

- (h) *Also requests the Appointment Committee to provide additional recommendations on the salary levels for consideration by the Board at its eleventh meeting;*
- (i) *Decides that the heads of the units will be offered performance-based contracts;*
- (j) *Requests the Appointment Committee to develop the performance criteria and measurement procedure for approval by the Board via an in-between meetings decision before the twelfth meeting of the Board;*
- (k) *Adopts the terms of reference of the Head of the Independent Evaluation Unit in accordance with decision B.09/14, paragraph (c), as set out in Annex V to this document;*
- (l) *Also adopts the terms of reference of the Head of the Independent Integrity Unit in accordance with decision B.09/14, paragraph (c), as set out in Annex VI to this document;*
- (m) *Further adopts the terms of reference of the Head of the Independent Redress Mechanism in accordance with decision B.09/14, paragraph (c), as set out in Annex VII to this document; and*
- (n) *Agrees to amend the terms of reference of the Independent Redress Mechanism, as set out in Annex V to decision B.06/09, to make the position of the Head of Independent Redress Mechanism a full-time post.*

## **Agenda item 12: Consideration of accreditation proposals**

12. The Board adopted the following decision:

### *DECISION B.10/06*

*The Board, having considered document GCF/B.10/03 Consideration of Accreditation Proposals and after further exchange with the Accreditation Panel (AP):*

- (a) *Takes note with appreciation of the in-depth assessment conducted by the AP contained within the relevant annexes for the following applicants:*
  - (i) *Applicant 008 (APL008) is the Environmental Investment Fund of Namibia (EIF), as contained in Annex VIII;*
  - (ii) *Applicant 009 (APL009) is the Ministry of Natural Resources of Rwanda (MINIRENA), as contained in Annex IX;*
  - (iii) *Applicant 010 (APL010) is the National Bank for Agriculture and Rural Development (NABARD), as contained in Annex X;*
  - (iv) *Applicant 011 (APL011) is the Corporación Andina de Fomento (CAF), as contained in Annex XI;*
  - (v) *Applicant 012 (APL012) is the Caribbean Community Climate Change Centre (CCCCC), as contained in Annex XII;*
  - (vi) *Applicant 013 (APL013) is the Africa Finance Corporation (AFC), as contained in Annex XIII;*
  - (vii) *Applicant 014 (APL014) is Deutsche Bank AktienGesellschaft (Deutsche Bank AG), as contained in Annex XIV;*
  - (viii) *Applicant 015 (APL015) is the Agence Française de Développement (AFD), as contained in Annex XV;*
  - (ix) *Applicant 016 (APL016) is the Conservation International Foundation (CI), as contained in Annex XVI;*



- (x) *Applicant 017 (APL017) is the European Bank for Reconstruction and Development (EBRD), as contained in Annex XVII;*
- (xi) *Applicant 018 (APL018) is the Inter-American Development Bank (IDB), as contained in Annex XVIII;*
- (xii) *Applicant 019 (APL019) is the United Nations Environment Programme (UNEP), as contained in Annex XIX; and*
- (xiii) *Applicant 020 (APL020) is the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) (together as “World Bank”, as contained in Annex XX;*
- (b) *Also takes note that the Board exercised its discretion and best judgement in reliance on the information furnished by the AP;*
- (c) *Accredits APL008, APL009, APL010, APL011, APL012, APL013, APL014, APL015, APL016, APL017, APL018, APL019 and APL020 pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund (the Fund), and subject to, and in accordance with, the assessment, including any conditions and recommendations, by the AP as contained in the relevant annexes for each of the applicant entities and reiterated in Annex XXII;*
- (d) *Decides that the Board shall continue to exercise its discretion and best judgement in future accreditation decisions;*
- (e) *Requests the Secretariat to track and report on the fulfilment of conditions of accreditation on a regular basis;*
- (f) *Takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat in consultation with the AP, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in Annex XXI;*
- (g) *Decides that those entities referred to in Annex XXI are also eligible to apply under the fast-track accreditation process for the Fund’s standards in accordance with decision B.08/03, paragraph (e), for Global Environment Facility agencies, decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for Development and Cooperation – EuropeAid of the European Commission;*
- (h) *Also decides that, recalling decision B.06/06 and pursuant to decision B.09/07, paragraph (g), the Secretariat will actively support applications for accreditation received from subnational, national and regional public and private sector entities in order to ensure a balance of diversity, including between entities under the direct access and international access modalities, in the list of entities being considered for accreditation by the Board;*
- (i) *Further decides that, recalling decision B.08/03, all international entities, as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership and that they report annually on these actions;*
- (j) *Reaffirms that information on how the entity will contribute to the mandate of the Fund and any information considered material, particularly information with potential reputational risks to the Fund, shall be provided in the recommendation of the AP to the Board;*
- (k) *Requests the Secretariat, as part of the information disclosure policy to be considered by the Board at its eleventh meeting, in consultation with relevant stakeholders, to develop a proposal to increase the transparency of the accreditation process, including the*

*modalities for the disclosure of the names of applicant entities and/or those recommended by the AP to the Board for accreditation;*

- (l) Decides that, recalling decision B.09/08, the accreditation master agreement, to be signed between the Fund and each accredited entity, shall define the relationship between the Fund and the entity, including the roles of each and how each will carry out its responsibilities, under those arrangements, with regard to the extent and scope of its accreditation;*
- (m) Requests the Secretariat to address through the accreditation master agreement or other relevant documents, including the risk management framework, any conflict of interest, potential conflict of interest and reputational risks which may arise from the relationship between the Fund and its accredited entities reflecting generally accepted international standards;*
- (n) Also requests the Secretariat to present relevant policies addressing fraud, corruption and other prohibited practices, and policies addressing anti-money laundering and countering the financing of terrorism issues, taking into account relevant Board decisions and international best practices and standards for inclusion in the Fund's fiduciary principles and standards adopted in decision B.07/02, for consideration by the Board no later than its eleventh meeting;*
- (o) Authorizes the Executive Director to recruit a fiduciary compliance specialist with anti-money laundering and countering financing of terrorism skills;*
- (p) Decides that, in accordance with the disclosure policies of the Fund:*
  - (i) The Secretariat will submit a document on the consideration of accreditation proposals, including the AP's assessment and recommendations on accreditation and names of the entities, to the Board at least 21 days before the start of the Board meeting;*
  - (ii) Board members may provide questions about the entities being recommended for accreditation, in writing, to the Secretariat within one week of the AP's recommendations being circulated to the Board;*
  - (iii) The Secretariat shall compile questions provided by the Board, and circulate the compilation of questions, verbatim, to the AP and all Board members; and*
  - (iv) The AP shall respond to all questions and provide a compilation of those responses to the Board at the latest one week before the Board meeting. The AP will have sole authority to decide whether or not to make changes to its recommendation in response to feedback from the Board.*
- (q) Also decides to revise the membership of the Accreditation Committee, as contained in Annex IV to decision B.07/02, to comprise:*
  - (i) Three Board members or alternate members from developing country Parties; and*
  - (ii) Three Board members or alternate members from developed country Parties; and*
- (r) Requests the Accreditation Committee with the support of the Secretariat to work on a strategy on accreditation for consideration by the Board at its eleventh meeting. The report should examine issues including efficiency, fairness and transparency of the accreditation process, as well as the extent to which current and future accredited entities enable the Fund to fulfil its mandate.*

## Annex XX: Accreditation assessment of Applicant 020 (APL020)

### I. Introduction

1. Applicant 020 (APL020) is an international organization with a strong global presence and mandate to reduce poverty by promoting sustainable economic development. The applicant works in partnership with developing countries through national governments in order to support the coordinated delivery of its projects and programmes in various sectors and through the use of various financial instruments, including grants, loans and guarantees. Over the past few years, the applicant has provided over US\$ 30 billion in finance for climate change related activities globally. It is engaged in climate change mitigation across all sectors and regions. Its work in mitigation covers renewable energy generation, energy efficiency and access, forestry and sustainable transport projects and programmes. In addition, it has supported the least developed countries, small island developing States and other vulnerable countries in climate change adaptation by financing projects in disaster risk reduction and ecosystem services in sectors such as fisheries and water resources management. Bringing with it its experience in climate change mitigation and adaptation programming, and utilizing its knowledge and delivery infrastructure to enhance direct access to climate finance by developing countries, the applicant seeks accreditation to the Fund.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 10 February 2015. Stage I, Institutional assessment and completeness check, and Stage II (Step 1), Accreditation review, were concluded in June 2015. The applicant has applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** International access;
- (b) **Track:** Fast-track under the Global Environment Facility (GEF) and the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Large;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management;
  - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
  - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).<sup>3</sup>

<sup>1</sup> As per Annex I to decision B.08/02, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme".

<sup>2</sup> Decision B.07/02.

<sup>3</sup> As per Annex I to decision B.07/02, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

## II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency and as an accredited entity of the Adaptation Fund. Its application has been assessed against the Fund's standards by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decision B.08/03.

4. As a part of this assessment, the AP has consulted the applicant's website and third-party websites to complement the information provided by the applicant in its application.

### 2.1 Fiduciary standards

#### 2.1.1 **Section 4.1: Basic fiduciary standards: Key administrative and financial capacities**

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation

#### 2.1.2 **Section 4.2: Basic fiduciary standards: Transparency and accountability**

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability has been met by way of fast-track accreditation.

#### 2.1.3 **Section 5.1: Specialized fiduciary standard for project management**

7. As per paragraph 3 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

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

8. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant is a well-established organization with several decades of experience in providing development finance to developing countries. The total financing envelope under these arrangements is in the range of billions of United States dollars. The applicant has various projects in almost all sectors, mostly co-financed and generally does not engage in stand-alone projects with third-party resources.

9. Grant resources are sourced from contributions from donor countries and from the applicant's net income. The grant award mechanism implemented by the applicant is transparent with formally documented procedures for assessing and approving grant proposals, as well as for implementation and monitoring. Potential grant funding proposals are identified in partnership with donors and country governments, and are then assessed by a group, including senior management. The applicant monitors the implementation of funded activities, undertakes site visits, and supports beneficiaries through counselling and advice. In accordance with its procedures, the applicant also executes grants from a wide range of trust funds. APL020 provided evidence that it has a substantial track record in implementing its procedures and standards for the allocation of funds.

10. All grants, as well as loans, provided by the applicant are subject to its anti-corruption and anti-fraud policy, which prohibits all forms of corrupt practices. The applicant has the right to investigate all projects that it has financed in the case of credible complaints of corruption during the implementation of the project, including the right to inspect and audit the accounts of the project and the relevant executing entity.

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

11. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for on-lending and/or blending. The applicant has a mature set of operational policies for on-lending and blending activities. For on-lending, the provisions for assessments and due diligence for financial intermediaries cover areas of financial performance, governance structure, risk and funds flow. Whether directly or through an intermediary, the applicant typically invests in high-quality assets. Decisions on specific funding activities are made publicly available. Monitoring and evaluation provides information to verify progress made and results achieved, supports learning from experience, and promotes accountability. The applicant conducts financial due diligence during the assessment of the project and of the executing entity, and has an extensive and systematic review process during the project implementation phase involving the recipient government, executing entity and its own staff. APL020 has various management committees in place, which oversee asset and liability, and risk management, and has a robust financial and risk management system.

12. The applicant has a strong track record, experience and capacities for on-lending and blending with resources from its own sources, as well as from international and multilateral sources and global trust funds. Its executing entities cover a large number of developing countries that have received financing in a range of several billions of United States dollars per year. The applicant also provides guarantees as credit enhancements for eligible projects in order to cover risks that the project and its commercial co-financing partners cannot easily absorb or manage on their own.

13. The applicant is an 'AAA' rated entity (Fitch) with a superior track record in credit and financial management.

## 2.2 Environmental and social safeguards

### 2.2.1 **Section 6.1: Policy**

14. The applicant has a well-developed environmental and social safeguards (ESS) policy supplemented by a series of manuals and sourcebooks to guide implementation. The policy requires the applicant to undertake environmental assessments of potential projects and programmes in order to ensure that they are environmentally sound and sustainable, and sets out operational procedures for who and how the policy is implemented. The group to which the applicant belongs also has developed a separate policy that facilitates financing for private-sector-led economic development projects by applying E&S policy standards that are more specific to the private sector.

### 2.2.2 **Section 6.2: Identification of risks and impacts**

15. The applicant's E&S policy and operational procedures guide technical staff in identifying E&S risks and impacts through screening and assessment processes. The four risk categories under the applicant's process are: Categories A to C and financial intermediaries. The applicant utilizes clear procedures and tools for E&S risk categorization, and the approval involves multiple reviews by different parts of the organization. The E&S risks and impacts identification process set out in the environmental assessment document is consistent with performance standard 1 of the Fund's ESS, and is designed to accommodate performance standards 2 to 8. The E&S risk categorization system outlined in the performance standards for private sector entities is fully consistent with the Fund's ESS.

### 2.2.3 Section 6.3: Management programme

16. The applicant's ESS are managed through clearly established procedures and assignment of roles. The applicant operates a formal mechanism in order to manage E&S risks and impacts, and assigns responsibilities to the applicant's relevant units for due diligence as well as the monitoring of progress and compliance with the applicant's safeguard policies. Moreover, APL020 demonstrates that it has a safeguards compliance review mechanism that is followed from the project concept phase to implementation.

17. Additionally, there are internal arrangements to supervise a project's E&S aspects on the basis of the E&S provisions and the executing entity's reporting arrangements as agreed in the project's legal documents.

### 2.2.4 Section 6.4: Organizational capacity and competency

18. The applicant has a clear organizational structure with respect to E&S management. ESS are integrated into its investment operations, with oversight at the senior management level. Designated technical specialists provide quality control on the proper application of environmental and social safeguards at all levels of the project cycle, review the proper identification of risks and impacts, confirm a project's E&S categorization, and review and clear relevant safeguard documents. Regular training is provided to staff and E&S experts on the E&S policies generally and on specific issues.

### 2.2.5 Section 6.5: Monitoring and review

19. APL020 has a mature mechanism for monitoring the safeguards' implementation and projects, including through an internal portfolio performance monitoring system. During project implementation, the executing entity is required to report on compliance with measures agreed with the applicant on the basis of the findings and results of the environmental assessment, including implementation of any E&S management plan, as set out in the project documents, the status of mitigating measures, and the findings of monitoring programmes. Safeguard monitoring reports prepared for individual projects are available publicly through the applicant's website.

### 2.2.6 Section 6.6: External communications

20. The applicant demonstrated a functioning external communication system, and inquiries, complaints or issues are registered and duly responded to. External communication is governed appropriately and the management of public input is elaborated in the operational procedures. The policy is outlined on its website. Communities and individuals affected by the applicant's projects may submit complaints regarding a project at any level of the institution, both in country and at its headquarters. The applicant has a corporate grievance redress service that centralizes grievances and ensures that complaints received are promptly reviewed in order to address project-related concerns.

## 2.3 Gender

21. The applicant has a policy and strategy for mainstreaming gender-responsive actions into its development assistance work. The gender and development policy framework comprises investment policies relevant for investment lending in general, for development policy lending, and for safeguard policies, and each is supported by a designated unit responsible for the coordination and monitoring of implementation and results. The applicant is also committed to incorporating considerations of gender equality in the analysis, content and monitoring of all projects, programmes and country strategies. In addition, in all projects, it

implements gender equality action plans. The applicant has gender experts working at its headquarters as well as in its national offices. It provided evidence of its experience in applying gender approaches, including in climate change related projects and programmes. It also demonstrated the application of its gender policies in various poverty reduction and infrastructure projects.

### III. Conclusions and recommendation

#### 3.1 Conclusions

22. 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 fully meets the requirements of the Fund's basic fiduciary standards, specialized fiduciary standard for project management, specialized fiduciary standard for grant award and/or funding allocation mechanisms, and specialized fiduciary standard for on-lending and/or blending for loans and guarantees;
  - (b) The applicant is aligned largely with the requirements of the Fund's interim ESS in relation to the high E&S risk Category A/I-1; and
  - (c) The applicant has demonstrated that it has policies, procedures and competencies in order to implement its gender policy, which is found to be consistent with the Fund's gender policy, and has demonstrated that it has experience with gender consideration in the context of climate change activities.

#### 3.2 Recommendation on accreditation

23. The AP recommends, for consideration by the Board, the applicant (APL020) for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
  - (ii) **Fiduciary functions:**
    1. Basic fiduciary standards;
    2. Specialized fiduciary standard for project management;
    3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    4. Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and



- (ii) **Environmental and social risk category:** High risk (Category A/I-1), including lower risk (Category B/I-2<sup>4</sup> and Category C/I-3<sup>5</sup>); and

- (b) **Conditions:**

None.

24. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 23 above, and agrees to the recommendation.

### 3.3 Additional remarks

25. The applicant is currently undertaking a review and possible revision of its own ESS and is requested to keep the Fund informed of developments in this respect.

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<sup>4</sup> As per Annex I to decision B.07/02, 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”.

<sup>5</sup> 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”.