

GCF insight: the Simplified Approval Process (SAP)

GCF insight seeks to understand what's working - and what's not working - in Green Climate Fund (GCF) project development. The surveys and reports spotlight the most topical GCF issues. This eleventh edition explores the experiences of stakeholders with GCF's Simplified Approval Process.

Spotlight on the Simplified Approval Process

During the 18th Board meeting in October 2017, the GCF adopted a new approach to project approval: the Simplified Approval Process Pilot Scheme (SAP). The adoption of the SAP shows recognition for the need to facilitate fast preparation, review, approval and disbursement of environmentally benign (category C), smaller projects (under \$10 million in GCF contribution), especially from direct access entities. The GCF Secretariat aims to have 50% of GCF resources under the SAP, targeted at direct access entities. As of today, the GCF board has approved four SAP proposals, of which two are from direct access entities. Two more are expected to be approved in the up-coming board meeting, maintaining this 50% ratio. The SAP concept note pipeline has 60% of submissions from Direct Access Entities.

This GCF insight draws conclusions from an online survey carried out in February 2019 with 142 respondents, supplemented with one-to-one interviews with the GCF SAP team and accredited entities that have a SAP approved project. The survey found that 74% of all respondents are "somewhat" to "very familiar" with the SAP pilot scheme and of these, 58% have been involved in the preparation of a SAP project. Survey responses comprise NDAs - 26%, international accredited entities - 14%, direct access entities - 14%, and entities wishing to be accredited - 11%, as well as non-governmental organisations, public institutions and consulting firms making up the remaining 35%.

Key findings

- Compared to the standard proposal process 45% of respondents find the SAP simpler while 17% of respondents feel simplification is not apparent;
- The top 3 'go-to' knowledge products are: the GCF SAP website, GCF SAP Manual and GCF SAP webinars, and the most useful resources are training by the GCF secretariat and others;
- The main reason cited for choosing the SAP was the simplified application requiring fewer supporting documents;
- 20% of respondents indicate limited capacity in developing SAP proposals and would bridge this gap by training internal staff or hiring consultants;
- GCF Secretariat and ITAP expectations and assessments viewed as being very demanding and requiring as much information as for standard full proposals.

Survey overview

- 142 respondents
- 31 from National Designated Authorities (NDAs); 46 Accredited entities (including entities wishing to become accredited)
- Conducted between 4 February and 11 February 2019

SAP knowledge building

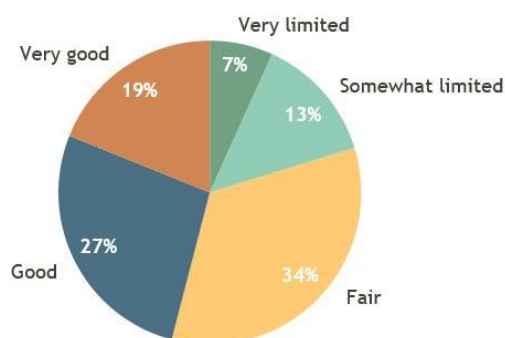
Outreach activities were carried out in 2018 by the GCF SAP team through nine webinars, one of which “Explanatory webinar on the SAP Pilot Scheme with GCF specialists including Q&A”, was also offered in Spanish and French. In addition to the webinars, an online resource has been made available: [A Practical Manual for the Preparation of SAP Proposals](#). This provides guidance on what is required for each section of the funding proposal and the annexes. In addition, the SAP team held side events at relevant dialogues and meetings.

The survey revealed the three most important sources of information on the SAP: the GCF SAP website (61 respondents), the GCF manual on SAP proposal preparation (37 respondents), and the GCF SAP webinars (26 respondents) - see the chart below. In terms of what proved the most useful sources of information for respondents involved in developing SAP projects, training scored highest, followed by the GCF manual on SAP proposal preparation and the GCF webinars.

Other requested information tools included practical examples of success stories, cases studies and good practices. Respondents also requested regular updates and additional training and workshops, with online access and local languages as options. Two respondents suggested a live chat on the GCF SAP website or regular Q&A sessions could also prove useful.

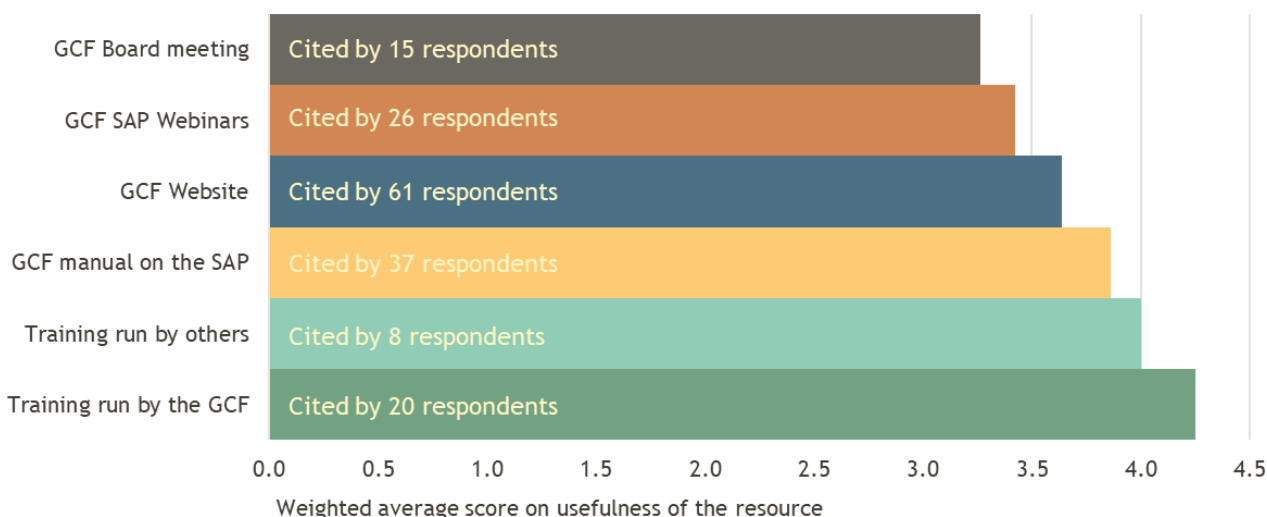
The SAP team has indicated that they are currently working with sector specialists of the GCF secretariat to develop specific guidelines on how SAP financing can be best used. These are set to be published by the end of March 2019. The SAP team believe these knowledge products will improve the quality of SAP submissions, by helping those developing GCF SAP projects to better understand SAP requirements.

Capacity of stakeholders to develop a SAP project



Respondents were asked to rate their capacity to develop a proposal under the SAP: almost half of them consider they have good to very good capacity. Those rating themselves with lower capacity (20%), indicated that training internal staff, or hiring consultants would help close this knowledge gap.

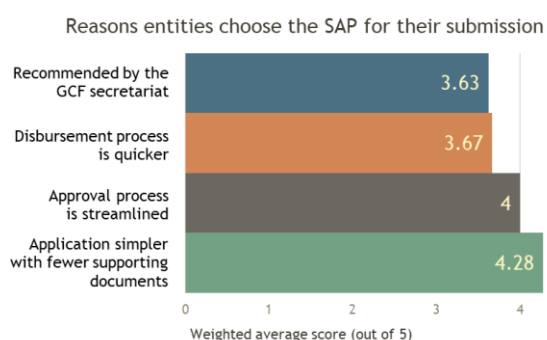
Usefulness of sources of information on the SAP



How *simplified* is the Simplified Approval Process?

Survey respondents were asked why they chose the SAP for their proposal. Accredited entities predominantly choose the SAP based on a simpler application process requiring fewer supporting documents (see the figure below). Other reasons cited included a streamlined approval process, quicker disbursement, and recommendation by the GCF secretariat.

Several respondents also emphasized that the SAP is also well adapted to small entities.



Under the SAP, ‘simplification’ is intended to be applied at four stages: 1. Preparation, 2. Review, 3. Approval, and 4. Disbursement.

1. Preparation Stage

The SAP Funding Proposal template has been simplified by reducing the number of sections compared to the standard template. Given this change it would be expected that the SAP template would be easier to prepare. Overall a majority of respondents (45%) found the SAP application process easier, 27% remain neutral, 10% not knowing, and 17% felt it requires the same amount of effort as the standard process. This last group believes the SAP is a summary of the standard template and that since the core GCF requirements still need to be met it is challenging to comply with the word limit of the SAP template. In several cases, the GCF recommended accredited entities convert their full proposals into the SAP proposal. As a result, the detailed descriptions required for Funding Proposals were moved into annexes.

Estimated *level of effort* for SAP Concept Notes averaged 4.8 person-months and 5.3 for the SAP Full Proposals. In 2016 we asked respondents for levels of effort for a Full Proposal under the standard process and recorded average responses of 21 to 34 person-months (GCF insight #1 and #2). This appears to indicate much lower levels of effort for the SAP.

Certainly, from our own experience a SAP requires less time, but it is unclear whether this comes from the smaller, category C project characterisation or from the SAP simplifications.

2. Review Stage

According to respondents, discrepancies exist between what is expected from entities in the SAP template, and what is expected during the Review Stage. Generally, the SAP template requires specific information. However, during the Review Stage, it is possible for the Secretariat and ITAP, to request additional details. For instance, the SAP requires a pre-feasibility study. The experience of one accredited entity with an approved SAP, reported that ITAP requested inclusion of the same level of detail as a full feasibility study. Another entity had their first SAP approved within 4 months from concept note submission, so felt this went quickly and smoothly. However, they struggled during the Review Stage of their second SAP proposal related to the economic analysis. Entities believe the Secretariat and ITAP seem to assess projects by adopting the same, rather than a simpler approach, for SAP as for the standard process.

Results from the survey indicate that the perceived average response time from the Secretariat is 4.2 weeks for Concept Notes and 10 weeks for Funding Proposals. However, according to the SAP team the current average response time is around 4 weeks for the Concept Notes and around 7 weeks for Funding Proposals with an improving trend.

3. Approval Stage

As is the case for the standard process, timing for the SAP approval is also linked to the GCF Board meetings. The GCF Board is considering a new policy whereby SAP Funding Proposals could be approved all year round, significantly reducing intervals between submission and approval.

4. Disbursement Stage

The SAP team is now focusing more attention on the Disbursement Stage given most proposals were approved at the last Board meeting. For the SAP team this means learning lessons and identifying what is needed to optimize and streamline post-approval.

Process challenges and recommendations

Respondents generally outlined similar project challenges that apply under both the SAP and standard process. For instance, entities relayed the challenge to define the theory of change, to justify the climate rationale and the paradigm shift, and to ensure local and government commitments. Several respondents commented on mixed messages between the SAP template word limit and information required to meet the guidelines. Inability to accurately contextualize the project due to word limits, resulted in multiple follow-up questions of clarity from the GCF at the Review Stage. Respondents criticized the slow and demanding approval process in general.

Respondents suggested the following recommendations to improve the SAP:

- more training/webinars for accredited entities and NDAs;
- availability of a GCF SAP key contact to address specific queries;
- accessible information on successful applications;
- a more simplified template to avoid repetition of the Funding Proposal;
- an open template allowing entities to include further information needed to avoid questions from the Secretariat or ITAP later at the review stage;
- to speed up the Review Stage.

Overall, respondents repeated the view that the SAP needs to be further simplified, especially in light of the types of projects applying being lower risk in general.

Conclusion

The SAP is an important value proposition for the GCF and there was an overall positive impression from respondents. There is only limited consensus on whether the SAP is genuinely more simple or not, although quantitative data suggests level of effort is reduced compared to the standard process. Respondents feel there is a need to align GCF Secretariat/ITAP expectations with the SAP project assessment. According to the GCF SAP team, provision of technical support to the

entities on how to complete their Funding Proposals is improving through new knowledge products which will ultimately result in a more efficient Review and Approval Stage. According to the SAP team, a significant growing demand for the SAP is expected. The challenge for the GCF Secretariat will be to meet this rising demand and be sufficiently prepared to handle larger numbers of the SAP submissions, especially upon completion of the pilot phase.

About this survey and report

This survey is an initiative of E Co., emerging from work we are doing to develop low-carbon, climate resilient projects. E Co.'s team of consultants designed and administered the survey and prepared this report. E Co. has conducted this research independently and is not affiliated with the GCF, the GCF Secretariat or donors. The views expressed in this report are those of the authors and do not represent those of the GCF. Nothing in the interviews or any information or material relating thereto shall be construed as implying any official endorsement of or responsibility on the part of the Green Climate Fund.

About E Co.

We are a UK-based consulting company with a long track record in low-carbon, climate-resilient project formulation. We believe that the GCF can make a substantial and lasting change in the world, and we are doing all we can to help it do that. As a consulting company, we are leading the way and we are happy to share the lessons with the GCF community to make all GCF projects better. We would love to hear your thoughts on this edition of *GCF insight*. Please get in touch by email or phone.

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