Updated simplified approval process and activity cycle

This document captures the policy as adopted by the Board in decision B.32/05, paragraph (a). The policy was sent to the Board for consideration at B.32 in document GCF/B.32/05 titled "Update of the simplified approval process".

All decisions and documents adopted at B.32 can be found in document GCF/B.32/15 titled "Decisions of the Board - thirty-second meeting of the Board, 16-19 May 2022".

GREEN CLIMATE FUND

I.   Objective

1.   The objective of the simplified approval process (SAP) is to operationalize paragraph 53 of the Governing Instrument for the Green Climate Fund and to reduce the time and effort needed in the preparation, review, approval and disbursement procedures of certain activities, in particular small-scale activities, that meet the SAP eligibility criteria (as defined in section II below) and to contribute to the implementation of the Updated Strategic Plan for the GCF for 2020–2023.[1] This update of the SAP policy sets out:

(a)   The eligibility criteria for GCF projects/programmes to be considered for funding under the update of the SAP;

(b)   The actions that will be undertaken to further simplify the preparation and the appraisal as well as the acceleration of the disbursements of SAP proposals;

(c)   The project and programme activity cycle for SAP funding proposals:

   (i)   The indicative descriptive steps for the origination and preparatory stages of SAP proposals;

   (ii)   The modalities for the submission of concept notes and funding proposals under the SAP;

   (iii)   The modalities for the review of project/programmes under the SAP;

   (iv)   The modalities for the approval of projects/programmes under the SAP; and

   (v)   The legal arrangements for approved SAP proposals;

(d)   The modality for the review and monitoring of project/programme under the SAP.

2.   Unless otherwise specifically modified or provided for herein, all other relevant GCF policies and procedures apply mutatis mutandis to the SAP. The SAP will follow a simplified project and programme activity cycle (SAP activity cycle) set out in table 1.[2] The SAP activity cycle has the same stages and steps approved by the Board for the proposal approval cycle.[3]

II.   Eligibility criteria of projects/programmes under the simplified approval process

3.   SAP projects or programmes are expected to possess significant climate impact potential. SAP proposals are expected to be ready for scaling up and have the potential for transformation and promoting a paradigm shift to low-emission and climate-resilient development.

4.   Funding proposals for projects and programmes that meet the following criteria are eligible to be processed under the SAP:

(a)   Projects or programmes with a GCF contribution of up to USD 25 million; and

(b)   Projects or programmes whose potential adverse environmental and/or social risks and/or impacts are classified as minimal to none, as described in the GCF Revised Environmental and Social Policy.[4]

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[1] Decision B.27/06, annex VI, paragraph 29(b).

[2] The updated project and programme cycle, annex IV of decision B.17/09, will not apply to SAP projects and programmes.

[3] Decision B.17/09.

[4] Decision B.BM-2021/18.

5.   As agreed in Board decision B.18/06, activities under the SAP modality are project and context specific, and will be assessed on a case-by case basis, and include, among others:

(i)   Capacity development, planning support, institutional development, advisory services, communication and outreach, household-level facilities and production within an already built-up area and with no additional footprint (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);

(ii)   Early warning and other monitoring systems, response planning support; and

(iii)   In-situ rehabilitation of existing public facilities including maintenance and upgrading where waste will not be an issue, small-scale rural and urban community projects, village-level rural water supply and drainage (including smallholder farm irrigation such as drip irrigation, shallow wells, etc.), rural energy, small-scale infrastructure (including rehabilitation, maintenance and upgrading), small-scale watershed management and rehabilitation, climate resilient agriculture, habitat restoration and rehabilitation, soil and water conservation, forest management activities and agroforestry.

6.   The Secretariat shall take appropriate measures to encourage and provide support to direct access entities (DAEs) to submit projects or programmes under the SAP with the aim of ensuring that submissions from such entities constitute over time at least 50% of all approved SAP proposals, consistent with the guidance from the Conference of the Parties (decision UNFCCC decision 10/CP.22, paragraph 6) which requested the Board to facilitate an increase in the amount of direct access proposals in the pipeline.

III.   Origination, preparation and review

7.   All relevant GCF policies and quality standards will be maintained for the SAP proposals during their preparation and review, in line with the stages highlighted in table 1 below.

8.   To further simplify, accelerate and facilitate access to the SAP, especially for DAEs, the Secretariat will:

(a)   **Further simplify the documentation required for presenting SAP proposals**: To reduce the time and effort needed to prepare and review SAP proposals:

(i)   The Secretariat will develop a further simplified template for SAP concept notes and the submission of a SAP concept note will become an optional step. The simplified template will ensure that all elements needed for the appraisal of their relevance to GCF and eligibility for SAP are maintained while reducing the amount of non-essential information required. AEs and NDAs wishing to get a clear early read from the Secretariat regarding project eligibility for SAP can choose to submit a shorter concept note. In contrast, AEs and NDAs wishing to skip the concept note stage will submit related requirements in their funding proposal submissions;

(ii)   SAP funding proposals can be presented with only a pre-feasibility study in lieu of a full feasibility study. However, if the Secretariat deems it necessary following its review of the SAP funding proposal, it can request the AE to provide additional information to ensure an appropriate appraisal;

(iii)   During the preparation of the funding proposal, resource-intensive studies such as economic and financial analyses and models should be required only when

deemed necessary. Given the SAP mandate for simplified preparation requirements, if, during the review of SAP proposals, there is a need for additional non-critical information or data, provisions should be made for the related data collection or more detailed technical studies to be performed by the AE during the implementation stage; and

(iv)   The Secretariat shall develop a specific simplified template for the SAP assessment findings report with the standards that both the Secretariat and the independent Technical Advisory Panel (TAP) will follow to ensure the consistency of the reviews and transparency of how SAP reviews are performed relative to the SAP requirements; and

(b)   **Develop a simplified review process**: The Secretariat will develop a review checklist/tool that will streamline the review of SAP proposals. This will accelerate and facilitate the review process and simplify the preparation of such proposals while providing clarity to the AEs on the expected quantity and quality of information in SAP funding proposals, as follows:

(i)   While reviewing a SAP funding proposals, the Secretariat and the independent TAP shall consider the objective of the SAP. The goal is to achieve expeditious reviews that are commensurate with the small size and minimal or no adverse environmental and/or social risks and/or impacts of SAP proposals, and to present succinct assessment findings reports. The Secretariat and the independent TAP shall review SAP funding proposals efficiently and on a rolling basis;

(ii)   In accordance with decision B.10/17, the Secretariat and independent TAP reviews of SAP funding proposals will not be subject to the application of the high/medium/low scaling pilot when assessing the degree to which investment criteria have been met.

(c)   **Developing SAP programming guidance:** This programming document will guide the GCF, NDAs and AEs on how to identify interventions that can (1) financing innovative approaches and implementation modalities; (2) clarify what scaling up means in the context of the SAP; (3) identify the opportunity to unlock private sector finance; and (4) promote the use of the SAP to address urgent climate change needs in developing countries, in particular in small island developing States (SIDS), least developed countries (LDCs) and African States; and

(d)   **Develop guided templates to fast-track preparation and review of SAP proposals:** To reduce the time and effort needed for the preparation and review of SAP proposals, the Secretariat will:

(i)   Develop a set of SAP funding proposal guided templates in the GCF impact areas widely demanded by developing countries (such as early warning systems, disaster risk reduction, resilient agriculture, access to clean energy and energy efficiency among others); and

(ii)   Identify certain small-scale activities ready to be scaled up/replicated in coordination with other climate funds, including other entities of the United Nations Framework Convention on Climate Change Financial Mechanism or as suggested by the Board during the approval of GCF funding proposals.

IV.   Approval process and post-approval stage

9.　　The approval and post-approval steps for the SAP are described in stage 6.1 of the SAP activity cycle set out in table 1 below.

10.　　In order to facilitate and expedite the start of project implementation, for each SAP funding proposal the Secretariat will work with the relevant AE to establish clear timelines for the fulfilment of conditions related to signing and effectiveness of the funded activity agreement and the first disbursement, and apply standardized fiduciary and operational conditions to the extent possible having regard to the specific structure or circumstances of the funding proposal. Towards this goal, SAP funding proposal packages are recommended to include certificates of internal approvals from the AEs, and the Secretariat should aim to execute FAAs at the Board meeting at which they are approved (or promptly thereafter). Standardized and fit-for-purpose post-approval templates will be developed by the Secretariat.

11.　　The Secretariat will develop guidance and templates for the AEs on building a results-based monitoring and reporting system, based on the GCF integrated results management framework for the purpose of simplifying the annual performance report requirements and templates and accelerating disbursements for SAP projects during the implementation stage while ensuring compliance with GCF requirements and accountability standards.

V.　Review and monitoring of implementation progress of the simplified approval process

12.　　The Secretariat will regularly review the progress of implementation of the SAP and will report to the Board on that progress periodically through the report to the Board on the Secretariat's activities. On an annual basis, the Secretariat will present to the Board, in the context of the report of the activities of the Secretariat an update on the status of the SAP and the actions undertaken to implement the Update of the SAP policy, including the simplification of the post-approval steps.

VI.　Effectiveness and transition arrangements

13.　　The SAP modality described in this annex shall become effective upon Board approval. It will apply to all SAP concept notes and funding proposals, including those that are in the pipeline under the SAP and which have not been approved by the Board. AEs with proposals in the regular proposal and programme cycle (PAP) pipeline that could be approved under SAP may choose to redesignate their proposals as SAP proposals in accordance with the revised and expanded eligibility criteria or maintain their proposals as they had been submitted.

14.　　The actions to be undertaken by the Secretariat, described in sections III and IV above, to further simplify, accelerate and facilitate the preparation, review and implementation of SAP proposals will be delivered within 12 months from the Board approval of the SAP modality, and their progress will be reported to the Board periodically through the report on the activities of the Secretariat.

Table 1: Simplified approval process project and programme activity cycle (SAP activity cycle)

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
I. Country, regional and/or AE programmes (preparatory stage, not mandatory)			
1.1	Submission and compilation of country programmes	National designated authority (NDA) or focal point Secretariat	1. NDAs/focal points will submit a country programme, including a national adaptation plan or voluntary adaptation plan and appropriate elements of the country's nationally determined contributions, to the Secretariat, considering how the small-scale activities eligible for the SAP could accelerate the targets they have set in their climate strategies and plans, including the possibility of SAP to scale up successful projects and programmes. 2. NDAs/focal points may request support from the Readiness and Preparatory Support Programme under the readiness activity areas outlined in decision B.22/11. 3. NDAs/focal points may inform the Secretariat of preferred AEs to implement programmes and projects under the country programme. 4. The Secretariat will compile country programmes and submit this to the Board for its information.
1.2	Submission and compilation of accredited entity work programme	AE Secretariat	1. AEs will submit annual and/or multi-annual work programmes to the Secretariat. 2. AEs will develop annual and/or multi-annual programmes in consultation with NDAs/focal points also taking into consideration how their proposed small-scale activities can benefit from SAP, including the possibility of SAP to scale up projects and programmes that have been evaluated as successful. 3. The Secretariat will compile AE work programmes to be submitted to the Board for information and discussion.
1.3	Structured dialogues	Secretariat, NDAs/focal points and AEs	In accordance with the GCF Strategic Plan and pursuant to decision B.17/09 (annex IV, stage I, step 1.3), the Secretariat will host an annual strategic dialogue at the regional level in each region. For the avoidance of doubt, this step applies to all GCF project and programme cycles.
II. Generation of SAP programme or project funding proposals (preparatory stage, not mandatory)			
2.1	Strategic approaches	NDAs, Secretariat and AEs	1. Based on the country and AE work programmes, countries will identify priorities, analyse financial needs and gaps and identify partners to design and implement SAP funding proposals. 2. The Secretariat will provide support to NDAs/focal points and DAEs to conduct the process for SAP pipeline origination through strategic approaches.

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
2.2	Request for proposals	Board, Secretariat	1. The Board may periodically approve RFPs to guide the development of the GCF SAP portfolio in specific areas in accordance with the GCF updated Strategic Plan. Based on the individual eligibility criteria of each RFP the Secretariat will determine if the SAP modality can be used to implement the respective RFPs.
2.3	Regular call for funding proposals	Secretariat	1. The Secretariat may publish regular calls for SAP funding proposals on the GCF website or RFPs if and as requested by the Board. 2. NDAs/focal points and AEs may submit funding proposals to the Secretariat in response to RFPs as well as the funding proposals included in country and AE work programmes.
III. Concept note (optional)			
3.1	Concept note submission	AE and NDA/focal point	1. Concept notes are not mandatory for SAP projects and programmes. The AEs and NDAs/focal points can submit concept notes using the simplified SAP concept note template to receive early feedback on the environmental and social risk screening and categorization output, so that they can be promptly informed whether the proposed project/programme is eligible for approval under the SAP modality. 2. The NDAs/focal points and/or AEs will submit the concept note to the Secretariat via the online submissions portal or other means made available to the AEs and NDAs/FP by the Secretariat. 3. In accordance with the country ownership guidelines and relevant decisions of the Board, AEs are encouraged to engage NDAs/focal points prior to the submission of concept notes.
3.2	Concept note confirmation	AE, NDA/focal point	On receipt of a concept note submission from an accredited entity, the Secretariat will seek confirmation from the national designated authority or focal point that the concept note fits under national priorities and country ownership.
3.3	Concept note pipeline	Secretariat	The Secretariat will present, prior to each Board meeting, an updated concept note pipeline of SAP proposals. The SAP pipeline will be presented with the regular pipeline report to the Board.
3.4	Feedback and recommendations on the concept note	Secretariat, NDA/focal point, AE	In consultation with the NDA/FP, the Secretariat will provide feedback and recommendations to the AE, and advises if the concept is endorsed, not endorsed with possibility of resubmission or rejected. At this stage, the Secretariat will confirm whether the project/programme described in the concept note conforms to the SAP eligibility criteria.
3.5	Project preparation and technical assistance support	AE, Secretariat	1. The PPF can support project and programme preparation requests from all AEs, especially DAEs, for projects/programmes that could be financed under SAP. 2. The NDA/focal point will submit the no-objection letter related to the PPF request through the AE. 3. AEs will submit PPF proposals based on the PPF application template.

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
			4. The Secretariat will report to the Board, as part of the regular reporting, on the pipeline of PPF requests received, approved and under implementation under SAP.
			5. The Secretariat will report to the Board, as part of the regular portfolio report, on the progression of SAP concept notes receiving PPF support.
			6. SAP funding proposals developed with PPF resources should be submitted to the Board within two years of PPF approval unless sufficient justification for an extension is provided.
IV. Funding proposals			
4.1	Funding proposal pipeline	Secretariat	The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website. The SAP pipeline will be presented together with the regular pipeline report to the Board.
4.2	No-objection letter	NDA/focal point	The NDA/focal point will provide a no-objection letter for each SAP funding proposal, in line with the GCF no-objection procedure in accordance with decision B.08/10.
4.3	Funding proposal submission to the Secretariat	AE, Secretariat	1. AEs will submit complete SAP funding proposals to the Secretariat via the online submissions portal or other means made available to the AEs with all the mandatory and requested annexes (including the no-objection letter)
			2. The Secretariat will acknowledge the submission of the funding proposal package.
4.4	Information disclosure	AE, Secretariat	In accordance with the information disclosure policy of the GCF
V. Secretariat analysis and independent technical assessment and recommendations to the Board			
5.1	Analysis and recommendation	Secretariat	1. The Secretariat will carry out necessary and appropriate second-level due diligence review of SAP funding proposals on a rolling basis.
			2. The Secretariat will assess compliance with the GCF environmental and social safeguards, Revised Environmental and Social Policy, Updated Gender Policy, Indigenous Peoples Policy, financial policies and any other policies adopted by the Board, in addition to the performance of the project or programme against activity-specific criteria.
5.2	Independent assessment	Independent TAP, AEs	1. The independent TAP will conduct a technical assessment of the SAP project or programme funding proposal, against activity-specific criteria, as defined in the initial investment framework (decisions B.09/05 and B.BM-2018/09) or in any successor policy thereto, and the provisions of this updated SAP policy.

KEY STAGES AND INDIVIDUAL STEPS	ACTOR(S)	RESPONSIBILITY AND TASK
		2. The independent TAP will prepare a report setting out its assessment findings and indicate whether or not it recommends the submitted SAP funding proposal for approval. The independent TAP review of SAP funding proposals will be performed on a rolling basis. 3. The Secretariat will facilitate the response from AEs to the assessment and recommendations from the independent TAP. The independent TAP assessment and the AE responses will be published on the GCF website.
5.3 Submission of the documentation to the Board	Secretariat	1. At each meeting of the Board, the Secretariat will report on the indicative pipeline of SAP concept notes and funding proposals. 2. Only those SAP funding proposals that are recommended for approval by both the Secretariat and independent TAP in their reviews will be submitted to the Board for consideration. 3. The Secretariat will submit the following funding proposal package for consideration by the Board: (a) The completed funding proposal template as submitted by the AE; (b) No-objection letter(s); (c) Environmental and social report(s) disclosure (if applicable); (d) Gender assessment and action plan; (e) Term sheet; (f) Other relevant annex. (g) The Secretariat's assessment of compliance with safeguards and policies and performance of the project or programme against activity-specific criteria and a cover note containing a summary of the second-level due diligence carried out and the recommendation by the Secretariat; (h) Independent TAP assessment; (i) Response of the AE to the independent TAP assessment; (j) List of proposed conditions resulting from the review process;

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
VI. Consideration and approval of funding proposals			

6.1.	Decision	Board	1. All SAP funding proposals shall be approved by the Board.
			
			2. SAP funding proposals will be considered at Board meetings.
			
			3. **Consideration at a Board meeting.** When a SAP funding proposal is considered at a Board meeting, the Board takes a decision to:
			
			     a. Approve the funding proposal; or
			
			     b. Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or
			
			     c. Reject the funding proposal.

6.2	Post-approval follow-up	Secretariat	1. Pursuant to stage 6.1 above, the Secretariat will inform the Board, the AE and the NDA/focal point of the Board's decision and the next steps in relation to any approval conditions. 2. If the SAP proposal is approved, the Secretariat will inform the Board members and alternate members, the AE, the relevant NDAs/focal points and the active observers. The Secretariat will also communicate the approval decision to the Trustee and publish the decision on the GCF website. 3. In the case of rejection by the Board, the Secretariat will inform the NDA/focal point that, in accordance with decision B.BM-2017/10, they may request reconsideration of the funding decision via the Independent Redress Mechanism.
6.3	Implementation of Board conditions	Secretariat	The Secretariat will report to the Board at each meeting on the status of implementation of any approval conditions and identify any matters that require further Board action. The SAP report on implementation will be presented in coordination with the regular implementation report to the Board.
VII. Legal arrangements for approved proposals			
7.1	Funded activity agreement	Secretariat, AE	1. The Secretariat will work with AEs to conclude any necessary legal arrangements between GCF and the AE. 2. Legal agreements will be signed by the GCF Executive Director and the AE. 3. The Trustee will be notified.

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
			4. The NDA/focal point will be informed of the outcome of the funded activity agreement.
7.2	Letter of commitment	Trustee	The Trustee will provide a letter of commitment, subject to the availability of funding.
7.3	Funding proposal conditions	Secretariat, AE, Board	The Secretariat will assess the conditions attached to SAP funding proposals by the Board and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat will make a recommendation to the Board for further guidance and, pending such guidance, the relevant condition will be deemed inapplicable (decision B.16/02(l)).

Abbreviations: AE = accredited entity, DAE = direct access entity, NDA = national designated authority, PPF = Project Preparation Facility, RFP = request for proposal, SAP = simplified approval process, TAP = independent Technical Advisory Panel.