

approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and

- (v) *Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.*

Agenda item 17: Consideration of accreditation proposals

53. The Board took note of the document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03, and Add.04 titled “Consideration of accreditation proposals”.

54. The Board adopted the following decision:

DECISION B.21/16

The Board, having considered document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04 titled “Consideration of accreditation proposals”:

- (a) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:*
- (i) *Applicant 061 (APL061) is Caixa Economica Federal (CEF) based in Brazil, as contained in annex V in document GCF/B.21/17;*
 - (ii) *Applicant 062 (APL062) is the Fondo para la Acción Ambiental y la Niñez (Fondo Acción) based in Colombia, as contained in annex VI in document GCF/B.21/17;*
 - (iii) *Applicant 063 (APL063) is IDFC Bank Limited (IDFC Bank) based in India, as contained in annex VII in document GCF/B.21/17;*
 - (iv) *Applicant 064 (APL064) is the Ministry of Finance and Economic Management (MFEM) based in the Cook Islands, as contained in annex VIII in document GCF/B.21/17;*
 - (v) *Applicant 065 (APL065) is the National Rural Support Programme (NRSP) based in Pakistan, as contained in annex IX in document GCF/B.21/17;*
 - (vi) *Applicant 066 (APL066) is the Nordic Environment Finance Corporation (NEFCO) based in Finland, as contained in annex X in document GCF/B.21/17;*
 - (vii) *Applicant 067 (APL067) is Pegasus Capital Advisors (PCA) based in the United States of America, as contained in annex XI in document GCF/B.21/17;*
 - (viii) *Applicant 068 (APL068) is the Austrian Development Agency (ADA) based in Austria, as contained in annex XII in document GCF/B.21/17;*
 - (ix) *Applicant 069 (APL069) is the Compañía Española de Financiación del Desarrollo S.A. S.M.E. (COFIDES) based in Spain, as contained in annex XIII in document GCF/B.21/17;*
 - (x) *Applicant 070 (APL070) is the Financiera De Desarrollo Territorial S.A. (Findeter) based in Colombia, as contained in annex XIV in document GCF/B.21/17;*
 - (xi) *Applicant 071 (APL071) is the Fundo Brasileiro para a Biodiversidade (Funbio) based in Brazil, as contained in annex XV in document GCF/B.21/17;*
 - (xii) *Applicant 072 (APL072) is the LandBank of the Philippines (LandBank) based in the Philippines, as contained in annex XVI in document GCF/B.21/17;*

- (xiii) *Applicant 073 (APL073) is the Protected Areas Conservation Trust (PACT), based in Belize, as contained in annex XVII in document GCF/B.21/17;*
- (xiv) *Applicant 074 (APL074) is BNP Paribas S.A. (BNP Paribas), based in France, as contained in annex XVIII in document GCF/B.21/17;*
- (xv) *Applicant 075 (APL075) is the Consortium of International Agricultural Research Centers (CGIAR), based in France, as contained in annex XIX in document GCF/B.21/17; and*
- (xvi) *Applicant 076 (APL076) is the Inter-American Investment Corporation (IDB Invest), based in the United States of America, as contained in annex XX in document GCF/B.21/17;*
- (b) *Accredits applicants APL061, APL062, APL063, APL064, APL065, APL066, APL067, APL068, APL069, APL070, APL071, APL072, APL073, APL074, APL075 and APL076 pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund, and subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants;*
- (c) *Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicant seeking to upgrade its accreditation type:*
- (i) *Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), based in Peru, as contained in annex XXI in document GCF/B.21/17;*
- (d) *Agrees to upgrade the accreditation type of Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex XXI in document GCF/B.21/17; and*
- (e) *Recalling decision B.14/08, paragraph (d)(i), decision B.18/04, paragraph (c), and decision B.19/13, paragraph (c), decides that future accreditation decisions by the Board should aim to bring forward accredited entities that fulfil the mandate on balance, diversity and coverage and advance the objectives of GCF and, to that end, decides to prioritize up to the end of the twenty-third meeting of the Board the following, not listed in order of priority:*
- (i) *National direct access entities nominated for accreditation by national designated authorities or focal points of countries that do not have an accredited direct access national entity;*
- (ii) *Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decision B.09/07, paragraph (g) and decision B.10/06, paragraph (h);*
- (iii) *Entities responding to requests for proposals issued by the Green Climate Fund, for example, including a pilot phase for enhancing direct access; a pilot programme to support micro, small, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;*
- (iv) *Accredited entities seeking fulfilment of their conditions for accreditation; and*
- (v) *Accredited entities requesting upgrades in their accreditation scope.*

Agenda item 18: Performance review of the GCF for the initial resource mobilization period

Annex VI: Accreditation assessment of Applicant 062 (APL062)

I. Introduction

1. Applicant 062 (APL062), the Fondo para la Acción Ambiental y la Niñez (Fondo Acción), is a national entity aiming to promote activities that preserve, protect and manage natural and biological resources of Colombia in a sustainable and ecological manner. It also provides financial support and services to promote child protection and development, with an emphasis on early childhood.
2. The applicant received support through the GCF Readiness and Preparatory Support Programme (i.e. pre-accreditation support for the institutional gap assessment and action plan). The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 26 February 2016. Accreditation fees were received from the applicant on 19 July 2016, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 9 August 2017 and the applicant was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:
 - (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Colombia;
 - (b) **Track:** normal track;
 - (c) **Maximum size of an individual project or activity within a programme:** micro;¹
 - (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track and was assessed by the Secretariat during Stage I.

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was incorporated in 2000 in the framework of the Bilateral Agreement between Colombia and the United States of America to manage the Account of the Americas. It is registered under the Bogota Chamber of Commerce as a legal non-profit organization.

2.2 Institutional presence and relevant networks

5. The applicant, as a national non-profit organization, indicated that it has maintained good connections with the Government of Colombia, private sector entities, national and international foundations, non-profit organizations and multilateral organizations. It focuses on three areas of work: environment programmes, capacity building programmes and child development programmes.

6. In order to advance the objectives of the GCF, the applicant intends to focus on the following areas, including but not limited to:

- (a) Building sustainable relationships between human societies and ecosystems by working in ecosystem conservation and sustainable rural development programmes and projects;
- (b) Carrying out demonstration initiatives on greenhouse gas emission reductions covering industry, agriculture, energy and housing sectors;
- (c) Designing, promoting, facilitating and implementing programmes and projects with local communities, aiming to transform current rural development models into sustainable forest management, low emissions agriculture and sustainable cattle ranching models;
- (d) Reducing greenhouse gas emissions through forest management, nature conservation, increased low-emission energy access and power generation, and green appliances and buildings; and
- (e) Designing projects for sustainable management of local protected areas, with the close participation of local populations.

2.3 Track record

7. The applicant has 16 years of experience in the implementation and management of environmental projects, conservation and sustainable management, in line with its mission to promote efforts to preserve, protect and manage natural resources in a sustainable and ecological way. Since 2016, Fondo Acción has implemented and managed a total of 616 environmental projects with a total value of over USD 134 million.

8. The applicant has focused on three levels of interventions in climate change mitigation and adaptation: capacity building, trusteeship and public policy. The applicant's track record in financing climate change projects includes the following, which fall within the GCF micro project size category and environmental and social risks Category B/I-2:

- (a) USD 0.16 million (grants) for the Project of Community Forestry and Reducing Emissions from Deforestation and Forest Degradation in Colombia;
- (b) USD 0.18 million (grants) for the Capacity Building of Community-Based Organizations and Other Climate Change Actors project;

- (c) USD 0.25 million (grants) for a French Development Agency Programme on Climate Change;
- (d) USD 9 million (grants) for the Connecting Landscapes Programme in the Amazon Basin and Western Colombia; and
- (e) USD 44 million (grants) for the Mainstreaming Sustainable Cattle Ranging project.

III. Stage II accreditation review assessment

9. The applicant applied under the normal-track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the accreditation standards of the GCF in accordance with the requirements.
10. As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

11. The applicant's Executive Council is composed of the same members as the Administrative Council of the Account of the Americas in Colombia. The applicant's Executive Council provides assurance is staffed by independent and qualified professionals that appropriately represent the applicant's stakeholders. Furthermore, the applicant has established the following oversight committees: Ethics Committee, Anti-Corruption Committee, Audit Committee (further comment on this committee will be provided in the section on Internal Audit) and the Investment Committee. The organization is led by an Executive Director who has four direct report units: Internal Audit, Administrative and Finance Director, Technical Director and Legal Director.
12. The applicant has a mature strategic planning method guided by documented policies and procedures. The effective communication practices and small size of the organization ensure a shared understanding of objectives and responsibilities throughout the organization. The applicant uses a balanced scorecard planning and performance measurement system. Furthermore, the AP has found that the applicant has the systems and procedures to effectively translate its strategic plan into actionable tasks that are efficiently measured using key performance indicators supported by appropriate technology.
13. The applicant prepares its financial statements based on the national generally accepted accounting standards, and provided financial statements for the past three years with notes as supporting evidence; these financial statements are comparable across the relevant time periods and appropriately reflect the financial position of the applicant. The applicant's accounting system appropriately segregates information by costs centers and by programmes managed by the applicant.
14. The applicant has a well-established management information system (MIS) for the volume of data it manages, which provides detailed information for project monitoring and control. The applicant provided report samples that demonstrate the adequacy of its MIS. Furthermore, the MIS system is designed such that it provides timely information to all levels of the organization.
15. The separation of duties and responsibilities in the applicant's payment and disbursements system is well defined. Responsibilities for review, approval and execution of disbursements are appropriately segregated among several authorities. Review of payment requests consists of ensuring consistency between the delivery of goods or services and the

requirements of the agreement that regulates procurement. Once positively reviewed the area director approves the payment; once approved the accounting area executes the payment. The applicant is implementing its formal internal control procedures, which contemplate further audits and reviews of payments executed.

16. The applicant's Executive Council approved, in April 2017, establishment of the applicant's Audit Committee and the Office of the Internal Auditor, as part of the approval of its recently adopted Internal Control System (ICS). The Council's decision further recognizes that the applicant's ICS is guided by the following documents:

- (a) internal control system manual;
- (b) operational risk management templates and manual;
- (c) internal auditing manual; and
- (d) auditing committee regulations.

17. The ICS approves the decision to outsource (due to the applicant's size) the internal audit functions to a firm specialized in the areas of risk management and internal control. Furthermore, the applicant's Financial Director provided statement indicating that the ICS was in a preliminary implementation phase in 2017, and it is expected to be fully implemented in 2018.

18. The applicant provided copies of its audited financial statements for the past three years, as well as the notes for these financial statements. The external auditor reports that the financial statements of the applicant reasonably present, in all material aspects, the financial situation of the applicant. Furthermore, the external auditor does not report any internal control matters of concern. In addition to the independent audit undertaken by the external audit firm, the applicant is required to present annual management reports to municipal authorities in compliance with national regulations applicable to non-governmental organizations, such as the applicant.

19. Although, at the time of the AP's assessment, the applicant had not fully adopted its ICS, it did have in place a quality management system that audits the processes and procedures utilized by the applicant to execute and control financial transactions. While the quality management system is not considered an internal control system that meets the GCF basic fiduciary standards regarding internal control, it provides reasonable assurance regarding the applicant's control environment.

20. The applicant's procurement policies and procedures were developed in the framework of its quality management system and have been audited by the independent quality system auditor for effectiveness and organizational compliance. The applicant's procurement procedures are established within its Procurement Policy. Additionally, the applicant's Anti-Corruption Policy contains a specific section on prevention of corruption in procurement activities. The applicant's procurement policies and procedures are appropriate for the size category it is seeking accreditation for. Furthermore, the applicant has a demonstrated track record of effectively adapting its procurement procedures to specific requirements required by the donors that have provided funding for the projects it manages.

3.1.2 **Section 4.2: Basic fiduciary standards: transparency and accountability**

21. The applicant has a published Code of Ethics. The code of ethics applies to all officers, employees and parties with whom a contractual relationship is established. This code of ethics covers: conflict of interest, money laundering, confidentiality, discrimination and harassment, relations with stakeholders, financial management, investigations and sanctions. The applicant has provided evidence that it undertakes appropriate efforts to ensure the principles of its Code of Ethics are appropriately communicated to all relevant parties. The applicant has an Ethics

Committee responsible for evaluating events that may constitute a violation of the Code of Ethics.

22. The applicant's Code of Ethics establishes the reporting requirements for all cases in which an actual or potential conflict of interest exists. Furthermore, the Code of Ethics provides definitions of what is considered a conflict of interest, legal implications of non-compliance with the Code of Ethics (as it pertains to conflict of interest), the mechanisms and instances for communicating conflict of interest issues and the role of the Ethics Committee in the resolution of Conflict of Interest issues. Furthermore, the applicant's Anti-Corruption Policy states that failure to disclose a situation of conflict of interest is considered an act of corruption.

23. The applicant provided evidence that demonstrates the organizational value of zero tolerance towards fraud. The Anti-Corruption Policy defines the main forms of prohibited practices that are to be prevented, the practices defined are aligned with the GCF's requirements. Furthermore, to ensure proper project execution, the applicant requires that executing parties present a financial guarantee to insure the appropriate use of financial resources disbursed.

24. The applicant's relevant policies define the procedures that are applicable to the investigations function. In addition to the aforementioned policies, the applicant has published guidelines for placing complaints and for whistle-blower protection. Furthermore, the applicant has clearly defined procedures, as well as roles and responsibilities, for processing complaints. The appropriate officers, executive director, chairman of the Executive Council and Ethics Committee, have delegated responsibilities in the investigation process.

25. The guidelines for appropriate management of money laundering and financing of terrorism risks are established in the applicant's Code of Ethics. The relevant section of this code defines what constitutes money laundering and refers to the applicable national regulations, as well as to the obligation to report suspicious transactions to the appropriate authorities. The applicant's Anti-Corruption Policy further strengthens the applicant's policies regarding the prevention of money laundering and financing of terrorism. The applicant's Code of Conduct, Anti-Corruption Policy and strict national AML/CFT regulations provide the required elements for an effective management of AML/CFT risk.

3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

26. The applicant has experience as manager of third party funds for investment in two priority areas: environment and childhood. Its project management track record includes projects funded with resources donated by international and national donors, both public and private; and the project implementation modalities include providing management of donor funds that are granted to project sponsors and direct project implementation.

27. In its role as manager of donor funds, including financial and programme management, the applicant's experience is centered on managing programmes jointly conceptualized and designed with its donors; the applicant has provided ample evidence of the adequacy of its operational procedures and management tools for definition of project/programme objectives and appraisal/selection of sub-projects or activities within a programme.

28. The aforementioned operational procedures include documented guidelines for issuing calls for project proposals, standardized formats for evaluating and scoring project proposals received and transparent mechanisms for project selection. The project evaluation procedures allow the applicant to identify project risks and plan for mitigating actions during project implementation.

29. The applicant provided copies of the request for proposals procedure and the application it uses to consolidate project information; as well as copies of a completed project evaluation report and matrix of project scoring. As further evidence of its project management

track record the applicant provided appraisal manuals developed for two specific programmes under management.

30. The applicant prepares budgets and implementation timelines for the projects it funds. Additionally, the project objectives are assigned a relevance score that is utilized during project implementation to generate a project score that is used to measure the effectiveness of project implementation. Copies of files containing budgets, timelines and weighted project objectives were provided for assessment by the applicant.

31. The applicant has documented monitoring and evaluation procedures that provide guidance for the activities that are undertaken during the project implementation phase. In addition, the applicant provides technical support during the project implementation, the support activities are documented in the project support guide.

32. The applicant utilizes two proprietary software applications for project monitoring and evaluation. The first application is used to keep track of the entire project portfolio under management and contains general information such as project disbursements and execution status. The second application is utilized to record detailed project information. This application contains all project information relevant for effective project monitoring. The project information is classified into the following categories: design and objectives, execution milestones, project modifications and project disbursements. Finally, this application is utilized to generate project monitoring and evaluation reports.

33. The applicant, based on its project management procedures, identifies the project milestones that are critical for successful project execution. The information regarding a project's critical path is recorded in the Critical Path software application and is utilized to identify, in a timely manner, risk factors that could hinder project completion. Based on the information provided by this management tool, corrective actions are applied or the decision to cancel a project and remedial measures, as provided by the relevant contract, are applied. Decisions regarding the course of action, when risk alerts are generated, are taken by the Project Alert Committee.

34. The applicant does not have an independent risk unit responsible for undertaking independent project evaluation; however, the applicant has demonstrated that, when required, it will engage the services of an independent project evaluator. Furthermore, the independent project evaluations are, in accordance with the applicant's information disclosure policy, information that is in the public domain, and will be disclosed if requested. The applicant does not have a specific policy regarding disclosure of independent project evaluation reports, however evidence of publications of such reports when required was provided.

3.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

35. The applicant has specialized in managing programmes and projects that utilize grants as the funding mechanism awarded to executing entities. The applicant has successfully applied its grant funding mechanism for projects and programmes using resources from both international and national organizations.

36. The initial step undertaken by the applicant, when implementing a project/programme with a grant award mechanism structure, is the call for proposals. In accordance with the design and nature of the project/programme, the applicant will issue one of the following calls for proposals (invitations): wide, shortlist or sole bidder (in cases where a specific expertise is required). The applicant's Calls Procedure clearly defines the call design and publication requirements, and evidence was provided that the Calls Procedure is effectively implemented, and appropriate channels are utilized to make the terms of reference for calls available to the relevant parties. The applicant's website has easily accessible information for all the calls for

proposals that are currently open.⁴ Furthermore, the applicant provided examples of supporting documentation it provides to bidders to assist them in the preparation of their proposals.

37. Once proposals are received the applicant evaluates proposals utilizing standardized forms to record and assess proposal information; the evaluation process is undertaken with the support of a proprietary information system. The applicant provided evidence of project evaluation exercises, including final recommendation reports. The evaluation procedures utilized by the applicant are based on predefined criteria that is applied consistently for all proposals.

38. The proposal assessment is the responsibility of the Project Committee established for each project/programme. The Project Committee will present its assessment report (with relevant comments and observations) to the authorizing instance for approval. The applicant's Executive Council authorizes all grant awards, except in the cases in which the agreement entered with the donors stipulates a different authorizing instance.

39. The applicant's grant agreements contain clear stipulations regarding the amounts awarded, the definitions of activities that are eligible for funding with grant proceeds, the requirements for disbursements of funds and the conditions under which the grant award can be suspended. Furthermore, the applicant's requirements for approval of disbursement requests, in addition to its project monitoring and evaluation competencies, indicate that the applicant has the required controls over recipients' appropriate use of grant funds.

40. The applicant has provided evidence of publication of grant awards, and the applicant's Information Disclosure Policy establishes that the dissemination of information pertaining to the financing of projects is part of its information disclosure strategy. However, the applicant does not have a formal policy for the disclosure of grant award information that complies with the GCF's requirements, specifically a policy that establishes publication, at least of the following information on the applicant's website: name of the beneficiary, purpose of the grant, grant amount awarded.

3.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

41. The applicant did not apply for accreditation for this standard at this time.

3.2 Environmental and social safeguards

3.2.1 **Section 6.1: Policy**

42. The applicant's environmental and social management system (ESMS) comprises two main documents: Environmental and Social (E&S) Policy and Environmental and Social Management Framework (ESMF). The applicant's ESMS adheres to the performance standards 1 to 8 of the International Finance Corporation, and hence are consistent with performance standards 1 to 8 of the GCF interim Environmental and Social Safeguards (ESS). The E&S policy contains overarching statements on the E&S objectives and principles guiding the institution. The applicant's E&S coordinator reporting to the technical director of the applicant's institution is responsible for ensuring conformance with the E&S policy and for its execution. The E&S policy is endorsed by the applicant's senior management and is communicated to all levels of its organization. The applicant commits to address all the following elements in its E&S policy in projects implemented by it and projects it oversees executed by executing entities: assessment of cumulative impact, associated facility impacts, analysis of alternatives, baseline data standards and mitigation hierarchy. The AP found the applicant's ESMS, comprising the E&S

⁴ Refer to <<http://www.fondoaccion.org/es/convocatorias>>.

Policy and ESMF, to be sufficient to meet the GCF requirements for a maximum E&S risk Category B/I-2 projects/programmes.

3.2.2 Section 6.2: Identification of risks and impacts

43. The applicant's ESMF instructs its staff and its partners step-by-step on the requirements of identification and management of E&S risks including categorization for E&S risk Category B/I-2 projects/programmes in line with the applicant's obligations under national regulations and international legislation adopted by the applicant's country. The general objective of the ESMF is to guide the applicant's socio-environmental practices, defining a series of methodologies, tools and procedures that allow to ensure an appropriate management and protection of the ecosystems, communities and personnel during the formulation and implementation of the projects and programmes. The applicant provided a sample of E&S risk and impact screening documents as evidence of projects which include the E&S risks and impacts identification process including categorization for E&S risk Category B/I-2 projects/programmes. The applicant also provided a list of past illustrative projects indicating their E&S risk category including the rationale for the identified E&S risks and impacts. The E&S risk identification and categorization process is found by the AP to meet GCF requirements for E&S risk Category B/I-2 projects/programmes.

3.2.3 Section 6.3: Management programme

44. The applicant's ESMF describes its institutional process for managing E&S risk mitigation measures and actions stemming from the E&S risk identification process. The ESMF provides the format for the E&S management plan (ESMP) to be developed for each project in the E&S risk category B/I-2. The ESMP also includes the E&S performance indicators specific to a given sector that are monitored by the applicant's project team to assess the management of the E&S impacts based on the evaluation of four capitals: natural capital, social capital, physical capital and human capital. The applicant provided a sample of project documents as a demonstration of its process for managing E&S mitigation measures. The E&S risk management function is found by the AP to meet GCF requirements for Category B/I-2 projects/programmes.

3.2.4 Section 6.4: Organizational capacity and competency

45. The applicant provided its institutional organisational structure that defines roles, responsibilities, reporting lines and authority to implement the ESMS, which includes its senior management. The applicant provided information on its key E&S technical staff with direct responsibility for project/programme performance who have the knowledge, skills and experience necessary to understand and ensure implementation of the performance standards 1 to 8 of the GCF interim ESS and are able to properly categorize potential funding proposals against the relevant E&S risk category (e.g. Category C/Intermediation 3 or Category B/I-2). The applicant also provided information on the ESS and gender-related training programmes undertaken by its staff. The AP found that the applicant's organizational capacities and competencies to implement its ESMS are appropriate, including for projects/programmes that are categorized as Category B/I-2 projects/programmes.

3.2.5 Section 6.5: Monitoring and review

46. The applicant's ESMF describes its monitoring and supervision procedure that instructs its staff on how to systematically track the completion of E&S risk and impact mitigation and performance improvement measures, including roles and responsibilities. The applicant provided evidence of its monitoring and evaluation of E&S matters in the projects designed and implemented using the funds from donors. The applicant also provided evidence of periodic performance reviews which are reported to its senior management on the effectiveness of the institutional ESMS, including the senior management's track record of taking the necessary steps to ensure the intent of the institutions policy is met and that procedures, practices and plans are implemented. The applicant's ESMF describes the guidelines on external audit to

assess the effectiveness of implementation of its ESMS. The AP found the applicant's monitoring and reporting process sufficient for E&S risk Category B/I-2 projects/programmes.

3.2.6 Section 6.6: External communications

47. The applicant's ESMF provides information on its website to receive and register external communications. The applicant's ESMF describes its internal procedures and competencies to screen and assess issues raised, as needed. The applicant provided a compilation of the inquiries related to E&S matters that it has received and responded to in the last three years. The applicant's ESMF includes a requirement for a project-level grievance mechanism in projects/programmes executed by its executing entities that it oversees. The applicant's ESMF requirement on disclosure and public consultation of its E&S assessment documents is found to be in line with the GCF Information Disclosure Policy requirements for E&S category B/I-2 projects/programmes.

3.3 Gender

48. The applicant provided its gender policy which is found by the AP to be in line with the GCF Gender Policy. The applicant also provided a gender action plan and an operational manual for a specific programme that it funds, as evidence of its procedures and practice on gender mainstreaming. The applicant has been investing in the capacity building of its staff regarding gender considerations since early 2016. The applicant provided a sample of its grant award operations which provide special emphasis for motivating women's participation in the decision-making process and as project beneficiaries. The applicant provided evidence in the form of salary slips as the applicant's approach to the balanced remuneration between men and women beneficiaries. The applicant's sample of project documents demonstrate the linking of gender and climate change.

IV. Conclusions and recommendation

4.1 Conclusions

49. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, meets the specialized fiduciary standard for project management, and partially meets the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant will meet the GCF basic fiduciary standards once it completes the implementation of its Internal Control System, and demonstrates that the outsourced internal audit functions and its Audit Committee is functional. The applicant will fully meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms once it develops and implements its policy for public disclosure of information regarding grant beneficiaries;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/I-2); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the gender policy of the GCF and has demonstrated that it has experience with gender consideration in the context of climate change.

4.2 Recommendation on accreditation

50. The AP recommends, for consideration by the Board, applicant APL062 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:** micro;

(ii) **Fiduciary functions:**

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management; and
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/Intermediation 3 (I-3)⁵); and

(b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:

(i) Conditions to be met prior to the first disbursement by the GCF for the first GCF-funded project/programme to be undertaken by the applicant:

1. Approval by the applicant of its policy for the public disclosure of grant award information, which shall contain at least the following information:
 - a. Name, address and nationality (in case of individuals) or place of incorporation (in case of legal entities) of the beneficiary;
 - b. Purpose of the grant; and
 - c. Grant amount awarded and, where applicable, the maximum percentage of grant co-financing; and
2. Provision of a report from an independent consultant confirming that the applicant's:
 - a. Internal Control System is effective;
 - b. Internal audit function, which is undertaken by the organization contracted by the applicant to serve as internal auditor, is effective; and
 - c. Audit Committee is functioning and effective.

51. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 50 above, and agrees to the recommendation.

4.3 Remarks

⁵ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

52. The AP recommends that the applicant formalize its commitment to engage a third party to undertake independent project evaluations for GCF-financed projects/programmes, and furthermore to make these evaluation reports available to the public.