

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 VIII: Accreditation assessment of Applicant 064 (APL064)

I. Introduction

1. Applicant 064 (APL064), the Ministry of Finance and Economic Management (MFEM) of the Cook Islands, is a national entity whose core mandate is to advise the government of the country on economic, fiscal and financial issues. The applicant's scope of work and functions have implications across all sectors of the government, such as economic development, business management, climate change, natural resources, infrastructure, transportation, energy, agriculture and tourism.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 28 April 2017. Accreditation fees were received from the applicant on 24 May 2017, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 18 December 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 the Cook Islands;
- (b) **Track:** fast-track under the Adaptation Fund (AF);
- (c) **Maximum size of an individual project or activity within a programme:** small;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:** minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.14/09.

2.1 Legal status, registration, permits and licences

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 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, 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".

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. It was established and enacted by the Parliament of the Cook Islands in 1996 and is charged by the general administration of the Ministry of Finance and Economic Management Act 1995-96, No.21.

2.2 Institutional presence and relevant networks

5. With a mission of implementing national sustainable development plans and relevant frameworks for achieving a low-emission and climate-resilient future of the Cook Islands, the applicant has a solid track record in managing climate change projects and programmes and plays a central role in developing and implementing country programmes. For example, it has managed the Official Development Assistance and associated aid projects and advanced the Joint National Action Plan for Disaster Risk Management and Climate Change Adaptation (2011-2015).

6. In order to advance the objectives of the GCF, the applicant's plans include:

- (a) Elevating development priorities and enhancing country ownership by engaging with various stakeholders of initiatives supported by the Government of the Cook Islands;
- (b) Identifying programmes and projects, including public-private partnerships, consistent with the GCF's investment framework;
- (c) Interacting with the GCF, guided by key national frameworks such as the National Sustainable Development Plan, Joint National Action Plan for Climate Change Adaptation and Disaster Risk Management and Cook Islands Renewable Energy Chart; and
- (d) Ensuring to address key result areas of the GCF and improve activity management for meeting the GCF investment criteria by reviewing and aligning its National Activity Management Framework.

2.3 Track record

7. The applicant, as the primary financial management arm of the country, works in all sectors of government to allocate funds appropriated by the Parliament of the Cook Islands. Key sectors of government that the applicant works in include health, natural resources, transportation, infrastructure, energy, agriculture, disaster risk reduction and climate change. The applicant interacts with relevant government agencies that cover these different sectors in making sure that the allocated budgets are being spent for intended purposes.

8. The applicant's track record in managing climate change-related projects includes the following, which fall within the GCF small and micro size categories:

- (a) USD 650,000 (grants) for the Mangaia Harbour Climate Adaptation Project;
- (b) USD 1.3 million (grants) for Northern Water-Community Water Tank Upgrades;
- (c) USD 8.58 million (grants) for Renewable Energy Grant (Southern Group) Project;
- (d) USD 13.96 million (grants) for Waste Management and Sanitation Improvement Project; and
- (e) USD 14.36 million (grants) for the Te Mato Vai Programme.

III. Stage II accreditation review assessment

9. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity. 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 and gaps identified in decisions B.08/03 and B.14/09.

10. As part of this assessment, the AP consulted the applicant's website 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. As per paragraph 9 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

12. As per paragraph 9 above, the basic fiduciary standard concerning transparency and accountability, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering and countering the financing of terrorism, has been met by way of fast-track accreditation.

13. Regarding the investigation function, the Cook Island Audit Office (Audit Office) is responsible for investigating all reported and/or suspected cases of malpractice within the applicant. To ensure functional independence, the Audit Office is headed by a director who is appointed by the Prime Minister who is head of government of Cook Islands and reports directly to the Public Expenditure Review Committee, a body that is responsible for oversight of public accountability across the entire government structure. The Audit Office has a process for reporting cases investigated. To enhance accountability and transparency, investigation reports are tabled before Parliament and become public information thereafter. Sample cases of investigations of violation of code of ethics, fraud or corruption within the past three years were provided. Overall, the applicant's system and procedures for investigation of fraud, corruption and other forms of misconduct are aligned with the GCF standards.

14. Regarding anti-money laundering and countering the financing of terrorism, the applicant has a recently approved its anti-money laundering and anti-terrorist financing policy which is consistent with the GCF AML/CFT Policy. The policy is comprehensive and prescribes "know-your-customer" (KYC) procedures to be followed in combating money laundering and financing of terrorism. However, as the KYC procedures are new, the applicant has not yet produced any reports to demonstrate their effective implementation.

15. The applicant relies on the country's Financial Intelligence Unit (FIU) to trace and monitor the electronic transfer and wiring of funds in accordance with the Financial Transactions Reporting Act 2017. This act requires all banks and other organizations engaged in electronic funds transfers operating in the Cook Islands to report all wire transfers sent out of and received into the Cook Islands. In addition to the Financial Transactions Reporting Act 2017, the FIU carries out its responsibilities in accordance with other relevant legislation including: the Terrorism Suppression Act 2004, which makes it an offence to deal with sanctioned entities; the Proceeds of Crime Act 2003; the Crimes Act 1969; and the Currency Declaration Act 2016. This allows the FIU to analyse, monitor and investigate funds transfers for purposes of detecting criminal activity as part of the country's anti-money laundering and countering terrorism financing framework. The applicant provided evidence of the key role played by the FIU in monitoring electronic transfer of funds.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

16. As per paragraph 9 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

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

17. The applicant has a comprehensive set of policies and procedures which guide the management of climate financing mechanisms. All climate change related grants funded by development partners, such as the Asian Development Bank, are administered by the applicant's Development Coordination Division under which a Program Development Manager is assigned for each grant award programme. Other types of grants that are not climate change related are administered in accordance with a process known as the "Te Tarai Vaka" where the grant management process is dependent on the value of the grant activity and the risks involved.

18. The applicant's grant award system, including the terms of reference of the Grant Award Evaluation Committee, is adequately publicized and is available on the applicant's website. To ensure competence in the evaluation and grant award decision making process, the Grant Evaluation Committee comprises senior staff from the applicant and other government agencies. Sample agenda and minutes of recent Grant Evaluation Committee meetings provided by the applicant demonstrate transparency and objectivity in grant award decision making process.

19. The applicant has suitable procedures, guidelines and provisions in place for:

- (a) Ensuring that no grant is awarded retrospectively for activities already started or completed at the time of the application;
- (b) Suspension, reduction, or termination of the grant in the event of the beneficiary failing to comply with its obligations;
- (c) Providing information to the public regarding its grant decisions;
- (d) An annual, periodic independent review and external audit of its grant award activities; and
- (e) Recovery of funds paid to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of the funding for the project.

20. The applicant has a sound system for undertaking due diligence to assess the eligibility and capabilities of potential grant awardees. The assessment places emphasis on the grant activity's financial viability and long-term sustainability, robustness of the grant implementing agency's management systems to ensure funds are used for the intended purposes, and adequacy of controls to support monitoring and supervision of the grant funded project.

21. The AP found that the information provided by the applicant was sufficient to demonstrate that the applicant has:

- (a) Proven experience in handling of grant funds from several external sources including the United Nations, European Union and the Asian Development Bank, and
- (b) Grant award mechanisms that comply with the GCF requirements.

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

22. 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

23. The applicant applied for the minimal to no environmental and social (E&S) risk Category C/I-3 and thus the applicant is not required to have in place an E&S policy. Nevertheless, the applicant provided its environmental and social safeguards framework

(ESSF), which the AP had found to be in line with performance standards 1 to 8 of the GCF interim environmental and social safeguards. The environmental and social safeguards in the ESSF also includes the standard on stakeholder engagement and information disclosure. The applicant's government is committed to support projects that are aligned to the achievement of the National Sustainable Development Plan, and therefore projects must be environmentally and socially sustainable in line with the ESSF. The ESSF is endorsed by the applicant's management government and available on its website.

3.2.2 **Section 6.2: Identification of risks and impacts**

24. The applicant's ESSF describes its institutional process and procedures to guide its staff in identifying the E&S risks and impacts of projects/programmes as they evolve over the project life. The applicant provided a list of its past projects illustrating their E&S risk screening and categorization, which were all categorized by the applicant as E&S risk Category C/I-3 projects/programmes.

3.2.3 **Section 6.3: Management programme**

25. The applicant's ESSF describes its institutional process for managing E&S risk and impact mitigation measures and actions stemming from the E&S risk identification process. The ESSF also includes the process to address unanticipated risks or impacts arising after E&S risk screening and the related organizational capacity to manage the E&S risks when they arise. The applicant also provided a sample of project activity progress reports which contain risk management registers. One of the items in the registers focuses on the E&S risks on projects, including consultation and communication, environmental data evaluation and mitigation and management measures. The applicant's ESSF has integrated the requirement for the documenting the E&S risk mitigation and management, where relevant. The AP found the applicant's E&S risk management programme is found to be sufficient for E&S risk Category C/I-3 projects/programmes.

3.2.4 **Section 6.4: Organizational capacity and competency**

26. The applicant provided its organizational chart showing where the designated staff members who make E&S risk categorization decisions sit in the organization and their reporting lines. The applicant's staff responsible for categorization are its programme development managers who report to the development coordination manager of the applicant. The development programme managers have the necessary qualifications and aptitude in managing E&S risks required as per the applicant's ESSF and gender policy. The AP found that organizational capacities and competencies to implement the ESSF are appropriate, including for projects/programmes that are categorized as E&S risk Category C/I-3 projects/programmes.

3.2.5 **Section 6.5: Monitoring and review**

27. The applicant's ESSF describes its institutional level project E&S monitoring and reporting process. Any major changes in the scope of the activity once implementation is underway are subject to the same procedures as for in the original project design. The applicant's national environmental service is involved in ensuring ongoing compliance with the project impact management plans and is reported in the project activity progress updates at least quarterly. It is the applicant's project activity manager's responsibility to ensure compliance of the project impact management plans, including on E&S matters. The AP found the applicant's E&S monitoring and reporting process to be sufficient for E&S risk Category C/I-3 projects/programmes.

3.2.6 **Section 6.6: External communications**

28. The applicant provided its website used for external communication and a description of a related procedure which outlines the steps to be undertaken when a complaint is received. The applicant also has a register on its website for receiving and responding to any E&S related complaints, including the nature of complaint, action taken by the applicant and status of

addressing the complaint. The applicant's ESSF requires its executing entities to include a project-level grievance redress mechanism in projects it finances. The applicant provides support to its executing entities where required to ensure that this is in place and is appropriate for the project. The ESSF also describes the applicant's policy on E&S information and disclosure of its projects on its website in a timely manner.

3.3 Gender

29. The applicant provided its gender policy which is found by the AP to be in line with the Gender Policy of the GCF. The gender-related sectoral checklists are annexed to the policy to assist the applicant's staff in their implementation of the gender policy. The applicant also provided a project-specific gender action plan as an example of implementation of its gender policy at the project-level. The applicant provided the curriculum vitae of a gender expert retained on a part-time basis to help the applicant to implement its policy and to conduct staff capacity building. The applicant provided evidence of its non-discrimination practice in terms of benefits and remuneration, for both men and women employees. The applicant's sample of project documents demonstrate the linking of gender and climate change.

IV. Conclusions and recommendation

4.1 Conclusions

30. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the AP concludes the following in relation to the application:

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, but fully meets the specialized fiduciary standard for project management and specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant has recently adopted a comprehensive AML/CFT policy that prescribes KYC procedures to be followed in combating money laundering and financing of terrorism, however, as the KYC procedures are new, the applicant has not yet produced any reports to demonstrate their effective implementation;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the minimal to no E&S risk (Category C/I-3); 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

31. The AP recommends, for consideration by the Board, applicant APL064 for accreditation as follows:

- (a) **Accreditation type:**

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- (i) **Maximum size of an individual project or activity within a programme:** small (including micro⁴);
- (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:** minimal to no risk (Category C/I-3); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:
- (i) Condition 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. Provision by the applicant of sample copies of two (2) reports on KYC due diligence undertaken in line with the applicant's KYC procedures to combat money laundering and the financing of terrorism.
32. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition, as identified in paragraph 31 above, and agrees to the recommendation.

⁴ As per annex I to decision B.08/02, "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".