINDINGS

- All approved projects comply with two out of the three eligibility criteria: less than USD 10 million in GCF funding and ESS category C. The criterion on projects being "ready for scaling up" has little or no guidance, and has been inconsistently applied. It has not been used to select SAP proposals.

- Most projects in the SAP portfolio support further testing and demonstration of ideas and approaches, but do not support the scaling up of successful ideas and approaches. This has not helped with the simplification of information required.

- For SAP proposals, iTAP and Secretariat reviewers assessed the investment criteria as either "High" or "Medium". Although not an investment criterion, proponents have found it difficult to define or articulate "climate rationale". The ratings from both iTAP and the Secretariat do not discuss the "ready for scaling up" criterion.

- SAP projects place more emphasis on LDCs and African States than PAP projects do, but there are very few SIDS projects.

- There is no evidence that the ESS requirement or the threshold of GCF contribution are the main reasons for the limited presence of the private sector in the SAP portfolio.

- The private sector has not seen the value added and benefits of using the SAP process.

A. INTRODUCTION

1. The SAP was set up to simplify and accelerate processes and tools used to attract proposals that would bring a low burden for entities, and demonstrate the responsiveness and speed of the Secretariat.

2. According to the Board decision establishing the SAP, proposals eligible for the SAP are supposed to comply with three eligibility criteria. The first question this chapter will discuss and analyse, is:

   - How have SAP projects approved so far, met the overall remit of the SAP, according to the SAP eligibility criteria?

3. The Board decision requires that all SAP projects comply with all GCF policies, including the investment criteria framework. The key question here is:

   - How and to what extent are SAP projects meeting the GCF investment criteria?

4. This chapter also explores the ways in which the 13 approved SAP projects differ from the rest of the GCF portfolio. The following key question applies:

   - How does the portfolio of projects processed through the SAP differ from projects processed through the PAP?

B. DATA AND KEY FINDINGS

1. COMPLIANCE WITH SAP ELIGIBILITY CRITERIA

5. The Board decision establishing the SAP modality requires that proposals aiming to access the GCF through this modality will need to adhere to three criteria:

   a) [Be] "ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development"

   b) Require "a GCF contribution of no more than USD 10 million"

   c) Have "environmental and social risks and impacts. .. classified as minimal to none"[53]

a. GCF contribution

6. **All SAP projects requested less than USD 10 million from the GCF**. A review of the FPs submitted and approved through the SAP indicates that all projects approved through the SAP effectively comply with this criterion (see Table II-1). Some AEs had initially planned to submit larger projects through the PAP, but reduced the size of their projects to access the SAP.

b. ESS category

7. **All SAP projects fall within ESS category C or intermediation-3.** The SAP eligible projects are those "whose environmental and social risks and impacts are classified as minimal to none", corresponding to ESS category C or intermediation-3. The review of the FP documents and of the Secretariat's review of this aspect, confirm that the SAP portfolio complies with this criterion. The ESS requirements for the SAP are well explained and use various knowledge management tools, including an e-learning course and technical guidelines. The latter provide examples of activities that would or would not be eligible. The Board decision also includes a list of activities that will not be financed. For SAP proposals, ESS screening is undertaken twice: at the CN stage and when the SAP proposal reaches the FP stage, to ensure that the final activities fall effectively within category

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[53] Decision B.18/06, annex X.

C. Similar to PAP projects, environmental and social management plans are required for SAP projects.

c. 'Ready for scaling up' and 'potential for transformation'

8. **The third eligibility criterion is not clear to follow, and there is currently no guidance on what it means.** According to the Board decision that sets up the SAP pilot and the brief explanation in the OSS FP template,[54] the specific reference to "ready for scaling up" implies that to be eligible, proposals are expected to scale up previous initiatives. AEs are invited to submit evaluation reports for previous evaluations of similar initiatives as annexes. While the CN template does not have a section to present or discuss this criterion, the FP template provides a box for 100 words. The "potential for transformation" is discussed and justified as for other GCF projects with no particular guidance for SAP proposals (see a discussion later about the paradigm shift investment criteria).

9. **This criterion was not used to select (or reject) proposals to be processed through the SAP modality.** No proposal has been rejected for the SAP because of its inability to meet the scaling up criteria.

10. The IEU team conducted deep dives into the 13 approved SAP projects to understand their approaches to this criterion. Some highlights are:

- SAP001: The project is based on work that the Ministry of Agriculture previously conducted on drought and adaptation. The SAP project will test and introduce innovative adaptation actions to new farmers in the remote areas of the Kunene region of Namibia;

- SAP002: The project will support vulnerable rural communities in Kyrgyzstan by introducing multi-pronged measures (climate services, community-level adaptation and capacity strengthening) that are expected to be integrated within government and community structures;

- SAP003. The project will help the Water Resources Council of Bahrain to establish and operate a knowledge platform on a climate-resilient integrated water resources management framework across different sectors, and it aims to scale up this experience;

- SAP004. The project aims to improve access to finance for Mongolian consumers who are keen to purchase energy efficient products on a concessional basis (i.e. energy efficiency appliances and housing). The project uses the XacBank's previous experience on this matter;

- SAP005: The pilot is to be implemented in 3,600 hectares of degraded forest in Benin (with the expectation for scaling up to 2.7 million hectares in the future), and is expected to provide lessons to help initiate national level improvements in the supply of ecosystem goods and services, taking into account climate change adaptation;

- SAP006: The successful experiences from the United Nations Environment Programme (UNEP)/GEF Small Grants Programme on ecosystem-based adaptation will be piloted in eight landscapes of Namibia, and lessons will be disseminated to other southern African countries;

- SAP007: The project will strengthen the capacity of the Meteorological Service of Zimbabwe, to develop and use climate data and to ensure it reaches its end users to improve decision-making. The project will develop and test weather index insurance and provide support on financial literacy, based on the Rural Resilience Initiative (R4) of WFP in other countries;

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[54] "Provide a brief description of how the proposed project/programme will scale-up the previous initiatives and how it will promote paradigm shift to low-emission and climate-resilient development." SAP Funding Proposal. Available at <*https://www.greenclimate.fund/document/simplified-approval-process-funding-proposal*>

- SAP008: The project is based on the experience gained by the Palli Karma Sahayak Foundation (PKSF) with community-based approaches to climate change adaptation in Bangladesh, and will further demonstrate these approaches in the specific context of flooding;

- SAP009: The project builds on the experience of an FAO project on climate adaptation in wetlands areas of Lao People's Democratic Republic (integrating ecosystem-based services, adaptation approaches and infrastructure projects), and will scale up this experience to four cities and integrate lessons into a national policy;

- SAP010: The concept of multi-hazard-integrated early warning systems (MH EWS) developed and applied in other countries) will be piloted in four sites in the Philippines to further demonstrate the transformative effects of a people-centred system. Scale up will take place in the future;

- SAP011: Focusing on semi-arid areas of Mozambique, the project will adopt a community-based approach to enhance the climate-resilience of food security and the livelihoods of vulnerable households. Best practices and lessons learned from other projects (WFP R4) will be brought into the implementation in three districts and lessons will contribute to national-level policy;

- SAP012: The financial tool of green finance will be applied in Niger for the first time working with the private sector, to build a green loan portfolio to support the agriculture sector and contribute to mitigation by shifting energy use from biomass to renewable energy technologies; and

- SAP013: The project will focus on the electrification of rural communities in Haiti by introducing renewable energy. It will leverage EarthSpark's experience from two solar microgrids and scale up to 24 solar micro grids.

11. The IEU deep dives concluded that the current SAP portfolio mostly includes projects that are planning to further test, demonstrate or scale up/replicate an idea or approach implemented in another country or another region of the project's country, or by the AE. Some of the projects are working with innovative ideas and the GCF will finance further field pilots in different contexts. Some projects also indicate that the lessons collected from this experience will contribute to national level-capacity development, particularly by trying to influence national policy on the topic. A few of them have one component that actually proposes to scale up/replicate ideas or approaches, primarily by reforming national policies. None of them were considered to have only a scaling up/replication effect (as the criterion would have expected). Although the proposals refer to other initiatives from which experience is being drawn, *they do not generally discuss how lessons from other similar projects have been incorporated*.

12. For the most part, the discussion about scaling up is done in the context of how this will happen in **the future** (probably financed by other projects) rather than the GCF financing the actual scaling up. Board discussions during SAP project approvals did not discuss the "ready for scaling up" criterion nor raise any questions on how it was applied in the context of the proposal.

2. REVIEW OF INVESTMENT CRITERIA

13. As with all GCF proposals, the Secretariat's technical teams and the iTAP conduct a review of the investment criteria framework before the proposals are presented to the Board. Each criterion is

discussed and, in some cases, both teams provide a rating.[55] Table III-1 presents a summary of this review using ratings explicitly provided by the teams or concluded by the IEU team using the narrative in each criterion. Most ratings are either "medium" or "high", with "country ownership" and "needs of the recipient" receiving the highest proportion of "high" designations. The efficiency and effectiveness criterion, on the other hand, is mostly rated as "medium" with one "high" rating from iTAP for SAP008. These findings are consistent with those of the FPR (chapter IV, paragraph 31). However, contrary to the findings of the FPR, the iTAP ratings are not higher; instead both the **Secretariat and iTAP generally concur on their ratings** (when both provide a rating). SAP013 is the project that received the highest proportion of "high" ratings from both panels. The quality of the FPs does not appear significantly different from that of the PAP portfolio.

14. Most of the projects were assessed as having moderate levels of potential for impact. They connected their potential impacts to the climate conditions by contributing to climate resilience and/or the sustainable development of vulnerable populations or sectors (i.e. water, agriculture, etc.), or by creating potential pathways to energy efficiency. With regard to paradigm shift, more projects were considered as having high potential because the projects were addressing key drivers of vulnerability and trying to influence the enabling environment (e.g. through policies), mainstreaming learning or having potential for scaling up to new areas (e.g. moving to national scales) or by replicating the approach or idea to other areas in the country or with new actors (e.g. the private sector). For the most part, both **the Secretariat and iTAP reviewers considered that projects dealt predominantly with innovative approaches or ideas**. **Neither the Secretariat nor iTAP include specific discussion on the "ready for scaling up" criterion** or concept, beyond the regular discussion on the paradigm shift or potential impact investment criteria.

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[55] According to GCF procedures, proposals under USD 50 million are not required to have a rating per investment criteria. Nevertheless, both the Secretariat and iTAP rated the criteria for some of the projects. It is not clear why this was done, but it also happens with the PAP under this threshold.

Table IV-1.   *Summary of ratings of investment criteria by the Secretariat and iTAP (several ratings were provided by the Secretariat and iTAP and others were estimated by the evaluation team based on the text provided in the review)*

	IMPACT POTENTIAL		PARADIGM SHIFT POTENTIAL		SUSTAINABLE DEVELOPMENT POTENTIAL		NEEDS OF RECIPIENT		COUNTRY OWNERSHIP		EFFICIENCY AND EFFECTIVENESS		RISK LEVEL
	Secr.	iTAP	Secr.	iTAP	Secr.	iTAP	Secr.	iTAP	Secr.	iTAP	Secr.	iTAP	Secr.
SAP001	Medium/ High	Medium	High	High	Medium/ High	High	Medium	High	Medium/ High	Very High	Medium	Medium	Medium
SAP002	Medium	High	N/R	Medium	N/R	N/R	High	N/R	High	N/R	N/R	Uncertain	Medium
SAP003	Medium	N/R	Medium/ High	Medium	Medium	Medium	Medium	N/R	High	High	Medium	Moderate	Medium
SAP004	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	Medium
SAP005	N/R	N/R	High	N/R	High	N/R	N/R	N/R	N/R	N/R	N/R	N/R	Medium
SAP006	N/R	N/R	High	Medium	High	N/R	High	N/R	High	N/R	Medium	Medium /Low	High
SAP007	N/R	Medium	N/R	High	N/R	N/R	N/R	High	N/R	Medium	N/R	Medium	Medium
SAP008	High	High	Medium/ High	Medium/ High	High	Medium	High	High	N/R	High	N/R	High	N/R
SAP009	Moderate	Medium	N/R	N/R	N/R	Medium	N/R	Medium/ High	N/R	Medium	Medium	N/R	Medium
SAP010	N/R	Medium/ Low	N/R	High	N/R	Medium/ High	N/R	High	N/R	High	N/R	Medium	Medium
SAP011	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	Medium
SAP012	N/R	N/R	N/R	N/R	N/R	Medium/ High	N/R	N/R	N/R	High	N/R	Medium	Medium

	IMPACT POTENTIAL		PARADIGM SHIFT POTENTIAL		SUSTAINABLE DEVELOPMENT POTENTIAL		NEEDS OF RECIPIENT		COUNTRY OWNERSHIP		EFFICIENCY AND EFFECTIVENESS		RISK LEVEL
SAP013	High	High	High	High	N/R	N/R	High		High	High	Medium	Medium	No comment

Notes: N/R = Not rated

3. COMPARISON WITH PAP PORTFOLIO

15. The IEU assessment compared the SAP portfolio to the PAP portfolio according to a series of characteristics.

Key data

a. Type of AE
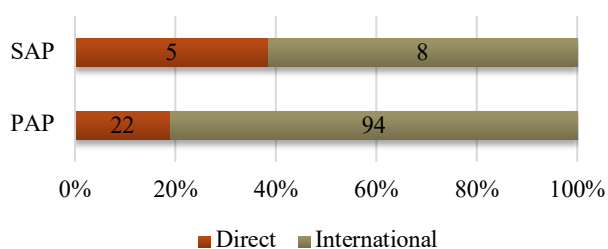
Figure IV-1. *Proportion of international vs direct access entities for SAP and PAP portfolios*

b. Focus on priority countries
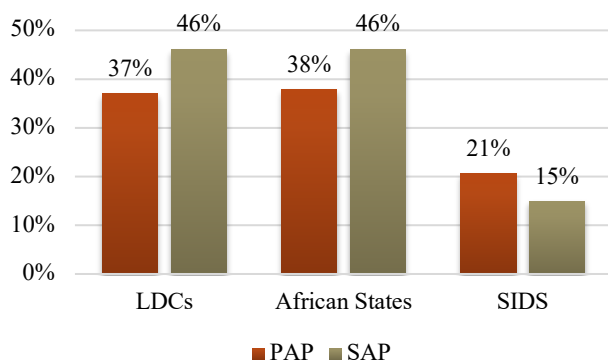
Figure IV-2. *Proportion of SAP and PAP projects in GCF priority countries*

Key findings

6. Some 38 per cent of SAP projects are implemented by DAEs. This is lower than the 50 per cent target for the SAP but higher than for the PAP (19 per cent).

7. The SAP portfolio has a stronger presence in LDCs and African States than the PAP. The proportion of projects in SIDS (only two projects) is lower than for the PAP portfolio. This is particularly significant considering Board discussions about the SAP where some Board members proposed for the SAP to be an instrument that facilitates the access of SIDS and LDCs.

c.   Size and focus areas
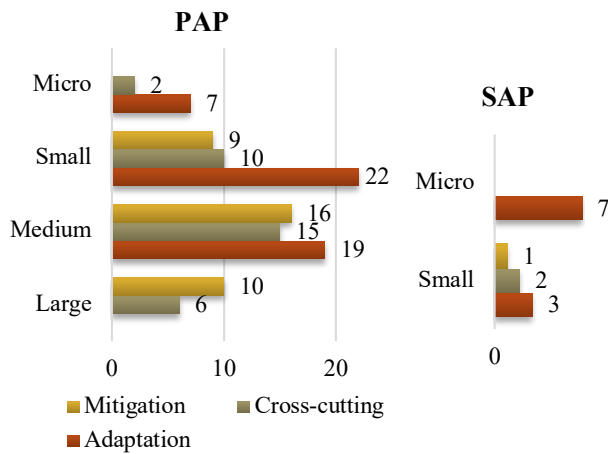
Figure IV-3.   Project size and focus for SAP and PAP portfolios

d.   Sector
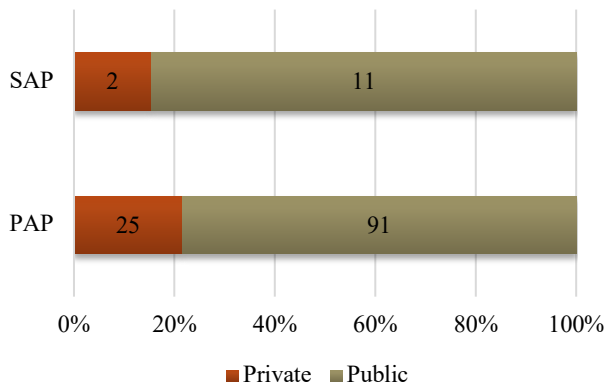
Figure IV-4.   Proportion of private and public sector projects in the SAP and PAP portfolios

8. The distribution of adaptation/mitigation/cross-cutting projects within the SAP broadly reflects that of the overall GCF portfolios.

Micro SAP projects represent 44 per cent of all micro projects at the GCF.

9. Only two SAP projects (15 per cent of projects) are private sector projects, while this proportion is 22 per cent for the PAP portfolio. Within the PAP portfolio, there are only seven private sector projects that are micro or small in size. This also correlates with the fact that most private sector projects are mitigation projects (59 per cent), while the SAP portfolio has been more attractive to adaptation or cross-cutting projects.

e.   ESS categories

16, 13%

30, 23%

83, 64%

■ Category A   ■ Category B   ■ Category C
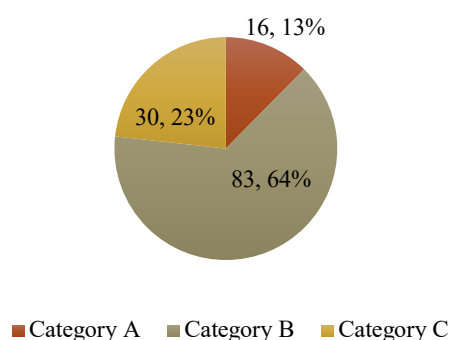
Figure IV-5.   GCF portfolio by ESS category

f.   Impact areas and types of interventions

■ Sum of forestry and land use

■ Sum of buildings, industries and appliances

■ Sum of low emission transport

■ Sum of energy access and power generation

■ Sum of ecosystem and ecosystem services

■ Sum of infrastructure and the built environment

■ Sum of health, well-being, food and water security

■ Sum of most vulnerable people and communities
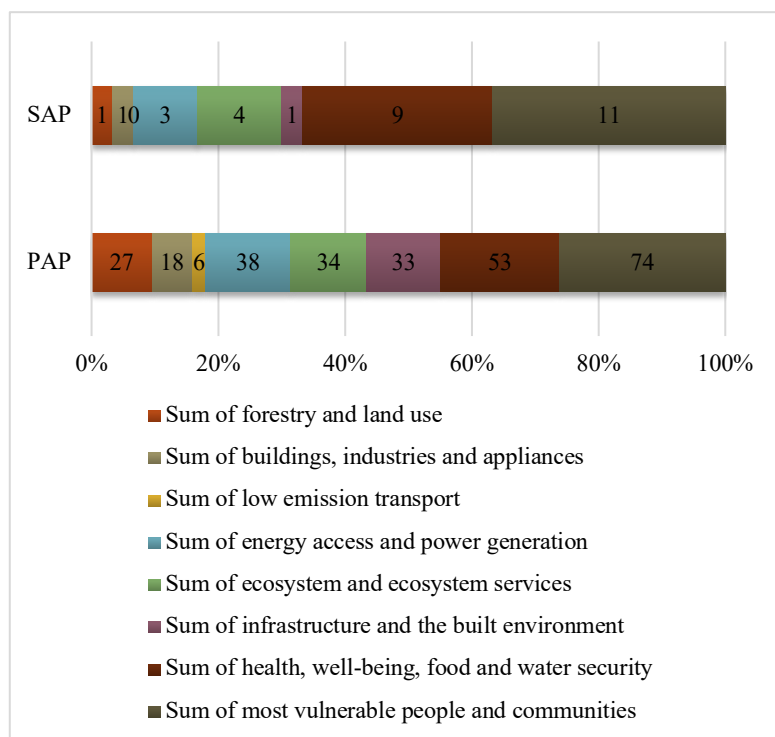
Figure IV-6.   Impact areas of the SAP and the PAP portfolio

20.   Across all FPs, there are only 30 category C projects, of which 17 are PAP. Among them, 11 were approved before the SAP, five at B.19, and one at B.21. Only six PAP projects are both category C and under USD 10 million, and all but one were approved before the SAP was created. This indicates that the SAP has been the preferred modality for category C projects.

21.   The SAP portfolio places a stronger emphasis on community-level interventions and health, well-being, and food and water security interventions, which are compatible with smaller-scale projects. Energy generation is possible at small-scale and is currently under-represented in the portfolio (one project), despite being a sector where a strong evidence base exists for small-scale interventions.

Low-emission transport projects, on the other hand, seem difficult to execute within the parameters of the SAP. Of the 28 projects addressing forestry and land use within the GCF,

only two fall within the C category. The same applies for interventions in buildings, industries and appliances. Considering these constraints, the SAP portfolio is therefore quite diversified.

4. QUALITY AT ENTRY OF SAP PORTFOLIO

22. **Quality of M&E at entry**. The analysis of the quality of M&E at entry used the methodology developed by Fiala et. al. (2019) in their paper for the IEU. The evaluation team selected specific criteria used in this study and related to the quality-at-entry of FPs, and assessed each project submitted under the SAP against these criteria. Given the timeline for approval of these projects, it is not accurate to compare them with the overall PAP portfolio, given that templates have evolved. Nonetheless, the results for projects that had been assessed under this study (SAP002, SAP003 and SAP004) were directly drawn from the original paper.

Table IV-2.   Quality at entry: number of projects of the SAP portfolio per risk category for selected M&E quality at entry criteria

CRITERIA	LOW RISK	MEDIUM RISK	HIGH RISK	UNCLEAR
What is the quality of the (implicit or explicit) theories of change and programme logic?	6	6	1	0
How robust are the causal linkages (implicit or explicit) and are they well informed by high-quality evidence?	7	3	3	0
Is good quality evidence cited to discuss the efficacy of causal linkages?	6	3	4	0
Are current reporting requirements sufficient for regular M&E?	7	2	4	0
Have baseline data been collected and/or is there a requirement for this?	6	5	2	0

23. On average, about half the proposals have good ratings (low risk) for each of the criteria considered, meaning that the quality of the criteria is very good and consequently involves low risk. The strong point of the SAP portfolio seems to be the quality of the projects' theories of change, which is positive from the perspective of having projects that understand the processes that will enable them to generate the changes they aim to achieve. The quality of baseline data is also a strong feature of the SAP portfolio, although many projects plan to collect their baseline data at the beginning of the project and were therefore rated as "medium risk". On the other hand, when it comes to quality evidence and reporting requirements, 31 per cent do poorly (high risk).

C. ANALYSIS

1. APPLYING THE CONCEPT OF 'READY FOR SCALING UP'

24. As explained earlier in the chapter, two of the three eligibility criteria were clearly applied. The third one, "ready for scaling up" was not and therefore deserved further analysis. This criterion was not fully clarified in the SAP guidelines and left open to interpretation by the proponents, the Secretariat and iTAP, and the concept was loosely used in the proposal documentation. The IEU team decided to develop a discussion on this concept, based on available literature on innovation, scaling up and replication. Based on this discussion, the team then classified each of the SAP projects according to a scale from innovation to scale up. Several projects are considered within more than one category since they have components at different levels. In fact, none of the projects were considered a full scale up or replication project.

25. Figure IV-7 presents the team's interpretation of the continuum from innovation and replication/scale up that could help the GCF Secretariat increase clarity, and in particular, to provide more guidance to the proponents for simplified and accelerated processing.
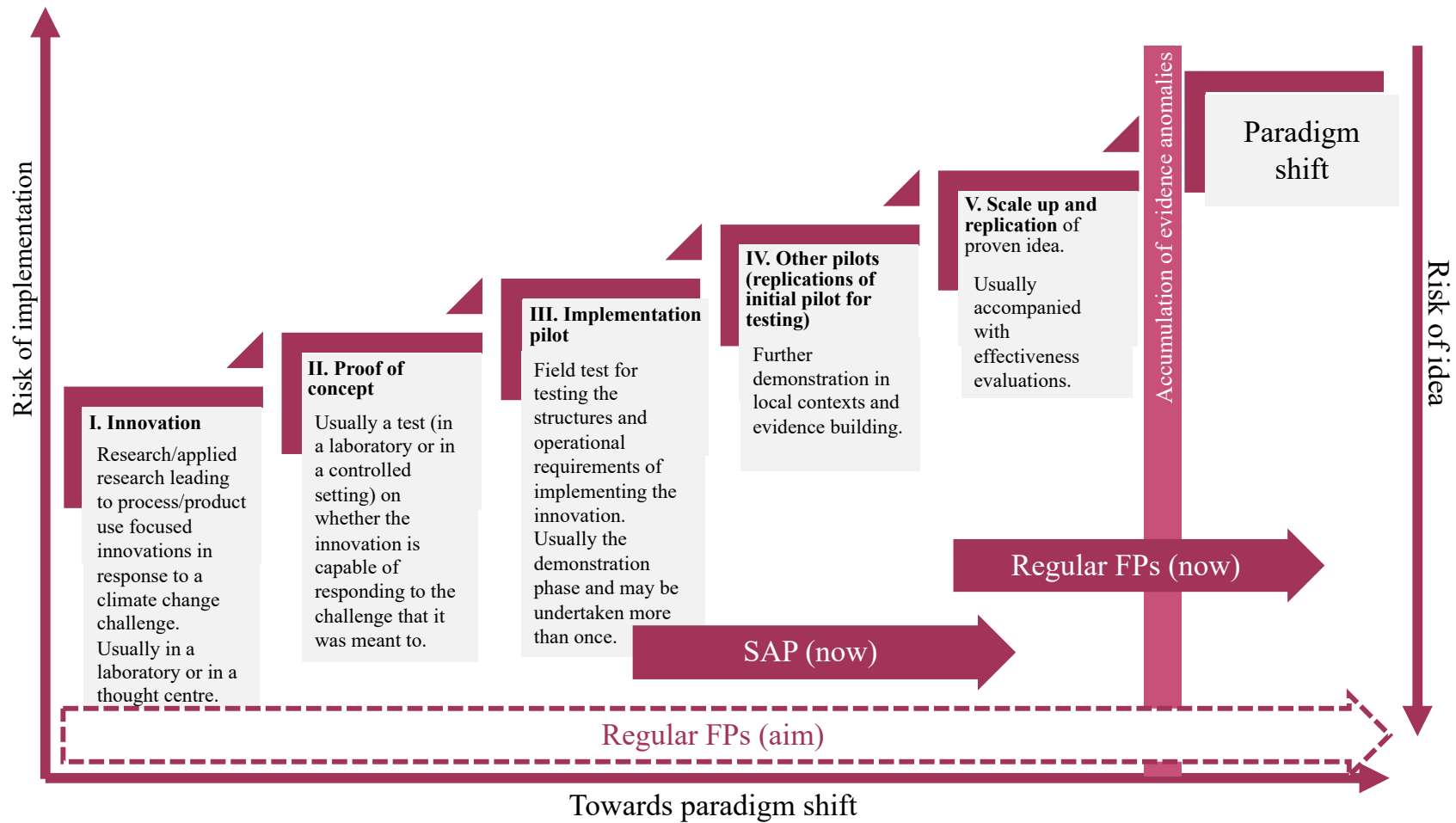
Figure IV-7. *How the objectives of the projects approved through the SAP modality feature in the spectrum from research/innovation to 'ready for scaling up'/replication*

26. The process in this continuum could start by conducting research to solve a particular problem, usually in a laboratory or in a thought centre. Once the idea (or innovation) has been developed then there is a need to "prove the concept" by testing it in a laboratory or under controlled settings to confirm (under these controlled circumstances) if the idea is capable of responding to the challenge that it was meant to solve. Once the concept is proved, it needs to be moved to field testing (closer to the real context) with the involvement of different structures and operational requirements by implementing a pilot. This implementation pilot is a demonstration phase that may involve several rounds of testing in different conditions. The pilot will most likely need to be further demonstrated to collect evidence and build the case. The key outputs of this phase would be a proven idea with lessons that now can be replicated or scaled-up. The final stage of this process is moving the innovative idea to be scaled-up and replicated. With successful replications and scaling up, and after conducting an evaluation on the effectiveness of the approach or idea, the cumulative effects of the interventions may produce a paradigm shift.

27. Early on in this process, when an innovation is first developed, the risk of that idea failing is high, but risks related to implementation are low given that testing is initially conducted in a controlled environment. Along the process, there is an increasing risk of implementation as the activities become more complex, involving more actors, larger populations and larger areas. On the other hand, since the idea becomes more and more secure through evidence and lessons, the risk of the idea decreases. Regarding actual and potential impacts, the process from research/proof of concept to implementation at scale provides an increasing opportunity for significant impacts.

28. **The SAP modality has generated a portfolio of projects that focus mostly on the implementation of pilots** (stages III and IV). Figure IV-8 maps the projects into the five stages. The mapping considers that a project may be located in more than one cell since it may have multiple objectives or components. Eleven projects out of 13 are still considered to be conducting implementation pilots, as they are testing an approach (often a well-established approach like ecosystem-based adaptation) in a new context in which they need to test implementation features. Six projects are considered to be conducting some extent of replication and scale up. Four projects are currently scaling up some of their activities into several regions of the country (e.g. at national level). The projects SAP006 and SAP007 are replicating at the sub-national level an approach that was fully demonstrated in another country, while SAP012 is contributing to enhancing the scale of a pre-existing project at the sub-national level, but with no replication. The SAP003 project is not mapped out as its focus is on the creation of an enabling environment, and it does not fit within this innovation to scaling-up continuum.

29. The fact that many projects are still at the stage of further demonstrating the idea or approach has run against the practice of simplifying the amount of information required (see chapter III) used for reviews. The proposals were still dealing with ideas that were not fully proven, that lack evaluative evidence to support them and that were not actually "ready for scaling up". The FP review process was also relevant to the pilot stages of this process, rather than to scaling up and replication. Furthermore, and as illustrated in Figure IV-8, this particular eligibility criteria of the SAP pilot was not that unique nor different from regular GCF projects, since most of them support interventions that attempt to make the big jump to contributing to paradigm shift and transformational change.

I. INNOVATION	II. PROOF OF CONCEPT	III. IMPLEMENTATION OF PILOTS	IV. DEMONSTRATION OF PILOTS	V. REPLICATION AND SCALE-UP OF COMPONENTS OF PROJECTS(*)				

Figure IV-8.   Mapping of the SAP portfolio on the innovation and replication continuum

Notes: None of these projects were considered as only having scaling up or replication objectives. They fall under the implementation or demonstration of the pilot stage but have one component that was considered to have scaling up or replication objectives, for example, through incorporating the new approaches or ideas into national policies, which will have national-level effects.

2. PRIVATE SECTOR

30. **The presence of the private sector in the SAP portfolio is minimal**. The evaluation conducted interviews with private sector entities accredited to the GCF and with the PSO Board observer. The PSOs are clearly not familiar with the SAP modality, even those that are accredited. Those AEs participating in SAP projects that have dealt with the private sector indicated that when they are approached by a private sector client for financing, the AE considers the limitations of the financial source (such as the GCF) and develops the investment proposal in accordance with those parameters. There is a diversity of financial resources that can be used by the private sector (even for climate change) and therefore the AEs develop their proposals according to the requirements.

31. **Furthermore, the IEU team found no evidence that the ESS category or size of the GCF contributes to the limited participation of PSOs.** The limited engagement of the private sector is more likely due to the factors identified in the FPR that constrain GCF engagement with the private sector, namely:

    • A reactive business model;

    • The lack of engagement with DAEs;

    • The length of project approval and legal assessment timelines; and

    • The perceived lack of predictability and transparency in the project cycle.

D. CONCLUSIONS AND RECOMMENDATIONS

32. **Finding 1.** The SAP modality generated projects that clearly complied with two of the three eligibility criteria. In fact, after the SAP modality was approved, all (except for one) projects approved by the Board under USD 10 million and classified with ESS category C were approved using the SAP modality. These two criteria were clearly used for selecting proposals to be channelled through the SAP modality. On the other hand, the third criteria did not receive enough guidance, it was inconsistently applied (or simply not applied) and was not used as a selection criterion (no project was rejected because of this criterion). The proposals attempted to demonstrate the same elements as PAP proposals, but with less information and therefore generated more questions from reviewers. This did not support the simplification of reviews.

33. The investment criteria were applied as for the PAP, but did not include an emphasis on the "ready for scaling up" concept, which is usually considered under the paradigm shift criterion. Another concept that was not specifically discussed was the extent of evidence required to demonstrate the climate rationale of the proposals. These two weaknesses of the SAP modality reflect the overall weakness of the investment criteria framework (as also identified in the FPR): the framework is applied as a blueprint, as if all proposals seeking support from the GCF were equal.

34. **Finding 2.** The Secretariat and iTAP generally concur in their assessment of SAP projects, and neither of them specifically discussed the "ready for scaling up" criterion. The ratings – generally "medium" or "high" – are similar to those of the FPR. The highest ranked criteria are on "country ownership" and "needs of the recipient". About half of the projects have a good M&E quality-at-entry (low risk).

35. **Finding 3.** One aspect in which the SAP portfolio differs from the PAP is the strong presence of SAP projects in Africa and LDCs. This is a positive conclusion and response to the expectation that these countries will be a key "client" of the SAP modality. On the other hand, the SAP modality has not been successful in attracting an expected substantial number of proposals from SIDS. The IEU is

currently conducting an evaluation of GCF support to SIDS that may shed some light on why this is the case.

36. **Finding 4.** Most projects in the SAP portfolio support the further testing and demonstration of ideas and approaches and do not support the scaling up of successful ideas and approaches. This has not helped with the simplification of information required.

37. **Finding 5.** The private sector was not very present in the SAP portfolio. The PSO representatives did not consider the SAP eligibility criteria as limitations for approaching the GCF with proposals. They consider that they would have proposals that could qualify (they would go to other financing sources for investments that have different characteristics). As concluded in the previous chapter, predictability and transparency of processes continue to be the key reasons the PSOs are not approaching the GCF.

38. Considering these points, the IEU has the following recommendations:

- **Recommendation 1.** The Board should consider simplifying the review criteria for the SAP and develop different and tailored investment criteria. Several investment criteria should be considered to be minimum 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.

- **Recommendation 2.** The Secretariat should take a tailored approach to the private sector. Within a future SAP modality/modalities strategy, include 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 3.** Given that SIDS have not taken advantage of the SAP modality, the Secretariat should further simplify the SAP to attract proposals that respond to the urgent climate change needs/emergencies in these countries.

Chapter V.   VALUE ADDED OF THE SAP IN THE GCF

KEY RECOMMENDATIONS

For the Board and the Secretariat:

- The SAP should have a strategy that clearly specifies how the modality contributes to the GCF mandate. The strategy should expand (through clear and practical guidance) the scope of the SAP modality by including proposals that bring value to the GCF through:

    – 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 previous experiences should be incorporated and how new evidence and learning should be collected

    – Proposals that respond to urgent climate change issues, in particular from SIDS and LDC

    – Focus on learning and developing evidence so projects are truly "ready for scaling up"

- The SAP should 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 others. Further strengthen current activities supported by the SAP team.

KEY FINDINGS

- Overall, the SAP modality has limited value added compared to the PAP as regards supporting or contributing to the GCF mandate, meeting AEs' expectations or responding to the urgency of climate change.

- The SAP modality does not have a strategy of its own for how it may contribute to the overall mandate of the GCF.

- 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.

- Three out of the eight AEs working with the SAP modality are new to the GCF partnership: the SAP pilot is their first GCF project. Most AEs using the SAP have had previous experience with the GCF. For nine out of 12 countries where SAP projects are being implemented, the approved SAP project is the first GCF national project.

- All 13 SAP projects are aligned with NAPs and NDCs, and are likely to contribute to national Sustainable Development Goals.

- So far, SAP projects are like those generated through the PAP. They do not have distinct differences in terms of promoting learning, scaling up or innovation.

A. INTRODUCTION

1. The key intention behind developing the SAP modality was to increase accessibility to GCF funding by simplifying and accelerating the project cycle (refer to chapter II for a discussion of the SAP theory of practice). The main reason behind project proponents deciding to use the SAP modality was the expectation that the process was going to be simpler and faster. As discussed, the gains on both these aspects, so far, have been marginal.

2. This chapter explores if and how the SAP has provided additional value to the GCF mandate. The creation of the SAP modality at the GCF generated expectations of its potential impact beyond reducing the time and effort involved in the processing of GCF projects. According to interviews and conversations with different stakeholders, the SAP modality was expected to contribute to the GCF mandate. The following questions correspond to these expectations, and they will be explored in this chapter:

   - Has the SAP helped to improve the capacities of AEs and NDAs to access the GCF, to prepare CNs for the GCF, and in general, has it improved their capacities for climate finance?

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

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

   - Has the SAP approach led to investments in potentially scalable climate-change initiatives?

3. In discussing these questions, the chapter also explores who benefited or stands to benefit from the simplification and acceleration procedures. In particular, the discussion focuses on two key sets of actors who should benefit from the SAP modality: project proponents on the one hand, and Secretariat staff and iTAP on the other.

B. DATA AND KEY FINDINGS

1. INCREASING THE CAPACITIES OF AES TO REACH THE GCF

4. The GCF recognizes that many AEs may have limited capacity for preparing GCF projects. As discussed in chapter III, there are three capacity-building modalities accessible during the preparation of an SAP project: the PPF, the RPSP (through the NDA) and direct technical assistance from the Secretariat. The SAP website indicates that the GCF will provide financial and technical assistance to support the preparation of FPs through the PPF. However, none of the AEs with an approved SAP project accessed or received a PPF grant for projects submitted through the SAP. Most applicants considered the PPF inappropriate for their needs because of the delays it may create in the project cycle. Nevertheless, some AEs requested support from NDAs (some using the RPSP), and several AEs received direct technical assistance from the SAP team or other parts of the GCF Secretariat.

5. All entities with approved SAP projects reported having extensive experience with preparing, managing and implementing projects that are like those put forward for GCF financing, from a standpoint of amount of funding, ESS categories, sectors and topics. Most SAP AEs have had previous experience designing and implementing climate change projects, many of them with the GCF (see next sub-section). A few AEs indicated that they decided to use the SAP modality to process projects as an attempt to learn and to increase their capacity to partner with and access the GCF.

6. Some AEs reported that the capacity they sought from the SAP team was related to understanding how a GCF project may be prepared, and not so much about the topic or sector. Many entities indicated that any technical assistance from the GCF would be more helpful if it came earlier in the process, rather than after draft CNs or FPs are submitted (as the PPF requires), to explain the mandate of the GCF (and thus what the GCF can and cannot finance).

2. NEW ENTITIES

7. For only three entities (PKSF, NEFCO and LandBank) of the eight AEs that participated in the SAP modality, their SAP project was their first approved GCF project (some of them had received GCF funding through Readiness or by participating in multi-country GCF projects). The three AEs are accredited for projects that have higher ESS risks and larger GCF contributions. There is no evidence that these entities came to the GCF because of the SAP. These AEs did however report that once they approached the GCF for funding, the Secretariat recommended the use of the SAP, in part because of the promise of a faster and simpler project cycle.

3. THE SAP, THE GCF AND COUNTRIES

8. The current portfolio of 13 FPs approved using the SAP modality is to be implemented in 12 different countries (Namibia has two SAP projects). The experience of interaction between these countries and the GCF regarding approval has been quite varied. Table V-1 provides an analysis of the national portfolios of each of the 12 countries participating in the SAP portfolio, and the sequence of FP approvals. **For eight of these countries, the project approved through the SAP was their first GCF project,** and two of them (Kyrgyzstan and Zimbabwe) have since obtained a second GCF project. At B.24, the Lao People's Democratic Republic obtained simultaneously its first SAP and PAP projects. Three countries (Namibia, Mongolia and Bangladesh) had already obtained PAP projects before going through the SAP.

9. It should be noted that multi-country projects are also possible through the SAP, although none have been approved to date. The SAP pipeline includes some multi-country projects.

Table V-1. *National GCF portfolio in the context of the SAP, and AEs implementing proposals made using the SAP modality*

COUNTRY	NATIONAL PORTFOLIO	WHEN WAS THE FP MADE USING THE SAP MODALITY APPROVED?	TYPE OF AE IMPLEMENTING THE FP MADE USING THE SAP MODALITY
Namibia	4 FPs: 2 PAP and 2 SAP	SAP001 and SAP006 were approved after both PAPs	DAE in both cases (EIF)
Kyrgyzstan	2 FPs: 1 PAP and 1 SAP	SAP002 was approved before PAP	International AE (WFP)
Bahrain	1 FP: 1 SAP	SAP003 is the only FP approved	International AE (UNEP)
Mongolia	4 FPs that include 3 PAP and 1 SAP	SAP004 was approved after all 3 PAP	DAE (XacBank)
Benin	1 FP: 1 SAP	SAP005 is the only national FP approved	International AE (UNEP)
Zimbabwe	2 FPs: 1 PAP and 1 SAP	SAP007 was approved before PAP	International AE (WFP)

COUNTRY	NATIONAL PORTFOLIO	WHEN WAS THE FP MADE USING THE SAP MODALITY APPROVED?	TYPE OF AE IMPLEMENTING THE FP MADE USING THE SAP MODALITY
Bangladesh	4 FPs: 3 PAP and 1 SAP	SAP008 was approved after all 3 PAP	DAE (PKSF)
Lao PDR	2 FPs: 1 PAP and 1 SAP	Both were approved at the same Board meeting	International AE (UNEP)
Philippines	1 FP: 1 SAP	SAP010 is the only national FP approved	DAE (LandBank)
Mozambique	1 FP: 1 SAP	SAP011 is the only national FP approved	International AE (WFP)
Niger	1 FP: 1 SAP	SAP is the only national FP approved	International AE (IFAD)
Haiti	1 FP: 1 SAP	SAP is the only national FP approved	International AE (NEFCO)

Source: GCF website, country profiles.
Notes: The national portfolio column excludes multi-country FPs.

4. VALUE ADDED FOR RESPONDING TO COUNTRIES' NEEDS

10. Based on the deep dive of the SAP portfolio (annex 3), the team concluded that all SAP projects are aligned with national priorities, particularly with the climate change National Adaptation Plan of Action (NAPA) and NDCs. Secretariat and iTAP reviews of the sustainable development investment criterion indicate that these projects also have the potential to contribute to the elimination of poverty and to support the implementation of other SDGs.

11. The SAP projects indicate they will provide financial support to areas where national governments lack financial resources to support the project objectives, and thus need the GCF. Proponents indicated that the use of grants in several cases is related to the fact that some countries are not allowed to increase their public debt.

12. Some projects reported that the limit on the GCF contribution within the SAP inhibits the expected impact of the project, and the number of activities.

13. Examples of national priorities that SAP projects support, include:

- Regions with the highest vulnerability;
- Populations with low adaptation capacity;
- Poverty elimination;
- NDCs and NAPs;
- National priorities;
- Water management;
- Financial support when the country cannot increase their public debt;
- Agriculture and rural development;
- Flood protection; and
- Early warning systems.

5. VALUE ADDED FOR SCALING UP AND TRANSFORMATION

14. The team analysed each project in the continuum from research innovation to scale up/replication (see also chapter IV). This analysis found that the value added of SAP projects is in piloting and demonstrating approaches or ideas (developed in other places) in different contexts and circumstances, rather than in the actual scaling up of proven ideas or approaches or the ability to contribute to transformational change. None of the SAP projects support research on innovative ideas or proofs of concept. So far, there has been no demonstration of how these projects may be employing previous evidence from successful ideas to support the SAP projects and add value in the climate finance arena.

15. Finally, the IEU deep dives into SAP projects confirm that the SAP modality has not yet produced projects that are different, from the point of view of innovation, learning, scaling or replication, compared with other GCF projects. The FPR concluded that most GCF projects are not innovative or risky, but are similar in objectives compared with other climate change projects financed by other financial organizations. This is true for SAP projects, too.

C. ANALYSIS

16. The expectation that the SAP modality will create value added for the GCF was not explicitly discussed through a strategy. In fact, the SAP modality does not have a strategy on how it will support or contribute to the GCF mandate, other than by aiming to simplify and accelerate processes. Consequently, there were many expectations created around the implementation of the SAP modality: different stakeholders ranging from Board members to Secretariat staff to NDAs and AEs, expect the SAP to deliver different results. The most anticipated result has been that with the SAP, the project cycle will be simpler and faster. As discussed in chapter III, this has not been the case. An analysis of the data collected by the team indicates that there was limited value added:

    • The capacity of AEs has only improved marginally as a consequence of experience with preparing SAP-type projects, given that they already had experience. The key limitation in capacity is around understanding the GCF processes and key concepts (such as climate rationale) that still have limited guidance. Furthermore, the existing project-level development facility, the PPF, is not considered appropriate for preparing SAP projects, and many AEs look for alternatives, such as requesting support directly from task managers and the Secretariat SAP team. There have also been instances of their requesting the NDA for financial support from the RPSP, or paying for consultants themselves;

    • The SAP modality has attracted few *new* entities to the GCF. Only two of them are DAEs and none are from the private sector;

    • The fact that all SAP projects are aligned with NDCs and NAPs is not unique for the SAP modality. The FPR concluded that this is also the case for PAP projects; and

    • Given that most projects are still testing and piloting ideas and approaches, the SAP portfolio has not contributed to the GCF mandate regarding *scaling or supporting innovative ideas*.

17. The fact that nine out of the 12 countries participating in the SAP modality have their first GCF project using the SAP, could be considered a value added. It is not clear from the data collected whether this was a coincidence or a strategy of the AEs, or of the countries themselves.

D. CONCLUSIONS AND RECOMMENDATIONS

18. **Overall conclusion. The SAP modality has limited value added with regard to supporting or contributing to the GCF mandate, AEs' expectations or to the urgency of addressing climate change, compared with the PAP**.

19. **Finding 1.1. The SAP modality does not yet have a strategy.** One reason the SAP modality has so far not been able to bring much value added to the GCF mandate, may be because the modality does not have a clear strategy. The modality (and the decision that created it) has only been focused on eligibility criteria and processes. On the other hand, through negotiations at the Board and through its implementation, the modality has created expectations beyond the speed and simplicity of the process, about how the modality is likely to contribute to the GCF mandate.

20. **Finding 1.3.** 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.**

21. **Finding 1.2. Three out of the 12 AEs working with the SAP modality were new to GCF partnership. Many AEs applying through the SAP modality have had previous experience preparing proposals similar to those eligible for the SAP modality.** Some entities used their work with the SAP modality to start a relationship with the GCF.

22. **Finding 1.3. The SAP project was the first GCF national-funded project for nine out of 12 countries where SAP projects have been approved**.

23. **Finding 1.4 All SAP projects were aligned with NAPs and NDCs** and could contribute to the national sustainable development agenda, and to the implementation of the SDGs.

24. **Finding 1.5. The SAP modality has not yet produced projects that have added value to the GCF through innovation, scaling up or learning.** The SAP modality has come up short in supporting projects that are ready for scaling up. There has been a lack of clarity around what scale up means in relation to the GCF mandate, how evidence from previous experiences should be incorporated, and how new evidence and learning should be collected. Ultimately, SAP projects are similar to those generated through the PAP.

25. **Recommendation 1. The SAP should have a strategy that clearly specifies how the modality contributes to the GCF mandate.** The strategy should expand (through clear and practical guidance) the scope of the SAP modality by bringing value to the GCF through:

    • 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 previous experiences should be incorporated and how new evidence and learning should be collected;

    • Proposals that respond to urgent climate change issues, in particular from SIDS and LDCs; and

    • Focus on learning and developing evidence so projects are truly "ready for scaling up".

26. **Recommendation 2. The SAP should 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 others. There should be a further strengthening of current activities supported by the SAP team.

Chapter VI.   BENCHMARKING FAST-TRACK PROCESSES

KEY RECOMMENDATIONS

- The Board could consider delegating authority to the ED of the Secretariat for approving SAP-type projects, following on from prior experience of delegation of authority at the GCF for certain funding operations (PPF and RPSP, decisions, etc.).

KEY FINDINGS

- There is no international or industry standard across development agencies or climate change financial institutions on how to simplify the project cycle, or on creating fast-track or simplified processes.

- In most cases, including at the GCF, institutions have devised their fast-track processes in an incremental way that takes on board their stage of evolution and context. 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

  – Clear definitions of terms that are particular to the institution

- The GCF Board has previously supported expedited procedures for projects and decisions in the GCF, including delegation of authority.

A. INTRODUCTION

1. As a recently created institution, the GCF has a long road ahead in terms of learning, but it can use the experiences of other institutions to guide and improve its decision-making. In the process leading up to the adoption of the SAP Pilot Scheme, the Secretariat presented the experiences of a selected group of institutions as an example.[56] This current IEU assessment examined a wider set of organizations and the experience of the GCF itself, to extract relevant lessons for benchmarking. A summary of the findings is presented in annex 4.

2. The following questions were explored for the benchmarking exercise:

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

    - How does the SAP compare to them with regard to eligibility, processes, governance and results achieved?

B. ANALYSIS AND KEY FINDINGS

1. EXAMPLES OF SIMPLIFICATION AND THE ACCELERATION OF PROCESSES AND THE PROJECT CYCLE IN THE GCF

3. Before further exploring the experiences of other institutions, the IEU team reviewed a few areas in which the GCF has already experimented with simplifying and accelerating processes, access modalities and decision-making. Table VI-1 discusses these examples.

Table VI-1.   Available simplified and accelerated processes in the GCF

EXAMPLES WITHIN THE GCF	DESCRIPTIONS
Fast track accreditation process	**The fast track accreditation process for institutions that have been already accredited by a relevant fund or institution:**[57] the GCF relies on the assessments conducted by these organizations, except for when there are gaps with GCF requirements. This has resulted in a faster accreditation process for most public sector AEs (including DAEs) that have used this process.[58]
Due diligence of RPSP delivery partners	**In cases when a delivery partner of the RPSP is not an AE**, the nominated delivery partner undergoes a financial management capacity assessment in order to be deemed eligible to implement Readiness grant support, instead of going through the full accreditation process.
Delegation of authority by the Board to the Secretariat, ED, or to his/her designee	This is used in the following processes: • To negotiate, agree and sign the terms and conditions of AMAs and FAAs with AEs • To approve a request from AEs for extensions in the period to fulfil the conditions required to be met prior to the execution of the FAA (only one extension) • To approve a change in a project if the proposed change by the AE is minor

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[56] GCF/B.08/22 and GCF/B.11/17.

[57] The institutions include the AF, the GEF, and the European Commission's Directorate-General for Development and Cooperation.

[58] As per IEU Synthesis of the Accreditation Process under preparation.

EXAMPLES WITHIN THE GCF	DESCRIPTIONS
	• To approve a request of a waiver[59] by an AE when the Board delegates • To approve a restructuring of the project proposed by the AE • To process and approve proposals for the PPF (up to USD 1 million) and the RPSP (up to USD 1 million per country per year) and NAPs (up to USD 3 million per country)
Enhancing Direct Access (EDA)	**To devolve decision-making** so that both funding decisions and project oversight take place **at national or regional levels**, the EDA establishes a dedicated facility to fund small-scale community projects. **The individual sub-project approval is devolved at the country level through pre-approved selection criteria.[60]**
Approval of decisions in the absence of a Board meeting	The Secretariat, with approval from the Co-Chairs, may transmit to Board members a proposed decision with an invitation to approve decisions within a prescribed period (generally 21 days, but in urgent cases no less than one week) on a no-objection basis.[61]

2. EXAMPLES OF APPROACHES USED TO SIMPLIFY AND ACCELERATE THE PROJECT CYCLE IN OTHER INSTITUTIONS

4. When reviewing documentation and interviewing representatives from multiple organizations, **the IEU team found that there is no international nor industry standard on how to process projects/operations in general or, in particular, how to fast track the project cycle** for certain operations. When discussing this 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, which takes on Board their stage of evolution and context.

5. Each organization has its own set of procedures for processing projects and investments, which often include parallel processes for specific types of projects or for different types of organizations trying to access funding. Table VI-2 summarizes experiences with simplifying and accelerating processes, in other institutions.

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[59] "Waiver means: (i) a relinquishment of a condition set forth in the Approval Decision; (ii) a material deviation from a condition set out in the relevant funding proposal or the term sheet; or (iii) a deviation from any other condition (other than those described in paragraph (m)(ii) above) set forth in the Approval Decision." Decision GCF/B.22/14.

[60] The EDA pilot channels climate financing to homegrown organizations in developing countries. The Board approved USD 200 million (for a minimum of 10 pilots, out of which at least four had to come from SIDS, LDCs or African States) for this pilot programme. The objective of this pilot is to enhance country ownership of projects and programmes through a dedicated access window for GCF DAEs. The EDA pilot is characterised by an enhanced devolution of decision-making whereby both funding decisions and project oversight take place at the national or regional levels (decision B.10/04).

[61] Paragraph 41 of the Rules of Procedures of the Board.

Table VI-2. ***Measures to simplify and accelerate the project cycle in fast-track processes***

Institution	Process / access modality	PROJECT PREPARATION				PROJECT REVIEW					PROJECT APPROVAL					
		Simpler preparation (implicit due to eligibility criteria)[62]	Fewer documents required	Specific/ simpler templates	Other	Lighter due diligence/ avoiding some steps	Decreased/ lighter analysis of compliance with policies	Shorter business standards	Expedited review for repeat clients	Other	Delegation of authority to head of the executive	Delegation of authority to managers	Board no-objection	Approval on a rolling basis	One-step approval (instead of two)	Other
GCF	SAP	X	X	X	X			X								
GEF	Medium-small sized project (MSP)	X			X			X			X				X	
AF	Grants for scale up	X		X			X									
	Learning grants			X			X									
	Small grants for innovation			X			X									
CIF	Pilot Program for Climate Resilience (PPCR) private sector set-aside									X			X	X		
	Forest Investment Program (FIP) private sector set-aside				X					X						X

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[62] The eligibility criteria themselves are implicitly expected to lead to simpler proposal development.

Institution	Process / access modality	Project preparation				Project review					Project approval					
		Simpler preparation (implicit due to eligibility criteria)[62]	Fewer documents required	Specific/ simpler templates	Other	Lighter due diligence/ avoiding some steps	Decreased/ lighter analysis of compliance with policies	Shorter business standards	Expedited review for repeat clients	Other	Delegation of authority to head of the executive	Delegation of authority to managers	Board no-objection	Approval on a rolling basis	One-step approval (instead of two)	Other
	Clean Technologies Fund (CTF) Dedicated Private Sector Programs (DPSP)													X		
	FIP Dedicated Grant Mechanism (DGM)															
EBRD	Delegated authority	X							X		X	X				
IFC	Streamlined procedures								X		X		X			
ADB	FAST	X	X			X					X					
IFAD	LOT													X		
	Financing gaps										X					
	Small new projects										X					
	Scaling up financing proposals										X					
AIIB	Delegated authority										X					

Institution	Process / access modality	PROJECT PREPARATION				PROJECT REVIEW					PROJECT APPROVAL					
		Simpler preparation (implicit due to eligibility criteria)[62]	Fewer documents required	Specific/ simpler templates	Other	Lighter due diligence/ avoiding some steps	Decreased/ lighter analysis of compliance with policies	Shorter business standards	Expedited review for repeat clients	Other	Delegation of authority to head of the executive	Delegation of authority to managers	Board no-objection	Approval on a rolling basis	One-step approval (instead of two)	Other
JICA			X			X						X				
CIFF	Delegated authority		X		X	X					X			X	X	
BNP Paribas	Escalation process[63]								X							X
MUFG Bank. Ltd	Equator Principles	X				X										
KDB							X					X				

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[63] This process applies to proposed investments that are complex. They are "escalated" to senior management and the most experienced officers when they come into the institution, rather than "lingering" throughout the process or bureaucracy.

6. Overall projects/investments that go through simplified/accelerated processes are usually selected based on criteria such as the type of activity, the entity, financial instrument, size of projects, level of ESS risk and a variety of entity-tailored requirements.

7. When it comes to simplifying the review process, no specific approach stands out, but four organizations report using "lighter due diligence" processes. None of the processes reviewed involved a decreased level of compliance with policies, although the AF acknowledges that for smaller grants the same depth of analysis used for regular projects is not expected.

8. Eleven out of the 21 processes reviewed involved delegation of authority for project approval to the management of the organization (either the head of the executive or different levels of management, or both).

9. No specific simplifications were identified for the post-approval stage.

3. EFFICIENCY IN THE PROJECT CYCLE

10. **The Adaptation Fund:** The World Resources Institute review of climate funds and the Third Review of the Adaptation Fund by the UNFCCC[64] indicate that, in 2017 when these reports were prepared, the AF was the most efficient of the climate change financial institutions (see Figure VI-1): it took an average of 12 and 17 months to approve one-step and two-step projects, respectively (this exceeds the target set by the AF of 9 and 12 months). Furthermore, the AF secretariat continues to meet its goal of reviewing project proposals within two months of receipt. Increases in times at the AF have coincided with the introduction by its Board of the environmental and social policy, and compliance with it has been added to requirements and funding criteria. Figure VI-1 provides a comparison of approval times for different funds and project modalities.
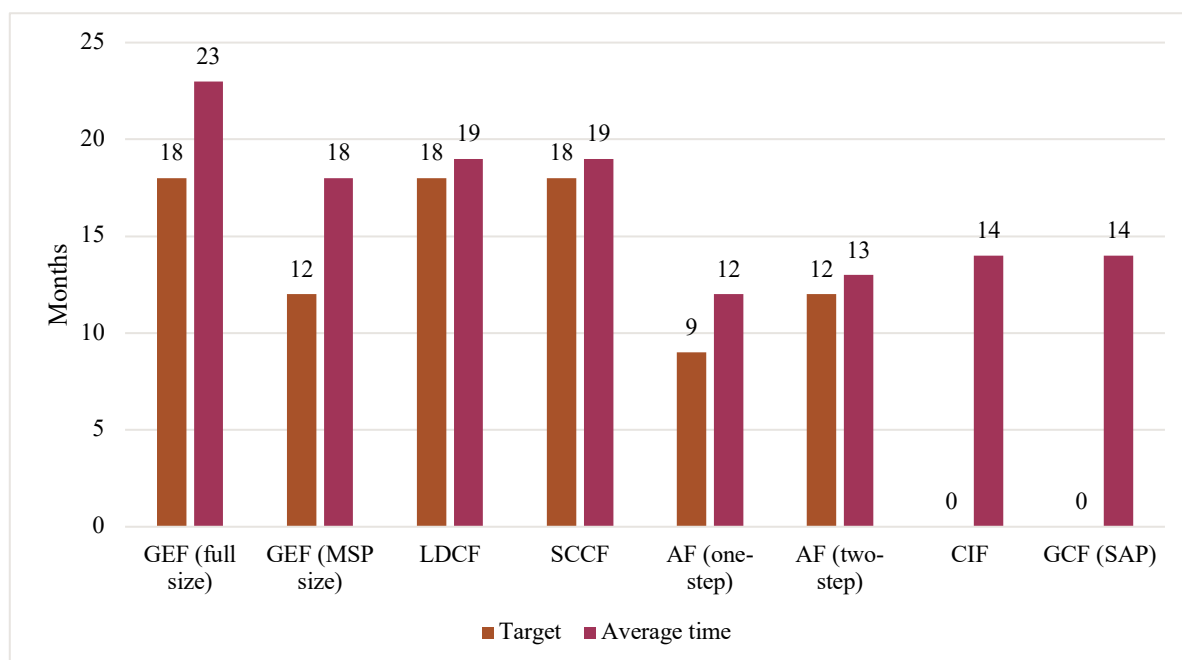
Figure VI-1.   Time needed for project approval across climate change funds (in months)
Source: UNFCCC/TP/2017/6 and IEU DataLab (for GCF (SAP) only).

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[64] World Resources Institute (WRI), 2017. Future of the Funds: exploring the architecture of multilateral climate finance; Third review of the AF (UNFCCC/TP/2017/6).

11. The interviews and documents reviewed identified examples of methods used by different organizations to enhance their project cycles. Several of these processes have been tested by the GCF and by the SAP. The organizations reviewed have used various measures to simplify and accelerate the overall project cycle, such as:

- **Single set of guidelines:** Establishing procedures in a single policy document, supported by a single set of guidelines that are used by **all** internal and external stakeholders involved in the project cycle. This enhances transparency and predictability;

- **Target times for project cycle and consequences for cancellations**: The Global Environment Facility (GEF) Council approved in June 2016 its project and programme cycle policy, and in June 2017 approved its related guidelines. As part of this process, the GEF implemented a cancellation policy which sets an 18-month time limit to approve full-sized projects and a 12-month time limit for a MSP. This has evolved from an aspirational timeline to an enforcement procedure, with consequences of proposal cancellation if it is not approved within the allocated time;

- **Tracking** the steps of project preparation and their cycles to identify those that are lagging;

- **Building awareness** among entities of all the policy changes; and

- **Piggybacking** on processes and due diligence undertaken by other comparable agencies/partners (e.g. using the ESS policies of AEs, the IFC Equator Principles or some ISO standards).

12. Some measures to simplify and accelerate **proposal preparation** include:

- Avoiding confusing concepts and particular specific institutional jargon. For topics and concepts that are necessary within an institution (e.g. climate rationale, concessionality, incrementality, additionality, etc. at GEF or the CIF), institutions provide more hands-on involvement in proposal writing to ensure these concepts are properly identified. For example, the CIFF co-writes some of the proposals with their grantees. They acknowledge that this is quite time-consuming and that it can orient the proposal in a way that may not be compatible with concepts such as country ownership.

13. Measures to simplify and accelerate the **review** of proposals include:

- Escalating projects with more complex risks, and ensuring the right person is in charge of the project internally.[65]

- Ensuring that reviewers have clarity about what the Fund can and cannot finance.

14. Measures to simplify and accelerate project **approval** include:

- Senior investment officers consult with the investment committee before the proposal is presented, to see if there could be any issues with the concept (e.g. in the IFC).

15. Measures to simplify and accelerate **post-approval** include:

- Relying on multilateral development bank processes for financial management.

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[65] For example, at BNP Paribas, the investment proposal is reviewed and immediately sent to the relevant level of management for their decisions; for complex or high-risk proposals, the proposal goes to senior management or a senior officer that has the capacity and authority to make decisions, rather than lingering in the system, searching for the right decision.

4. DELEGATION OF AUTHORITY

16. The EBRD recently conducted an evaluation of its experience with delegation of authority procedures. Its key findings were:

- Except for African Development Bank (AfDB), all international financial institutions delegate the approval of smaller projects to management;

- International financial institutions, which typically provide financing for governments, only use delegation to a limited extent;

- The IFC, which provides financing to the private sector, approves most of its projects through its Board's no-objection procedure (outside of Board meetings), and 21 per cent of its projects by delegating approval to the CEO or to his/her delegate; and

- The EBRD delegates the most: Over half of its projects are approved by delegation.

17. The EBRD evaluation included a comparison of IFIs, as presented in Table VI-4. More details of the conclusions of the EBRD evaluation are presented in annex X. Details of the delegation of authority implemented at AIIB are also included in the annex.

Table VI-3.   Delegated authority at selected IFIs – summary features

TOPIC	IFC	EIB	ADB	IADB	AfDB
Type of financing	Sub-projects under initiatives or facilities (frameworks) with a Board-approved total envelope	Sub-projects under frameworks or programmes approved by the Board	USD 20 million for loans and USD 10 million for equity. Overall current envelope is USD 200 million	Sub-projects under selected frameworks approved by the Board	No delegation. However, there is approval by no-objection for projects below USD 50 million. All other projects are presented and discussed at the Board
Threshold	No threshold on individual projects	EUR 50 million	The president	Generally USD 5 million (USD 20 million for emergencies caused by disasters)	
Approval processes	Either by the Vice President or follows normal approval process (investment review)	Management committee	Upon the president's approval, the Board receives the sub-project document for information. Annual reporting on project and aggregate level	The president (division chiefs and managers for emergencies caused by disasters)	
Frequency and scope of reporting to the Board	Typically, no information on individual projects, rather, annual reports with aggregate data	No information available	USD 121 million approved under delegation of authority by end of 2017, that is, about	Evaluation of facility after four years, presented to the Board	

TOPIC	IFC	EIB	ADB	IADB	AFDB
			1.7 per cent of total non-sovereign financing approved (fraction of the total)		
Share of projects approved	21 per cent of all projects requiring approval – FY18. Most of the projects (72 per cent) approved by the Board's "no-objection". 7 per cent Board-discussed	No information available		Less than 1 per cent of total approvals	

Source: EBRD, 2019.

C. CONCLUSIONS AND RECOMMENDATIONS

18. **Conclusion. Overall, there is no standard across development agencies or climate change financial institutions on how to simplify the project cycle, or on creating fast-track or simplified processes.** In most cases, institutions have devised their fast-track processes in an incremental way that takes on board their stage of evolution and context.

19. **Finding 1.** For the majority of cases, including at the GCF, institutions have devised their fast-track processes in an incremental way, that takes on board their stage of evolution and context. 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.

20. **Recommendation.** Based on the benchmarking exercise conducted for this assessment, the IEU team recommends that **the Board 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.).** This recommendation will allow the GCF to continue to evolve and mature as a financial institution. Furthermore, as discussed in chapter III, it would accelerate the project cycle by around 13 per cent of today's timeline.

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Chapter VII.   CONCLUSIONS AND RECOMMENDATIONS

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1. This chapter presents the overall conclusions from the assessment according to the key assessment questions (see chapter I) and the findings from chapters II through VI. Additionally, this chapter presents recommendations outlined in chapters III through VI. Recommendations are organized depending on whether they are addressed to the Board or to the Secretariat.

A. Key findings and conclusions

1. SAP implementation

a. Key achievements

2. **Conclusion 1. The GCF Secretariat implemented the Board decision establishing the SAP modality in a partially satisfactory manner, 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**.

3. **Finding 1.1:** The 13 FPs approved through the SAP modality as of B.25 (March 2020) represent a small fraction of GCF commitments since B.19, but 16 per cent of the projects. These 13 projects correspond to USD 115 million in commitments from the GCF and USD 71 million in co-financing.

4. **Finding 1.2:** LDCs and African States are well represented in the current portfolio, but SIDS are underrepresented. Eight of the 13 projects, which will be implemented in 12 countries (half of them are LDCs and two are SIDS), are implemented through international AEs, 11 dealing with a focus on adaptation and public sector grants, with only three using a private sector entity or scheme. All projects fall within the "micro" or "small" size categories.

5. **Finding 1.3**. A dedicated SAP team at the Secretariat has been established and is effective and proactive. Those proponents that have taken part in developing 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 give direct hands-on support or provide technical assistance to the projects.

6. **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 activities under the projects through the SAP. Templates for Secretariat and iTAP assessment were developed later in 2018, as well as the FP SAP guidelines. Technical guidelines on pre-feasibility were developed in 2019, at the same time as technical guidelines for different sectors/areas were developed (translations were done in November 2019) and the OSS was launched.

b. Have the time and effort needed for the preparation, review, approval and disbursement of SAP proposals, reduced, compared to the PAP?

7. **Conclusion 2. The SAP modality, as implemented so far, has not translated into a simplification of requirements and an acceleration of 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,[66] and 13 per cent shorter than for higher ESS category projects.[67] Most SAP projects had previously been considered through the PAP, so they had some history within the GCF project cycle.

8. **Finding 2.1**. The current SAP process has not succeeded in substantially reducing the burden of project preparation and 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.

9. **Finding 2.2**. The SAP process includes multiple stages, but only two stages have targets on business standards: the turnaround for the GCF Secretariat's comments on CNs and FPs. The 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 do not have any requirements to respond within any particular time period, either. 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.

10. **Conclusion 3. The SAP process is not predictable, transparent nor efficient for the types of proposals processed.** This results in high transaction costs for a small GCF contribution, and limits the interest of AEs to use this process. The SAP does not live up to the expectation from AEs that projects would be approved faster and based on simpler information.

11. **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 CSO and PSO observers to the Board. Comments sent to applicants are not coordinated (proponents receive non-consolidated and often repetitive or contradictory comments from the Secretariat, for example that come at different times of the process, putting an excessive burden on the proponents that need to respond to all of them, even when they are contradictory).

12. **Finding 3.2.** Secretariat and iTAP reviewers have not changed their review practices and have to frequently 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 so far have proven counterproductive to the review process.

13. **Finding 3.3.** Most projects processed through the SAP modality were originally PAP projects. The Secretariat asked the proponents to change them to SAP projects, which involved retrofitting the 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). This has added to the non-transparency of the SAP.

14. **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 if 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

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[66] Projects with less than USD 25 million contribution from the GCF and classified as ESS category C.
[67] Projects with less than USD 25 million contribution from the GCF and classified as ESS category B.

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 iTAP should review proposals under the SAP modality on a rolling basis, but this was not implemented.

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

15. **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, and therefore many of the projects did not comply with it.

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

16. **Conclusion 6. The Secretariat and iTAP generally concur in their assessment of SAP projects, and neither of them specifically discussed the "ready for scaling up" criterion.** The ratings – generally "medium" or "high" – are similar to the findings from the FPR. The highest ranked criteria are on "country ownership" and "needs of the recipient". About half of the projects have a good M&E quality-at-entry classification (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 what type of information to ask for.

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

17. **Conclusion 7: The SAP has enabled enhanced access for African States, LDCs and DAEs compared to the PAP portfolio. However, access of SIDS remains low.** The expectation that priority countries would be a key "client" for the SAP has been partially fulfilled, so far. 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).

18. **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 in the SAP than in the PAP, and a higher proportion of DAEs in the SAP. Most micro and small PAP projects are adaptation projects and most ESS C category projects have been processed through the SAP.

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

19. **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 complete value added of the SAP or how it fits into the 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).

2. SAP VALUE ADDED

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 ToC 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.

20. **Conclusion 9. The IEU concludes that so far, the value added of the SAP in achieving these three expected outcomes is limited**.

a. By using the SAP pilot, have AEs and NDAs improved their capacities to access the GCF, to prepare concepts for the GCF, and in general, improved their climate finance capacities?

21. **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 SAP team's direct technical help to AEs in developing SAP CNs and FPs has provided welcome support for proponents. One of the key delays in processing investments, across all entities and organizations (not only financial and with the GCF), is the capacity of proponents to understand the process of the organization or concepts.

22. **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 be able to further access the GCF (or other climate finance institutions). Several entities indicated that they are developing new concepts that are larger and 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 requirements.

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

23. **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 NAPs/NDCs, as well as with national development priorities and, in some cases, the 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.

24. **Conclusion 12. The SAP was not designed to leverage the comparative advantages of SIDS.** As discussed earlier, 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.

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

25. **Conclusion 13. There has been no significant increase of 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.

26. **Conclusion 14. The private sector has not seen value added and the 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 to the 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.

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

27. **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 examination of the project proposals by the IEU showed that most SAP projects contain the objective to demonstrate or test an approach or an idea that has been tested in another place, but themselves aim to test the implementation parameters in new contexts. These projects are therefore not fully ready for scaling or replication. This is a missed opportunity. Simplified Approval Process implementation does not require proposals to present evidence that their approach was fully proven in a specific context. The SAP does not allow for a level of risk favourable to presenting project ideas that test proof of concept. The cap of GCF contribution at USD 10 million has also shaped the type 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.

28. **Conclusion 16. There are few intra-Secretariat incentives that encourage task managers to process SAP projects.** The Secretariat has developed several indicators that may incentivize the submission and processing of projects, and has set targets and relevant KPIs for the SAP in its work programme. However, there are no SAP-specific KPIs that incentivize task managers to prioritize and advance 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.

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

29. **Conclusion 17. There is no international or industry standard for fast-tracked/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 be using 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.

30. **Finding 17. 1.** The GCF Board has supported expedited procedures for projects and decisions in the GCF, in addition to the SAP. The GCF Board has provided for delegation of authority to the Secretariat for several operations such as the RPSP and the PPF, extensions of projects, restructuring, cancellation and waivers of projects as well as for negotiating and signing AMAs and 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 there is at least one decision made during each period between Board meetings when the facility to make a decision without a full Board meeting physically, is exercised. Therefore, the GCF 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 levels such that any procedures for accelerating access to funding and for funding to reach the ground should be promoted and encouraged.

B. KEY RECOMMENDATIONS

a. For the Board

31. **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 Governing Instrument.** 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 *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 previous experiences should be incorporated, and how new evidence and learning should be collected;
- Proposals that respond to *urgent climate change issues*, particularly from SIDS and LDCs; and
- Focus 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 idea or implementation risks should be acknowledged.

32. **Recommendation 2 (a): Simplify the review criteria for the SAP and develop different and tailored investment criteria.** As recommended by the FPR, several of the investment criteria should be considered as minimum requirements to be a GCF proposal. 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.

33. **Recommendation 3 (a): Approve the four crucial elements of the Board decision that have not yet been implemented: 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 to accelerating and simplifying the project cycle.

34. **Recommendation 4 (a): Consider the delegation of authority to the Executive Director for the approval of SAP-type projects, following the current experiences of delegation of authority at the GCF for certain funding operations (i.e. PPF and RPSP, decisions, etc.).** Another way to accelerate the processing of proposals is to have delegation of authority to the Secretariat, particularly to the Executive Director or his/her delegate. The delegation should be based on the existing rules and procedures of the Board.

b. For the Secretariat

35. There are a series of recommendations that could improve the simplification and acceleration of the project cycle, that are within the purview of the Secretariat.

36. **Recommendation 1 (b): Simplification – the Secretariat should:**
- Further simplify documentation requirements for proposals, particularly from SIDS and LDCs and when proposals respond to urgent climate change impacts;
- Enhance the clarity of guidance on review criteria with the clear definition for the Secretariat and iTAP; and
- 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.

37. **Recommendation 2 (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 multiple rounds of comments.

38. **Recommendation 3 (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 programmes. 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.

39. **Recommendation 4 (b): Take a tailored approach to the private sector. Within a future SAP modality/modalities strategy, include 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.

40. **Recommendation 5 (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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ANNEXES

Annex 1. ASSESSMENT MATRIX

QUESTIONS	DATA COLLECTION METHODS	DATA SOURCES	DATA ANALYSIS METHODS
1. Critical assessment of the Secretariat's review			
1.1. How relevant is the methodological approach used to assess the SAP and respond to the Board request?	• Document review • Interviews with SAP team and reviewer	• Secretariat SAP review and online survey notes • Board decisions • Interviews	Qualitative and quantitative, triangulation of different sources, comparison with IEU evaluations, including in the FPR.
1.2. To what extent are the findings of the review supported by evidence, unbiased and relevant?	• Document review, pipeline review • Interviews with SAP team and reviewer	• Secretariat SAP review and online survey • SAP projects and pipeline data, other IEU evaluations, including FPR • Interview notes	Qualitative and quantitative, including comparison with IEU evaluations, including the FPR.
1.3. To what extent are the recommendations of the review supported by evidence from the findings?	• Document review • Interviews with SAP team and reviewer	• Secretariat SAP review and online survey • SAP projects and pipeline data • Interview notes	Qualitative relationship between findings and recommendations.
1.4. What types of changes would the proposed recommendations make to the performance of the SAP?	• Document review, pipeline review • Interviews with GCF secretariat, independent units and AEs	• Secretariat SAP review and online survey • SAP projects and pipeline data • Interview notes	Qualitative and quantitative, including modelling of effects of recommendations.
1.5. How was the review used in the development of the draft document presented to the Board for further development of the SAP process?	• Document review • Interviews with SAP team and reviewer	• Secretariat SAP review, SAP projects and pipeline data • Draft Board document for survey	Review of draft Board document and comparison with secretariat SAP review document.

QUESTIONS		DATA COLLECTION METHODS	DATA SOURCES	DATA ANALYSIS METHODS
2.	Implementation of the SAP			
2.1.	Have SAP projects approved so far met the overall remit of the SAP, according to SAP eligibility criteria (e.g. less than USD 10 million, scaling up, none-to-low ESS risks, 50 per cent DAEs)?	• Reviews of project documents and data (approved and pipeline) • Interviews with secretariat (OGC, OPM, ORC, DCP, DMA, PSF), iTAP, independent units, AEs, NDAs, with focus on those with direct experience with the SAP, Board members or alternates • DataLab project information data • Country visits	• Board decisions, project documents, Secretariat and iTAP reviews, SAP proposal pipeline data, time stamps • Interview notes and online survey • Country visit notes	Review of project documents, including reviews by secretariat and iTAP. SAP-approved and pipeline projects analysis.
2.2.	Are the time and effort needed for preparation, review, approval and disbursement reduced compared to the PAP?	• Document review • DataLab project cycle data for the SAP and PAP projects (approved and pipeline) • Interviews with Secretariat (OGC, OPM, ORC, DCP, DMA, PSF), iTAP, independent units, AEs, accreditation candidates, NDAs, with focus on those with direct experience with both the SAP and PAP • Country visits	• Board decisions, Secretariat reports to Board, Board documents, other Secretariat documents on implementation modalities, project documents, time stamps • Interview notes • Country visit notes	An estimate of time and level of effort (preparation and reviews). Comparison between the PAP and SAP project cycles and level of reviews.
2.3.	Are SAP eligibility criteria clear and distinct enough from PAPs? How different is the portfolio of projects	• Review of SAP documents • Interviews with Secretariat (OGC, OPM, ORC, DCP,	• Board decisions, Secretariat documents (especially guidance documents)	Qualitative assessment of document review, interviews and online survey perceptions.

QUESTIONS	DATA COLLECTION METHODS	DATA SOURCES	DATA ANALYSIS METHODS
processed through the SAP from that of projects processed through the PAP (e.g. distribution according to regions, results areas, financial instruments, private/public, GCF priority countries)?	DMA, PSF), iTAP, independent units, AEs, accreditation candidates, NDAs, CSO/PSO representatives • Country visits	• Interview notes • Country visit notes	
2.4. How are projects processed through the SAP fulfilling the GCF investment criteria framework?	• Review of project documents and reviews by secretariat and iTAP of the investment criteria, interviews with the Secretariat, independent units, NDAs, AEs, Board members or alternates, CSO/PSO representatives • Country visits	• Project documents, Secretariat and iTAP reviews, Board reports, annual progress reports • Interview notes • Country visit notes	Analysis and aggregation of investment criteria for SAP projects and comparison with the PAP.
2.5. What are the expected results from the GCF projects approved with the SAP modality, and how do they compare with GCF projects approved through the PAP (expected results include not only key indicators according to results areas but also scalability/replicability/transformational and paradigm shift)?	• Project documents • Interviews with secretariat, iTAP, independent units, NDAs • Country visits	• Project documents, secretariat and iTAP reviews, Board reports, Annual Progress Reports (approved both through the SAP and PAP) • Interview notes • Country visit notes	Analysis of key results indicators (targets, expected or actual results) per project, and aggregated. Comparative analysis with the PAP.
3. Value-added of the SAP			
3.1. Have AEs (particularly DAEs and PSOs) improved their capacity to access the GCF by using the SAP Pilot Scheme? How have the PPF and RPSP (as well as other technical assistance provided) supported AEs, NDAs and FPs applying through the SAP?	• Document and data review • Interviews with Secretariat (especially PPF and RPSP staff), NDAs, AEs (especially DAEs and PSOs), with a focus on those with projects in	• Secretariat documents on capacity-building, RPSP, and PPF data, including reports to the Board • Interview notes and online survey	Mixed (including mapping of capacity-building activities, comparison with non-SAP support). Evolution of DAE portfolio after the SAP.

QUESTIONS		DATA COLLECTION METHODS	DATA SOURCES	DATA ANALYSIS METHODS
		the SAP pipeline, CSO/PSO representatives • Country visits	• Country visit notes	
3.2.	Is the SAP modality relevant to the needs of countries and to the size of change that the GCF seeks to bring about?	• Document and data review • Interviews with secretariat staff (DCP, DMA, PSF), iTAP, NDAs, Board members or alternates, CSO/PSO representatives • Country visits	• Documents on national priorities (country programmes, NDCs, other), project documents • Interview notes • Country visit notes	Qualitative analysis on alignment with the NDCs and other climate change strategies at the country level.
3.3.	Does the SAP provide value-added for processing GCF projects for adaptation in priority countries (African States, SIDS, LDCs) and DAEs?	• Document and data review • Interviews with secretariat staff, NDAs, AEs (especially from African countries, SIDS, and LDCs, and DAEs), CSO/PSO representatives • Country visits	• Project documents and pipeline data, external documents/papers • Interview notes • Country visit notes	Mostly qualitative – whether the SAP has helped priority countries and especially DAEs in processing adaptation projects.
3.4.	How does the SAP modality fit (or not) into the overall ToC of the GCF?	• Document and data review • Interviews with secretariat staff, iTAP, AEs, Board members or alternates, CSO/PSO representatives • Country visits	• Project documents and pipeline data • Interview notes • Country visit notes	Mostly qualitative, reviewing alignment with GCF mandate and ToC.
3.5.	Are projects approved through the SAP using the opportunity to support scalable transformational projects?	• Document review • Interviews with secretariat staff, iTAP, AEs, NDAs, Board members or alternates, CSO/PSO representatives • Country visits	• Project documents, iTAP reviews • Interview notes • Country visit notes	Mostly qualitative, about the strength of the SAP in the implementation of scalable and transformational projects.

QUESTIONS		DATA COLLECTION METHODS	DATA SOURCES	DATA ANALYSIS METHODS
4.	Benchmarking			
4.1.	Are there comparable fast-track mechanisms that exist in climate, environment and development finance in the public and private sectors?	• Document review	• General documentation about development finance from a selected group of comparable organizations (TBD)	Presentation of how these other organizations use fast-track project processing mechanisms.
4.2.	How does the SAP compare with them with regard to eligibility, processes, governance and results achieved?	• Document review • Interviews as required to fill information gaps	• Documents about specific development finance mechanisms • Interview notes	Comparative analysis.
4.3.	Learning to improve the GCF project cycle			
4.4.	What experiences and lessons from the pilot can be transferred to improve the SAP in the future, particularly around transparency, predictability, processing times, effort, documentation and clarity of criteria/eligibility, and contribution to the overall ToC of the secretariat, particularly through supporting scalable/transformational projects?	• Document review • Interviews	• IEU assessment findings, Secretariat's review findings • Interview notes	Qualitative, of the findings from the IEU assessment that are applicable or transferrable to the GCF PAPs.
4.5.	How can existing GCF technical assistance to countries (RPSP, PPFs) and agencies be improved to support access to the GCF by simplifying processing modalities?	• Document review • Interviews	• IEU assessment findings, Secretariat's review findings • Experiences from comparable organizations • Interview notes	Qualitative assessment of experiences from the SAP Pilot Scheme and from other relevant organizations.

Annex 2. LIST OF INTERVIEWEES

GCF Secretariat

FIRST NAME	LAST NAME	POSITION	DEPARTMENT
Eduardo	Freitas	Regional Manager for Africa	DCP
Zhengzheng	Qu	Project Preparation Specialist	DCP-PPF
Katherine	Bryson	SAP team	DCP-SAP
Demetrio	Innocenti	SAP Manager	DCP-SAP
Rocio	Vizuete Fernandez	SAP team	DCP-SAP
Brett	Barstow	Project Officer (TM)	DMA
Ania	Grobicki	Deputy Director, Adaptation Coordinator	DMA
Lalanath	da Silva	Head	IRMU
Paco	Gimenez-Salinas	Compliance and Dispute Resolution Specialist	IRMU
Christine	Reddell	Registrar and Case Officer	IRMU
Felix	Dayo	iTAP team	iTAP
Claudia	Martinez	iTAP team	iTAP
Daniel	Nolasco	iTAP team	iTAP
Marina	Shvangiradze	iTAP team	iTAP
Ahsan	Uddin Ahmed	iTAP team	iTAP
Jo	Yamagata	iTAP Chair	iTAP
Rolando	Castellares	Associate Counsel	OGC
Solongo	Zulbaatar	Legal Counsel	OGC
Tom	Bishop	Associate Professional	PSF
Nino	Makatsaria	Climate Investment Officer	PSF
Leo	Paat	ESS Manager	RMC

Accredited Entities

FIRST NAME	LAST NAME	POSITION	ORGANIZATION
Cécile	Moitry	Administration services	BNP Paribas
Karl	Aribeb	Director of Operations	EIF/Namibia
Liza	Leclerc	Climate and Environment Specialist	IFAD
Amath	Pathé	Lead Environment and Climate for West and Central Africa	IFAD
Jack	Rossiter	Environment, Climate, Gender and Social Inclusion Division	IFAD

FIRST NAME	LAST NAME	POSITION	ORGANIZATION
Chihiro	Ito	Officer	JICA
Kotaro	Taniguchi	Director, Office for Climate Change, Global Environment Department	JICA
Eugina	Kim	Manager of Climate Finance team	KDB
Rizarldo	Vargas	Officer	Landbank of the Philippines
Prudencio	Calado III	Assistant Vice President, Environmental Program and Management Department	Landbank of the Philippines
Hannah	Ramirez	Officer	Landbank of the Philippines
Pauline	Roxas	Officer	Landbank of the Philippines
Tomohiro	Majima	Vice President	MUFG Bank Ltd.
Akira	Ohtaka	Director	MUFG Bank Ltd.
Ash	Sharma	Special Adviser, Business Development	NEFCO
Anne	Mumbi		NEMA/Kenya
Fazle Rabbi	Sadeque Ahmed	Director (Environment and Climate Change)	PKSF/Bangladesh
Mara	Baviera	Task Manager	UNEP
Ermira	Fida	Senior Programme Management Officer	UNEP
Abdul-Majeid	Haddad	Task Manager	UNEP
Jessica	Troni	Head Climate Change Adaptation Unit a.i.	UNEP
Hemini	Vrontamitis	Legal Officer	UNEP
Lorenzo	Bosi	Senior Climate and Livelihoods Advisor	WFP
Jyothi	Bylappa	Senior Climate and Livelihoods Advisor	WFP
Daniela	Cuellar	Task Manager	WFP
Azzurra	Massimino	Senior Advisor, Cash Base Transfer	WFP
Martijn	Reus	Climate Finance Officer	WFP

Private Sector Organizations

FIRST NAME	LAST NAME	POSITION	ORGANIZATION
Margaret-Ann	Splawn	PSO representative	Climate Markets and Investment Association

Other funds

FIRST NAME	LAST NAME	POSITION	ORGANIZATION
Saiha	Dobardzic	Senior Operation Officer	Adaptation Fund
Corina	Campian	Manager, EME	Children's Investment Fund Foundation
Sandra	Romboli	Senior M&E Specialist	CIF
Henry	Salazar	Senior Operational Officer, Policy Operations and Strategies	GEF

Annex 3. SYNTHESIS OF FINDINGS FROM PROJECT DEEP DIVES

2. Implementation of the SAP

2.1 Have approved SAP projects so far met the overall remit of the SAP, according to SAP eligibility criteria?

Table A - 1.   Compliance with GCF funding size and ESS category

PROJECT	UP TO USD 10 MILLION GCF CONTRIBUTION			ESS CATEGORY C/I-3	
	GCF FUNDING (USD MILLION)	TOTAL PROJECT (USD MILLION)	COMPLIANCE	ESS CATEGORY	COMPLIANCE
SAP001	9.3	10	Yes	C	Yes
SAP002	8.6	9.6	Yes	C	Yes
SAP003	2.3	5.3	Yes	C	Yes
SAP004	10	21.5	Yes	I-3	Yes
SAP005	9	10	Yes	C	Yes
SAP006	8.9	9	Yes	C	Yes
SAP007	8.98	9.96	Yes	C	Yes
SAP008	9.68	13.3	Yes	C	Yes
SAP009	10	11.5	Yes	C	Yes
SAP010	9.99	20	Yes	C	Yes
SAP011	9.25	10	Yes	C	Yes
SAP012	9.4	11,48	Yes	C	Yes
SAP013	9.9	45.7	Yes	C	Yes

Table A - 2.   Value proposition for scaling up and potential transformational change

PROJECT	DESCRIPTION
SAP001	The project focuses on testing and introducing actions to new farmers, rather than on scaling up demonstrated approaches. It builds on a similar GEF project and on FP023. It has good potential for scaling up in the future.
SAP002	Integration of project delivery across and within government and community structures (climate services, community-level adaptation and capacity strengthening), that can serve as best practice for further adaptation projects in the country.
SAP003	The project is presented as scaling up previous policy and research work. It focuses on creating an enabling environment.
SAP004	The project builds on the prior experience of the AE from previous projects, to scale up the energy-efficient consumption loan programme.
SAP005	Techniques that were tested and successfully carried out through other projects will be used. The project will facilitate a paradigm shift in the approach of Benin to addressing the impacts of climate change. The Secretariat concluded that there is good potential for scaling and replication in other regions.
SAP006	The exit strategy will include a plan to upscale ecosystem-based adaptation (e.g. into national policies). Lessons will be shared throughout the country and across southern Africa.
SAP007	The project replicates what has been done in several other countries (Rural Resilience Initiative, R4) and is also going to be implemented through a previously approved GCF project (FP049) in Senegal, but with parameters tailored to the context of Zimbabwe.
SAP008	The design of the project is based on the experience and learning of PKSF from the implementation of the Community Climate Change Project (CCCP), which was funded by Bangladesh Climate Change Resilience Fund. The proposed ECCCP-Flood is scaling up four activities of the earlier CCCP, to five districts considered most vulnerable to flooding.
SAP009	This is a follow up from an FAO project (Climate Adaptation in Wetland Areas of Lao PDR), which it will scale up from four cities, to potentially 13 others and also integrate lessons learned into national policy.
SAP010	The project will scale up current Department of Science and Technology - Philippine Atmospheric Geophysical and Astronomical Services Administration initiatives on hazard and risk assessment, modelling and mapping, using a probabilistic approach. There are four sites in which to demonstrate the transformative potential and effect. The AE believes that the project is scalable.
SAP011	This aims to leverage the lessons learned and good practices from the R4, as well as from projects in-country that have proven successful. Potential for scaling up to four neighbouring districts that face the same climate risks, and which belong to the same livelihood zone.
SAP012	The project complements the rural finance component of an existing and much larger IFAD project in Niger already under implementation, by developing financial instruments for investing in adaptation and mitigation. There is strong scaling up potential.
SAP013	The project will leverage the experience of EarthSpark from two solar microgrids. It will use lessons learned to build 22 additional microgrids.

2.2 Have the time and effort needed for preparation, review, approval and disbursement been reduced compared to the PAP?
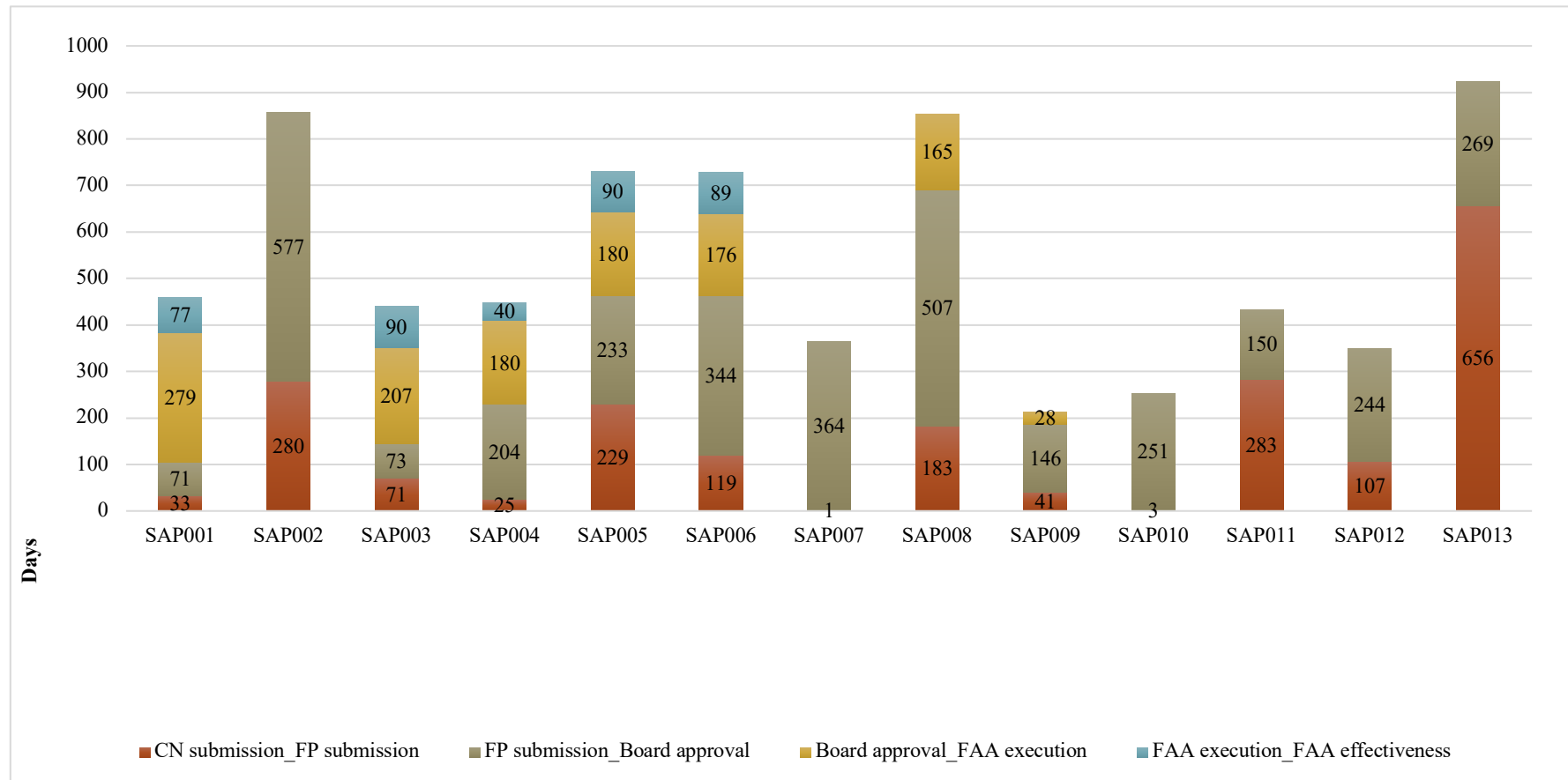
Figure A - 1.   Timeline for SAP projects from CN submission to FAA effectiveness
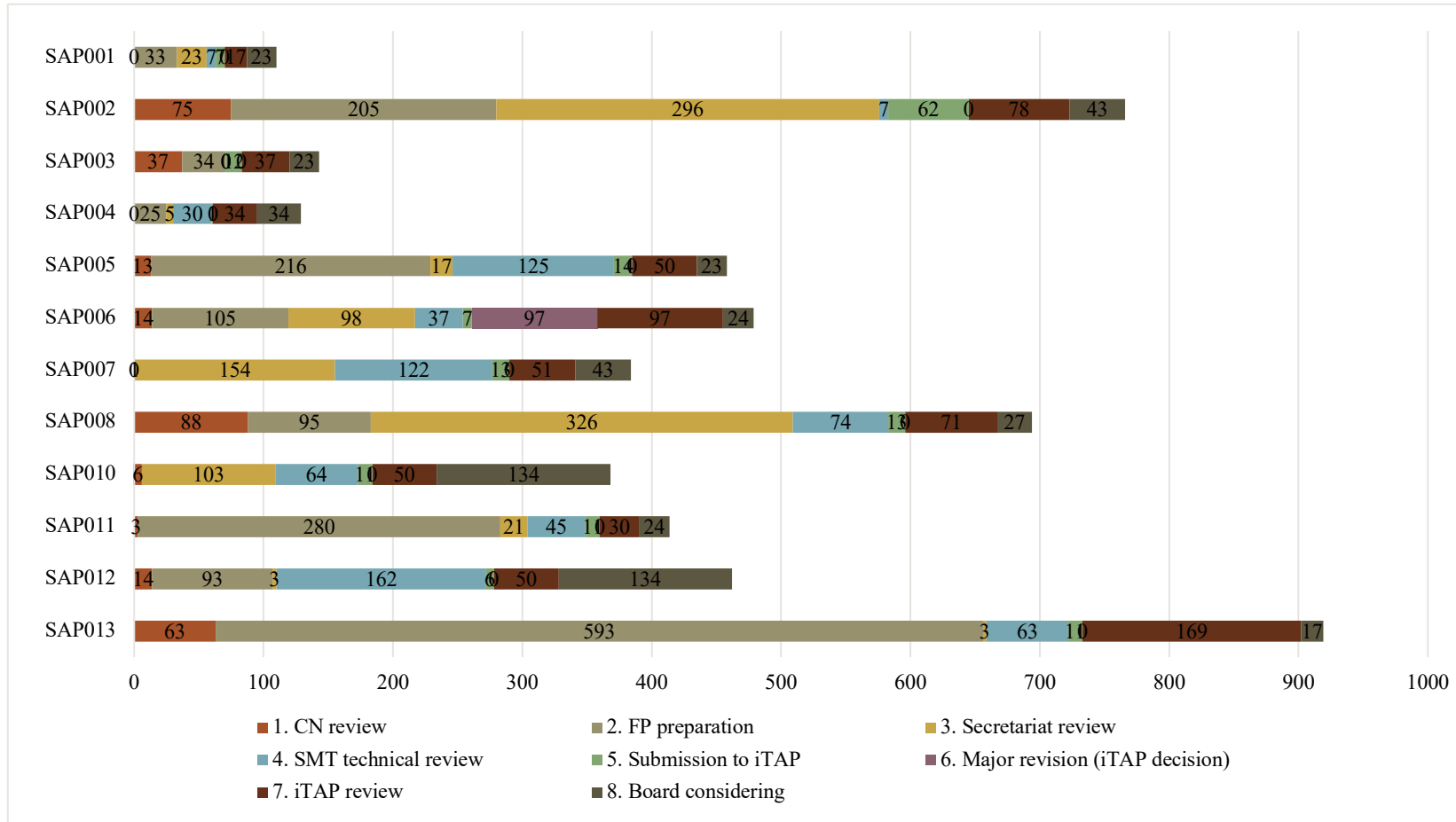
Figure A - 2.   Time taken at each pre-approval stage for SAP projects[68]

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[68] Timestamps for each stage were used. When data was missing, imputation was employed. CN review = from CN submission to CN response; FP preparation = from CN response to FP submission; Secretariat review = from FP submission to passing over to SMT; SMT technical review = received from secretariat TM to submission, to iTAP or major revision; submission to iTAP = when SMT submits to iTAP, up until iTAP starts its review; iTAP review = from when iTAP review starts, to submission to the Board or major revision; Board consideration = from reception from iTAP to Board approval.

Table A - 3.   *Key findings on the project cycle*

PROJECT	FINDINGS
SAP001	This is the third project for EIF and the first to go through the SAP. Prior to this, two PAP had been approved in quick succession. The process took four months, but the CN had already been prepared.
SAP002	The FP was initially submitted as a PAP (it was changed to SAP during the Secretariat's review). It took 20 months from CN submission to Board approval. No FAA yet.
SAP003	The project was the initiative of the Government of Bahrain. It took only 71 days from CN to FP submission, and 73 days from FP submission to Board approval. Significant efforts were deployed by the AE and the Government to ensure it was presented at B.21.
SAP004	It took less than a month (25 days) for the CN to be submitted as an FP. SAP004 has two FAAs, one for the loan and one for the grant. Both these FAAs were executed. It took 449 days from CN submission to FAA effectiveness.
SAP005	It took 15 months from CN to Board approval; there were at least four versions of the FP.
SAP006	The time taken from CN to Board approval was 24 months.
SAP007	It took one year from SAP CN/FP submission to Board clearance. However, the project was initially submitted through the PAP, and the nine months it took before the Secretariat recommended it going through the SAP are not accounted for in the data set. It is unclear as to whether an SAP CN was submitted.
SAP008	It took one month to prepare the CN. The Secretariat took 88 days to respond. It then took close to two years (690 days) for the FP to be approved by the Board. FAA under preparation.
SAP009	The proposal was initially submitted through the PAP in 2015. It was ultimately submitted through the SAP in May 2019. After this, the timeline was extremely fast, with Board approval happening in July 2019.
SAP010	It took nine months from CN to Board approval; there were at least seven versions of the FP. The CN and FP were presented at around the same time. There were no major areas of time-saving (other than several back and forths between the Secretariat and the DAE during FP preparation).
SAP011	It took 14 months from CN to Board approval. The review process was very slow and changing the templates was a challenge. They received less comments than for previous SAP projects.
SAP012	The process was relatively rapid, with a little less than a year between CN submission and FP approval (352 days). The review process was hectic and demanding.

PROJECT	FINDINGS
SAP013	The CN had already been approved when it was received by NEFCO. It was submitted in response to the GCF Call for Proposals aimed at Mobilising Funds at Scale. It was initially submitted through the PAP (30 August 2017) and then via the SAP on 25 May 2019. It took 656 days from CN submission to FP submission.

2.3 Are SAP eligibility criteria suitably clear and distinct from the PAP? How different is the portfolio or projects processed through the SAP?

Table A - 4.   Quality at entry of projects processed through the SAP based on a selection of criteria

PROJECT	WHAT IS THE QUALITY OF THE (IMPLICIT OR EXPLICIT) THEORIES OF CHANGE AND PROGRAMME LOGIC?			HOW ROBUST ARE THE CAUSAL LINKAGES (IMPLICIT OR EXPLICIT) AND ARE THEY WELL INFORMED BY HIGH-QUALITY EVIDENCE?			IS GOOD QUALITY EVIDENCE CITED TO DISCUSS THE EFFICACY OF CAUSAL LINKAGES?			ARE CURRENT REPORTING REQUIREMENTS SUFFICIENT FOR REGULAR M&E?			HAVE BASELINE DATA BEEN COLLECTED AND/OR IS THERE A REQUIREMENT FOR THIS?		
	Low risk	Medium risk	High risk	Low risk	Medium risk	High risk	Low risk	Medium risk	High risk	Low risk	Medium risk	High risk	Low risk	Medium risk	High risk
SAP001	X				X			X			X		X		
SAP002		X		X			X			X			X		
SAP003		X				X			X	X				X	
SAP004			X			X	X					X			X
SAP005		X				X	X			X				X	
SAP006	X			X			X			X			X		
SAP007	X			X			X			X			X		
SAP008		X		X			X					X			X
SAP009		X			X					X			X	X	
SAP010	X				X		X						X	X	
SAP011	X			X			X			X				X	

PROJECT	WHAT IS THE QUALITY OF THE (IMPLICIT OR EXPLICIT) THEORIES OF CHANGE AND PROGRAMME LOGIC?		HOW ROBUST ARE THE CAUSAL LINKAGES (IMPLICIT OR EXPLICIT) AND ARE THEY WELL INFORMED BY HIGH-QUALITY EVIDENCE?		IS GOOD QUALITY EVIDENCE CITED TO DISCUSS THE EFFICACY OF CAUSAL LINKAGES?		ARE CURRENT REPORTING REQUIREMENTS SUFFICIENT FOR REGULAR M&E?		HAVE BASELINE DATA BEEN COLLECTED AND/OR IS THERE A REQUIREMENT FOR THIS?	
SAP012		X	X			X	X		X	
SAP013	X		X		X			X	X	

Table A - 5.   *Were projects retrofitted to go through the SAP?*

PROJECT	WAS THE PROJECT RETROFITTED?	COMMENTS
SAP001	Yes	The project was initially introduced through the PAP. When the SAP Pilot Scheme was approved, the Secretariat suggested it be retrofitted and sent through the SAP (with the promise of faster processing). To emphasize the scale-up criteria, the project included a knowledge-sharing forum with other regions of the country.
SAP002	Yes	It was changed during the Secretariat's review process. Doing so involved small changes to the project.
SAP003	Yes	Initially submitted as a PAP with a much larger project (over 30 million) and B Category. Under Secretariat recommendation, it was modified to go through the SAP. At the Board meeting, the size of the project was considerably reduced, and one of its two components was cancelled following intense discussions ranging from the climate rationale, to the choice of executing entities, and to the risk of subsidizing the hydrocarbon industry.
SAP004	Yes	It was initially prepared for the PAP, but upon the Secretariat's suggestion, the AE changed the project into an SAP project.
SAP005	No	The project was prepared as an SAP project.
SAP006	No	It was designed to fit into SAP criteria.
SAP007	Yes	It was submitted as a PAP and then converted to an SAP. This did not affect the content, size or ESS level of the project; it was only about using a different format.
SAP008	No	The project was created for the simplified process, but some changes were made to the CN. It initially covered both floods and droughts, but following Secretariat advice, the AE decided to focus on floods and to submit a separate proposal for droughts. The CN on droughts in currently under review in the SAP pipeline.

Project	Was the project retrofitted?	Comments
SAP009	Yes	It was initially much larger but was trimmed down.
SAP010	Yes	The project was thought of initially as a much larger project, given the complexity and needs of the Philippines in this field, but the Secretariat recommended it be prepared for under USD 10 million, as a first GCF experience.
SAP011	Yes	It was initially prepared for the PAP, but upon the Secretariat's suggestion, the AE changed the project into an SAP project.
SAP012	No	The project idea was already there, and the project could have been of any scale. But the AE was approached by the Secretariat (PSF) for an SAP project.
SAP013	Yes	The project was already an SAP project when the AE took it over. But the CN was initially submitted as a PAP.

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

Table A - 6.   Impact potential

Project	Secretariat's review	iTAP review
SAP001	Medium to high.	Medium.
SAP002	Medium, considering the number of beneficiaries.	High. Commendable population, spatial targeting of poor.
SAP003	Medium. Contributes to climate resilience and sustainable development of water sector. Water savings, multiple beneficiaries.	N/A. Weak climate rationale: "This approach is necessary with or without climate change."
SAP004	The programme is expected to create a pathway to energy-efficient consumption in Mongolia.	The programme impact potential is reasonable considering its 10-year term.
SAP005	In the medium-term, results are economic and social, and increased agricultural activities.	Adaptation and mitigation.
SAP006	Medium. It cannot be expected to reverse.	Increasing climate resilience.
SAP007	N/A. Direct intervention for population, and institutional strengthening, involvement of private sector.	Medium. Climate rationale "not sufficiently demonstrated".
SAP008	High (community adaptation needs built into project design).	High (estimated target beneficiaries correctly calculated).

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP009	Moderate. Increases the resilience of 74,600 people and 825,000 indirectly.	Medium. Political economy is not studied.
SAP010	Interventions are well suited to addressing national challenges.	Medium to low. The project addresses necessary upgrades for DOST. Medium number of direct and indirect beneficiaries. Low coverage does not justify the real potential impact. Usual for a project undergoing the SAP.
SAP011	Alignment with GCF performance measurements.	Direct estimated beneficiaries about 80,000 and indirect 160,000.
SAP012	N/A. States expected GHG sequestration, strengthened M&E, beneficiaries of the credit lines, AE experience.	"…fairly high, given the context of the Niger, although the coverage of beneficiaries at the national level is rather low".
SAP013	High.	High.

Table A - 7.   Paradigm shift potential

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP001	High.	High.
SAP002	Two key drivers of vulnerability for the agricultural communities: income variability and lack of climate information.	Medium. Not innovative; sharing knowledge; creating enabling environment; no regulatory framework; potential for replication.
SAP003	Medium to high. Creation of enabling environment. Risk with financial sustainability. No innovative financial mechanism to facilitate upscaling and replication.	Medium. Sustainability of results and paradigm shift do not seem likely.
SAP004	The programme has significant geographical and product-scaling potential, as well as replication potential by the banking sector through positive demonstrative impact.	N/A. The programme's paradigm shift potential exists but could be enhanced.
SAP005	High (shift away from current unsustainable management practices).	Limited innovation since implementation of commonly known practices that have been carried out in the country.
SAP006	High (applies best practices; greater empowerment of communities).	Medium. Uses the experience from several other projects; knowledge generation; local institution-building; scaling up through integrating EbA into sectoral and cross-sectoral strategies and plans.

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP007	N/A. Paradigm shift will be realized when mainstreaming learning in national framework for climate services. Potential for scaling up to other districts.	High. "Global acceleration … of R4 programme dissemination process"; support to enabling environment; potential for knowledge sharing.
SAP008	Medium to high. Integrated approach to consider adaptation needs of the communities. Not as innovative as it claims.	Medium to high. Project elements well aligned with the objective. Not new to Bangladesh, but innovation in implementation.
SAP009	Potential for paradigm shift because it deals with key obstacles. Good knowledge management. May suffer from lack of leadership. Considered innovative.	High. Innovative; EbA but adapted to urban spaces; no political economy of land management.
SAP010	Improving forecasting will increase its robustness and utility. Experience from the project has potential to provide best practices and lessons for replication beyond the Philippines.	High. Project proposes a leap from BAU EWS. Potential for exporting key structural elements elsewhere in the country is also quite clear.
SAP011	Some level of innovation: village savings and loan schemes are well known; index-based crop-loss insurance scheme.	Innovation was not discussed. Knowledge dissemination; helps enabling environment; regulatory framework; scale up into other regions in the future.
SAP012	N/A. New practices, increased financing from local institutions, potential for scale up.	N/A. Generally positive, supported by the ToC.
SAP013	High. Could demonstrate at scale the profitability of private sector-led microgrid business model in Haiti/LDCs/SIDS.	High.

Table A - 8.   *Sustainable development potential*

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP001	Medium to high.	High.
SAP002	Closely aligned with SDGs.	N/A.
SAP003	Medium. Substantial economic and social benefits, contributes to SDG 6, 12 and 13. Gender benefits.	Medium. Potential for economic co-benefits and modest gender-sensitive development benefit.

Project	Secretariat's review	iTAP review
SAP004	Significant environmental co-benefits; potential to reduce health care and facility construction costs; health benefits.	N/A. There is potential for improvement in terms of health and safety. Promotes private sector development and access to finance.
SAP005	High.	Environmental, economic, social and gender benefits.
SAP006	High. Social benefits: job creation; about 7.5 per cent of the total population will benefit.	N/A.
SAP007	N/A. Social, economic, and environmental co-benefits, and contribution to SDGs (1, 3(d), 4 and 15).	N/A. "The funding proposal sufficiently covers all components of sustainable development."
SAP008	High. The primary targets of the project are female-headed households.	Medium. Aligned with SDGs 1, 2, 3, 13 and 16. The iTAP also states that "this project intervention seems to have high sustainable development potential".
SAP009	Contributes to six out of 17 SDGs. The EbA provides for environmental and social benefits.	Medium.
SAP010	Unlocks potential to significantly reduce disaster risk.	Medium to high. Improved forecasting will enable community to take early measures.
SAP011	Potential social co-benefits.	Positive assessment.
SAP012	N/A. "… high potential for sustainable development" despite small size.	Medium to high. Contribution to SDGs 1, 2, 5, 6 and 8. Expansion of renewable energy technology markets; increase of agricultural incomes; restoration of ecosystems (through EbA). Risk of overexploitation of groundwater resources.
SAP013	High	High

Table A - 9.   Needs of the recipient

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP001	Medium.	High.
SAP002	High.	N/A.
SAP003	Medium. Water management is an urgent priority, country needs institutional framework.	N/A. Needs of the recipient lack "proper justification".
SAP004	Targets much needed household-level CO_2 emissions reduction, and provides access to much-needed financing.	The recipient needs of the programme are certain. Current market interest rates are too high to provide incentives.
SAP005	Fiscal constraints to access other financing.	Sites are within areas particularly vulnerable to climate change. Many related projects have been supporting similar objectives.
SAP006	High.	N/A.
SAP007	N/A. "… well suited to the needs of the recipient communities".	High. Importance of agricultural sector for livelihoods; vulnerability to climate change, rainfall variability, etc.
SAP008	High. Targets most vulnerable communities. Meets institutional capacity needs.	High. Inclusion of the community.
SAP009	LDC country.	Medium to high.
SAP010	Aligned with NDC, NAP and national development plan.	High.
SAP011	Project areas are exposed to increasing number of droughts.	Positive assessment.
SAP012	N/A. Vulnerability of the population; need for financial support justified.	N/A. No doubt about the needs of Niger. "However, the intended coverage is far too low compared with the overall needs. The low coverage is considered in a bid to accommodate the concept under a Simplified Approval Process project."
SAP013	High.	High.

Table A - 10.   Country ownership

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP001	Medium to high.	Very high.
SAP002	High. Strong alignment with national priorities for adaptation, national communication.	Alignment with national priorities and NDC.
SAP003	High. Aligned with INDC, contributes to institutional and regulatory frameworks. Government involvement.	High. Aligned with national priorities. Co-financing by Government represents strong ownership.
SAP004	The programme is well aligned with national priorities and the NDC of Mongolia.	The iTAP acknowledges the country ownership of the programme.
SAP005	Aligned with NAP and NDC. The EE has technical expertise.	INDC priorities.
SAP006	High. Aligned with national policies.	Aligned with strategic aims of climate change strategies.
SAP007	N/A. Aligned with national climate policies; informed by consultations and studies; WFP is experienced on the topic; ministry involved is relevant.	Medium. Contributes to NDC and national policies, Ministry of Lands is co-EE, but low involvement of Meteorological Department in the proposal.
SAP008	High alignment with climate change policies of Bangladesh. Good track record of AE.	High. Well aligned with climate change policies of Bangladesh. The AE has long-term experience.
SAP009	Well aligned with national and sub-national priorities.	Medium.
SAP010	Climate risk management and climate change adaptation are a country priority. Proposal developed using mainly local expertise. LandBank focuses on serving the needs of farmers.	High. The 2019 General Appropriations Act includes provision of MH EWS.
SAP011	Fully aligned with polices on rural development.	Positive assessment.
SAP012	N/A. Link to policy. Involvement of national bank and private sector. Strong IFAD track record.	High. Good consultations, in line with policies, aligned with experience of IFAD.
SAP013	High.	High.

Table A - 11. **Efficiency and effectiveness**

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP001	Medium.	Medium.
SAP002	N/A (no clear assessment).	Medium to low. No information on the operation and maintenance costs for data acquisition instrument; quality of training needs to be ensured; no discussion on capacity-retention plan.
SAP003	Medium. Likely cost-effective interventions.	Uncertain. Data provided is not relevant. Economic solutions proposed are not viable. Other alternatives are more efficient. Over-reliance on external consultants.
SAP004	Private sector leverage ratio is 1, but the programme would not have been implemented without GCF funding.	The programme's effectiveness and efficiency are viewed as "moderate".
SAP005	Appropriate financial structure and level of concessionality.	Co-financing will cover the development of the baseline.
SAP006	Medium. Unclear what overhead will be charged by the Small Grants Programme.	Medium to low. No information about operation and maintenance costs.
SAP007	N/A. Project addresses market failure, and a grant is the best tool to use.	Medium. Relevant approach but risk of failure of coordination and integration. Questions about uptake of insurance by communities.
SAP008	Unclear catalytic effect for co-financing.	High. Financial viability depends on EEs, which are experienced and have long-term links with communities.
SAP009	Medium. Some 57 per cent of funding is being used for capacity development, 39 per cent for on-the-ground development, and 4 per cent for management costs.	Assessed to be cost-effective.
SAP010	The exit strategy provides a plan on how the Government will cover the long-term costs.	Medium. Co-financing is unusually high for an SAP. Budgets for components seem justified. There is no cost-benefit analysis, which leaves a gap in understanding the potential financial and economic benefits likely to be accrued by the project.
SAP011	N/A.	N/A.

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP012	N/A. High cost-efficiency for mitigation results. Efficient EbA approach. Low co-financing is justified.	Medium. Mitigation portion is cost-effective compared to REDD+ programmes.
SAP013	Medium.	Medium.

Table A - 12.   Overall rating

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP001	N/A.	Recommended for approval.
SAP002	N/A.	N/A.
SAP003	Recommended for approval, with conditions.	Recommended for approval, with conditions.
SAP004	The Secretariat is satisfied with this programme. The projects seem to meet all the investment criteria, and the Secretariat has expressed no reservations.	There is a strong scale-up and replicability opportunity for the programme, given the strong presence of XacBank across Mongolia through its 21 branches.
SAP005	N/A.	Recommended for approval, with conditions (before the second disbursement, a detailed forest management plan should be provided for seven sites).
SAP006	Recommended with suggested conditions.	Recommended.
SAP007	Recommended with suggested conditions.	Recommended with conditions.
SAP008	No comment.	No comment.
SAP009	No comment.	There should be a political economic analysis of all cities. Ensure that there is engagement. Strengthen the environmental framework in future work.
SAP010	Strong climate basis; strong country ownership; strong country needs; caution since it is the first time this approach is being used at such a scale.	Recommended despite low rating in efficiency and effectiveness (lack of cost-benefit analysis).

PROJECT	SECRETARIAT'S REVIEW	iTAP REVIEW
SAP011	Recommended.	Recommended.
SAP012	Recommended with suggested conditions.	Recommended with conditions. iTAP expressed "full support to the project".
SAP013	N/A.	High.

Table A - 13. *Compliance with GCF policies and overall level of risk as per Secretariat assessment*

PROJECT	COMPLIANCE WITH GCF POLICIES (ESS, GENDER, IP…)	RISK LEVEL
SAP001	Complies with policies.	Medium risk. Entities have experience in implementing similar projects.
SAP002	Complies with policies.	Medium risk. Stability of governance and operational partnership. The AMA is pending at the moment of approval.
SAP003	Some ESS triggered on Component 2 but not deemed significant. Component 2 was not in the final approved FP. Project complies.	Medium risk.
SAP004	No comment.	Medium risk. High compliance risk. There is a significant risk of money laundering related to the provision of consumer loans, as well as supplier/procurement related integrity risks which are not addressed in the proposal. AE risk rated low.
SAP005	Complies with policies. ESS screened by ESS system of UNEP.	Medium risk.
SAP006	Complies with policies.	High. AE has weak financial and business profile. Has several other projects, which means additional exposure of the GCF. Assessment of the AE capacity to undertake another project was positive.
SAP007	Complies with policies.	Medium, risks related to capacities in the country, complexity of coordination and country context.
SAP008	No comment.	No comment.

Project	Compliance with GCF policies (ESS, Gender, IP…)	Risk level
SAP009	Has provided an ESAP. The ESS Management Plan will be prepared.	Medium. All risks considered to be medium.
SAP010	Complies with policies.	Medium. First partnership between LandBank and the Department of Science and Technology - Philippine Atmospheric Geophysical and Astronomical Services Administration including a large number of EEs. The EWS may not be as effective as expected.
SAP011	Complies with policies.	Medium. Coordination among all stakeholders is critical; micro insurance scheme depends on farmers availability to pay.
SAP012	Complies with policies. Analysis with IFAD SECAP procedure; ESAP and ESMP provided to monitor risks.	Medium. Risks related to low capacity within Banque Agricole du Niger mitigated by establishment of a Programme Management Unit. Some execution risks and high ML/TF risks.
SAP013	Complies with policies. ESAP developed.	No comment.

Table A - 14. ***Expected benefits from projects***

Project	Direct beneficiaries	Indirect beneficiaries	Total beneficiaries	Female beneficiaries (per cent)	Lifetime CO_2 tonnes (total)
SAP001	30,366	14,034	44,400	50	0
SAP002	102,000	700,000	802,000	50	0
SAP003	130,500	1,600,000	1,730,500	40	0
SAP004	0	0	0	0	469,574
SAP005	22,000	1,073,989	1,095,989	50	0
SAP006	60,000	156,000	216,000	50	0
SAP007	50,000	52,000	102,000	66	0
SAP008	90,000	100,000	190,000	0	0

PROJECT	DIRECT BENEFICIARIES	INDIRECT BENEFICIARIES	TOTAL BENEFICIARIES	FEMALE BENEFICIARIES (PER CENT)	LIFETIME CO_2 TONNES (TOTAL)
SAP009	74,600	825,000	899,600	0	0
SAP010	467,919	8,040,935	8,508,854	0	0
SAP011	80,000	160,000	240,000	51	0
SAP012	25,000	150,000	175,000	50	1,606,240
SAP013	83,970	184,734	268,704	50	214,414

Table A - 15. *Expected results in terms of scalability and transformational change*

PROJECT	COMMENT
SAP001	Project enhances capacities to address climate change impacts through social protection and reduced exposure.
SAP002	Potential for replication of several project elements.
SAP003	The project aims to create an enabling environment for water demand management, to respond to projected water deficit.
SAP004	Reduced emissions through increased low-emission energy access and power generation. Reduced emissions from buildings, cities, industries and appliances.
SAP005	Some 1.1 million beneficiaries; 855,000 tonnes CO_2; economic benefits.
SAP006	Community-based natural resources management is well known, so the project is applying best practices and is ready to scale up. The paradigm shift is supported by replication in other areas of Namibia.
SAP007	Demonstration effect of some components (insurance scheme), with potential for replication. Government actors are expected to embed the approach into the Safety Net Programme currently being designed.
SAP008	The funding proposal states that this funding amount (USD 9.68 million) limits the expected impact of the project. Increased resilience of infrastructure and the built environment to climate change. Increased resilience of health and well-being, and food and water security. Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions.
SAP009	N/A.

PROJECT	COMMENT
SAP010	Further demonstration that the probabilistic approach for forecasting and integration of multi-hazard forecasting is feasible, potentially across the country. Direct and indirect beneficiaries (50 per cent women).
SAP011	Village savings and loan schemes; index-based crop-loss insurance scheme.
SAP012	There are high expectations in terms of replicability: (i) it is complementary to a much larger project, and could leverage it to expand; (ii) there is already interest from other banks in the country; and (iii), there is considerable need for this project to be scaled up.
SAP013	N/A.

3. Value added of SAP

3.1 Have AEs improved their capacity to access the GCF by using the SAP?

Table A - 16. *Value added for AEs in terms of capacity*

PROJECT	WAS THE AE READY TO PREPARE THE SAP?	PREVIOUS GCF OR OTHER DONOR EXPERIENCE?	WERE THERE ANY CAPACITY GAPS?
SAP001	The EIF had prepared two other projects before. The SAP required the learning of a new system.	It has four GCF projects and the EE has a similar project with GEF.	No comment.
SAP002	Yes.	Yes (FP049 and FP067).	No gaps.
SAP003	AE had an effective AMA. Project documents indicate it was ready. Furthermore, the FP was submitted only 73 days after the CN was submitted.	Yes (FP011).	No comment.
SAP004	Yes, it had four FPs approved through the PAP. The AE has implemented the RPSP grant for Mongolian NDA/focal point strengthening and country programming.	Yes. Four PAP-approved projects.	No comment.
SAP005	UNEP is an experienced AE. NDA received support from the GCF Readiness Programme to develop and submit the project proposal.	Yes (FP011 and SAP003).	No comment.
SAP006	Implementation will be based on the other projects.	This is the fourth GCF project, and the second SAP.	The AE did not see any capacity gaps.

PROJECT	WAS THE AE READY TO PREPARE THE SAP?	PREVIOUS GCF OR OTHER DONOR EXPERIENCE?	WERE THERE ANY CAPACITY GAPS?
SAP007	Yes. A PAP FP was ready for this SAP project.	WFP already had two FP projects approved, upon which this proposal strongly built.	Not specifically.
SAP008	Yes. Project developed with national capacities.	Prior to submitting an SAP concept note, PKSF had already submitted two CNs in the PAP pipeline.	Doing multiple GCF projects has not helped make the process simpler.
SAP009	UNEP is an experienced AE.	Yes (FP011, SAP003 and SAP005).	No comment.
SAP010	First engagement with GCF but lots of experience with other similar donors, with loans and grants. Experience with other donors on environment. The project has been developed with local expertise, particularly from the EE (DOST).	Experience with other donors.	Understanding climate rationale and how to prepare ESS according to GCF guidelines.
SAP011	Yes.	Yes (SAP002).	No.
SAP012	Yes. IFAD has strong experience with financial mechanisms for the rural poor in agriculture, and also in climate change. Its ESS mechanism (Social, Environmental and Climate Assessment Procedures) incorporates climate change	One PAP previously approved.	Not specifically – they did learn about GCF processes.
SAP013	The SAP CN was fully formed when NEFCO received it. This SAP is their first experience with the GCF.	Experience with energy projects.	Not really – the AE demonstrated its capacity during the accreditation process.

Table A - 17.   Support received from GCF for project preparation

PROJECT	COMMENT
SAP001	RPSP support, managed by NDA through a small grant to prepare the project.
SAP002	None.
SAP003	Support from PPF team on water issues, funded with RPSP resources.
SAP004	AE received technical assistance from the PPF. It currently has two approved PPF proposals under implementation.

PROJECT	COMMENT
SAP005	NDA received support from RPSP and from the Government of Germany. None received for UNEP nor EE.
SAP006	None.
SAP007	None.
SAP008	No PPF requested. The AE has an approved Readiness grant proposal for "Strengthening the capacity of PKSF, Executing Entities (EEs) and Implementing Entities for effective participation of GCF activities", but it has not been disbursed (six months pending).
SAP009	No comment.
SAP010	No PPF requested, support through RPSP.
SAP011	None.
SAP012	No formal support.
SAP013	No formal support.

Table A - 18. **Reported improvements in capacity through involvement in the SAP**

PROJECT	COMMENT
SAP001	No comment.
SAP002	No comment.
SAP003	No comment.
SAP004	No comment.
SAP005	No comment.
SAP006	No.
SAP007	They are using this experience to develop internal guidance for future WFP projects.
SAP008	No comment.

PROJECT	COMMENT
SAP009	No comment.
SAP010	The SAP experience was the first one with GCF, and it made sense to do a simpler project to start the relationship.
SAP011	No.
SAP012	This experience did help the AE to get to know the GCF better, and to develop its processes and create a system. They also learned to receive a loan, while usually they receive grants. They built their pipeline afterwards. It is also helping in the design of projects in other regions. It was helpful that it was a small project, in that it supported institutional learning.
SAP013	The SAP was a great entry way into learning how to do business with the GCF, and for experiencing GCF internal policies and the preparation of annexes.

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

Table A - 19.   Is the project a priority for the country?

PROJECT	COMMENT
SAP001	Yes. Namibia is the driest country in Africa and climate change is already causing high temperatures. The implementation region has one of the highest vulnerabilities and one of the lowest adaptation capacities. The project supports the Namibian priority of eliminating all forms of poverty.
SAP002	The project is aligned with national priorities, the national policy framework and with the Third National Communication.
SAP003	Yes, there is high country ownership, and water issues are important in Bahrain. The project aims to create an enabling environment for water demand management.
SAP004	No comment.
SAP005	Yes, closely aligned with the NAPA/NDC. The Government does not have resources, nor is it allowed to further public debt.
SAP006	The project aligns with national policies.
SAP007	Agriculture adaptation is clearly a priority for the country. Needs of the recipient were rated as high by iTAP. Support from the NDA.
SAP008	Yes, the project is addressing a priority for the country. Bangladesh is heavily affected by climate change disasters such as floods and tidal surges, and these are predicted to increase in frequency. Flood protection is an adaptation priority for the country in its iNDC. The project targets the most flood-vulnerable communities within the country.

PROJECT	COMMENT
	The funding proposal states that this funding amount (USD 9.68 million) limits the expected impact of the project.
SAP009	No comment.
SAP010	It is a priority given the vulnerability of the Philippines, and the Government does not have sufficient funds.
SAP011	The project is fully aligned with national policies on rural development, agriculture, poverty reduction and climate change.
SAP012	Yes, it is very important for the country.
SAP013	No comment.

Are projects approved through the SAP, taking the opportunity to support scalable transformational projects?

I. INNOVATION	II. PROOF OF CONCEPT	III. IMPLEMENTATION	IV. DEMONSTRATION	V. REPLICATION & SCALE-UP					
		SAP004	*SAP001, SAP002, SAP005, SAP006, SAP007, SAP008, SAP009, SAP010, SAP011, SAP012, SAP013*	**Replication**	Replication elsewhere				
					Replication in neighbouring country		*SAP006, SAP007*		
					Replication elsewhere in the country			*SAP004, SAP005, SAP008, SAP013*	
					Replication in same location				
					No replication		*SAP012*		
						Local	Sub-national	National	Multi-country
					Scale up				

Figure A - 3.   Mapping of the SAP portfolio on the innovation and replication continuum

Annex 4. Synthetic presentation of benchmarking findings

Table A - 20.   Fast-track processes considered and related acronyms

Institution	Fast track processes considered in the benchmarking
Green Climate Fund (GCF)	Simplified Approval Process (SAP)
Global Environment Facility (GEF)	Medium-size projects (MSP)
Adaptation Fund (AF)	Project scale-up grants
	Learning grants
	Small grants for innovation
Climate Investment Funds (CIF)	PPCR private sector set-aside
	Forest Investment Programme (FIP) private sector set aside
	Clean Technologies Fund (CTF) Dedicated Private Sector Programs (DPSP)
	FIP Dedicated Grant Mechanism (DGM) for Indigenous Peoples and Local Communities
European Bank for Reconstruction and Development (EBRD)	Delegated authority
International Finance Corporation (IFC)	Streamlined procedures
Asian Development Bank (ADB)	Faster Approach to Small Non-sovereign Transactions (FAST)
International Fund for Agricultural Development (IFAD)	Lapse of Time (LOT) procedure
	Financing gaps
	Small new projects
	Scaling up financing proposals
Asian Infrastructure Investment Bank (AIIB)	Delegated authority

INSTITUTION	FAST TRACK PROCESSES CONSIDERED IN THE BENCHMARKING
Japan International Cooperation Agency (JICA)	(No name)
Children's Investment Fund Foundation (CIFF)	Delegated authority
BNP Paribas (BNP)	Escalation process
Mitsubishi UFG Financial Group (MUFG)	Equator Principles
Korean Development Bank (KDB)	(No name)

Table A - 21. **Types of eligibility criteria to access fast-track processes**

INSTITUTION	FAST TRACK PROCESSES	MAIN ELIGIBILITY CRITERIA[69]								
		TOPIC	TYPE OF ACTIVITIES	TYPE OF ORGANIZATIONS	TYPE OF COUNTRY	FINANCIAL INSTRUMENTS	PROJECT SIZE	ESS LEVEL	RISK LEVEL	OTHER
GCF	SAP		X				X	X		
GEF	MSP						X			
AF	Project scale-up grants		X	X			X			Previous investment must be at midterm, endorsement letter, potential sources of funding for scale-up identified.
	Learning grants		X	X			X			Previous investment must be at midterm.

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[69] Eligibility criteria are the factors specific to the fast-track process that enable a project/investment to access this process. Criteria applicable to all projects/investment from an organization are not mentioned here (e.g. all AF projects must be in adaptation and take place in developing countries).

Institution	Fast track processes	Main eligibility criteria[69]								
		Topic	Type of activities	Type of organizations	Type of country	Financial instruments	Project size	ESS level	Risk level	Other
	Small grants for innovation		X	X			X			
CIF	PPCR private sector set-aside		X	X			X			Based on country investment programmes.
	FIP private sector set-aside		X	X			X			Based on country investment programmes.
	CTF DPSP		X	X			X			Based on country investment programmes.
	FIP DGM		X	X			X			Country must have approved FIP country programme. Application through pre-selected CSOs, contract through World Bank Group only.
EBRD	Delegated authority	X	X			X	X	X		Excludes operations that require derogations from Board-approved policies.

INSTITUTION	FAST TRACK PROCESSES	MAIN ELIGIBILITY CRITERIA[69]								
		TOPIC	TYPE OF ACTIVITIES	TYPE OF ORGANIZATIONS	TYPE OF COUNTRY	FINANCIAL INSTRUMENTS	PROJECT SIZE	ESS LEVEL	RISK LEVEL	OTHER
IFC	Streamlined procedures				X		X		X	
ADB	FAST	X			X	X	X		X	Projects must produce significant development impacts.
IFAD	LOT						X	X	X	
	Financing gaps						X			Projects approved but not yet having access to resources of IFAD. Financing has to be available through the performance-based allocation system.
	Small new projects						X			
	Scaling-up financing proposals		X					X	X	
AIIB	Delegated authority			X		X	X			Exclusions for strategic and policy reasons.
JICA			X				X			
CIFF	Delegated authority						X			

INSTITUTION	FAST TRACK PROCESSES	MAIN ELIGIBILITY CRITERIA[69]								
		TOPIC	TYPE OF ACTIVITIES	TYPE OF ORGANIZATIONS	TYPE OF COUNTRY	FINANCIAL INSTRUMENTS	PROJECT SIZE	ESS LEVEL	RISK LEVEL	OTHER
BNP	Escalation process								X	
MUFG	Equator Principles		X			X				
KDB				X		X	X		X	One-year extended repayment plan.

Box A - 1.   EBRD evaluation of their delegation of authority[70]

- The delegated approval actual time-saving was about 2.5 weeks in the project cycle in 2017 (the increase is slightly higher for repeat clients), and work hour savings were estimated at up to 4,000 hours per year, for around 150 projects (65 staff-hours for management and 75 staff-hours per project for Board). From the point of view of the project cycle, approval by Board is a relatively minor element as it adds only 7-10 per cent to the total appraisal and approval time, indicating that opportunities for additional efficiency gains could be found elsewhere.

- According to operations staff, it is not the approval process but the project development/appraisal process, including negotiations, which takes the longest time.

- Time savings achieved due to the approval streamlining is helpful but rather marginal compared with the time required to complete in-depth due diligence to a high standard required by the Bank (often on an unprepared and unexperienced client), structure the project financing (and often the technical component, including the sourcing of grant funding), as well as negotiating the deal (as key commercial terms need to be agreed before final approval.

- Delegation has been of critical importance during the Board's July/August recess as without it some projects would have had to wait up to 1.5 months for approval).

- It takes a 3 to 7-day turn around period (assuming no escalations, which are relatively rare) for the delegation of authority process. This is in comparison to 2.5 weeks for the Board to approve.

- The quality of the projects was not substantially different. There was not a decrease in the quality of the projects. In general terms, there were no significant differences in the performance of these projects.

- Although there was not a "typical" delegation of authority project there were relatively simple (credit lines, working capital financing, refinancing, simple capex, bond investments), often with repeat clients (however, there were also some complex projects).

- It is likely that, with increasing familiarity and use of delegated authority, these savings will increase.

Box A - 2.   Delegation Authority in Asian Infrastructure Investment Bank

Based on its Article of Agreement that confers the power to delegate authority for project approvals to the President,[71] AIIB developed the Accountability Framework and the Board of Directors of AIIB endorsed it in April 2018. In the framework, the Board of Directors delegates to the President the authority to approve all projects, except those that are attributable to any of the following principal categories:[72]

- Category I – Precedent setting:
    - The first sovereign-backed project in a member
    - The first non-sovereign-backed project in a member
    - The first project in a sector in each member
    - The first projects using a previously unused financing instrument (e.g. if AIIB for the first time lends to a bank for on-lending or provides subordinated debt)
    - The first project involving a particular co-financier in which AIIB proposes to apply one or several policies of said co-financier
- Category II – Significant strategic and policy issues:

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[70] EBRD (March 2019). Special Study. Delegated Authority. EBRD Evaluation Department.
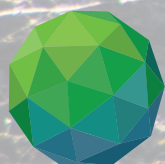[71] Article 26 (iii) of the Article of Agreement, AIIB.
[72] Decision on the Accountability Framework adopted on 11 April 2018.

- – A project in a non-regional member
- – A project where a corresponding sector strategy has not yet been approved by the Board of Directors
- – A project requiring a policy derogation (e.g. in terms of risk limits or procurement policy requirements)
- – A project which directly implicates the Operational Policy on International Relations
- Category III – Risk tolerances: A project that falls into one of the following categories:
  - – The amount of AIIB economic capital (ECap) utilized by the bank's financing in a project is in excess of USD 25 million
  - – The amount of AIIB financing for a project is in excess of any one of the following amounts:
    - + USD 200 million in case of sovereign-backed financing or guarantees
    - + USD 100 million in case of non-sovereign-backed financing or guarantees
    - + USD 35 million in case of equity investments

Annex 5. IEU ENGAGEMENT WITH SECRETARIAT STAFF (INDIVIDUAL AND IN GROUP)

DATE	WHAT	WHOM
27/05/2020	Comments on the IEU factual draft from DCP-SAP team	DCP-SAP team
26/05/2020	Presentation of findings and emerging recommendations to SMT	SMT and SAP team
15/05/2020	Circulating the factual draft report of the IEU Independent Assessment of GCF SAP Pilot Scheme	SMT and SAP team
21/04/2020	Discussion on the ToC and Practice of SAP	DCP-SAP team
25/02/2020	Discussion on the SAP project proposal review process	DCP-SAP team
06/02/2020	Discussion on the SAP project proposal review process	DMA TM
06/02/2020	Discussion on the SAP	IRM team
05/02/2020	Discussion on the SAP and PPF	DCP-PPF team
05/02/2020	Discussion on the SAP project review process	ORMC team
04/02/2020	Discussion on the SAP project review process	PSF team
04/02/2020	Discussion on the SAP project review process	DMA team
05/02/2020	Discussion on legal implications of the SAP	OGC team
03/02/2020	Discussion on the SAP and the GCF ToC	DCP-SAP team
23/01/2020	The scope of the IEU assessment of the SAP	DCP-SAP team
16/01/2020	The review process of the SAP proposals	iTAP

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