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Decisions of the Board – fourteenth meeting of the Board, 12-14 October 2016

Agenda item 1: Opening of the meeting

1. The Co-Chairs opened the meeting on 12 October 2016.

Agenda item 2: Adoption of the agenda and organization of work

2. The Board adopted the agenda as set forth in document GCF/B.14/01/Drf.03 titled "Provisional agenda":

   1. Opening of the meeting
   2. Adoption of the agenda and organization of work
   3. Adoption of the report of the thirteenth meeting of the Board
   4. Decisions taken between the thirteenth and fourteenth meetings of the Board
   5. Report on the activities of the Co-Chairs, including updates on the revised work plan for 2016 and the Co-Chairs' consultations
   6. Report on the activities of the Secretariat, including an update on the strategic plan
   7. Reports from committees, panels and groups
   8. Matters related to guidance from the Conference of the Parties:
      (a) Support for facilitating access to environmentally sound technologies and for collaborative research and development
      (b) Support for REDD-plus
   9. Appointment of the Executive Director
   10. Country programming and support
       (a) Update on the preparation of country programmes
       (b) Progress and outlook report on the Readiness and Preparatory Support Programme
       (c) Country ownership guidelines
   11. Funding proposals:
       (a) Update on the status of the GCF pipeline
       (b) Consideration of funding proposals
   12. Policies on the formal replenishment process
   13. Matters relating to accreditation:
       (a) Strategy and policy on accreditation
       (b) Consideration of accreditation proposals
       (c) Accreditation review of applicant 026
Agenda item 3: Adoption of the report of the thirteenth meeting of the Board

3. The Co-Chairs drew the attention of the Board to the report of the thirteenth meeting of the Board as circulated to the Board (document GCF/B.13/33 titled “Report of the thirteenth meeting of the Board, 28-30 June 2016”).

Agenda item 4: Decisions taken between the thirteenth and fourteenth meetings of the Board

4. The Board took note of document GCF/B.14/Inf.01 titled “Decisions taken between the thirteenth and fourteenth meetings of the Board”.

Agenda item 5: Report on the activities of the Co-Chairs, including updates on the revised work plan for 2016 and the Co-Chairs’ consultations

5. The Board took note of document GCF/B.14/06/Rev.01 titled “Matters related to the work plan of the Board 2016”.

6. The Board adopted the following decision:

DEcision B.14/01

The Board,

(a) Decides to defer the consideration of the mobilization of private sector finance to progress the GCF forestry-related results areas to its sixteenth meeting and to include this item in the work plan for 2017 for consideration by the Board accordingly;

(b) Also decides to defer the alternative policy approaches for consideration at its seventeenth meeting;

(c) Further decides to defer the presentation and consideration of the risk and investment guidelines to its sixteenth meeting;

(d) Decides to defer the consideration of the pilot programme on mobilizing resources at scale to its fifteenth meeting;


(e) Notes that the Head of the Integrity Unit is to develop the full set of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism and present these to the Board for its consideration as early as feasible in 2017 as a matter of urgency;

(f) Further requests the Accreditation Committee in consultation with the Head of the Independent Integrity Unit to consider the best way to integrate such policies in the interim fiduciary standards, and present to the Board a proposal for its consideration as early as feasible in 2017 as a matter of urgency;

(g) Decides to defer the review of the Gender policy and action plan to its sixteenth meeting;

(h) Decides to conduct the review of the independent Technical Advisory Panel as part of the review of the initial proposal approvals process at B.15, in consultation with the Investment Committee;

(i) Also decides to defer the consideration of the policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources to the Initial Resource Mobilization process to its seventeenth meeting;

(j) Also decides to defer the consideration of the approval of the administrative budget and work programme of the Secretariat for 2017-2019 to its fifteenth meeting;

(k) Also decides to defer the consideration of the open competitive process for the selection of the permanent Trustee to its fifteenth meeting; and

(l) Decides to continue its consideration of the operational guidelines for the simplified approval process in conjunction with the review of the initial approval process.

Agenda item 6: Report on the activities of the Secretariat, including an update on the strategic plan

7. The Board took note of document GCF/B.14/Inf.03 titled “Report on the activities of the Secretariat, including an update on action items of the strategic plan”.

Agenda item 7: Reports from committees, panels and groups

8. The Board took note of document GCF/B.14/Inf.04 and Add.01 titled “Reports from committees, panels and groups of the Board of the Green Climate Fund”.

Agenda item 8: Matters related to guidance from the Conference of the Parties

9. The Board took note of document GCF/B.14/Inf.11 titled “Relationship with United Nations Framework Convention on Climate Change thematic bodies”.

10. The Board also took note of document GCF/B.14/Inf.12 titled “Complementarity and coherence with other funds”.

(a) Support for facilitating access to environmentally sound technologies and for collaborative research and development

11. The Board took note of document GCF/B.14/02 titled “Support for facilitating access to environmentally sound technologies and for collaborative research and development”.
12. The Board adopted the following decision:

**DECISION B.14/02**

The Board, having reviewed document GCF/B.14/02 titled “Support for facilitating access to environmentally sound technologies and for collaborative research and development”,

(a) **Acknowledges** that current GCF modalities enable support for technology development and transfer, including for facilitating access to environmentally sound technologies and for collaborative research and development;

(b) **Also acknowledges** that guidance, rules, modalities referenced in paragraph (a) above, and procedures that are to be developed to implement the Paris Agreement may require later consideration by the Board, in line with guidance received from the Conference of the Parties to the United Nations Framework Convention on Climate Change and/or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement once the Paris Agreement enters into force, consistent with Article 10, paragraph 5, of the Paris Agreement;

(c) **Encourages** national designated authorities and focal points to access readiness support directly, or to collaborate with readiness delivery partners and accredited entities to submit readiness requests, concept notes, funding proposals and Project Preparation Facility proposals that will facilitate access to environmentally sound technologies, consistent with a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects;

(d) **Decides** to continue enhancing cooperation and coherence of engagement with the Technology Executive Committee and the Climate Technology Centre and Network, pursuant to decisions B.13/10 to B.13/12, including through requesting the Secretariat to provide recommendations on further steps to enhance cooperation and coherence for consideration by the seventeenth meeting of the Board, and in the context of the Fund’s operational framework on complementarity and coherence and the annual event with the thematic bodies of the United Nations Framework Convention on Climate Change;

(e) **Encourages** national designated authorities/focal points to coordinate with the Climate Technology Centre and Network’s national designated entities in order to enhance cooperation; and

(f) **Requests** the Secretariat to prepare a document for consideration by the Board at its seventeenth meeting identifying concrete options on how the GCF can support collaborative research and development in developing countries, in line with the operational modalities of the GCF, taking into account decisions B.13/11 and B.13/12, and in the context of operational framework for complementarity and coherence with climate finance delivery channels.

(b) **Support for REDD-plus**

13. The Board took note of document GCF/B.14/03 titled “Support for REDD-plus”.

14. The Board adopted the following decision:
DECISION B.14/03

The Board, having considered document GCF/B.14/03 titled “Support for REDD-plus”,¹

(a) **Recognizes** the need to complement other sources and types of finance, and that the GCF can support the development of national REDD-plus strategies or action plans and investment plans, including through the Readiness and Preparatory Support Programme,² and that the fund can support the implementation of national REDD-plus strategies or action plans;³

(b) **Requests** the Secretariat to develop for consideration by the Board at its sixteenth meeting:

(i) A request for proposals for REDD-plus results-based payments, including guidance consistent with the Warsaw Framework for REDD+ and other REDD-plus decisions under the United Nations Framework Convention on Climate Change, taking into account topics included in sections 4.1 and 4.2 of document GCF/B.14/03 and decision B.08/08; and

(ii) Further guidance to support efforts by national designated authorities and focal points to engage with the GCF in early phases of REDD-plus using existing GCF modalities, tools and programmes; and

(c) **Also requests** the Secretariat to implement, with the advice of the Co-Chairs, a process for stakeholder and expert input to support its work under this decision and provide a progress report to the Board at its fifteenth meeting.

Agenda item 9: Appointment of the Executive Director

15. The Board adopted the following decision:

DECISION B.14/04

The Board,

(a) **Decides** by consensus to select Mr. Howard Bamsey for the post of the Executive Director of the Secretariat of the Green Climate Fund for a four-year term;

(b) **Requests** the Co-Chairs to negotiate the terms of the contract that will be in accordance with the approved terms of reference (annex III to decision B.12/22) and the agreed performance management framework. The remuneration package will be negotiated by the Co-Chairs, approved by the Board and publicly disclosed in line with the GCF Information disclosure policy;

(c) **Authorizes** the Co-Chairs to sign, on behalf of the GCF, the employment contract between Mr. Bamsey and the GCF; and

(d) **Confirms** that Mr. Javier Manzanares will continue as the Executive Director ad interim until Mr. Bamsey takes office.

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¹ Reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
² Annex VII to decision B.13/32.
³ Decision 1/CP.16, including paragraphs 71 and 73, and subsequent REDD-plus decisions.
DECISION B.14/05

The Board,

Requests the Executive Director Selection Committee to develop performance criteria and measurement procedures for the approval of the Board as a decision taken between meetings.

Agenda item 10: Country programming and support

(a) Update on the preparation of country programmes

16. The Board took note of a presentation by the Secretariat providing an update on the preparation of country programmes.

(b) Progress and outlook report on the Readiness and Preparatory Support Programme

17. The Board took note of document GCF/B.14/Inf.06 titled “Progress and outlook report of the Readiness and Preparatory Support Programme”.

(c) Country ownership guidelines

18. The Board took note of document GCF/B.14/05 titled “Country ownership guidelines”

19. The Board adopted the following decision:

DECISION B.14/06

The Board, having considered document GCF/B.14/05/rev.01 titled “Country ownership guidelines”,

Requests Mr. Colin Young (Board member, Belize) and Ms. Kate Hughes (alternate Board member, United Kingdom of Great Britain and Northern Ireland), to consult with the Board intersessionally with a view to presenting revised country ownership guidelines for consideration by the Board at its fifteenth meeting.

Agenda item 11: Funding proposals

(a) Update on the status of the GCF pipeline

20. The Board took note of document GCF/B.14/Inf.05/Rev.01 titled “Status of the Fund’s portfolio: pipeline and approved projects”.

(b) Consideration of funding proposals

21. The Board took note of document GCF/B.14/07/Rev.01 titled “Consideration of funding proposals”.

22. The Board adopted the following decision:
DECISION B.14/07

The Board, having considered document GCF/B.14/07 titled “Consideration of funding proposals”,

(a) **Notes** that the review of the initial proposal approval process is in progress, in accordance with decision B.11/11, paragraph (j), and that the Board will consider the outcome of the review at its fifteenth meeting, in accordance with decision B.12/13, paragraph (a);

(b) **Requests** the Co-Chairs and Executive Director ad interim, with guidance from the Budget Committee, to address the Secretariat capacity limitations in the Mitigation and Adaptation and Private Sector Facility divisions, by expediting, in a transparent manner, staff appointments, consultant appointments and secondments in key thematic areas;

(c) **Decides**, in line with decision B.11/11, to conclude the review of the initial proposal approval process, in particular to expedite progress on strengthening and scaling up the GCF pipeline; streamlining and improving the transparency of the proposal approval process; reviewing how concept notes should work within the project cycle; and strengthening project/programme eligibility criteria;

(d) **Also decides** to approve the operational guidelines of the simplified proposal approval process at its fifteenth meeting in line with decision B.13/20;

(e) **Notes** that the Investment Committee is already working to bring forward proposals on indicative minimum benchmarks for the seventeenth meeting of the Board and will propose terms of reference for the review of independent Technical Advisory Panel at the fifteenth meeting of the Board;

(f) **Expresses** concern regarding the number of conditional project approvals to date;

(g) **Urges** the Secretariat, national designated authorities and focal points, and accredited entities to intensify efforts to strengthen the quality of funding proposals, in order to demonstrate greater potential to adapt to the impacts of climate change and/or to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift;

(h) **Urges** direct access entities to make use of the Project Preparation Facility to strengthen their proposals in order to demonstrate greater potential to adapt to the impacts of climate change and/or to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift as indicated in paragraph (g) above;

(i) **Approves**, on an exceptional basis, the funding proposals (FP018-027) conditional on modification to the design of the relevant project or programme, as further set out in paragraphs (r-aa) below, and subject to paragraph (l) below, and requests the Secretariat to specifically report to the Board on the status of fulfilment of conditions in annex I at the seventeenth meeting of the Board;

(j) **Requests** the Secretariat to report to the Board at each meeting on the status of the fulfilment of all conditions decided by the Board in its approval of the relevant projects or programmes, and to seek further guidance from the Board in the event that the Secretariat determines that any such condition is technically, financially or legally unimplementable;

(k) **Takes note** of the views expressed on programmatic proposals, including those related to the need to seek a balance of national, regional and international programmatic funding proposals. Requests the Co-Chairs to continue to consult on the programmatic approach with a view to conclude the policy guidelines for programmatic approach for consideration at the fifteenth meeting of the Board, noting that approvals on programmatic funding proposals at the fourteenth meeting of the Board do not prejudice the Board’s consideration of these policy decisions;
(l) **Confirms** that only countries that have provided a letter of no-objection for FP025 are included in the approved programme;

(m) **Requests** the Secretariat to modify the funding proposal template to accommodate the additional criteria of the enhanced direct access pilot phase, as specified in annex I to decision B.10/04;

(o) Also **requests** the Secretariat to ensure that future proposals under the enhanced direct access modality meet all of the required elements of the enhanced direct access pilot and provide such evidence within the modified funding proposal template, as requested in paragraph (m) above;

(q) **Further requests** the Secretariat to explore options for a mechanism that will draw on appropriate scientific and technical advice, as initially envisaged by decision B.04/09, paragraph (d);

(p) **Emphasizes** the approach taken to approving funding proposals at the fourteenth meeting of the Board does not constitute a precedent;

(q) **Takes note** of the following funding proposals:

(i) Funding proposal 018 titled “Scaling-up of glacial lake outburst flood (GLOF) risk reduction in Northern Pakistan” by the United Nations Development Programme, as contained in document GCF/B.14/07/Add.01 and Add.17 (limited distribution);

(ii) Funding proposal 019 titled “Primcing financial and land-use planning instruments to reduce emissions from deforestation” by the United Nations Development Programme, as contained in document GCF/B.14/07/Add.02 and Add.17;

(iii) Funding proposal 020 titled “Sustainable energy facility for the Eastern Caribbean” by the Inter-American Development Bank, as contained in document GCF/B.14/07/Add.03 and Add.17;

(iv) Funding proposal 021 titled “Senegal integrated urban flood management project” by Agence Française de Développement, as contained in document GCF/B.14/07/Add.04 and Add.17;

(v) Funding proposal 022 titled “Development of argan orchards in degraded environment” by the Agency for Agricultural Development of Morocco, as contained in document GCF/B.14/07/Add.05 and Add.17;

(vi) Funding proposal 023 titled “Climate resilient agriculture in three of the vulnerable extreme northern crop growing regions (CRAVE)” by the Environmental Investment Fund, as contained in document GCF/B.14/07/Add.06 and Add.17;

(vii) Funding proposal 024 titled “Empower to adapt: creating climate change resilient livelihoods through community-based natural resource management in Namibia” by the Environmental Investment Fund, as contained in document GCF/B.14/07/Add.07 and Add.17;

(viii) Funding proposal 025 titled “Sustainable energy financing facilities (SEFF)” by the European Bank for Reconstruction and Development, as contained in document GCF/B.14/07/Add.11;

(ix) Funding proposal 026 titled “Sustainable landscapes in Eastern Madagascar” by the Conservation International Foundation and the European Investment Bank, as contained in document GCF/B.14/07/Add.12; and
(x) **Funding proposal 027** titled "Universal green energy access programme (UGEAP)" by Deutsche Bank AktienGesellschaft, as contained in document GCF/B.14/07/Add.13.

(r) **Approves** funding proposal 018 for the amount of USD 36,960,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;

(s) **Approves** funding proposal 019 for the amount of USD 41,172,739, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;

(t) **Approves** funding proposal 020 for the amount of USD 80,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;

(u) **Approves** funding proposal 021 for the amount of EUR 15,000,000, submitted by Agence Française de Développement, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;

(v) **Approves** funding proposal 022 for the amount of USD 39,292,600, submitted by the Agency for Agricultural Development of Morocco, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;

(w) **Approves** funding proposal 023 for the amount of USD 9,500,000, submitted by Environmental Investment Fund, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;

(x) **Approves** funding proposal 024 for the amount of USD 10,000,000, submitted by the Environmental Investment Fund, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;

(y) **Approves** funding proposal 025 for the amount of up to USD 378,000,000 equivalent, of which up to USD 84,000,000 will be provided in euro, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.11;

(z) **Approves** funding proposal 026 for the amounts of USD 18,500,000 and up to USD 35,000,000 respectively, jointly submitted by the Conservation International Foundation and European Investment Bank subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.12, taking note of potential future reflows from activities in Madagascar undertaken by European Investment Bank to the activities in the country to be undertaken by the Conservation International Foundation subject to subsequent Board approval of a funding proposal to be submitted by the latter closer to the date of such reflows;

(aa) **Approves** funding proposal 027 for the amount of USD 80,000,000, submitted by Deutsche Bank AktienGesellschaft, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.13;

(bb) **Reaffirms** that pursuant to annex VII to decision B.07/03, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the Green Climate Fund.
Climate Fund with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition set by the Board in this decision and in the decision accrediting the relevant accredited entity; and

(cc) **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 interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

**Agenda item 12: Policies on the formal replenishment**

**Agenda item 13: Matters relating to accreditation**

(a) **Strategy and policy on accreditation**

23. The Board took note of document GCF/B.14/09 titled "Strategy on accreditation".

24. The Board adopted the following decision:

**DECISION B.14/08**

The Board, having considered document GCF/B.14/09 titled “Strategy on accreditation”,

(a) **Takes note** of the draft strategy on accreditation contained in annex II;

(b) **Requests** the Accreditation Committee in consultation with the Secretariat, the Accreditation Panel and national designated authorities, and taking into consideration previous decisions of the Board, in particular decision B.08/10 on country ownership and decision B.12/20 on the strategic plan for the GCF, to continue to elaborate on the draft strategy for its further consideration at the fifteenth meeting of the Board;

(c) **Acknowledges** the recommendation of the Accreditation Committee and the Accreditation Panel to further develop the accreditation framework, which should consider lessons learned and the discussions of the Board at its fourteenth meeting;

(d) **Decides** that future accreditation decisions by the Board should aim to bring forward accredited entities that fill the mandate on balance, diversity and coverage and advance the objectives of the GCF, and to that end:

(i) **Decides** to request the Accreditation Panel and the Secretariat to establish a prioritization of entities applying for accreditation, and prioritizes in 2016 and 2017 the following, not listed in any particular order of priority:

1. National direct access entities;

2. Entities in the Asia-Pacific and Eastern European regions;

3. Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decisions B.09/07, paragraph (g) and decision B.10/06, paragraph (h);

4. Entities responding to requests for proposals issued by the GCF, 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;

5. Entities seeking fulfilment of conditions for accreditation; and

6. Entities requesting upgrades; and

(ii) Requests the Secretariat, in consultation with the Accreditation Committee and Accreditation Panel, to consider how to refine the method and criteria for prioritization for consideration of the Board at the sixteenth meeting of the Board;

(e) With a view to increasing the efficiency of the accreditation process:

(i) Requests the Secretariat, in consultation with the Accreditation Panel, to develop modalities for the use of third-party evidence for review by the Board by its sixteenth meeting;

(ii) Decides to review the fast-track process as defined in decisions B.08/03, B.10/06 and B.12/30 by the twentieth meeting of the Board; and

(iii) Recalling decision B.08/03, paragraphs (f) and (k), requests the Accreditation Panel, with the support of the Secretariat, under the guidance of the Accreditation Committee, to elaborate the following elements for decision by the Board at its seventeenth meeting in 2017, an assessment, including a gap analysis, of the Adaptation Fund’s Environmental and Social Policy (approved in November 2013 and amended in March 2016) and Gender policy (approved in March 2016) in line with the GCF interim environmental and social safeguards and gender policy with recommendations on their potential accreditation or fast-tracking;

(f) Decides to commence review of the GCF initial fiduciary standards in 2017 in accordance with decision B.07/02; and

(g) Requests the Accreditation Panel to report at the fifteenth meeting of the Board on progress made towards establishing a baseline for the whole portfolio of accredited entities in accordance with decision B.12/30.

(b) Consideration of accreditation proposals

25. The Board took note of document GCF/B.14/10 titled “Consideration of accreditation proposals – overview of accreditation”, document GCF/B.14/15/Rev.01 titled “Consideration of accreditation proposals – entities recommended at the thirteenth meeting of the Board” and document GCF/B.14/16 titled “Consideration of accreditation proposals – entities recommended at the fourteenth meeting of the Board”.

26. The Board adopted the following decisions:

DECISION B.14/09

The Board, having considered document GCF/B.14/10 titled “Consideration of accreditation proposals – overview of accreditation”,

(a) Takes note with appreciation of the efforts that accredited entities are making in order to address their accreditation conditions as listed in annex III;

(b) Also takes note of the accredited entities with accreditation conditions fulfilled and closed as determined by the Accreditation Panel and listed in annex III;
Further takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat, in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex IV; and

Decides that those entities referred to in annex IV are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with 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 International Development and Cooperation.

DECISION B.14/10

The Board, having considered document GCF/B.14/15 titled “Consideration of accreditation proposals – entities recommended at the thirteenth meeting of the Board”,

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 035 (APL035) is the Banque Ouest Africaine de Développement (West African Development Bank, BOAD) based in Togo, as contained in annex V;

(ii) Applicant 036 (APL036) is the Caribbean Development Bank (CDB) based in Barbados as contained in annex VI;

(iii) Applicant 037 (APL037) is XacBank LLC (XacBank) based in Mongolia, as contained in annex VII; and

(iv) Applicant 038 (APL038) is the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) based in Germany, as contained in annex VIII; and

Accredits APL035, APL036, APL037 and APL038 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicants. A summary of the recommended accreditation types and conditions and/or remarks, if any, for each applicant is contained in annex IX.

DECISION B.14/11

The Board, having considered document GCF/B.14/16 titled “Consideration of accreditation proposals – entities recommended at the fourteenth meeting of the Board”,

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 039 (APL039) is the South African National Biodiversity Institute (SANBI) based in South Africa, as contained in annex X;

(ii) Applicant 040 (APL040) is the Food and Agriculture Organization of the United Nations (FAO) based in Italy, as contained in annex XI;

(iii) Applicant 041 (APL041) is the International Fund for Agricultural Development (IFAD) based in Italy, as contained in annex XII; and

(iv) Applicant 042 (APL042) is the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) based in the Netherlands, as contained in annex XIII; and
Accredits APL039, APL040, APL041 and APL042 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicants. A summary of the recommended accreditation types and conditions and/or remarks, if any, for each applicant is contained in annex XIV.

Accreditation review of applicant 026

The Board took note of document GCF/B.14/Inf.07 titled “Accreditation review of applicant 026”.

Status of accreditation master agreements

The Board took note of document GCF/B.14/12 (limited distribution) titled “Accreditation master agreements and funded activity agreements” and document GCF/B.14/08/Rev.01 (limited distribution) titled “Approval of the accreditation master agreement executed with the United Nations Development Programme”.

Two limited distribution decisions were adopted under this agenda sub-item:

(a) DECISION B.14/12 on accreditation master agreements and funded activity agreements; and

(b) DECISION B.14/13 on the approval of the accreditation master agreement executed with the United Nations Development Programme.

Agenda item 14: Status of the staffing of the Secretariat

The Board took note of document GCF/B.14/14 titled “Report on the staffing of the Secretariat”.

Agenda item 15: Review of the interim Trustee

The Board took note of document GCF/B.14/11 titled “Review of the Interim Trustee”.

The Board adopted the following decision:

DECISION B.14/14

The Board, having considered document GCF/B.14/11 titled “Interim Trustee Review”,

Takes note of the report on review of the Interim Trustee and its findings as contained in annex XV.

Agenda item 16: Administrative matters: Report on the execution of the administrative budget

The Board took note of document GCF/B.14/Inf.10 titled “Report on the execution of the 2016 administrative budget of the Green Climate Fund at 31 August 2106”.

Agenda item 17: Dates of the following meeting of the Board
34. The Board took note of document GCF/B.14/13 titled “Date and venue of the following meeting of the Board”.

35. The Board adopted the following decision:

**DECISION B.14/15**

The Board, having reviewed document GCF/B.14/13 titled “Date and venue of the following meeting of the Board”,

(a) Affirms that the fifteenth meeting of the Board will take place from Tuesday, 13 December 2016, to Thursday, 15 December 2016;

(b) Also affirms that the fifteenth meeting of the Board will take place in Apia, Samoa, subject to the conclusion of the required legal agreement at least six weeks before the meeting starts; and

(c) Requests the Secretariat to continue its consultations with Samoa with a view to concluding the required legal agreement and to making the necessary arrangements (annex XVI).

**Agenda item 18: Others matters**

36. No decision was taken under this agenda item.

**Agenda item 19: Report of the meeting**

37. The decisions as adopted and their corresponding annexes are included in this document.

**Agenda item 20: Close of the meeting**

38. The meeting was closed on 14 October 2016 at 7:00 p.m.
Annex I: List of conditions and recommendations

Table 1. General conditions applicable to all funding proposals

<table>
<thead>
<tr>
<th>Funding proposal number</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>All proposals</td>
<td>Conditions to be met prior to the execution of the Funded Activity Agreement:</td>
</tr>
<tr>
<td></td>
<td>(i) Finalization of legal documentation in form and substance satisfactory to the GCF’s Secretariat within 180 days of the date of Board approval, or the date when all internal approvals by the accredited entity are obtained, or the date of effectiveness of the AMA entered into with the relevant Accredited Entity, whichever is later;</td>
</tr>
<tr>
<td></td>
<td>(ii) Completion of the legal due diligence to the GCF’s Secretariat satisfaction;</td>
</tr>
<tr>
<td></td>
<td>(iii) Submission of a certificate in a form and substance that is satisfactory to the GCF’s Secretariat, within 120 days after Board approval, or the date of effectiveness of the AMA entered into with the relevant Accredited Entity, confirming that the accredited entity has obtained all final internal approvals needed to implement the proposed project/programme; and</td>
</tr>
<tr>
<td></td>
<td>Conditions for disbursement under the Funded Activity Agreement:</td>
</tr>
<tr>
<td></td>
<td>(iv) Fulfilment of any conditions precedent specified in the funded activity agreement to the satisfaction of the GCF’s Secretariat.</td>
</tr>
</tbody>
</table>

Table 2. General recommendation to the Board

<table>
<thead>
<tr>
<th>Funding proposal number</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>All proposals</td>
<td>Disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.</td>
</tr>
</tbody>
</table>

Table 3. Project-specific conditions and recommendations

<table>
<thead>
<tr>
<th>Funding proposal number</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FP 018 (UNDP Pakistan)</td>
<td>Conditions for disbursement under the Funded Activity Agreement:</td>
</tr>
<tr>
<td></td>
<td>For first disbursement:</td>
</tr>
<tr>
<td></td>
<td>(i) Completion of the detailed evaluation of the financial management capacity of the Ministry of Climate Change and the potential Responsible Parties, under the UNDP’s Framework for Cash Transfer to Implementing Partners as satisfactory to implement the Project.</td>
</tr>
<tr>
<td></td>
<td>For third disbursement:</td>
</tr>
<tr>
<td></td>
<td>(ii) Provision of formal commitment letters from the relevant Government institutions and the Pakistan Meteorological Department to include operations and maintenance costs for the assets and/or equipment within their annual budgets, consistent with the cost estimates provided by UNDP.</td>
</tr>
</tbody>
</table>
Additional conditions:

(i) Arranging insurance of the equipment so that maintenance costs beyond the project lifetime could be arranged, making EWS sustainable.

(ii) Developing a clearer implementation plan for drinking water provision immediately after GLOF events.

(iii) Maintaining and (if necessary) expanding the Project Management Unit team from the first pilot, so as to take advantage of their knowledge and speed up the initial stages of implementation.

(iv) Ensuring constant contact with community-based GLOF risk management projects by deploying experienced site managers and support staff on the ground for long periods of time.

(v) Producing periodical documentation on lessons learned on multiple aspects of the implementation (social, environmental, technical, science, etc.), so that programme replication is carried out adequately.

Recommendation:

(vi) Take advantage of project-developed organizations on the site to expand to other activities in the near future, for example, water and sanitation, health, education, community-based first aid, etc.

Further conditions and recommendations:

Condition:

(i) GCF proceeds shall not be used for financing activities related to disaster response and relief.

(ii) Prior to first disbursement, UNDP will present the report of a technical assessment on the possible risk of natural disasters affecting the project area.

Recommendation:

(ii) UNDP to provide more information on the capacity building measures and on potential resulting regulations and policies, in particular on how to integrate climate change and GLOF risks in development plans.

FP 019
(UNDP Ecuador)

Conditions to be met prior to the execution of the Funded Activity Agreement:

(i) The SBAA between UNDP and the Government of Ecuador, including the Country Programme Action Plan, is duly executed and effective.

Conditions for effectiveness of the Funded Activity Agreement:

(ii) A certificate in a form and substance that is satisfactory to the Fund, which has been signed by the most senior legal officer of UNDP confirming that the FAA entered into by UNDP has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of UNDP, and is binding upon UNDP in accordance with its terms.

(iii) The UNDP Project Document between UNDP (Country Office) and the Ministry of Environment (MAE) acting as Executing Entity is duly signed and effective.

Conditions for disbursement under the Funded Activity Agreement:

For second disbursement:

(iv) Completion and submission by UNDP, in a form and substance satisfactory to the Fund, of the detailed technical studies that are project-specific for Activity 1.3.3 (Infrastructure for integrated forest control centres) and Activity 2.5.6 (Infrastructure for cocoa collection centres), including a map for locations, technical specifications and budget breakdown by activity and by expenditure type.
For fifth disbursement:

(v) Submission by UNDP, in the form and substance satisfactory to the Fund, of a financial sustainability strategy of the GCF financing, including the following:

(1) UNDP’s analysis on the efficiency and effectiveness of the incentive mechanisms for direct transfers of components 2 and 3, and any results thereof; and

(2) UNDP’s evidence of the securement, and/or the achievement, of the sustainable financing sources for component 1 for the continuation of implementation of the activities under component 1.

General conditions prior to all disbursements (except for the first disbursement):

(vi) Inclusion of the following elements in the annual performance reports (APRs):

(1) Evidence showing that GCF funding for sub-component 1 (PDOTs and Life Plans) has been disbursed to activities directly related to REDD+ activities; and

(2) Detailed pipeline portfolio report for the three Water Funds.

(vii) Delivery of evidence, satisfactory to the GCF, indicating the status and amount of the co-financing funds disbursed and applied to the Project’s implementation activities up to the date of the request for funds made by UNDP.

Additional conditions:

Conditions prior to execution:

(i) A revision of CO2 emission reduction estimates, and a baseline information system to support monitoring arrangements of the REDD+ scheme.

(ii) The development of a comprehensive sustainability strategy for all the components of the project with special emphasis on component 2, including alternative financial options to just giving grants.

(iii) A grant operational manual with a detailed explanation of the farm (family) selection process for the ATPA project, selection criteria, terms and conditions of the grants, approval process and role of the Ministry of Environment, the Ministry of Agriculture, the ATPA project and the acting unit of the GCF proposed project.

(iv) Proof of further consultations with indigenous and peasant communities to agree on the proposed interventions and their willingness to participate in the project.

(v) A more comprehensive knowledge-sharing strategy, with special emphasis on institutional coordination.

After six months from the beginning of the project:

(vi) Develop a complete revision of the project investments after undertaking an impact assessment of the results of the ATPA, the Socio Bosque Programme and the three water funds, in terms of achieving the REDD targets. Further investments will be considered by the GCF only for the best alternatives to reduce deforestation.

Further recommendation:

(i) UNDP to provide evidence of how the proposed project will build on and not duplicate work already completed or in progress in other programs, given that Ecuador has gone through a preparatory phase for REDD+.

FP 020
(IDB 5ECC Geothermal) Conditions for effectiveness of the Funded Activity Agreement:

(i) Delivery of a certificate, which has been issued by an authorized legal officer of the IDB, confirming that the FAA entered into by IDB has been duly authorized, duly executed and delivered on behalf of the IDB, and is binding upon IDB in accordance with its terms.
Conditions for disbursements under the Funded Activity Agreement:

For first disbursement:

(ii) Development of the OM of the Programme, which shall include

   (1) the technical parameters that will trigger the reimbursement of the reimbursable grant funds under the Reimbursable Grant Agreement;

   (2) a requirement for the local SPV to provide evidence of the availability of funds required for both the exploration and production phases, including the evidence of private sector commitments to be made in the form of equity investments; and

   (3) the justification of the terms and conditions of the financing applied by CDB to the sub-borrowers/final beneficiaries for the exploration phase, including (a) the level of concessionality of the financial package received by the sub-borrowers/final beneficiaries (SPV) either as reimbursable grants or as grants convertible into loans; and (b) how this level of concessionality is reflected in the economic model of the project which will lead to the potential PPA and, finally, will be reflected in the tariff, comparing the scenarios of CDB extending reimbursable grants, and grants convertible to loans.

(iii) Approval of the OM by the Board of Directors of CDB, and the non-objection of the IDB to the OM.

General conditions for all disbursements:

(iv) Delivery of a request for disbursement by the IDB, signed by the person or persons authorized to do so, within thirty (30) calendar days prior to the expected date of disbursement.

(v) Delivery of evidence, satisfactory to the GCF, of the authority of the person or persons authorized to sign the request for disbursement and the authenticated specimen signature of each such person.

Conditions for disbursement of the non-reimbursable funds:

For first disbursement:

(vi) The IDB shall provide the GCF with the legal opinions it shall receive from CDB, addressed to IDB and GCF, which shall establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by CDB in the Grant Agreement are valid and enforceable.

For all disbursements:

(vii) Request of disbursement of non-reimbursable funds, under the Grant Agreement, from the CDB to the IDB.

Conditions for disbursement of the reimbursable funds (to be disbursed by IDB as reimbursable grant):

For first disbursement:

(viii) Set up of the Programme Account in CDB.

(ix) The IDB shall provide the GCF with the legal opinions it shall receive from CDB, addressed to IDB and GCF, which shall establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by CDB in the Reimbursable Grant Agreement are valid and enforceable.

(x) Signed Agreement between CDB and the SPV, for the first sub project, with non-objection from the IDB.

For all disbursements:
(xi) Delivery of a confirmation by IDB of its no-objection to the final draft appraisal report of the Sub-Projects requesting funding for exploration. The final draft appraisal report shall include regulatory framework developments.

(xii) Request of disbursement from the CDB to the IDB.

Conditions for effectiveness of the Loan Agreement:

(xiii) Exploration phase successfully completed and certified by an independent party.

Conditions for disbursement of the reimbursable funds (to be disbursed by IDB as loan):

For first disbursement:

(xiv) The IDB shall provide the GCF with the legal opinions it shall receive from CDB, addressed to IDB and GCF, which shall establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by CDB in the Loan Agreement are valid and enforceable.

For first disbursement to each individual Sub-Project:

(xv) IDB will provide the GCF Secretariat with a semi-annual implementation report which will include an updated version of the budget submitted by IDB as an annex to the funding proposal approved by the GCF Board.

(xvi) Provision by IDB to the GCF of the final draft appraisal report prepared by the CDB, to the GCF’s satisfaction, which will include the final financial structure for the respective Sub-Projects.

(xvii) Delivery of a confirmation by IDB of its no-objection to the final draft appraisal report of the Sub-Project requesting funding. The final draft appraisal report shall include regulatory framework developments.

For all disbursements:

(xviii) Request of disbursement of the CDB to the IDB.

Additional conditions:

(i) IDB should submit a document to the GCF providing a comprehensive evaluation of the mitigation benefits of this project. The document will establish a transparent framework for GHG emission reductions of the project and a monitoring protocol that will be utilized in the periodic review of emission reduction performance of the project during the lifetime of the programme.

(ii) Prior to financial closure, IDB should present to the GCF a comprehensive plan on the flow of the other sources of the fund (including the flow from IDB, CDB and other fund sources) with a contingent plan on what happens to the GCF funds if any of the fund sources do not flow at the quantum rate expected in the programme design.

(iii) Prior to financial closure or first disbursement, IDB should submit to GCF a comprehensive programme monitoring plan that should cover all the component activities of the SEF-SECC programme, which includes all technical details and lessons learned in each country.

(iv) Risk-hedging tools must be agreed on (between the GCF and IDB) and put in place prior to financial closure so as to cover key risks areas identified for the successful implementation of the project.

Further condition and recommendation:

Condition:

(i) Environmental and Social Impact Assessments for Category A sub-projects will be publicly disclosed at least 120 days prior to CDB’s final decision to fund that sub-
**Recommendation:**

(ii) IDB shares lessons learnt and publish data on verified cost reductions once the projects are up and running.

### Conditions for effectiveness of the Funded Activity Agreement:

**FP 021**  
**AFD Senegal**

(i) Delivery of a certificate issued by the Accredited Entity's senior legal officer, in a form that is satisfactory to the Fund, certifying that the FAA entered into by the Accredited Entity has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the Accredited Entity, and is binding upon the Accredited Entity in accordance with its terms.

### Conditions for disbursement under the Funded Activity Agreement:

*For first disbursement:*

(ii) Delivery of an evidence to the Fund confirming the budget allocation by the GoS of a minimum EUR 6 million (six million Euros) for compensation for the persons affected under sub-component 2.3 of the Project.

(iii) Delivery of procurement plan related to GCF Proceeds in form and substance satisfactory to the GCF.

(iv) Signing of the Subsidiary Agreement between AFD and the GoS with respect to the GCF Proceeds.

### Additional conditions:

(i) Developing all project components, particularly sub-component 2.3 (sewer and drainage infrastructure for Dakar’s Pikine Irrégulier Sud), at a conceptual level so as to be able to estimate the annual O&M expenditures.

(ii) Demonstrating funding sources will be available to cover those O&M expenditures in the long term.

(iii) Justifying why certain households in the area of intervention in Dakar’s Pikine Irrégulier Sud (subcomponent 2.3) will not have sewers and indicating why this approach will not continue to contaminate the area that is meant to be protected by the project.

(iv) Securing funding for intradomiciliary connections in those areas where sewers will be built.

(v) Providing estimated annual costs of operation and maintenance of the WWTP, providing an indication of sustainable financial resources to cover these operational expenditures. Also, indicating the proposed treatment of biogas (containing methane) at this utility.

### Further recommendation:

(i) AFD to develop an integrated strategy for flood risk management as part of the project.

### Conditions for effectiveness of the Funded Activity Agreement:

**FP 022**  
**ADA Morocco**

(i) Delivery by ADA of a legal opinion or a certificate, in a form that is satisfactory to the GCF, confirming that the FAA entered into by ADA has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of ADA, and is binding and enforceable upon ADA in accordance with its terms.

### Conditions for disbursement under the Funded Activity Agreement:

*For first disbursement:*

For first disbursement:
(ii) Submission of evidence by ADA confirming that ANDZOA, as executing entity for the Project, has obtained all necessary land rights which are required for the implementation of the Project according to the planting schedule of the first year.

(iii) Completion of ADA’s evaluation/assessment of ANDZOA’s financial and procurement capacity including Assessment of ANDZOA’s procurement policies and procedures.

(iv) Provision of a revised logical framework including adaptation indicators.

(v) Monitoring arrangements satisfactory to the Fund for the establishment of Argan orchards and ecosystem health of natural Argan forests adjacent to the project.

(vi) A detailed procurement plan and detailed budget in the form and substance satisfactory to the Fund.

For all disbursements (except for the first disbursement):

(vii) Submission of evidence by ADA confirming that ANDZOA, as executing entity for the Project, has obtained all necessary land rights which are required for the implementation of the Project according to the planting schedule every year prior to initiation of planting activities.

(viii) Inclusion of the following elements in the annual performance reports (APRs):

1. Success of the establishment of Argan orchards and ecosystem health of natural Argan forest;

2. Report on the estimation of the indirect beneficiaries and percentage against the total population and the methods used for the estimation of direct and indirect beneficiaries;

3. Report and evidence satisfactory to the Fund on “Volume of finance leveraged”.

Additional conditions:

(i) Present evidence of consultations with communities and co-operatives as well as contract agreements to manage the argan forest, the water catchments and the medicinal plant orchards, in the short, medium and long terms.

(ii) Present an implementation plan according to the real capacity to plant and maintain trees by the communities and cooperatives involved in the project. The plan should concur with the contract agreements established with the beneficiaries of the project. The disbursement schedule will be subject to providing evidence on the progress of the establishment and success of the implementation stages.

(iii) Provide a water balance report on the project, including hydrology, evapotranspiration and radiation studies. Ensure that groundwater will not be used, even in dry periods, so as to avoid exporting ‘virtual water’ outside this dry country to wetter countries (e.g. France).

(iv) Develop a complete economic, financial and market strategy that assures that the investment of the GCF will be sustainable after project completion. The market analyses will need to include argan sub-products and medicinal plants.

(v) Provide detailed mapping of the current and expected value chain arrangements with concrete initiatives in order to achieve effectiveness, equity and fair market arrangements.

Further condition and recommendation:

Condition to be met prior to disbursement:

(i) ADA to develop a strategy for leveraging private sector investment to be submitted to the Secretariat.
Recommendation:

(ii) ADA clarifies how the project addresses risks such as overuse, deforestation and animals that mainly threaten the sustainability of argan trees.

FP 023
(EIF Namibia CRAVE)

Conditions for effectiveness of the Funded Activity Agreement:

(i) Delivery of a certificate issued by the Accredited Entity’s senior legal officer, in a form that is satisfactory to the Fund, certifying that the FAA entered into by the Accredited Entity has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the Accredited Entity, and is legally binding and enforceable upon the Accredited Entity in accordance with its terms.

Conditions for disbursement under the Funded Activity Agreement:

For first disbursement:

(ii) Satisfaction of the conditions prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the Accredited Entity prescribed in the Accreditation Decision B.10/06, Annex VII.

(iii) Having obtained an approval from the Central Bank of Namibia to open and having opened a US Dollar Bank account as the GCF Account.

(iv) Submission of an updated procurement plan in form and substance satisfactory to the Fund.

(v) Submission of a detailed budget for the duration of the Project in form and substance satisfactory to the Fund.

Additional conditions:

(i) Provide a letter of commitment to the GCF before financial closure, confirming that the proposed MCRACE will continue to function, with expanded coverage as envisaged, with no further external support beyond the project period.

(ii) Submit complete scientific analytical evidences (hydrogeology and hydrology studies) to the GCF before the mid-term review of the project, ensuring that both surface and groundwater utilization for irrigation will not lead to unsustainable use of water resources from either of the sources.

(iii) Supply a revision of the budget before the second disbursement, demonstrating the rationales of inputs to various heads and also exhibiting unit costs, ensuring allocation for the functioning of the proposed MCRACE throughout the project period (including the fifth year). The budgetary revision shall create financial room by decreasing dependence on external consultants, and moving towards increasing coverage of SSFs and land area targeted, especially for the coverage of irrigated agriculture, in line with the adaptation targets set in the proposal.

(iv) Confirm, by written expression, an increase in the number of field-trial sites from the three sites to involving all regions (three sites per region). Such revision will be made before financial closure.

(v) Provide for a revised logical framework to the satisfaction of the Secretariat before financial closure, illustrating all the activities under the various components and exhibiting all the indicators, taking into consideration the provisions created under condition #3 above.

Recommendations:

(vi) Finalize the monitoring and evaluation framework taking into consideration the safe removal/retiring of exhausted solar PV systems and their timely replacement so that sustained irrigation is possible.

(vii) Develop and utilize a gender-differentiated training manual, based on local level
gender considerations and needs, for managing a solar-based irrigating system.

(viii) Invite a representative of the national authority to deliver disaster risk reduction to the Project Management Unit, so that a greater inter-agency integration of project activities might be forged.

**Further condition and recommendation:**

**Condition to be met prior to disbursement:**

(i) The business model referred to in component 1.1.1. will be completed and submitted to the GCF Secretariat prior to disbursement of GCF funding.

**Recommendation:**

(ii) Provide evidence of how to deal with social consequences of crop and vegetable farming production in semi-arid region, and environmental consequences of innovative agricultural practices.

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**FP 024**

**(EIF Namibia EDA)**

**Conditions for effectiveness of the Funded Activity Agreement:**

(i) Delivery of a certificate issued by the Accredited Entity’s senior legal officer, in a form that is satisfactory to the Fund, certifying that the FAA entered into by the Accredited Entity has been duly authorized or ratified by all necessary corporate actions, duly executed and delivered on behalf of the Accredited Entity, and is legally binding and enforceable upon the Accredited Entity in accordance with its terms.

**Conditions for disbursement under the Funded Activity Agreement:**

*For first disbursement:*

(ii) Satisfaction of the conditions specified in Decision B.10/06 of the GCF accrediting the EIF to be met prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the Accredited Entity.

(iii) Having obtained an approval from the Central Bank of Namibia to open and having duly opened a US Dollar bank account as the GCF Account.

**Additional conditions:**

(i) A clear effort should be made by the AE, prior to the second disbursement for the project, to clearly indicate the overall project targets regarding impacts on all three grant-based activities, segregated by type of adaptation and low-carbon development, including approximate carbon sequestration potential from CBNRM activities.

(ii) The budget should be revised prior to the signing of the contract, removing non-climate components such as the strengthening of CBO governance, and with the saved allocation, the coverage of grants for drought reducing adaptive capacities could be strengthened and/or increased allocation could be made to incentivize innovative sub-components such as activity 2.1.

(iii) A clear written commitment should be provided to the GCF by the accredited entity EIF, prior to the signing of the contract, to invest the ‘environment levy’ in order to sustain the functioning of project-related gains (particularly those related to component 2 activities and activity 2.1 of component 1), beyond the project period and to scale up the project ideas.

(iv) Prior to the signing of the contract, clear written assurance should be received from EIF, to the satisfaction of the Secretariat, that the transaction cost for supporting activities under component 2 will be limited to a maximum of 15 per cent of the three grant facilities.

**Further conditions:**

**Condition to be met prior to disbursement:**

<table>
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<td>(i) The business model referred to in component 1.1.1. will be completed and submitted to the GCF Secretariat prior to disbursement of GCF funding.</td>
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<tr>
<td>(ii) Provide evidence of how to deal with social consequences of crop and vegetable farming production in semi-arid region, and environmental consequences of innovative agricultural practices.</td>
</tr>
</tbody>
</table>
(i) Disbursement will not occur until the project meets all the requirements described in Annex I to Decision 10/04, in particular (1) the national oversight and steering function is operational, and (2) multi-stakeholder engagement processes are in place, in line with Annex XIV to decision B.08/10.

**FP 025**
(EBRD SEFF)

**Further conditions and recommendations:**

**Condition:**
(i) Only countries that have provided a letter of no-objection as at 14 October 2016 are included in the programme.
(ii) Countries that provide a letter of no-objection after 14 October 2016 may be added to the programme, subject to approval by the Board.

**Recommendation:**
(iii) EBRD develops a policy for how lessons learnt of previous SEFFs will be shared.

**FP 026**
(CI/EIB Madagascar)

**Conditions for effectiveness of the Funded Activity Agreement:**

(i) The Accredited Entities shall ensure that support will not be provided to any Category A subprojects and activities as explicitly stated in the ESMP.
(ii) Specific to the CI Funded Activity Agreement, the government approval for CI operating in Madagascar shall have been obtained.
(iii) Specific to the EIB Funded Activity Agreement, the following condition shall be incorporated:
   a. A new calendar of committed disbursements should be established for the Class A shares, aligned to the calendar of the rest of shareholders. It should set a limit on the annual amount of each reflow up to the accumulated amount it has already disbursed at that point;
   b. The shareholder agreement should oblige all the shareholders (Class A and Class B) to honour the disbursements on a proportionate basis at all times throughout the Project’s lifespan; and
   c. The commencement of the Project should be conditional on the commitment of the Class A investor or, if this is not possible, the guarantee of the AE related to it.

**Conditions for disbursement of the Funded Activity Agreement:**

(iv) Accredited Entities shall, prior to disbursement, ensure that a more detailed gender assessment is conducted using primary or secondary sources, as developing a gender assessment during the Project preparatory stage is mandatory according to the GCF Gender Policy. The Accredited Entities shall also ensure that a Project-level gender action plan (GAP) is developed at the Project preparatory stage. The GAP should contain clear-cut gender responsive activities, gender performance indicators (both qualitative and quantitative), sex-disaggregated targets, and responsibility lines.

**Additional conditions:**

To be complied with prior to financial closure:

(i) Complete a climate change baseline impact study for the agriculture sector on targeted landscapes and provide planned measures for climate-smart agriculture based on this demonstrated impact.
(ii) Provide detailed analysis of concrete measures preventing the "return back
to traditional practice” and other measures ensuring the long-term sustainability of the results.

(iii) Provide forest management reference level/baseline information for these particular landscapes, including NDs. Also provide information on the potential impact of NDs on the forest sector contributing to forest degradation with the preliminary assessment of risks for project success.

**Further conditions:**

**Conditions to be met prior to disbursement:**

(iii) Prior to disbursement, CI provides a roadmap on how and when the project will be aligned with the national REDD+ implementation arrangements, including REDD+ activities which have received funding from other sources. The roadmap should include steps to ensure that this project will effectively contribute to the establishment of Madagascar’s national REDD+ implementation arrangements.

**Conditions:**

(iv) That disbursement of the Remaining Seed Capitalisation of the Climate Change Trust Fund (CCTF) is contingent on receipt of both the CCTF constitutive documents and the Strategic Plan.

(v) That the capitalisation will be an endowment to provide for the financial sustainability of the CCTF in order to finalise the remaining Administration and Operations Documents and seek further funding, and will not be disbursed into any other activity until such time as it has raised additional donor funding to match the capitalisation from the GCF.

(vi) That if on the fifth (5) anniversary of the disbursement of the Remaining Seed Capitalisation the Trust Fund has not succeeded in raising additional donor funds (which could include Board approval for the reallocation of reflows from the private sector part of the overall project), then the GCF capitalisation of the CCTF is returned to the GCF, in accordance with prevailing Malagasy law.

**FP 027 (Deutsche Bank AG UGEAP)**

**Conditions to be met prior to the execution of the Funded Activity Agreement:**

(i) The lead syndication partner of UGEAP underwrites no less than 20 per cent of a syndicated loan for an eligible investment against a maximum 70 per cent of UGEAP take, with the possibility of the lead syndication partner selling down to no less than 15 per cent of the loan principal, on a pro-rata basis with UGEAP. ‘Market-out’ clauses would be applicable to both the lead syndication partner and UGEAP.

(ii) Deutsche Bank’s 3 per cent participation in the capital of UGEAP is invested on a pro-rata basis with the GCF on each closing date.

**Conditions for disbursement under the Funded Activity Agreement:**

(iii) The initial drawdown of GCF funding shall be subject to legal confirmation in form and substance satisfactory to the GCF Secretariat of the participation by other public/private investors in Class B capital.
(iv) GCF participation in Class B capital shall not represent more than 80 per cent of the total Class B capital upon each closing.

Additional conditions:

(i) The AE prepares, for review and endorsement by the Secretariat before the signing of financial agreements, a strategy and programme to develop the capacity of local FIs to evaluate, credit rate, structure and monitor renewable energy business and projects prior to the first GCF disbursement. The programme should take into account the availability of funding to address the need for continuous training and follow-ups during the term of UGEAP. The strategy and programme need to be reviewed and updated so as to help local FIs to effectively respond to developments in the sector and regions.

(ii) The AE also prepares, for review and endorsement by the Secretariat before the signing of financial agreements, the UGEAP plan to develop and supervise the capacity and implementation of local FIs to guide and monitor proactively their borrowers’ implementation of and compliance with GCF E&S requirements and international best practices with respect to UGEAP intervention. The plan should include, among others, a scheme to properly control and monitor disposal of solar power equipment such as batteries. The implementation of the plan needs to be reported by the AE to the GCF annually for GCF review and guidance. The AE and UGEAP need to ensure sufficient funds to be allocated to ensure the sustainable implementation of the plan.

(iii) Before the end of its second year of operation, UGEAP should prepare and implement, together with its partnered local FIs and corporations, a strategy and plan for disseminating knowledge and lessons learned to local and national governments in a periodic manner. UGEAP should include in its annual report to the GCF discussions and feedback received from governments in terms of regulatory developments in the sector and region as a result of the operation and contribution of UGEAP.

Further conditions and recommendations:

Condition:

(i) That two per cent of the GCF commitment to Phase 1 of UGEAP (equivalent to $1.6m) is disbursed as grant to a dedicated Technical Assistance facility, subject to the submission of a proposal to manage such a facility which is acceptable to the GCF, with the remaining $78.4m being invested as equity in Tranche B.

Recommendation:

(ii) Deutsche Bank should define how UGEAP sets itself apart and/or cooperates with similar initiatives acting in the target countries.
Annex II: Strategy on accreditation

I. Objectives of the accreditation strategy

1.1 Context and scope

1. As an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change and the Paris Agreement, the GCF provides support to developing countries and Parties to the Convention and the Paris Agreement to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change. As stated in the Governing Instrument for the GCF, access to GCF resources will be through national, regional and international implementing entities accredited by the Board.1

2. The Board set up an Accreditation Committee (AC) composed of members of the Board, approved an accreditation framework and appointed an independent Accreditation Panel (AP), composed of technical experts, to undertake an assessment of prospective accredited entities. An Online Accreditation System was developed by the Secretariat and opened to applicants on 17 November 2014. As a result and with a fit-for-purpose approach,2 33 entities had been accredited as of the thirteenth meeting of the Board (B.13), representing national, regional and international institutions, public as well as private.

3. Given the role of accredited entities (AEs) in delivering the GCF mandate and channelling climate finance, the Board requested the AC, with the support of the Secretariat, to prepare an accreditation strategy that will "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".3

4. The present strategy is intended to set broad objectives and principles that will guide the continuous improvement of the accreditation process. The strategy is the result of extensive consultations and discussions at the Board level, and inputs received from stakeholders following a public call that was launched on 18 April 2016. It also incorporates stocktaking, lessons learned and recommendations from the AC, the AP and the Secretariat.

5. The time frame of the strategy will be three years with the AC providing reports on the progress of the implementation of the strategy to the Board.

6. The AC, the AP and the Secretariat intend to further develop the areas of the strategy that are important for enhancing the efficiency, fairness and transparency of the accreditation process based on a continuous monitoring and evaluation process.

1.2 Roles and responsibilities of accredited entities

1 Paragraph 41 of the Governing Instrument.
2 Decision B.08/02, annex I, paragraphs 2 and 5, state: “The fit-for-purpose accreditation approach recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities”, and “The accreditation process will take into account the scale of funding that the entity intends to access, its track record in undertaking climate-related projects and activities, as well as the nature of its intended activities. This approach will ensure that the assessment of the applicant entity’s conformity with the fiduciary standards, and relevant capacities related to the Fund’s ESS, in the accreditation process is commensurate with the level of fiduciary and nonfinancial (e.g. environmental and social) risk to which the Fund will be exposed through the activities of implementing entities and intermediaries”.
3 Decision B.10/06, paragraph (r).
7. The GCF and its network of AEs will be responsible for the delivery of financing to developing countries in order to meet internationally agreed climate goals at scale, while also meeting GCF standards and safeguards. Accreditation of entities is central to the GCF business model and is a means to an end, which is delivering on GCF objectives.

8. The GCF relies on the due diligence and the risk assessment performed by AEs. They will be responsible for the overall management, implementation and supervision of activities financed by the GCF and are expected to administer funds disbursed with at least the same degree of care as they use in the administration of their own funds.

9. Direct access entities are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways.

10. AEs will engage with international and national private sector entities, particularly in developing countries, to support GCF objectives, including the promotion of the paradigm shift towards low-emission and climate-resilient development pathways. Together with international and regional entities, AEs can provide additional choices of partners.

11. The GCF is responsible for fostering meaningful relationships, collaborations, and knowledge exchange among AEs. Therefore, the GCF will support the network of AEs to foster the sharing of lessons learned, institution-building and continuous learning.

12. AEs must demonstrate a commitment to climate change and sustainable development through a track record of implementing high social and environmental standards, transparency, internationally competitive and open procurement, untied aid, and low-carbon investments.

13. The GCF will seek to incentivize AEs to transform their overall portfolio beyond assets financed by the GCF so as to contribute to meeting the objectives of the GCF, the Convention and the Paris Agreement, particularly Article 2, paragraph 1, which calls for, in enhancing the implementing of the United Nations Framework Convention on Climate Change, including its objective, and in the context the sustainable development and efforts to eradicate poverty:

   (a) Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;

   (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and

   (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

1.3 Other ways to engage with the GCF

14. In addition to accreditation, there are other ways for entities to partner with the GCF, which may include, but are not limited to:

   (a) Acting as the executing entity for an already accredited entity, implementing its projects funded by the GCF;

   (b) Co-financing projects with an already accredited entity; and

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4 Annex XXVII to decision B.12/31.
(c) Acting as a readiness delivery partner, provided that the entity can demonstrate relevant expertise, experience and ability to implement.\(^5\)

II. Guiding principles of accreditation

15. This strategy was informed by the following guiding principles:

(a) Ability to contribute to the GCF mandate of supporting a paradigm shift;

(b) Promotion of country ownership,\(^6\)

(c) Balance and diversity;

(d) Efficiency in terms of cost, time and resources; and

(e) Fairness, effectiveness and transparency through its activities.

16. The GCF accreditation strategy is also consistent with the principles as outlined in the Governing Instrument.

2.1 Effectiveness in supporting a paradigm shift

17. The accreditation of AEs is expected to promote the leverage of finance, to mainstream climate considerations across project pipelines, to continually engage with the GCF, and to build on comparative advantages and value added.

18. GCF engagement with the private sector, including small- and medium-sized enterprises from developing countries, is important to meet the goal of paradigm shift. The accreditation process should be efficient and effective in order to attract a wide variety of private sector actors that actively support the vision and goals of the GCF.

19. AEs, including direct access entities, may apply for upgraded accreditation in size and risk categories as their capacities and track record develop, in order to further facilitate delivery at scale.

2.2 Enhancing country ownership

20. The accreditation process can be an effective way of setting high standards in country ownership. National designated authorities (NDAs) are encouraged to engage with the Secretariat in order to identify which entities are a good fit to advance GCF objectives and which should be nominated in their countries.

21. When reviewing their applications, the Secretariat should encourage NDAs to develop guidelines that facilitate inter-agency coordination and coherence at the national level, as well as to engage in effective and broad stakeholder engagement.

22. Country ownership includes ownership by local communities, civil societies, women’s groups, indigenous peoples organizations, municipal-/village-level governments, etc. Meaningful input provided by such stakeholders should be used, as necessary, during the identification of entities to be accredited. This approach aims to ensure that AEs nominated by NDAs have a high potential to bring forward projects and programmes that demonstrate high

\(^5\) Decision B.08/11.

\(^6\) Decision B.10/10.
country ownership, are consistent with country priorities and accurately reflect their commitments to climate change agreements.

2.3 Ensuring balance and diversity

23. Through balance and diversity in the portfolio of AEs, the strategy seeks to achieve an optimal geographic and thematic coverage, but also in terms of environmental and social (E&S) risk categories, and in the use of various instruments, recognizing that further guidance will need to be developed in order to operationalize these principles. This strategy provides for future accreditation to be based on the quality and ‘value added’ nature of new entrants, allowing some entities to be prioritized in order to fill existing and potential future gaps based on continuous monitoring.

24. The Secretariat will engage countries in dialogues to determine the types and size of AEs that are most needed for accessing GCF resources. The Secretariat will track a variety of indicators on the portfolio of AEs and pipeline of applicants so as to monitor coverage, and will report these to the AC on an annual basis.

2.4 Efficiency in terms of cost, time and resources

25. The accreditation process will aim at reaching efficiency in terms of cost, time and resources to the GCF and AE. The Secretariat and AEs are expected to provide accurate information on the financial and non-financial costs of accreditation and the time taken for the process.

26. In addition, the cost of accreditation will include the continuous cost to the AE and the Secretariat of post-accreditation processes and relationship management. For direct access AEs, this will also include support to entities seeking to be upgraded or strengthened or to meet the conditions or recommendations of their accreditation.

27. The number of entities in the portfolio and pipeline has an implication in terms of the GCF budget. It is estimated that one Accredited Entities Specialist will be needed to manage and support the relationship between the GCF and approximately 10 AEs. This ratio may vary in order to tailor relationship management to the level of support needed. Also, more Secretariat staff resources will be needed to support the readiness, and monitoring and accountability functions as the number of AEs grows. In addition, direct access AEs may need substantial capacity-building support once they are accredited to be able to build strong pipelines of projects.

28. Furthermore, while the accreditation process currently reviews applications on a rolling basis in order to ensure fairness and transparency, this approach may have a significant impact on the time taken and therefore the cost to the AE related to accreditation. Henceforth, there may be circumstances in which some entities will be reviewed on a priority basis in order to meet the objectives of the GCF strategy or certain mandates (e.g. call for proposals).

29. As the GCF develops and matures, it is expected that the accreditation process will require only occasional and high-level guidance from the Board.

2.5 Fit-for-purpose

30. The fit-for-purpose accreditation approach permits an entity to be accredited based on the nature, scale and risks of the activities it will propose to the GCF. Therefore the entity is assessed through the accreditation process as fit or not to implement GCF standards
commensurate with the nature, scale and risks of such activities. The accreditation strategy recognizes that there is a need for the process to accommodate the diversity of entities with respect to type, size, experience, risk and other factors, while ensuring that the standards against which entities are measured are the same for everyone applying for a given level of risk. Fit-for-purpose is a hallmark of the GCF and it recognizes that there is a need to have a bespoke approach to the accreditation process, while preserving the rigour of the standards and safeguards.

2.6 Strong monitoring and accountability framework

31. The efficiency of the accreditation process and the application of principles relies on a strong monitoring and accountability framework, which should inform re-accreditation and de-accreditation decisions and serve as a tool to identify gaps and areas for improvement. Those improvements should be undertaken in consultation with NDAs. In addition, the GCF should provide AEs with a flexible qualitative and quantitative reporting framework in order to set out the nature of the portfolio evolution that AEs are expected to undertake as well as the data that AEs should provide.

2.7 Fairness and transparency

32. The GCF will ensure fairness and transparency throughout the accreditation process through a flexible and effective monitoring programme and feedback mechanism. Furthermore, the GCF may consider the role of observers and other stakeholders in the work of the AC. It is essential that the AP continues to be independent from the Board and the Secretariat, and that its deliberations, research and recommendations be free from outside influences and pressures. It is also imperative that the panel continue to be a technical body composed of a well-rounded team of experts with all the relevant skills and expertise to do their job.

III. Strategic guidance to the accreditation framework

3.1 Process recommendations

33. The current accreditation process has proven to be robust and effective. There are, however, areas where additional efficiency could be introduced, while maintaining the integrity of the process. To this end, the Secretariat, in consultation with the AP and AEs, is requested to undertake the following actions:

(a) Further develop communication on the purpose of accreditation, its value added to the applicant, as well as other ways besides accreditation in which entities could engage with the GCF;

(b) Review relevant procedures and decisions, in particular decision B.08/06 on the content of applications for accreditation, in order to further streamline the accreditation process without compromising standards and to ensure that the GCF is meeting its goals and objectives during this critical operationalization phase by the sixteenth meeting of the Board;

(c) Review the fast-track process with a view to expanding eligibility, if necessary, in response to the declining proportion of entities in the accreditation pipeline that are eligible for fast-tracking;
(d) Develop modalities for the use of third-party evidence, including from regulators, listing agencies, rating companies, corporate social responsibility rating bodies, existing intermediated financing systems, civil society groups and local communities, when conducting the assessment of an entity for accreditation, in particular for the private sector and direct access entities;

(e) Produce an internal manual consisting of terms related to the accreditation framework; and

(f) Develop a set of operational guidelines that clearly outline the roles of respective actors in the accreditation process, the steps required for accreditation, and the expectations of each in order to identify, and take advantage of, opportunities for reducing duplication and streamlining at all levels.

34. The AC may consider ways to improve the efficiency and effectiveness of the accreditation process, for example by:

(a) Ensuring consistency with the decisions from B.13 on the Project Preparation Facility and the Readiness and Preparatory Support Programme; and

(b) Considering setting a requirement for AEs to submit a funding proposal within a certain time frame following accreditation.

3.2 Reporting recommendations

35. In order to monitor and evaluate the alignment of the portfolio of AEs with the GCF mandate, the Secretariat will use the indicators that the Board deems necessary to track: the types of entities applying to the GCF, the climate financing they undertake and the standards they apply.

36. In addition, the data monitored will include: the coverage across sectors, results areas, geography, financial instruments, and access modalities, as well as the costs and personnel time used in each step of the process. This information will be important, among other things, so as to assess requests for upgrades and re-accreditation and to manage strategically the overall size and composition of the pool of AEs. This information will be reviewed by the AC prior to each Board meeting.

37. The AP, with the support of the Secretariat and guided by submissions for the accreditation strategy on this subject, will report at the fifteenth meeting of the Board on progress made towards establishing a baseline for the whole portfolio of AEs in accordance with decision B.12/30. This baseline will allow for an assessment of the extent to which the overall portfolios of activities of the AEs, beyond those funded by the GCF, have evolved during the accreditation period.  

38. The monitoring and evaluation indicators will be used to assist any prioritization of accreditation applications and, where necessary, the setting of periodic time-bound (interim) goals and targets for accreditation. The indicators monitored will be reviewed on an annual basis by the AC and reported to the Board. This approach is considered an open and transparent

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7 Decision B.11/10, annex I, paragraph 35, states: "In accordance with decision B.10/06, paragraph (j), to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, the re-accreditation decision by the Board will take into account the Secretariat and Accreditation Panel's assessment of the extent to which the AE's overall portfolio of activities beyond those funded by the GCF has evolved in this direction during the accreditation period".
way by which to provide guidance to the Secretariat and the AP on the categories of entities to prioritize.

39. To close the current coverage gaps identified in section III of this document (stocktaking and lessons learned), the AC recommends that:

(a) The applications of private sector entities, including those in developing countries, national direct access entities and entities in the Asia-Pacific and Eastern European regions should be prioritized in 2016 and 2017; and

(b) The GCF should prioritize the application of entities responding to requests for proposals issued by the GCF. At the moment, those include:

(i) A pilot phase for enhancing direct access;\(^8\)

(ii) A pilot programme to support micro-, small- and medium-sized enterprises;\(^9\) and

(iii) A pilot programme to mobilize resources at scale in order to address adaptation and mitigation.\(^10\)

40. The AC further recommends that the AP prioritizes the review of the fulfilment of conditions and requests for upgrades, in particular those for which the AP recommended that entities seek upgrades.

\(^8\) Decision B.10/04, paragraph (a).
\(^9\) Decision B.10/11, paragraph (a).
\(^10\) Decision B.10/11, paragraph (a).
Annex III: Status of accredited entities addressing accreditation conditions

1. During the ninth, tenth and twelfth meetings of the Board, 33 entities were recommended by the Accreditation Panel (AP) and accredited by the Board, some of which were accredited with conditions and others with recommendations or remarks from the AP. All accredited entities are required to submit to the AP, through the Secretariat, information and supporting documents on how they have addressed the condition(s). The AP thereafter assesses whether the condition(s) has/have been met. Following decision B.10/06, paragraph (e), the assessment of the AP, as contained in tables 5 and 6 below, is communicated to the Board by the Secretariat, on behalf of the AP, for information purposes.

2. Table 5 includes the accredited entities for which conditions of accreditation have been “fulfilled and closed”. These entities may have had recommendations or remarks raised by the AP as a part of those entities’ recommendation for accreditation, which may be “fulfilled” or “in progress”.

3. Table 6 includes the accredited entities for which conditions of accreditation, in part or whole, are “in progress”. These entities may also have recommendations or remarks raised by the AP.

Table 5: Accredited entities that have closed accreditation conditions (as at 31 August 2016)

<table>
<thead>
<tr>
<th>Entity</th>
<th>Accreditation condition, recommendation or remark</th>
<th>Standard</th>
<th>Time frame</th>
<th>Description of accreditation conditions, recommendations and remarks</th>
<th>Status</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acumen Fund, Inc. (Acumen)¹</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>(i) Publishing on its website the terms of reference that outline the purpose, authority and accountability of the function; Fulfilled and closed</td>
<td>As reported in document GCF/B.11/03, a publicly available link to the entity’s anti-corruption policy that describes its investigation function is available on the entity’s website</td>
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<td></td>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme</td>
<td>(ii) Ensuring the functional independence of the responsible officer; Fulfilled and closed</td>
<td>As reported in document GCF/B.11/03, the investigation policy approved by the entity’s board provides assurance of independence</td>
<td></td>
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<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td>to be undertaken by the entity</td>
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<td></td>
<td>(iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during and after the investigation process; and</td>
<td>Fulfilled and closed</td>
<td>As reported in document GCF/B.11/03, the investigation policy provides the required elements. No assessment is made at this time of the effective implementation of the policy approved by the board of Acumen. Although not a requirement as part of the condition, the entity is addressing a request from the Accreditation Panel (AP) for evidence of the effective implementation of the policy</td>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td></td>
<td>(iv) Defining a process for periodically reporting case trends</td>
<td>Fulfilled and closed</td>
<td>As reported in document GCF/B.11/03, provision has been made to report case trends to the Audit and Finance Committee on a periodic basis</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by</td>
<td></td>
<td>(i) Develop a gender policy; and</td>
<td>Fulfilled and closed</td>
<td>The AP concluded that the Acumen gender policy (published on the entity’s website), including approval of the policy by its board, a comprehensive report on the implementation of the policy, and strategies and action plans outlined in the policy as provided by the entity, represent</td>
<td></td>
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<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td></td>
<td>the entity</td>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td>sufficient evidence to close the condition</td>
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<td></td>
<td>(ii) Obtain the competencies required in order to implement the policy</td>
<td></td>
<td></td>
<td></td>
<td>Fulfilled and closed</td>
<td>The AP concluded that the information provided on the gender-related competencies and resources was sufficient evidence to ascertain that competencies are available in Acumen and its partner organizations to effectively manage, monitor and address gender-related issues by implementing its gender policy</td>
</tr>
<tr>
<td>Recommendations</td>
<td>ESS²</td>
<td>None</td>
<td></td>
<td>It is recommended that the applicant seek to deepen its knowledge of the interim ESS of the GCF, while further developing its relatively new ESMS² processes in order to support a potential future application for accreditation against medium E&amp;S risk Category B/I-2. It is additionally recommended that the applicant strengthen its E&amp;S reporting function</td>
<td>In progress</td>
<td>As reported in document GCF/B.11/03, the entity is actively seeking to deepen its knowledge of the interim ESS of the GCF. In the event that it endeavours to undertake projects with medium E&amp;S risk Category B/I-2 in the future, it will upgrade its ESMS and seek an upgrade in its accreditation type accordingly. Acumen participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015</td>
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<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<tr>
<td>Africa Finance Corporation&lt;sup&gt;5&lt;/sup&gt;</td>
<td>Conditions</td>
<td>Gender</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Develop a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF</td>
<td>Fulfilled and closed</td>
<td>The entity submitted its gender policy including evidence of approval by its board. The approved gender policy provided by the entity complies with the requirements regarding the development of a gender policy that is consistent with the Gender policy of the GCF</td>
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<tr>
<td>Recommendations</td>
<td>ESS</td>
<td></td>
<td></td>
<td>It is recommended that the applicant seek external assistance so as to further develop its E&amp;S policy and its application as appropriate for the type of activities for which it will seek finance from the GCF</td>
<td>In progress</td>
<td>The entity informed the GCF that it had hired an experienced E&amp;S Risk Manager who would commence duty in September 2016. The entity had also retained the services of an E&amp;S consulting firm that is had engaged for the last three years. The AP requested the entity to provide the curriculum vitae of the E&amp;S Risk Manager. In addition, the entity was requested to confirm if it is working on developing its E&amp;S policy, as appropriate, regarding its anticipated engagement with the GCF</td>
</tr>
<tr>
<td>Fiduciary</td>
<td></td>
<td></td>
<td>Relating to the investigation function: It is recommended that the applicant complement its investigation function with a mechanism, such as a link on its website, in order to receive and process third-</td>
<td>In progress</td>
<td>The AP takes note that the entity has informed the GCF that it had provided an e-mail address which is available on its website to receive third-party complaints, however, the AP was only able to find a general inquiry e-mail link and unable to identify the link to this e-mail address on the applicant’s website in relation to the</td>
<td></td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
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<tr>
<td>Agence Française de Développement⁶</td>
<td>Recommendations</td>
<td>ESS</td>
<td></td>
<td>party complaints that arise from projects financed by the applicant</td>
<td>In progress</td>
<td>entity's investigation function</td>
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<td>The AP recommends that the applicant finalize the implementation of its stakeholder response mechanism and make the contact information for submitting and registering a complaint publically available on its website</td>
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<td></td>
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<td>In progress</td>
<td>The entity informed the GCF that its stakeholder response mechanism was presented to its board in March 2016, and it plans to integrate the mechanism in its procedures by the end of the third quarter of 2016. The recruitment of independent experts who will implement the procedures is under way and may be effective during the last quarter of 2016. The entity will provide relevant documentation for review by the AP after finalizing the implementation of its stakeholder response mechanism</td>
<td></td>
</tr>
<tr>
<td>Centre de Suivi</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Conditions prior to Related to the investigation</td>
<td>Fulfilled</td>
<td>The policy has been published on the</td>
<td></td>
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<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td>Ecologique (CSE)</td>
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<td>the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>(i) Publishing on its website terms of reference that outline the purpose, authority and accountability of the function; and closed entity's website and it has been established that the website address is operational. As reported in document GCF/B.11/03, the external investigative function portion of the condition has been met</td>
<td>Fulfilled</td>
<td>The entity has confirmed the independence of the internal control officer. As reported in document GCF/B.11/03, with regard to external investigations, the functional independence of the responsible officer has been established</td>
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<td>(ii) Ensuring the functional independence of the responsible officer; and closed</td>
<td>Fulfilled</td>
<td>As reported in document GCF/B.11/03, guidelines for processing cases for internal investigations are provided for in the policy for preventing and combating fraud and corruption of CSE. The policy has been published on the entity’s website and it has been established that the website address is operational</td>
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<td>(iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during and after the investigation process; and closed</td>
<td>Fulfilled</td>
<td>The policy which was formally established in December 2015 includes provisions for a process for reporting on case trends. As reported in document GCF/B.11/03, the reporting of case trends is provided for in</td>
</tr>
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<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
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<tr>
<td>Gender</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Fulfilled and closed</td>
<td>A gender policy has been drafted, and the policy confirms that it will align with the Gender policy of the GCF. Furthermore, the gender policy includes actions plans. In this regard, it has provided key indicators for the purposes of monitoring progress.</td>
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<tr>
<td>Gender</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Fulfilled and closed</td>
<td>The entity has appointed two focal points for gender-related matters. It has also benefitted from capacity-building activities and the action plan included in the gender policy provides for additional capacity-building so as to ensure that the entity is up to date with the latest gender-related developments. CSE participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015.</td>
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<tr>
<td>Recommendations</td>
<td>ESS</td>
<td>In progress</td>
<td>As reported in document GCF/B.12/07, the AP is reviewing the information.</td>
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</table>

**Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity**

- **(i) Develop a gender policy; and**
- **(ii) Obtain the competencies required in order to implement the policy**
<table>
<thead>
<tr>
<th>Entity</th>
<th>Accreditation condition, recommendation or remark</th>
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<th>Description of accreditation conditions, recommendations and remarks</th>
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<tr>
<td><strong>Conservation International Foundation</strong>&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Recommendations</td>
<td>ESS</td>
<td></td>
<td>Knowledge of the interim ESS of the GCF, while further developing its environmental and social management system (ESMS) in order to support a potential future application for accreditation against medium environmental and social (E&amp;S) risk level Category B/Intermediation 2 (I-2)</td>
<td></td>
<td>Submitted by the entity on its environmental and social policy and grievance management mechanism, and procedures for the mitigation of E&amp;S risks and impacts, which was submitted in an effort to support the entity’s potential future application for accreditation against medium E&amp;S risk level Category B/I-2. CSE participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015.</td>
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<tr>
<td><strong>Development Bank of Southern Africa</strong>&lt;sup&gt;b&lt;/sup&gt;</td>
<td>Conditions</td>
<td>ESS</td>
<td>Condition prior to the first disbursement by the entity</td>
<td>Develop an external communications mechanism, which provides</td>
<td>Fulfilled and closed</td>
<td>The entity has provided the evidence on its establishment of a complaints register on its website. The register is fully</td>
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<td>Entity</td>
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<td></td>
<td>GCF for an approved project/programme to be undertaken by the entity</td>
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<td>a system to receive, document and respond to questions or complaints from the general public</td>
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<td>functional</td>
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<td>Recommendations</td>
<td>ESS</td>
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<td></td>
<td>The AP notes that the applicant has well-developed internal E&amp;S training programmes for its employees. The applicant is encouraged to share such experience with the financial institutions in the region in this regard</td>
<td>Fulfilled</td>
<td>The entity provided information on knowledge-sharing with national entities its region that are in the process of applying for GCF accreditation</td>
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<tr>
<td>European Investment Bank(^\text{10})</td>
<td>Recommendations</td>
<td>Gender</td>
<td></td>
<td>The applicant is encouraged to further enhance its strategic approach to gender with a view to integrating a formalized gender-sensitive approach in its ongoing operations. The applicant is invited to share such a strategy with the GCF once it is finalized and formally adopted</td>
<td>In progress</td>
<td>The entity has been requested to provide information on the efforts it is taking to address the remark. The GCF is waiting for a response from the entity on the expected time frame for providing the information</td>
</tr>
<tr>
<td>International Bank for Reconstruction</td>
<td>Recommendations</td>
<td>ESS</td>
<td></td>
<td>The applicant is currently undertaking a review and</td>
<td>In progress</td>
<td>As reported in document GCF/B.12/07, the entity informed the AP of updates</td>
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<td>Entity</td>
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<td>and Development and International Development Association (together known as the World Bank)¹¹</td>
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<td>possible revision of its own ESS and is requested to keep the GCF informed of developments in this respect</td>
<td>In progress</td>
<td>regarding its review of its ESS, which are published on its website. The AP noted the progress made towards the revision. The AP requested the entity to provide further updates on the revision of its ESS when available</td>
</tr>
<tr>
<td>International Finance Corporation¹²</td>
<td>Recommendations</td>
<td>ESS</td>
<td></td>
<td>1. In the course of its due diligence, the AP has been made aware that in 2011 the applicant conducted an audit of the environmental and social management system of its financial intermediaries and developed an action plan in response to the audit findings. The AP would like to request the applicant to report to the GCF on the progress made in the implementation of this action plan</td>
<td>In progress</td>
<td>The entity has been requested to provide information on the efforts it is taking to address the remark. The GCF is waiting for a response from the entity on the expected time frame for providing the information</td>
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<td>2. In the course of its due diligence, the AP has been made aware of the applicant’s participation in the work on the</td>
<td>In progress</td>
<td>The entity has been requested to provide information on the efforts it is taking to address the remark. The GCF is waiting for a response from the entity on the expected time frame for providing the information</td>
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<td>National Bank for Agriculture and Rural Development (NABARD)(^{13})</td>
<td>Conditions</td>
<td>ESS</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Approve the ESS policy, and communicate the policy and procedures within the organization as well as to its executing entities</td>
<td>Fulfilled and closed</td>
<td>The AP has reviewed the information submitted by the entity in response to requests for clarification made by the AP on its ESS policy. This clarification was received in writing and the condition is closed and it is in line with the category for which the applicant has requested accreditation. The applicant confirmed that the policy has been approved and is being communicated to the staff within the organization as well as to executing entities. NABARD participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF.</td>
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<td>Entity</td>
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<td>Gender</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td></td>
<td>Develop a gender policy in line with the gender policy of the GCF to be applied in projects and programmes funded by the GCF</td>
<td>Fulfilled and closed</td>
<td>The AP has reviewed the information submitted by the entity in response to requests for additional information made by the AP on its gender policy and the condition has been closed. NABARD participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015.</td>
</tr>
<tr>
<td>Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Related to the investigation function: To define and implement a process for periodically reporting case trends. In order to enhance accountability and transparency, case trend reports and other information are made available to senior business management and relevant business functions, to the extent possible</td>
<td>Fulfilled and closed</td>
<td>PROFONANPE submitted its investigation procedures from its operations manual. In addition, the minutes of a meeting of its board, where investigations of cases of alleged fraud/corruption and other forms of misbehaviour were considered, were provided. As reported in document GCF/B.11/03, compliance with the investigation procedures was proven by the minutes of the meeting of the board of PROFONANPE, demonstrating that case trends have been reported.</td>
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<td>Entity</td>
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<td></td>
<td>Recommendations</td>
<td>ESS</td>
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<td>It is recommended that the applicant seek to deepen its knowledge of the interim ESS of the GCF, while further implementing its new ESS policy in risk level Category B/I-2. It is additionally recommended that the applicant strengthen its E&amp;S reporting function.</td>
<td>In progress</td>
<td>As reported in document GCF/B.11/03, the entity plans to apply for an upgrade in its accreditation type from risk level Category C/I-3 to Category B/I-2. PROFONANPE participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015.</td>
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<tr>
<td>Secretariat of the Pacific Regional Environment Programme (SPREP)</td>
<td>Recommendations</td>
<td>ESS</td>
<td></td>
<td>It is recommended that the applicant seek to deepen its knowledge of the interim ESS of the GCF, while further developing its ESMS in order to support a potential future application for accreditation against medium E&amp;S risk level Category B/I-2.</td>
<td>In progress</td>
<td>As reported in document GCF/B.11/03, the entity informed the Secretariat that it plans to pursue an upgrade of its accreditation type from E&amp;S risk level Category C/I-3 to Category B/I-2 as a matter of priority. The timing of this is largely dependent on the time it takes to acquire a sufficient track record and prepare documentation on the relevant processes and procedures to satisfy the accreditation requirements of the GCF. SPREP participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF.</td>
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<td></td>
<td>Fiduciary</td>
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<td>Relating to grant award and/or funding allocation mechanisms: It is recommended that the applicant continue with its plans to formalize, institutionalize and implement its grant management guidelines in order to support a potential future application for accreditation against the specialized fiduciary standard for grant award and/or funding allocation mechanisms</td>
<td>In progress</td>
<td>As reported in document GCF/B.11/03, the entity informed the Secretariat that it is in the process of developing a new project management framework, and that this will provide an opportunity for SPREP to incorporate a formalized grant management procedure into its operations manuals. Further information will be provided by the entity when the framework is finalized, with respect to a potential application for an upgrade</td>
</tr>
<tr>
<td>United Nations Environment Programme (UNEP)</td>
<td>Conditions Recommendations</td>
<td>ESS</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme that bears risks contained in performance standard 4</td>
<td>Adopt specific policies and procedures to address performance standard 4 of the ESS of the GCF in order to undertake a project/programme that bears risks contained in performance standard 4</td>
<td>Fulfilled and closed</td>
<td>As reported in document GCF/B.11/03, UNEP confirmed that the United Nations Environment Programme Environmental, Social and Economic Review Note (ESERN) provided previously is the institutional safeguard screening tool. The document contains a section on performance standard 4 (community health, safety and security) to allow for the screening of projects financed by the GCF. UNEP also...</td>
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<td>ESS</td>
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<td>expressed its commitment to conducting complete due diligence covering all of the safeguard requirements with regard to projects funded by the GCF. In addition to the ESERN screening tool, the entity has presented the Global Monitoring Plan ESERN report providing evidence of implementation of the tool for the UNEP Global Mercury Partnership and Mercury Programme</td>
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<td></td>
<td>ESS</td>
<td></td>
<td>The AP recommends that the applicant finalize the implementation of its stakeholder response mechanism and make the contact information for submitting and registering a complaint publicly available on its website</td>
<td>Fulfilled</td>
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<td></td>
<td>World Meteorological Organization(^1)</td>
<td>Conditions</td>
<td>ESS</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Fulfilled</td>
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<td>ESS</td>
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<td>Adopt the new project management framework, which includes the identification, mitigation, management and monitoring of E&amp;S risks and impacts</td>
<td>Fulfilled and closed</td>
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\(^1\) Annex VII to decision B.09/07 (annex VII to document GCF/B.09/23).
2 ESS = interim environmental and social safeguards of the GCF.
3 ESMS = environmental and social management system.
4 E&S = environmental and social.
5 Annex XIII to decision B.10/06 (annex XIII to document GCF/B.10/17).
6 Annex XIV to decision B.10/06.
7 Annex IV to decision B.09/07.
8 Annex XVI to decision B.10/06.
9 Annex XV to decision B.12/30.
10 Annex XX to decision B.10/06.
11 Annex XIX to decision B.12/30.
12 Annex X to decision B.10/06.
13 Annex V to decision B.09/07.
14 Annex VI to decision B.09/07.
15 Annex XIX to decision B.10/06.
16 Annex XXIII to decision B.12/30.

Table 6: Status of accredited entities addressing accreditation conditions (as at 31 August 2016)

<table>
<thead>
<tr>
<th>Entity</th>
<th>Accreditation condition, recommendation or remark</th>
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<tr>
<td>African Development Bank</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td></td>
<td>1. Prior to the first disbursement from the GCF to the equity issuer, submit draft terms of reference for the annual audit, which has to be included in the constitutional document of the equity issuer, for review and approval by the GCF; and 2. Undertaking in the funded activity agreement to provide the GCF on an</td>
<td>In progress</td>
<td>The entity requested that the Accreditation Panel (AP) conduct a site visit to its headquarters in order to gain access to the confidential information to address the condition. This visit is pending confirmation from the entity</td>
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<td></td>
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<td></td>
<td>In progress</td>
<td></td>
<td>The entity requested that the AP conduct a site visit to its headquarters in order to gain access to the confidential information</td>
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<td>Entity</td>
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<td>Agency for Agricultural Development of Morocco²</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td></td>
<td>that has an equity structure to be invested in by the GCF to be undertaken by the applicant</td>
<td>In progress</td>
<td>The entity indicated that it had engaged an international organization and an independent consultant to revise its investigation policy and procedures, and shared the terms of reference for the consultant. The entity has indicated that relevant documentation will be made available for review by the AP.</td>
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<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
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<td>Investigation process; and c. A registry specifically for cases of fraud and corruption;</td>
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<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>In progress</td>
<td>The entity indicated that it had engaged an international organization and an independent consultant to revise its investigation policy and procedures, and shared the terms of reference for the consultant. The entity has indicated that relevant documentation will be made available for review by the AP</td>
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<td></td>
<td>2. Publish both (a) and (b) above; and</td>
<td></td>
<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>In progress</td>
<td>The entity indicated that it had engaged an international organization and an independent consultant to revise its investigation policy and procedures, and shared the terms of reference for the consultant. The entity has indicated that relevant documentation will be made available for review by the AP</td>
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<td></td>
<td>3. Formalize the process for periodically reporting case trends</td>
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<td>Caribbean Community Climate Change Center (CCCC)³</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by</td>
<td>Relating to the internal audit function and 'know-your-customer' procedure: (i) Adopt, through its audit committee, the audit charter as its frame of</td>
<td>Fulfilled and closed</td>
<td>The entity's audit charter and a letter from the chairman of the entity's board of governors confirming that the audit charter was approved by the entity’s board were provided</td>
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<td>Entity</td>
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<td></td>
<td>the entity reference;</td>
<td></td>
<td></td>
<td>(ii) Submit its internal audit plan for the next financial year, 2016; and</td>
<td>In progress</td>
<td>The entity provided its 2016 internal audit plan for the financial year, 2016. The entity was requested by the AP to include a review of its purchases for project(s) disbursement as part of the 2016 internal audit plan and confirm the timeline for the completion of the audit</td>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td></td>
<td>(iv) Establish a 'know-your-customer' procedure as part of its anti-money laundering and countering the financing of terrorism procedure</td>
<td>Fulfilled and closed</td>
<td>As reported in document GCF/B.12/07, the entity established an anti-money laundering and anti-terrorist financing procedure containing a 'know-your-customer' procedure. The procedure outlines the requirements for applicants of the entity's financial resources and the procedure for the verification of its partners' financial background</td>
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</table>
|        | Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016 |          |            | Relating to the internal audit function: Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016 | In progress | The entity provided its internal audit plan for the financial year, 2016 and was requested by the AP to include a review of its "Purchases for Project/Project Disbursement" which includes a "Review and testing of controls surrounding the purchases for projects and the disbursement of project funds to ensure compliance with the grant procurement
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<th>Entity</th>
<th>Accreditation condition, recommendation or remark</th>
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<tr>
<td>Gender</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Fiduciary</td>
<td>Relating to grant awarding: Institutionalize the grant award procedure developed with one of its partner institutions</td>
<td>Adopt a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF</td>
<td>Fulfilled and closed</td>
<td>As reported in document GCF/B.12/07, the entity submitted a gender policy and action plan, which has been assessed by the AP to be consistent with the Gender policy of the GCF. CCCC participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015.</td>
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<td>Recommendations</td>
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<td>Corporación Andina de Fomento</td>
<td>Conditions</td>
<td>ESS</td>
<td>Conditions prior to the first disbursement by the entity</td>
<td>(i) Ensure that project-specific performance standard 2 is fully aligned</td>
<td>In progress</td>
<td>The AP has requested the entity to provide additional information on its E&amp;S safeguards management manual that was</td>
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<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
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<td>(CAF)⁵</td>
<td></td>
<td>GCF for an approved project/programme to be undertaken by the entity</td>
<td>with the ESS of the GCF when it is applied in projects, and to strengthen its monitoring and review of E&amp;S risks and impacts, as part of its ESMS;⁷ and</td>
<td>approved by its senior management CAF participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015</td>
<td>In progress</td>
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<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>(ii) Approve by senior management, the consolidated blueprint for E&amp;S management and communicate the blueprint within the organization and to its executing entities</td>
<td>In progress</td>
<td>The AP has requested the entity to provide additional information on its E&amp;S safeguards management manual that was approved by its senior management</td>
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<tr>
<td>Crédit Agricole Corporate and Investment Bank⁸</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>1. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF. This process should be aligned with the requirements of the GCF regarding disclosure of project information</td>
<td>In progress</td>
<td>The AP had a virtual meeting with the entity in order to discuss the condition and action required from the entity to address it. The entity indicated that it would provide relevant documentation for review by the AP before the end of 2016</td>
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<td>Entity</td>
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<td>ESS</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>2. Develop a tracking system or register within the external communications mechanism to document questions or complaints received from the general public and from clients, as well as responses to them, for projects and programmes financed by the GCF; and</td>
<td>In progress</td>
<td>The AP had a virtual meeting with the entity in order to discuss the condition and action required from the entity to address it. The entity indicated that it would provide relevant documentation for review by the AP before the end of 2016.</td>
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<td>Gender</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>3. Develop a gender policy or approach in line with the gender policy of the GCF and obtain gender competencies to implement the policy/approach on projects and programmes funded by the GCF</td>
<td>In progress</td>
<td>The AP had a virtual meeting with the entity in order to discuss the condition and action required from the entity to address it. The entity indicated that it would provide relevant documentation for review by the AP before the end of 2016.</td>
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<tr>
<td>Deutsche Bank AktienGesellschaft AG (DB)</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Relating to internal controls: Provide the GCF, through the Secretariat, with a letter of comfort executed by the appropriate authority within the applicant entity</td>
<td>Fulfilled and closed</td>
<td>As reported in document GCF/B.11/03, Deutsche Bank AG submitted a comfort letter after the tenth meeting of the Board. In its review of the letter, the AP noted the statement: &quot;In 2013 the management board of Deutsche Bank decided to initiate a ‘Three Lines of Defense’ program as a</td>
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<td>the entity</td>
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<td>stating that it is taking the necessary actions to strengthen its internal controls related to compliance with relevant regulations, including, but not limited to, risk management, management of operational risk and anti-money laundering and countering the financing of terrorism; and</td>
<td>In progress</td>
<td>The entity provided its annual reports for the financial year 2015, which contain the required information on regulatory compliance. For the year 2015, the entity has complied with this condition</td>
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<td>Not required to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td>Provide the GCF, through the Secretariat, with its annual reports that disclose information on regulatory compliance</td>
<td>In progress</td>
<td>The entity provided its annual reports for the financial year 2015, which contain the required information on regulatory compliance. For the year 2015, the entity has complied with this condition</td>
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<td>Gender</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td>Develop a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF</td>
<td>Fulfilled and closed</td>
<td>The revised gender policy provided by the entity complies with the requirements regarding the development of a gender policy that is consistent with the Gender policy of the GCF. DB was invited to attend, due to having a related accreditation condition, and participated in the interim ESS of the GCF.</td>
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<td>Environmental Investment Fund of Namibia (EIF)</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>(i) Undertake an initial internal audit of its operations. The items to be addressed in the internal audit should include: 1. A sample review of three grant awards, including contractual arrangements for risk, assessed against its procedures;</td>
<td>In progress</td>
<td>The initial internal audit of the entity's operations was completed as stipulated by the condition. The AP has reviewed the internal audit report and notes that the scope of the audit covered the period from 1 January to 31 August 2015. During this time there were no tenders issued by the entity for grant awards and thus it did not assess three grant awards as required in the condition. The AP and the Secretariat are continuing discussions with the entity on the internal audit report findings</td>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td></td>
<td>2. Confirmation that its procurement practice complies with national law; and</td>
<td>In progress</td>
<td>The entity has not yet provided its revised procurement policy and procedures</td>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td></td>
<td>3. A review of the new information technology control framework;</td>
<td>In progress</td>
<td>The audit has been completed and the review of the new information system, in particular its implementation for the management of loans, grants and</td>
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<td>conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td>(ii) Submit the internal audit plan for the next financial year, 2016;</td>
<td>Fulfilled and closed</td>
<td>The entity provided its internal audit plan for the financial year 2016</td>
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<td>(iii) Submit the revised procurement policy and procedures; and</td>
<td>In progress</td>
<td>The entity has yet to submit its revised procurement policy and procedures. The AP and the Secretariat are continuing discussions with the entity on the draft documents</td>
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<td>(iv) Publish information on its grant award mechanism and process on its website</td>
<td>In progress</td>
<td>The entity's progress in publishing information on its grant award mechanism and process on its website is acknowledged. The entity has been requested by the AP to provide additional information relating to the publication of relevant information on its website once it is available. The AP noted that the entity's</td>
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<td>Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016</td>
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<td>Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016</td>
<td>In progress</td>
<td>The internal audit report for the financial year 2016 was provided. This condition still remains for the following two years and, as per the 2017 audit plan, must include progress on addressing the gaps flowing from audits conducted on the previous years</td>
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<td>Recommendations</td>
<td>ESS</td>
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<td>It is recommended that the applicant seek to deepen its knowledge of the interim ESS of the GCF, while further developing its E&amp;S management system in order to support a potential future upgrade of its accreditation against medium E&amp;S risk level Category B/I-2</td>
<td>In progress</td>
<td>By submitting several ESS summary documents, the entity shows that it has obtained some experience in project categorization and assessing projects against performance standards. The AP emphasized that the entity should be cautious when assigning projects to Category C. Projects that require construction of facilities, movement of earth, and the potential handling of waste product containing metals and/or chemicals do not generally classify as Category C. The AP requested the entity to seek further guidance from experts in the field in order to ensure the proper categorization of funding proposals. EIF participated, with assistance from the Readiness and Preparatory Support</td>
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<tr>
<td>Fiduciary</td>
<td>Relating to grant award and/or funding allocation mechanisms: It is recommended that the applicant continue to develop its grant mechanism, including the compilation of a process and procedure manual that incorporates all the mechanism's elements</td>
<td></td>
<td></td>
<td>In progress</td>
<td>The entity submitted its financial management manual. The entity was requested by the AP to provide additional information once it is available, following the application of its grant mechanism on an ongoing basis</td>
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<td>Gender</td>
<td>It is recommended that the applicant include the principles of its new gender charter in its internal procedures manuals</td>
<td></td>
<td></td>
<td>Fulfilled</td>
<td>The operations manual contains requirements for gender assessment for grant and loan applications, and provides guidance for preparation of a gender assessment report. EIF participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015</td>
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<td>HSBC Holdings plc and its subsidiaries&lt;sup&gt;11&lt;/sup&gt;</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Condition to be met on an annual basis</td>
<td>Provide the Fund, through the Secretariat, with its annual reports that disclose information on regulatory compliance</td>
<td>In progress</td>
<td>The entity has been requested to provide the 2016 annual report when it is available in April 2017</td>
</tr>
<tr>
<td></td>
<td>Conditions from decision B.12/30, paragraphs (e – g), contained in document GCF/B.12/32. The Accreditation Panel is to report at the fourteenth and sixteenth meetings of the Board whether the results of its reviews of these conditions would alter its recommendation to accredit the applicant</td>
<td></td>
<td></td>
<td>(e) Notes that the Accreditation Panel has recommended the accreditation of applicant 26 and further notes that in its review the Accreditation Panel identified a potential information gap associated with the implementation of its Global Standards programme, which overviews the applicant’s progress in implementing stronger anti-money laundering and sanctions compliance mechanisms (Global Standards);</td>
<td>In progress</td>
<td>No action from the AP or the entity is required</td>
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<td>Conditions from decision B.12/30, paragraphs (e – g), contained in</td>
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<td>(f) Requests that the Accreditation Panel review prior to the fourteenth and sixteenth meetings of the</td>
<td>In progress</td>
<td>The AP, for its assessment of the entity’s progress in the implementation of its Global Standards Programme, reviewed i) answers and supporting documentation</td>
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<td>Entity</td>
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<td>document GCF/B.12/32. The Accreditation Panel is to report at the fourteenth and sixteenth meetings of the Board whether the results of its reviews of these conditions would alter its recommendation to accredit the applicant</td>
<td>Board, the applicant’s progress in implementing its Global Standard, including a review of material external information. Further requests that the Accreditation Panel report to the Board on whether the results of these reviews would alter its recommendation to accredit the applicant;</td>
<td>In progress</td>
<td>provided by the entity to questions raised by the AP, ii) relevant news articles from the web pages of Reuters and Bloomberg and iii) a publicly-available court document filed by the United States of America Department of Justice. Details of the assessment are contained in document GCF/B.14/Inf.06</td>
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<td>Conditions from decision B.12/30, paragraphs (e – g), contained in document GCF/B.12/32. The Accreditation Panel is to report at the fourteenth and sixteenth meetings of the Board whether the results of its reviews of these conditions would alter its</td>
<td>(g) Approves the accreditation of applicant 26 subject to the condition that the Board has the ability to temporarily or permanently suspend the applicant’s accreditation based on the recommendation of the Accreditation Panel following its reviews;</td>
<td>In progress</td>
<td>No action from the AP or the entity is required</td>
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<td>recommendation to accredit the applicant</td>
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<td>1. Provide the Fund, through the Secretariat, with a letter of comfort executed by the appropriate authority within the applicant entity stating that it is taking the necessary actions to strengthen its internal controls related to compliance with relevant regulations, including, but not limited to, risk management, management of operational risk, and anti-money laundering and countering the financing of terrorism;</td>
<td>Fulfilled and closed</td>
<td>The comfort letter executed by HSBC conforms to the accreditation requirements and the condition to present a comfort letter is fulfilled and closed</td>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td>2. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the</td>
<td>In progress</td>
<td>The entity informed the GCF that it intends to align its process with GCF requirements. During the process of establishing the method of disclosing the relevant information, the entity will follow the mechanism adopted with export credit</td>
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<td>GCF. This process should be aligned with the requirements of the GCF regarding disclosure of project information; and</td>
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<td>agencies’ financings and will advise executing entities accessing GCF funding that the project benefits and GCF funding will be publicly divulged</td>
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<td>Gender</td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td>3. Develop a gender policy or approach in line with the gender policy of the GCF and obtain gender competencies to implement the policy/approach on projects and programmes funded by the GCF</td>
<td>In progress</td>
<td>The entity informed the GCF that it is consulting internally on the matter and an update with relevant information will thereafter be made available</td>
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<tr>
<td>International Union for Conservation of Nature</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td></td>
<td>Develop an operations and procedures manual to incorporate the features expected to be applied in the grant operations that the applicant will undertake with GCF funds, including the procedure for public disclosure of timely information on the award of grants</td>
<td>In progress</td>
<td>The entity submitted the terms of reference for the production of grant operations procedures manual, detailing the milestones and time frames for addressing the condition. The manual is expected to be developed in 2016 and will be provided by the entity thereafter</td>
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<tr>
<td>Ministry of Finance and Economic</td>
<td>Conditions</td>
<td>ESS</td>
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<td>1. Finalize the recruitment of an E&amp;S expert to help to</td>
<td>In progress</td>
<td>The entity indicated that an E&amp;S expert had been recruited at the beginning of</td>
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<td>Entity</td>
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<tr>
<td>Cooperation of the Federal Democratic Republic of Ethiopia</td>
<td></td>
<td>disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>overseeing the project management cycle under the applicant's facility; and</td>
<td>2016 and that relevant documentary evidence will be made available for review by the AP</td>
<td></td>
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<td></td>
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<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td></td>
<td></td>
<td>2. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public</td>
<td>In progress</td>
<td>The entity indicated that an upgraded external communication registry to receive documents and respond to E&amp;S related queries and complaints was finalized and is available on the entity's website. Relevant documentary evidence will be made available for review by the AP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiduciary</td>
<td>Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall be included on an annual basis within a semi-annual progress report consistent with the requirements of the GCF monitoring and</td>
<td></td>
<td>1. Report progress in respect of all projects and programmes being undertaken. The report should include: a. Progress of activities vis-à-vis a plan with specific indicators;</td>
<td>In progress</td>
<td>The entity indicated that an external firm had been recruited to address the conditions related to annual audit reports and progress in respect of projects and programmes being undertaken by the entity. Relevant documentation will be made available for review by the AP</td>
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<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td></td>
<td>accountability framework for accredited entities</td>
<td></td>
<td></td>
<td>b. Budget variances and analysis;</td>
<td>In progress</td>
<td>No comments at this time</td>
</tr>
<tr>
<td></td>
<td>Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall be included on an annual basis within a semi-annual progress report consistent with the requirements of the GCF monitoring and accountability framework for accredited entities</td>
<td></td>
<td></td>
<td>c. Major risks and issues, if any, that may or are impacting the execution of a project/programme; and</td>
<td>In progress</td>
<td>No comments at this time</td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td>be included on an annual basis within a semi-annual progress report consistent with the requirements of the GCF monitoring and accountability framework for accredited entities</td>
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<td></td>
<td>Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall be included on an annual basis within a semi-annual progress report consistent with the requirements of the GCF monitoring and accountability framework for accredited entities</td>
<td></td>
<td></td>
<td>d. Brief qualitative write-up, including the likelihood of the project achieving its planned objectives (results, budget and schedule)</td>
<td>In progress</td>
<td>No comments at this time</td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td></td>
<td>Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall be included on an annual basis within a semi-annual progress report consistent with the requirements of the GCF monitoring and accountability framework for accredited entities</td>
<td>2. Provide the annual audit reports of projects/programmes, including verification of assets, prepared by the office of the federal auditor general within four months of the close of each year to the GCF;</td>
<td>In progress</td>
<td>No comments at this time</td>
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<td></td>
<td>Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall be included on an annual basis within a semi-annual progress report</td>
<td>3. Provide the annual audit reports on procurement related to projects/programmes where substantial procurement has been undertaken by an executing entity, which is not a public sector body, to the GCF</td>
<td>In progress</td>
<td>No comments at this time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<tr>
<td>Recommendations</td>
<td>Consistent with the requirements of the GCF monitoring and accountability framework for accredited entities</td>
<td>Fiduciary</td>
<td>In progress</td>
<td>The AP notes the applicant’s keen interest in developing and implementing climate change projects and programmes that are medium and large in size. Recognizing that the applicant has experience in medium and large-sized projects, albeit primarily in cooperation with international organizations, the AP encourages the applicant to continue enhancing its financial, environmental and social policies and procedures, and to build capacity to allow it to independently develop and manage projects and programmes of medium and large sizes.</td>
<td>In progress</td>
<td>The entity indicated that it plans to request readiness and preparatory support from the GCF in order to engage external expertise to conduct an independent evaluation of ongoing projects in an effort to address the remarks from the AP that will allow an upgrade of the entity's accreditation type to medium for the size of projects. Relevant documentary evidence of the results of the independent evaluation will be made available for review by the AP</td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td>With the possibility to apply in the future for an upgrade of its accreditation type from small to medium-sized projects and activities within a programme, the applicant should consider the provision of evidence as proof of its capability to independently manage medium-sized projects/activities within a programme. This evidence may be provided in the form of an independent evaluation report for a small-sized project undertaken independently by the applicant using the project management framework recently developed for use by the applicant’s facility. The evaluation should be undertaken by an independent party, which may include a consultant or consultancy firm appointed on the basis of an international tender. The</td>
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<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
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<td>evaluation should cover a reasonable project execution period, including:</td>
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<td></td>
<td>a. Project design and appraisal;</td>
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<td></td>
<td>b. Project planning and implementation; In progress</td>
<td>See comments above</td>
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<td></td>
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<td></td>
<td>c. Project administration and execution; In progress</td>
<td>See comments above</td>
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<td></td>
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<td></td>
<td></td>
<td>d. Project M&amp;E; and In progress</td>
<td>See comments above</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>e. Associated corrective actions. The AP would reassess the applicant’s capacity to satisfactorily execute projects on the basis of this evaluation report and any other supporting evidence provided at the time. Based on a satisfactory outcome, the AP could recommend the applicant for an upgrade of its accreditation type, as defined in paragraph 33(a) in annex</td>
<td>In progress</td>
<td>See comments above</td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<tr>
<td>Ministry of Natural Resources of Rwanda</td>
<td>Conditions</td>
<td>ESS</td>
<td></td>
<td>XII to decision B., for a higher size category (e.g. medium or large) to the Board for its consideration and decision-making</td>
<td></td>
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<td>(MINIRENA)(^{14})</td>
<td></td>
<td></td>
<td></td>
<td>Use external support, including from co-financiers, acceptable to the GCF in order to help to prepare projects or programmes that invoke any of performance standards 2 to 8</td>
<td>In progress</td>
<td>As reported in document GCF/B.11/03, the entity informed the Secretariat that it is making preparations to acquire external support to assist in the preparation of projects that invoke any of performance standards 2 to 8 in an effort to address the condition. The entity will keep the GCF informed of developments in this regard MINIRENA participated, with assistance from the Readiness and Preparatory Support Programme, in the interim ESS of the GCF and the gender training workshop for direct access entities held at GCF Headquarters in September 2015</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>Conditions prior to the first disbursement by the</td>
<td></td>
<td></td>
<td>Relating to the investigation function: (i) Publishing on its website</td>
<td>In progress</td>
<td>As reported in document GCF/B.11/03, MINIRENA informed the Secretariat that it is making preparations to address the</td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<td></td>
<td>GCF for an approved project/programme to be undertaken by the entity</td>
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<td>the instructions and appropriate forms through which to log a complaint; accreditation condition relating to its investigation function. The entity will keep the GCF informed of developments in this regard</td>
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<tr>
<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
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<td></td>
<td>(ii) Preparing quarterly reports on case trends and maintaining a formal record of all complaints received; and</td>
<td>In progress</td>
<td>No comments at this time</td>
</tr>
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<td></td>
<td>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td></td>
<td></td>
<td>(iii) Submitting a report of the incidents recorded with its Office of the Ombudsman for investigation on a monthly basis</td>
<td>In progress</td>
<td>No comments at this time</td>
</tr>
<tr>
<td>Recommendations</td>
<td>ESS</td>
<td></td>
<td></td>
<td>It is recommended that the applicant consider undertaking an equivalence assessment of the country's legal framework with respect to project-specific performance standards 2 to 8 of the GCF, which would</td>
<td>Fulfilled</td>
<td>The equivalence assessment was completed. The AP requested that the relevant findings be incorporated by the entity when developing GCF projects and programmes that invoke GCF performance standards 2 to 8. This experience will be used to assess the entity's competency in meeting the GCF interim ESS at the project</td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<tr>
<td>National Environment Management Authority of Kenya</td>
<td>Conditions</td>
<td>ESS</td>
<td>Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</td>
<td>Use external support, including that from co-financiers, acceptable to the GCF, to help to prepare projects or programmes that invoke any of performance standards 2 to 8</td>
<td>In progress</td>
<td>The entity indicated that it is receiving technical assistance in the development of its projects in an effort to address the condition. Relevant documentation will be made available for review by the AP</td>
</tr>
<tr>
<td></td>
<td>Recommendations</td>
<td>Gender</td>
<td></td>
<td>The applicant is requested to share key features of its gender development plan, as and when it is finalized, including efforts the applicant has made to enhance the capacities of its staff on gender-related programming</td>
<td>In progress</td>
<td>The entity indicated that its staff are receiving training on gender-related programming in an effort to address the condition. Relevant documentation will be made available for review by the AP</td>
</tr>
<tr>
<td>Entity</td>
<td>Accreditation condition, recommendation or remark</td>
<td>Standard</td>
<td>Time frame</td>
<td>Description of accreditation conditions, recommendations and remarks</td>
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<tr>
<td>Unidad Para el Cambio Rural (Unit for Rural Change) of Argentina&lt;sup&gt;16&lt;/sup&gt;</td>
<td>Conditions</td>
<td>Fiduciary</td>
<td>Condition prior to the approval of the first funding proposal for a grant award programme submitted by the applicant to the GCF</td>
<td>Further develop the current operations and procedures manual to incorporate the features expected to be applied in the grant operations that the applicant will undertake with GCF funds</td>
<td>In progress</td>
<td>The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information</td>
</tr>
</tbody>
</table>

1 Annex XVII to decision B.12/30 (annex XVII to document GCF/B.12/32).
2 Annex XI to decision B.12/30.
3 Annex XII to decision B.10/06.
4 ESS = interim environmental and social safeguards of the GCF.
5 Annex XI to decision B.10/06.
6 E&S = environmental and social.
7 ESMS = environmental and social management system.
8 Annex XV to decision B.12/30.
9 Annex XIV to decision B.10/06.
10 Annex VII to decision B.10/06.
11 Annex XVI to decision B.12/30.
12 Annex XXI to decision B.12/30.
13 Annex XII to decision B.12/30.
14 Annex IX to decision B.10/06.
15 Annex XIII to decision B.12/30.
16 Annex XX to decision B.12/30.
Annex IV: Additional entities of other relevant funds for fast-track accreditation eligibility

I. Background

1. In decision B.08/03, paragraphs (e–g), the Board decided that entities under the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Directorate-General for International Development and Cooperation (DG DEVCO) up to and including 17 October 2014 and in full compliance with those institutions’ requirements, as contained in annex V to decision B.08/03 (annex V to document B.08/45), are eligible to apply under the fast-track accreditation process for the accreditation requirements of the GCF identified in the relevant paragraphs of the decision.

2. In decisions B.10/06 and B.12/30, the Board expanded the list of entities eligible to apply under the same fast-track approach assuming all prerequisite criteria were met to include those under the GEF, the AF and DG DEVCO up to and including 9 July 2015 and 9 March 2016, respectively.

3. The entities presented below are entities that have been accredited by the AF and DG DEVCO since 9 March 2016. No new entities have been accredited by the GEF since this time; however, an update has been provided on the status of the signature of the memorandums of understanding for GEF agencies that have been approved to progress to Stage III of the GEF accreditation process by the GEF Accreditation Panel.

II. Adaptation Fund

Table 7: The Adaptation Fund – national implementing entities since 9 March 2016*

<table>
<thead>
<tr>
<th>Name</th>
<th>Acronym</th>
<th>Country</th>
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<tbody>
<tr>
<td>Dominican Institute of Integral Development</td>
<td>IDDI</td>
<td>Dominican Republic</td>
</tr>
<tr>
<td>Ministry of Finance and Economic Management</td>
<td>MFEM</td>
<td>Cook Islands</td>
</tr>
<tr>
<td>Partnership for Governance Reform</td>
<td>Kemitraan</td>
<td>Indonesia</td>
</tr>
</tbody>
</table>


III. Directorate-General for International Development and Cooperation

Table 8: Directorate-General for International Development and Cooperation – national public sector bodies, bodies governed by private law with a public service mission and international organizations that have undergone European Union institutional compliance assessments (pillar assessments) since 9 March 2016*

<table>
<thead>
<tr>
<th>Name</th>
<th>Acronym</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central American Bank for Economic Integration</td>
<td>CABEI</td>
<td>Honduras</td>
</tr>
<tr>
<td>Compañía Española de Financiación del Desarrollo S.A.</td>
<td>COFIDES</td>
<td>Spain</td>
</tr>
<tr>
<td>International Labour Organisation</td>
<td>ILO</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Nordic Environment Finance Corporation</td>
<td>NEFCO</td>
<td>Finland</td>
</tr>
<tr>
<td>United Nations Office for Project Services</td>
<td>UNOPS</td>
<td>Denmark</td>
</tr>
<tr>
<td>United States Agency for International Development</td>
<td>USAID</td>
<td>United States of America</td>
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</table>

4. The list of national public sector bodies, bodies governed by private law with a public service mission and international organizations that have undergone European Union institutional compliance assessments (pillar assessments) was provided by the Directorate-General for International Development and Cooperation on 30 May, 23 June and 31 August 2016 to the Secretariat.

4. The national public sector bodies, bodies governed by private law with a public service mission and international organizations listed in the above table have been confirmed either by DG DEVCO to the Secretariat or via evidence provided by the organizations regarding their successful assessment against DG DEVCO pillar assessments, meet the requirements of the relevant European Union legislation and are authorized to carry out European Union budget implementation tasks without conditions concerning their institutional compliance.

IV. Global Environment Facility

5. Since 9 March 2016, no additional agencies have completed Stage II of the GEF accreditation procedure (review by the GEF Accreditation Panel).

6. Four entities (Fundo Brasileiro para a Biodiversidade – Brazil, the Foreign Economic Cooperation Office – China, the Development Bank of Latin America, and Banque Ouest Africaine de Développement) received approval from the GEF Accreditation Panel to progress from Stage II to Stage III (the final stage, which involves the signing of formal agreements, including the memorandum of understanding and the financial procedures agreement between the GEF and the entity). This approval is as per the GEF progress report on the pilot accreditation of GEF project agencies and was noted by the GEF Council at its forty-eighth meeting.¹

7. Entities must complete Stage III of the GEF accreditation procedure in order to become a fully accredited agencies under the GEF.

8. At the time of publication of this document and based on information available on the GEF website, of the four entities, two entities (Fundo Brasileiro para a Biodiversidade and Foreign Economic Cooperation Office) have signed the memorandums of understanding and financial procedures agreement in Stage III of the GEF accreditation process.

Annex V: Accreditation assessment of Applicant 035 (APL035)

I. Introduction

1. Applicant 035 (APL035), the Banque Ouest Africaine de Développement (West African Development Bank, BOAD), is a regional financial institution with a mandate to promote development in West Africa and foster economic integration within the subregion. The applicant delivers on its mandate by contributing towards the mobilization of domestic resources in its member state countries, outsourcing foreign capital through loans as well as providing funding through equity investments, loans, guarantees, and interest rebates. The applicant uses the financial resources that it mobilizes to invest in public and private sector projects and programmes aimed at building basic and modern infrastructure, improving rural livelihoods, generating energy, and climate change adaptation and mitigation.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 30 January 2015. The Stage I institutional assessment and completeness check was completed on 18 November 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 26 May 2016. 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, regional. The applicant received a national designated authority or focal point nomination for its accreditation application from Burkina Faso and Niger;

(b) **Track**: fast-track under the Adaptation Fund (AF) and the Global Environment Facility (GEF);

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

(d) **Fiduciary functions**: 2

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, equity and guarantees); and

(e) **Maximum environmental and social risk category**: medium risk (Category B/Intermediation 2 (I-2)).

---

1 As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” 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 50 million and up to and including USD 250 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”.

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 and subsequently as a GEF agency. 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.10/06.

2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

2.2 Institutional presence and relevant networks

5. The applicant’s membership includes eight countries in Western Africa: Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. All of its member countries, with the exception of Côte d’Ivoire, belong to the group of the least developed countries. The applicant’s headquarters is based in Lomé, Togo, and it is represented in other member countries by resident missions.

6. The applicant seeks accreditation to the GCF in order to continue its activities by accommodating the development needs of its member countries with climate constraints. The applicant intends to improve the participation of the private sector and municipalities, and to facilitate the access of financial resources to fund projects related to climate change adaptation and mitigation.

2.3 Track record

7. The applicant provides funding for both public and private sector projects in:
   (a) Rural development, food security, climate and the environment;
   (b) Industry and agro-industry;
   (c) Basic infrastructure and modern infrastructure (roads, telecommunications, airports, ports, energy and railways); and
   (d) Transport, hospitality, finance and other services.

8. As at 31 September 2015, the applicant’s total net commitments were estimated at USD 6.713 billion spent over 736 projects. In terms of climate change, the applicant’s activities include providing solutions in reducing greenhouse gas emissions; strengthening the resilience of the population to climate hazards; supporting vulnerable people and poor populations with an emphasis on supporting women, youth and children; and strengthening the country ownership of its operations. Some climate change activities include:
   (a) USD 42.7 million in crop insurance to reduce the vulnerability of farmers in Senegal and Benin;
   (b) USD 43 million in the rehabilitation of hydroelectric facilities in Mali; and
   (c) USD 17 million in hydro-powered agricultural development in Niger.
III. Stage II accreditation review assessment

9. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity and as a GEF agency. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

10. As part of this assessment, the AP consulted the applicant’s website and various third-party websites to complement the information provided in the application.

11. Additionally, the AP requested and conducted a site visit to the applicant's headquarters in January 2016.

3.1 Fiduciary standards

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

12. 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

13. As per paragraph 9 above, the basic fiduciary standards concerning transparency and accountability has been met by way of fast-track accreditation.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

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

15. It is noted that the fast-track accreditation process associated with the GEF contained certain conditions and that these conditions would apply to GCF accreditation.

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

16. The applicant initiated a grant request-for-proposals process in January 2015 with the intent of facilitating access by both private and public sector clients to alternative sources of funds. As drafted, specifically this mechanism will target projects with a focus on climate and the environment. The structure, policies and procedures of the on-granting mechanism meets with GCF requirements for the specialized fiduciary standard for grant award and/or funding allocation mechanisms. While an overarching institutional framework to support the mechanism exists across the applicant’s operations, it should be noted that the mechanism has not yet been implemented.

17. The applicant generally leverages grants to buy down the cost of debt and therefore the impact of the proposed grant mechanism could significantly contribute to the reach of its interventions. In addition, the applicant intends to tailor the mechanism according to the various stages of the project life cycle to ensure that proposals can be evaluated for conformity.

18. Given that the applicant's track record in implementing stand-alone on-granting activities are limited and aligned to specific donor requirements, this assessment recommends a lower size category than the applicant applied in terms of the size of on-granting activities funded by the GCF.

19. The applicant has provided information in support of its project monitoring capabilities. Its framework for monitoring the development outcomes of projects is significantly developed. This framework is in its early stages of being proven and the effectiveness of the initiative will
be proven over time. However, the applicant’s monitoring of compliance with its own standards requires some attention.

20. A new department, the Climate Change Department, has recently (mid-2015) been established to manage the climate change related activities of the applicant. Its activities will require integration/mainstreaming with that of the rest of the organization. Given the size category of the project or programme being requested, it is recommended that additional resources either in the form of relevant permanent staff or external expertise be considered for implementation. This is especially relevant given the anticipated increase of deal flow from its engagement with the AF, the GEF and by way of this recommendation, the GCF.

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

21. The applicant’s on-lending and blending operations are conducted through its concessional and commercial (market rate) windows. In this regard, its concessional window provides for the blending of grant/donor resources with its own resources to buy down the cost of its financing activities. It has a demonstrated track record of these operations. However the applicant, in its strategic plan for 2015 to 2019, alluded to its financing model reaching its limits, and that in order to grow its operations it has to refocus its resource mobilization plan. The strategic plan also includes a review of its debt regulatory framework to strengthen its debt capacity.

22. The implementation of the resource mobilization strategy commenced in 2015 by obtaining a first time foreign and local currency issuer credit rating of Baa1 from Moody’s Investors Service in May 2015 and in June 2015 a BBB rating for long-term issuance from Fitch Ratings. On 6 May 2016, the applicant issued its first international United States dollar-denominated bond. The USD 750 million bond has attracted the same rating guidance. In support of its strategic plan and its resource mobilization process, the applicant embarked on a revision of its risk management framework and it is envisaged that this will evolve in line with international standards.

23. Although the applicant requested accreditation against the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees, during the site visit the applicant amended its application for loans and guarantees. The applicant provided its manual of procedures for guarantee operations. The guarantee operations provided for are associated with financial market transactions and include: (a) guarantees for bond issues, (b) guarantees for interbank loans, and (c) the guarantee of negotiable receivables. The applicant has submitted evidence of a track record with guarantees for bond issues.

24. During the site visit, the applicant clarified its due diligence processes, including appraisal reports, stages and processes of approval, supervision and monitoring and ex-post evaluation. These are aligned with other multilateral financial institutions. The applicant has provided evidence of these processes. Audit information suggests that the applicant would benefit from enhanced monitoring of its clients’ compliance with the applicant’s standards/conditions.

25. The access to information for projects financed by the applicant as evidenced by the extent of documentation to be found on its website is not on par with other development finance institutions, including the GCF specialized fiduciary standard for on-lending and/or blending. The applicant has recognized information disclosure as a key component of its activities and to this end has established a committee to consider information disclosure. A recommendation to improve its information disclosure is included in this assessment.

26. The applicant has provided evidence of the size of projects for which it is seeking accreditation.
3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

27. The applicant's environmental and social safeguards (ESS) policy initially adopted in 2003 has been updated four times since then. The policy, in combination with its operational policies and guidelines, covers performance standards 1 to 8 in the GCF interim ESS. The applicant provided project examples to demonstrate its application and capacity to implement and manage the ESS requirements. The applicant has a strategy for 2015 to 2019 on the environment and climate, affirming its regional leadership role in environment and climate issues. The applicant’s energy portfolio has over time integrated a larger proportion of renewable energies.

3.2.2 Section 6.2: Identification of risks and impacts

28. The applicant has adequate procedures to screen for and identify project risks and impacts, categorizing projects as A (high), B (medium), C (low), D (no impacts) or IF (intermediary). If the screening procedure triggers a performance standard, then the applicable guidelines and procedures are applied. There is also a procedure to check that projects/programmes are correctly categorized. Identified environmental and social (E&S) risks are entered into a project portfolio for subsequent follow-up. The applicant provided a list of projects undertaken between 2013 and 2015, showing significant experience with both Category A/Intermediation 1 (I-1) and B/I-2 projects/programmes.

3.2.3 Section 6.3: Management programme

29. The applicant has updated its environmental and social management system (ESMS) three times, based on international standards. There are guidelines to review all environmental and social impact assessments (ESIAs) (both in the case of direct financing and financing through intermediaries). The applicant demonstrates a continuous-improvement mentality and also a willingness to adapt to new requirements and expectations, as needed.

30. The quality of the clients’ ESIAs, and environmental and social management plan (ESMP) documents has varied, but has shown positive improvement over time, with the occasional request by the applicant for additional information to supplement an ESIA in order to overcome any shortcomings identified. The most recent ESMS procedures implemented by the applicant better ensure that E&S risk and impact mitigation budgets are integrated into project contracts. ESMS implementation is with the country client for direct financing, or is the responsibility of the intermediary (who must report to the applicant). The applicant supervises the implementation of its Category A/I-1 projects biannually and Category B/I-2 projects annually.

3.2.4 Section 6.4: Organizational capacity and competency

31. The organizational capacity has been strengthened over time. In 2005, there was one E&S member of staff. Now there is an environment and climate directorate with seven staff members (four for the environment and three for climate). The curricula vitae of staff and external consultants were provided, showing capacity to cover performance standards 1 to 8 and gender. The responsibility to cover each performance standard is explicitly allocated to a specific staff member, usually in combination with one external consultant. The current structure and size is appropriate to the projects that are now being undertaken (40 to 50 projects per year). Of note, it is a condition of the GEF programme to hire additional experts for implementation. Similarly, the extra work associated with any GCF activities would require additional experts and resources.

32. In line with its 2015 strategy for the environment and climate, the applicant has an E&S capacity development plan. Training reports were provided to show the E&S capacity development activities from 2007 to 2013. The applicant is also committed to developing the ESS capacity of its clients and intermediaries, where necessary.
The applicant is currently preparing projects for the AF and the GEF. This project-preparation capacity is relevant to the GCF, but additional resources will be needed to prepare GCF projects.

3.2.5 **Section 6.5: Monitoring and review**

The applicant has a 2014 policy on E&S monitoring, implementation manuals to supervise projects, and manuals to prepare project completion reports for projects having direct financing and for intermediaries. The monitoring unit and the environment and climate directorate (with support from consultants, as needed) track the E&S mitigation measures and indicators during project execution on a biannual basis. The supervision/audit reports are reviewed and approved by the project’s operational unit and then submitted to senior management for further action. Annual and three-yearly monitoring reports are also submitted to senior management, allowing learning across all projects.

The applicant provided examples of E&S auditing missions covering performance standards 1 to 8, gender and compliance with country legal frameworks. Corrective actions were identified, where needed. Non-compliance to corrective actions has led to a small number of project terminations. The applicant provided an example of where the implementation of corrective actions by a client was delayed due to not having a mitigation budget and an example of when the applicant did not conduct its annual monitoring. The latter indicates the need to check more closely for mitigation budgets and to further strengthen the applicant’s capacity to monitor clients.

The overall monitoring system now relies on a sound logical framework system, making the monitoring system an excellent resource for project preparation in the future.

3.2.6 **Section 6.6: External communications**

The applicant's 2013 manual on access to information outlines how the public can submit information requests as well as the procedures that the applicant applies to process information requests. There is a separate manual detailing how to register and redress grievances. Inquiries or complaints can be submitted through the applicant’s website, or by telephone and regular mail. Enquiries and complaints are managed by a legal affairs directorate that reports to senior management. The applicant has not received E&S inquiries or complaints over the last three years.

Regarding disclosure, the applicant requires its borrowers to publicly disclose the ESIA/ESMP. In addition, the ESIA summaries are posted on the applicant’s website from 30 (Category B) to 60 days (Category A) from receipt. It is noted that the European Investment Bank is currently supporting the applicant’s internal and external communications, visibility and transparency with respect to its corporate social responsibility programme, E&S management, and climate change adaptation and mitigation initiatives.

**3.3 Gender**

Member countries of the applicant have ratified the United Nations “Convention for the elimination of all forms of discrimination against women”. The applicant’s gender policy adopted in 2013 requires that all projects conduct a gender analysis and commits the applicant to support low-income entrepreneurs and women producers, girls’ and women’s education, and women’s health. Clients must implement the applicant's gender policy as a condition of receiving funds.

Gender mainstreaming is ongoing in-house and within the applicant’s projects. The human resources department considers gender in its recruitment and carrier-advancement processes. The E&S capacity development plan includes a gender course. The applicant’s project examples provide a track record of gender-sensitive project budgets, practices, and monitoring
arrangements and a track record of lending that has generated positive impacts on women. Going beyond the GCF gender policy, the applicant has sector-specific checklists to integrate gender into the project cycle (e.g. the gender and sanitation checklist).

41. Based on the human resources development plan, the hiring of a gender staff member is pending and necessary before taking on more gender-sensitive projects.

IV. Conclusions and recommendation

4.1 Conclusions

42. 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 meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the specialized fiduciary standard for grant award and/or funding allocation mechanisms as well as the specialized fiduciary standard for on-lending and/or blending for loans and guarantees. It is noted that during the site visit, it was confirmed by the applicant that it would no longer seek accreditation against the specialized fiduciary standard for on-lending and/or blending for equity;

(b) The applicant meets the requirements of the interim ESS of the GCF in relation to medium E&S risk (Category B/I-2), though various implementation capacity issues have been noted (see paras. 45 and 46 below); and

(c) The applicant has demonstrated its policies, procedures and competencies to implement its gender policy, and it has experience with gender and climate change. Hiring an in-house gender/social expert (as the applicant has already planned) will help to ensure more systematic integration of gender and other social issues into all aspects of the project cycle.

4.2 Recommendation on accreditation

43. The AP recommends, for consideration by the Board, applicant APL035 for accreditation as follows:

(a) Accreditation type:

(i) **Maximum size of an individual project or activity within a programme:** medium (including micro and small), with a condition regarding the specialized fiduciary standard for grant award and/or funding allocation mechanisms below;

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

(b) **Condition(s)**: 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(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:

1. Provide a plan for improving the monitoring of compliance with its fiduciary, E&S and gender-related standards as well as any conditions in general that it applies to its financing, including for projects financed by the GCF; and

2. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF; and

(ii) Condition(s) prior to submitting a request for GCF financing of a medium-sized grant award programme:

1. Test and prove by way of having approved and successfully implemented for a minimum period of one year a small-sized grant award programme.

The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 43 above, and agrees to the recommendation.

4.3 **Remarks**

45. Although the applicant has sound policies and practices in relation to E&S, gender and climate matters, it will need more staff in order to increase the scale and scope of its activities significantly as it has planned. In particular, it is judged that more careful project design, enhanced implementation budgets and resources, and strengthened monitoring and supervision, can help to overcome the existing capacity constraints. It is therefore recommended that the applicant addresses the staff shortcomings identified in paragraphs 19, 32 and 40 above.

46. The applicant has a wide-ranging ESMS, which is consistent with the requirements of performance standard 1 of the GCF interim ESS. Since the applicant’s ESMS has been updated over time, it is recommended that the applicant now consolidate its existing guidelines in order to more easily screen and assess projects against performance standards 2 to 8 and to ensure that:

(a) All departments and all clients have the full package of the most-up-to-date ESMS elements; and

(b) All departments and clients have been sufficiently trained to use the most-up-to-date ESMS elements.

47. The applicant is encouraged to seek readiness and preparatory support to assist it to:

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4 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.”
(a) Meet the condition(s) identified in paragraph 43(b) above.
Annex VI: Accreditation assessment of Applicant 036 (APL036)

I. Introduction

1. Applicant 036 (APL036), the Caribbean Development Bank (CDB), is a regional financial institution with a mandate to support social and economic development in small island developing States in the Caribbean. The applicant’s main functions are to assist its borrowing member countries (BMCs) in optimizing the use of their resources by:

(a) Developing their economies and expanding production and trade;
(b) Promoting private and public investment in the Caribbean region;
(c) Mobilizing financial resources from both within and outside the region for development; and
(d) Providing technical assistance.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 9 July 2015. The Stage I institutional assessment and completeness check was completed on 3 September 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 25 April 2016. 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, regional. The applicant received national designated authority or focal point nominations for its accreditation application from Barbados, Grenada and Saint Lucia.
(b) Track: fast track (part way through Stage II (Step 1); previously under the normal track);
(c) Maximum size of project/activity within a programme: small;¹
(d) Fiduciary functions:²
   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 equity); and
(e) Maximum environmental and social risk category: high risk (Category A/Intermediation 1 (I-1)).³

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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 (annex I to document GCF/B.07/11), 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. Stage I institutional assessment and completeness check

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

2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

2.2 Institutional presence and relevant networks

5. The applicant's membership includes 19 BMCs, 3 non-borrowing regional members and 5 non-regional members. The BMCs are Anguilla, Antigua and Barbuda, the Bahamas, Barbados, Belize, the British Virgin Islands, the Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, and the Turks and Caicos Islands.

6. The applicant is seeking accreditation to the GCF as a regional entity in order to leverage its experience in environmental sustainability and disaster management by:

   (a) Supporting its regional member countries in preparing and adopting national climate change strategies and adaptation plans;

   (b) Building community resilience to adapt to climate change;

   (c) Performing research into climate change modelling and predictions; and

   (d) Supporting Caribbean small island developing States to access emerging climate change financing mechanisms.

2.3 Track record

7. The countries in which the applicant operates are among those most susceptible to the impacts of climate change. Thus, addressing the climate change challenge to the region is a strategic priority for the applicant. It has worked to mobilize concessional resources, and to design and implement activities to build its internal technical capacity, and that of its member countries, in order to effectively implement climate actions. Over the last three years, most of its investment operations have explicitly included climate considerations in their design or have included specific components that have addressed these issues. The applicant has mobilized concessional resources and technical assistance, as well as support for its climate action adaptation and mitigation agenda valued at an estimated USD 200 million.

8. Current activities include:

   (a) Implementing a climate finance readiness programme in the Caribbean;

   (b) Implementing a USD 65 million programme providing climate action lines of credit; and

   (c) Operating a EUR 4 million technical assistance grant programme, which provides support for project preparation in order to explicitly address climate vulnerability assessments as well as term sector vulnerability assessments and investment programming.
III. Stage II accreditation review assessment

9. The applicant during Stage II (Step 1) became eligible for the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

10. As part of this assessment, the AP consulted the applicant’s website and various third-party sources 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 are 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 standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

13. Regarding item 4.2.4, the applicant has an objective investigation function, including a hierarchical process for the investigation of complaints regarding violations of the applicant’s code of ethics or misconduct in the projects financed by the applicant. In addition, the applicant’s board recently approved an elaborate anti-corruption/compliance framework, whistle-blower protection policies and a mechanism that allows the public to launch complaints through a dedicated webpage. The investigation function is carried out by an independent office to ensure integrity, compliance and accountability; this office reports directly to the applicant’s premier oversight committee. In order to enhance accountability and transparency, cases of misconduct under investigation are reported to the oversight committee, the applicant’s president as well as the heads of the units where misconduct is being investigated. The function has a defined process for periodically reporting case trends. Information on cases of misconduct reported and investigated in the past three years along with the current status of the investigation/action taken was provided.

14. Regarding item 4.2.5, the applicant has anti-money laundering and anti-terrorist financing policies which are described in a strategic framework for integrity, compliance and accountability, including a compliance policy to avoid violations of financial sanctions. Risk-based AML/CFT counterparty due diligence is carried out by the applicant’s office for integrity, compliance and accountability, which uses Thomson Reuters World Check compliance software. Sample copies of recently undertaken ‘know-your-customer’ due diligence were provided. These included due diligence reports in the form of completed copies of the Wolfsberg Group Anti-Money Laundering Questionnaire.

15. The applicant has a sound mechanism for tracing electronic/wire transfers that targets regional and international correspondent banking counterparties with high transactional volume. Specifically, the mechanism aims to ensure that basic information on the originator and beneficiary of wire transfers is immediately available. Where this information is insufficient, the applicant either asks its commercial bank to contact the payer to obtain more information or it contacts the payer directly in order to obtain the required information.

16. Where the applicant acts as originator and beneficiary, financial institution-to-financial institution transfers and settlements account for almost all of the applicant’s wire transfer traffic. Typically, these payments relate to the receipt of subscription payments from BMCs,
investment-related payments and receipts, and loan repayments received from BMCs. The applicant does not act as an intermediary financial institution for handling wire transfers.

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

17. 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**

18. The provision of technical assistance, partly funded through grants, is a core function of the applicant whose mission is to contribute to the economic development of its member countries in the Caribbean region. Grants are designed with the full participation of the beneficiaries and must meet the applicant’s quality of entry requirements taking into consideration issues of efficiency, transparency and sustainability. The applicant has well-documented governance structures and procedures manuals for its management of grant award mechanisms. These mechanisms follow the applicant’s established operational policies and procedures, including those relating to project appraisal, implementation, monitoring and evaluation, procurement of goods and services, combating corruption and fraud, and environmental and social policy. Documentation and sample supervision reports on grant-funded technical assistance projects were provided as evidence of effective implementation of the policies and procedures. The applicant has provisions for the suspension, reduction or termination of grants in the event of a beneficiary failing to comply with its obligations under the grant agreement.

19. While the applicant meets all other GCF requirements for the specialized fiduciary standard for grant award and/or funding allocation mechanisms, it does not have, for the purposes of ensuring greater transparency in the use of funds by grantees, a system for providing the public with access to information on the periodic progress of individual projects/programmes. The applicant acknowledges this gap and has agreed to put such a system in place.

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

20. The applicant has an established track record of on-lending and blending of its own resources with other funds sourced from the multilateral development banks and bilateral development agencies. It also has comprehensive operational policies and procedures contained in an operational policies and procedures manual, which are accessible through its website. The manual includes guidelines for project appraisal with clearly defined roles and responsibilities and applicable formats/templates for assessing the capabilities of the recipient organizations. Compliance with the operational policies and procedures is demonstrated by sample appraisal/due diligence reports, which were provided.

21. The applicant has sound financial risk and management policies, procedures and governance/organizational structures that ensure appropriate segregation of duties of the treasury function and operations. The applicant has been rated by two of the three major rating agencies: “Aa1” by Moody’s Investors Service and “AA” by Standard & Poor’s.

3.2 **Environmental and social safeguards**

3.2.1 **Section 6.1: Policy**

22. The applicant has provided a document containing its environmental and social (E&S) review procedure (approved in 2014), which describes its E&S objectives, principles and compliance standards, and establishes responsibilities for the implementation of the procedures. This document is an updated version of a previous document, and reflects the lessons learned in implementing environmental and social management systems for over a decade. The new
procedure describes eight performance standards that are consistent with those of the GCF. The new E&S review procedures are complemented by a climate resilience strategy, and disaster management and operational guidelines, which together create the applicant’s overall policy framework to address the environment and climate change.

3.2.2 Section 6.2: Identification of risks and impacts

23. The applicant’s E&S review procedures describe a process for the screening and categorization of projects. The E&S risk categorization for direct lending is similar to that of the GCF. Although its financial intermediation operations do not use an E&S risk categorization system, there is evidence that the applicant monitors conformance with E&S policies and procedures, and provides technical support to financial intermediaries where capacity is lacking.

24. The applicant demonstrates a sufficient track record of implementing Category A/Intermediation 1 (I-1) and Category B/Intermediation 2 (I-2) projects, and of addressing specific performance standards as they arise.

3.2.3 Section 6.3: Management programme

25. The applicant has shown that a documented institutional process for managing mitigation measures and actions stemming from the E&S risk identification is in place. For Category A/I-1 and Category B/I-2 projects, the applicant has provided evidence that the institutional process to manage and monitor E&S risks and impacts is in place.

26. Samples of project monitoring reports, supervision mission reports and ex-post evaluation reports were reviewed. The reports demonstrate that the institutional procedures are sound and have been executed.

3.2.4 Section 6.4: Organizational capacity and competency

27. The applicant provided an organizational chart, which indicates the units responsible for E&S safeguards, as described in the E&S review procedures, as well as job descriptions. Curriculum vitae of staff in the E&S units show adequate technical capacity to undertake tasks associated with projects and to support their clients.

3.2.5 Section 6.5: Monitoring and review

28. The applicant has a monitoring/supervision process/procedure that instructs staff on how to systematically track the completion of mitigation and performance improvement measures. The applicant has recently upgraded its electronic project portfolio monitoring system to ensure that E&S performance is reported in a systematic manner. Project documents also demonstrate that E&S mitigation measures are monitored, and that capacity-building is provided to clients where institutional shortcomings are found. Ex-post evaluations are conducted by an independent evaluation unit, and reports are posted on the applicant’s website.

29. In 2012, the applicant conducted an assessment of the effectiveness of mainstreaming environment, climate change and disaster management. The results of this assessment are reflected in the applicant’s efforts to strengthen its policies and institution, showing the involvement of senior management in continuously improving the applicant’s E&S performance.

3.2.6 Section 6.6: External communications

30. The applicant’s efforts to strengthen integrity, compliance and accountability include the development of a project complaints mechanism, which covers E&S accountability. In May 2015, the applicant established an interim online mechanism to receive project-specific complaints and inquiries, which is available through its main website. The interim mechanism is also linked to an independent network in order to enhance accountability mechanisms among international financial institutions. To date, the interim system has not received any complaints, and thus evidence of register and response was not available. The permanent mechanism for external
communications will be established as part of the mandate of the office for integrity, compliance and accountability.

31. The applicant demonstrates experience with project-level information disclosure and stakeholder engagement. It has provided samples of project documentation showing that borrowers and executing entities are implementing the requirements of the applicant in this regard. Current efforts to improve stakeholder awareness and communications are expected to strengthen the applicant’s practice even further.

3.3 Gender

32. The applicant approved a gender equality policy and operational strategy in 2008. The policy calls for ensuring gender equality dimensions of economic and social issues in all policies, loans and projects; and promotion of gender equality as a means of supporting sustainable development, and reducing poverty and vulnerability. The applicant’s operations policy and procedure manual also contains a gender equality section. Monitoring of the results of this policy and procedure indicate a steady maturing of gender mainstreaming throughout the organization and its portfolio.

33. Capacity for gender mainstreaming is deemed sufficient. The applicant has provided evidence that its gender checklists and gender marker tools are utilized at the project level. It has also provided evidence of experience in addressing gender and climate change at the project level.

IV. Conclusions and recommendation

4.1 Conclusions

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

(a) The applicant meets the requirements of the GCF basic fiduciary standards, specialized fiduciary standard for project management and specialized fiduciary standard for on-lending and/or blending for loans, and partially meets the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant does not have in place, for the purposes of ensuring greater transparency in the use of funds by grantees, a system for providing public access to information on the periodic progress of individual projects/programmes;

(b) The applicant partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to high E&S risk (Category A/I-1). The applicant has an interim online mechanism to receive project-specific complaints and inquiries, and a permanent mechanism for external communications will be established; 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 considerations in the context of climate change.

4.2 Recommendation on accreditation

35. The AP recommends, for consideration by the Board, applicant APL036 for accreditation as follows:

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

(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 equity); and

(iii) **Maximum environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2 and 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(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:**

1. Establish an appropriate system for providing public access to information on the periodic progress of individual projects/programmes, including budget utilization, in relation to grant funding; and
2. Demonstrate that the permanent external communications mechanism is fully functioning, in particular identifying the staff assigned to manage, document and respond to communications, questions or complaints on the environmental and the social performance of projects.

36. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 35 above, and agrees to the recommendation.

4.3 **Remarks**

37. The applicant is encouraged to seek readiness and preparatory support to assist it to:

(a) Meet the conditions identified in paragraph 35(b) above.

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6 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”.

5 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”.

6 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”.
Annex VII: Accreditation assessment of Applicant 037 (APL037)

I. Introduction

1. Applicant 037 (APL037), XacBank LLC (XacBank), is a national private sector entity in Mongolia. The applicant serves clients from individuals and micro-, small- and medium-sized enterprises to Mongolia’s largest corporations with a full spectrum of inclusive banking, fair investment and other financial products and services. The applicant strives to be a dynamic leader in the Mongolian financial sector, setting the highest standards in corporate governance and social and environmental responsibility, while returning fair value to its shareholders.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 30 July 2015. The Stage I institutional assessment and completeness check was completed on 25 December 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 13 May 2016. 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 Mongolia;

(b) **Track**: normal track;

(c) **Maximum size of an individual project or activity within a programme**: small;¹

(d) **Fiduciary functions**:²

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management; and
3. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); 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, and was assessed by the Secretariat during Stage I, under the normal-track process.

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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 (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 Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

2.2 Institutional presence and relevant networks

5. The applicant has provided a variety of banking products and services to over 650,000 clients through 93 branches operating across the country. The retail banking transformation, piloted from July 2013, to implement international best practices was expanded to cover all 30 branches and sub-branches in Ulaanbaatar as well as 13 rural branches and sub-branches in 6 rural provinces.

6. The applicant became the first commercial bank in Mongolia to focus on providing ‘eco’ services in 2007 and introduced the first dedicated eco-banking unit in Mongolia in 2009. It is the only commercial bank in Mongolia with a dedicated eco unit. The applicant has successfully introduced specialized financial products that support energy efficient and renewable energy technologies for business sustainability and Green living in both Ulaanbaatar and in its extensive branch network in every Mongolian province.

7. The applicant is seeking accreditation to the GCF in order to create market incentives for Mongolian industries to move towards sustainable production, investing in energy efficiency and renewable energy, increasing energy security, and bettering the environment. It will do this by establishing financial products designed specifically to finance efficient greenhouses that utilize solar power in order to lengthen the growing season and produce more healthy food domestically. The applicant intends to scale up its focus on climate change in its operations in the future.

2.3 Track record

8. Since 2010, the applicant has partnered with international organizations to support energy efficiency and renewable energy in Mongolia. The applicant has disbursed USD 9.7 million in loans to producers, retailers and end users of products that reduce carbon emissions. The scope of the projects and programmes related to climate change financed by the applicant include:

(a) A USD 49.3 million eco-product distribution programme focused on the distribution of energy-efficient products (including over 143,000 improved heating stoves, over 6,200 energy-efficient boilers and other products to low income families in Mongolia’s capital, Ulaanbaatar);

(b) A USD 15 million Green loan programme in order to provide financing options to help to spur a Green growth path for developing the Mongolian private sector by incentivizing sustainability throughout the value chain; and

(c) A USD 10 million Mongolia sustainable energy financing facility aimed at corporate and industrial clients looking to upgrade their processes and equipment so as to save resources and energy.

III. Stage II accreditation review assessment

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

3.1 Fiduciary standards

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

11. The applicant has an organizational and corporate governance structure that is appropriate to the size and scope of its activities. Its board of directors has three oversight committees: risk management, audit, and governance nominating and compensation committees. The applicant has a process for preparing annual budgets and three-year budget and business plans, as well as systems for monitoring budget and business plan performance against targets.

12. The applicant's annual financial statements are prepared in accordance with the International Financial Reporting Standards. All financial statements include comparisons of financial performance for the year under review with the three preceding financial years. The applicant has transparent and consistent payment and disbursement systems in place with documented procedures and a clear allocation of responsibilities.

13. The applicant has an internal audit division the activities of which are directly and regularly monitored by the applicant's audit committee. The division adheres to risk-based internal audit principles and implements the "International standards for the professional practice of internal auditing" developed by the Institute of Internal Auditors.

14. The applicant has a well-developed internal control framework, which is outlined in the corporate governance section of the applicant's annual reports. The functions that make up the internal control framework include internal audit, risk management and the applicant's various governance oversight committees. An assessment of the adequacy of the applicant's internal controls relating to core financial management areas is undertaken annually by the applicant's external auditors during the audit exercise.

15. The applicant has procurement policies and procedures which are consistent with international and national procurement standards. Periodic procurement audits are carried out to ensure that the applicant, and the entities executing the development projects/programmes which it finances, comply with the applicant's policies and procedures.

3.3.2 Section 4.2: Basic fiduciary standards: transparency and accountability

16. The applicant has a code of conduct which defines expected ethical behaviour by its staff and all individuals contracted or functionally related to the organization. While the applicant does not have a separate ethics committee to exercise oversight of the institution's ethics function, this role is played by the governance nominating and compensation committee whose terms of reference were provided. The applicant also has a conflict of interest policy which defines what constitutes a conflict of interest and sets out the procedures for disclosing and addressing conflicts of interest.

17. To enforce its ethical standards, the applicant has a whistle-blowing policy through which whistle-blowers are encouraged to report financial mismanagement and other forms of misconduct and are offered confidentiality protections, as well as protection against dismissal or other reprisals. The applicant’s website has a live webchat service, a 24-hour call centre, and a feedback section for submitting complaints and reporting misconduct.

18. The applicant has issued a clear statement on its policy of zero tolerance for fraud and corruption. The statement is posted on the applicant’s website along with information on avenues for reporting suspected or detected fraud and corruption.
19. The applicant’s internal audit division is responsible for investigating cases of violation of its code of conduct. While the terms of reference for the investigation function are set out in the audit charter, the applicant did not have documented procedures for handling complaints received by the division or for managing the investigation process. To address this gap, the applicant developed comprehensive procedures for the investigation of cases of misconduct which were recently approved by its board. However, the applicant has yet to demonstrate effective use of these procedures. In order to fully meet GCF requirements, the applicant would need to provide evidence of the effective use of its investigation procedures.

20. The applicant has an anti-money laundering (AML) and combating the financing of terrorism (CFT) policy, as well as detailed 'know-your-customer' (KYC) procedures. Copies of annual monitoring reports on AML/CFT for 2012 to 2014 were provided. A copy of extracts from an on-site inspection report by Mongol Bank (Mongolia’s regulator of commercial banks) shows that the applicant’s AML/CFT and KYC procedures are quite robust and comply with the national standards. In order to improve on the implementation of the AML regulations, an annual client risk assessment is performed, which enables the identification and further monitoring of high risk customers and suspicious transactions, with regular reporting of the latter to the national regulator. Sample reports on KYC activities carried out in the past three years were provided. The applicant has recently implemented initiatives, aimed at improving the existing KYC processes, including the review and updating of customers’ files, accounts and relevant information, as well as the adoption of new guidelines embracing international best practices.

21. As a major national bank, the applicant handles thousands of electronic transfers on a daily basis. All of these transactions are tracked and recorded within the applicant’s management information system. A summary of the applicant’s weekly AML monitoring reports, provided in the application, shows that the applicant has a sound mechanism for tracing electronic/wire transfers. In order to enhance the process, all electronic/wire transactions, with the exception of SWIFT international wire transfers, have daily and single transaction limits to safeguard against risks.

3.3.3 Section 5.1: Specialized fiduciary standard for project management

22. The applicant has detailed policies and procedures that guide its project identification, appraisal, monitoring and evaluation functions. These include loan appraisal and monitoring procedures, general lending procedures and a lending operations manual.

23. Until recently, however, the applicant did not have in place some of the procedures required by the GCF’s fiduciary standards, namely procedures for:

(a) The preparation of project implementation plans;

(b) Project closure; and

(c) The independent evaluation of project results.

24. In order to address these gaps, the applicant has developed the required procedures, which were recently approved by its board. However, the applicant is yet to demonstrate the effective use of these procedures. In order to fully meet GCF requirements, the applicant would need to provide evidence of the effective use of procedures for the aforementioned points.

25. The applicant has procedures for monitoring projects under implementation whose purpose is to ensure that project risks/problems are identified and addressed in a timely manner. To ensure objectivity and independence of the monitoring function, responsibility for monitoring projects is assigned to staff who are not involved in the project appraisal process.

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

26. The applicant did not apply for assessment against this standard at this time.
3.3.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

27. The applicant has extensive experience with on-lending and blending funds received from major international and multilateral funding sources, such as the International Finance Corporation, the European Bank for Reconstruction and Development and the Asian Development Bank. Technical assistance provided by various development partners has especially enhanced the applicant's sustainable energy financing capabilities and its status as the premier domestic partner for Green finance in Mongolia.

28. The applicant has a documented framework for undertaking due diligence with clearly defined roles and responsibilities and applicable guidelines and procedures for assessing the capabilities of the organizations seeking financing from the applicant. Sample due diligence reports in respect of its on-lending and blending operations show effective use of and compliance with the existing policies and procedures.

29. Until recently, the applicant did not have in place a policy on the disclosure of information to the public on project beneficiaries, project results achieved and lessons learned as required by the GCF fiduciary standards. In order to address these gaps, the applicant has developed the required procedures which were recently approved by its board. However, in order to fully meet GCF requirements, the applicant would need to provide evidence of the effective implementation of its new information disclosure policy.

30. The applicant has also demonstrated sound financial risk and management policies, procedures and governance/organizational structures that ensure appropriate segregation of duties of the treasury function and operations.

31. The applicant has been rated by three rating agencies: ‘B3/Not prime’ (for short term issuer rating) by Moody’s Investors Service; ‘B’ (for ST foreign currency issuer default rating) by Fitch Ratings; and ‘A’ by Planet Ratings (a specialized microfinance rating agency).

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

32. The applicant has a well-established environmental and social management system (ESMS) in place that is compliant with the ISO 14000 standards. The development and approval of the ESMS was based on the experience gained and lessons learned by other international development organizations. The ESMS policy document includes a comprehensive statement of the applicant’s commitment to the principles of being environmentally and socially-sound, and of sustainable development, and the policy adheres to national environmental and social (E&S) laws and regulations. The ESMS is complemented by E&S management guidelines as well as by the applicant’s loan policy, which are applied to ensure that the applicant promotes sustainable development throughout its operations by conducting E&S project loan appraisals in a consistent manner. The roles and responsibilities of specialized units or individuals who collectively ensure the conformity of operations with the applicant’s ESMS policy are clearly assigned. The ESMS policy is fully consistent with the GCF interim environmental and social safeguards (ESS) and is well-communicated to all staff in the organization.

3.2.2 Section 6.2: Identification of risks and impacts

33. The applicant has a well-developed and comprehensive E&S risk and impacts identification and categorization process that is fully consistent with the GCF interim ESS. The risk identification and categorization process is outlined in the applicant's ESMS policy document, which covers all potential E&S risks contained in performance standards 1 to 8. The policy is supported by a scoring system and guidance to staff on identifying E&S risks and impacts of the project/programme over the project life. Evidence of the applicant's experience
in conducting E&S risk and impact assessment and categorization was provided in the form of loan appraisal reports on specific projects and programmes.

3.2.3 **Section 6.3: Management programme**

34. The applicant’s ESMS policy supported by the risk scoring system provides the guidance for managing mitigation measures and actions stemming from the E&S risk identification process, distinguishing between different categories of risk. As evidence for the implementation of the policy, the applicant provided examples of the E&S assessment and monitoring reports for the investment activities, where minimal to no (Category C/Intermediation 3) and medium (Category B/I-2) E&S risks were identified, corresponding corrective action plans were developed and mitigation measures were undertaken.

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

35. The applicant provided information and policy documents describing its organizational structure, as well as roles and responsibilities for E&S reporting on the loans it provides. The E&S Coordinator is responsible for the consistent implementation of the ESMS policy across the applicant’s investment activities.

36. E&S risk identification and assessment of investment activities consists of two stages:

   (a) Initial review of the projects by the Loan Officer with regard to the environmental, health and safety requirements of the national legislation, and the applicant’s exclusion list of activities contained in its ESMS policy; and

   (b) E&S assessment for further compliance with performance standards 1 to 8 and determination of the grade of the risks and the risk category by the Compliance Officer.

37. The applicant’s dedicated eco-banking department undertakes the disbursement of loans for climate change mitigation and adaptation projects/programmes.

38. The applicant’s staff responsible for E&S assessment and monitoring has undergone the necessary training conducted by international development organizations, the records of which were provided.

3.2.5 **Section 6.5: Monitoring and review**

39. The applicant has established procedures for E&S assessment and monitoring processes for all business loans and microloans provided to its clients. The E&S monitoring and reporting procedure describes the roles and responsibilities of the dedicated committees and staff conducting the initial assessment and regular monitoring and reporting on the loans approved. The dedicated regulatory bodies include the credit committee, the compliance team headed by the Compliance Officer, the sustainability team, the eco-banking department, the Chief Risk Officer and the E&S Manager. The compliance team ensures overall compliance of the applicant’s business activities with national environmental legislation and bilateral agreements with investors and shareholders, and also with internationally recognized environmental norms and standards.

40. The applicant undertakes a quarterly survey for branches to affirm that they are properly screening clients for environmental and social risks. The supporting documentation provided includes samples of the reporting sheets from monthly and quarterly updates to final project assessments for environmental projects. The compliance team also compiles and provides E&S performance reports on a regular basis to the applicant’s investors, board of directors and partner institutions.

41. In addition, the applicant is a member of the Global Reporting Initiative on good corporate governance, economic, environmental and social performance, as built around the ‘three P’s’: the planet, people and profit.
3.2.6 **Section 6.6: External communications**

42. The applicant has several procedures in place that regulate its process for external communications that is the receipt and processing of inquiries and complaints from the public via a digital feedback section and a live chat feature on its website. In addition, the applicant maintains 24-hour telephone lines and e-mail accounts that can receive communications or complaints from consumers. Apart from the online complaint management system, the applicant works with external surveying organizations to ensure customer satisfaction. The applicant has provided its register of inquiries and complaints received, including the actions taken from each quarter of the last year. The applicant’s information disclosure procedure enables it to disclose E&S information on the projects based on the agreement of the stakeholders involved in line with GCF requirements.

3.1 **Gender**

43. The applicant has established a set of separate procedures and practices that regulate gender specific issues. The applicant’s approach towards gender mainstreaming is fully consistent with the principles in the GCF Gender policy. Evidence of the competency of staff managing gender-related matters was provided and found sufficient.

44. The applicant tracks the implementation of gender-sensitive approaches for particular projects/programmes. Examples of project documentation indicating the data and information collected on the gender-related outcomes of the projects financed by the applicant were presented. The projects include the distribution of energy-efficiency products, social and financial education programmes, and lending programmes for women entrepreneurs. The presented evidence clearly demonstrates the applicant’s practices of collecting and analysing gender and climate data, as well as gender and climate change accountability.

45. In addition, the applicant provides training on its gender policy and project-level gender analyses to relevant staff, such as its Human Resources Officer, Compliance Officer, ESMS Coordinator, and new employees.

IV. **Conclusions and recommendation**

4.1 **Conclusions**

46. 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 for transparency and accountability, the specialized fiduciary standard for project management, and the specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees);

(b) The applicant meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/1-2); and

(c) The applicant has demonstrated that it has policies, procedures and competencies to allow it 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 considerations in the context of climate change.
4.2 Recommendation on accreditation

47. The AP recommends, for consideration by the Board, applicant APL037 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:**
small (including micro<sup>4</sup>);

(ii) **Fiduciary functions:**
1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management; and
3. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3)<sup>5</sup>); 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(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Provide evidence of the effective application of procedures for the investigation of fraud, corruption and other forms of malpractice;
2. Provide evidence of the effective implementation of the procedures for:
   a. The preparation of project implementation plans;
   b. Project closure; and
   c. The independent evaluation of project results; and
3. Provide evidence of the effective implementation of its information disclosure policy.

48. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 47 above, and agrees to the recommendation.

4.3 Remarks

49. The applicant is encouraged to seek readiness and preparatory support to assist it with:

(a) Meeting the condition(s) identified in paragraph 47(b) above.

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<sup>4</sup> 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”.

<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”. 
50. Following the provisions of its information disclosure policy, the applicant is encouraged to align its disclosure of E&S reports to the requirements of the GCF Information disclosure policy.
Annex VIII: Accreditation assessment of Applicant 038 (APL038)

I. Introduction

1. Applicant 038 (APL038), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, is an international organization that offers the following services: advice; human capacity development; network and dialogue management as well as mediation; and management and logistics. The applicant supports long-term capacity-building and policy reform processes, and operates in all sectors relevant to sustainable development and climate change mitigation and adaptation, including renewable energies and energy access, energy efficiency, the measurement of reduction in greenhouse gas emissions, the use of climate-friendly technologies in industry, results-based financing for reducing emissions from deforestation and forest degradation, climate-resilient cities, climate risk management and insurance, and systems and ecosystem-based adaptation.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 February 2015. The Stage I institutional assessment and completeness check was completed on 21 August 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 24 May 2016. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

(a) **Access modality**: international access;

(b) **Track**: fast-track under the Directorate-General for International Development and Cooperation (DG DEVCO);

(c) **Maximum size of an individual project or activity within a programme**: medium;¹

(d) **Fiduciary functions**:²
   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

(e) **Maximum environmental and social risk category**: medium risk (Category B/Intermediation 2 (I-2)).³

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¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” 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 50 million and up to and including USD 250 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.”
II. **Stage I institutional assessment and completeness check**

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a DG DEVCO 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.10/06.

2.1 **Legal status, registration, permits and licenses**

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

2.2 **Institutional presence and relevant networks**

5. The applicant has a presence in over 130 countries, including 41 least developed countries, 30 small island developing States and 36 sub-Saharan African countries. This global presence has allowed the applicant to establish relationships with national governments and other national institutions in developing countries.

6. The applicant has made climate change one of the core areas of its work and over the past few years it has scaled up its climate finance readiness programme for developing countries through the provision of technical support. More than half of its staff members are local experts and support staff working in developing countries, which facilitates the participation of the applicant in relevant national and regional networks. These well-established relationships with developing countries and a wealth of regional and technical expertise have added to the implementation of its projects.

7. The applicant seeks to contribute to the objectives of the GCF by leveraging over 50 years of experience of providing technical assistance and capacity development for development finance. In particular, it seeks to prepare developing countries for accessing climate finance by catalysing its readiness support programme to allow them to adopt climate-resilient development pathways.

2.3 **Track record**

8. The applicant mobilizes financial resources for its climate change projects and programmes from more than 160 national and international clients and financiers in the public and private sectors. With more than 30 public-private partnerships that it is involved in, the applicant intends to continue cooperating with the private sector in order to achieve adaptation and mitigation of climate change impacts. It also supports the engagement of the private sector through the development of policies and regulatory frameworks.

9. As of December 2014, its portfolio comprised of approximately 1,300 projects in all developing country regions, with about 40 per cent of these being climate-related in sectors such as agriculture, forestry, water and energy efficiency. These projects totalled approximately USD 1.5 billion, more than half of the applicant’s total financial turnover in 2014.

III. **Stage II accreditation review assessment**

10. The applicant is eligible for, and applied under, the fast-track accreditation process as a DG DEVCO entity. Its application has been assessed by the Accreditation Panel (AP) during
Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

11. As part of this assessment, the AP consulted the applicant's website and various 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

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 10 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.5, anti-money laundering (AML) and countering the financing of terrorism policies, have been met by way of fast-track accreditation.

14. Regarding item 4.2.5, the applicant applies an online screening tool as part of its 'know-your-customer'/AML procedures. These procedures include an electronic system which accesses international databases and further manual risk assessments associated with countries that are identified as higher risk. These processes are aligned with the applicant's current business model, however, further elaboration is required as part of the mainstreaming of its financial intermediation role across its business.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

15. The applicant has a significantly developed, well-structured set of project preparation guidelines which comprises a seven-step process culminating in a financial proposal. The guidelines include the roles and responsibilities associated with the various steps. Moreover, the process includes an assessment of the capacity development needs associated with a project and, where relevant, the inclusion of a capacity development strategy for sustainability.

16. The applicant has provided evidence of its track record in respect of size and type of intervention. In this regard, it is noted that generally the applicant's project portfolio has comprised lower (e.g. the small size category as per the GCF) value technical cooperation type donor-funded assignments. However, the applicant has provided evidence of a few interventions that are of a scale for which it is seeking accreditation (e.g. medium). These projects tend to be programmes with a global reach, which have been developed for scalability and replicability and which include management of funds from a group of donors. Funds have been managed and implemented according to the requirements of the specific donors concerned.

17. The applicant's monitoring and evaluation framework encompasses results-based monitoring on:

(a) A project level;

(b) A strategic level across projects; and

(c) Third party evaluations, when required.

18. Findings are presented at regular operational meetings for the implementation of recommendations. The corporate monitoring unit provides an overarching service to the organization reporting to the applicant's management board and is considered an independent body. It also monitors the implementation of recommendations.
19. The risks associated with the applicants operations are grouped into four main areas (political, contractual, security and image), and are assessed per project and in a structured manner. The thresholds associated with risk screening are applied and capacity development (including a “capacity works” model designed for this purpose) is a tool applied to mitigate against the risks associated with project ownership and therefore sustainability.

20. The applicant has recently described and communicated a structured outline for grant finance intermediation. In this regard, the applicant has provided evidence of a fiduciary due diligence exercise and demonstrates an understanding of the requirements associated with an intermediated due diligence process. The procedures to mainstream its financial intermediation role are in the process of being formalized in a manual.

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

21. As per paragraph 10 above, the specialized fiduciary standard for grant award and/or funding allocation mechanisms is considered to have been met by way of fast-track accreditation.

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

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

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

23. The applicant’s new 2015 sustainability policy integrates its environmental and social (E&S) guidelines and establishes a binding, organization-wide, improved environment, climate, and social impact management system, consistent with the GCF interim environmental and social safeguards (ESS) performance standards 1 to 8. The policy is communicated across the organization; all activities and staff are obliged to respect it. The applicant also integrates into its activities the national legislation of partner countries and partner-country obligations under international agreements. The applicant’s E&S system won an international award in 2012 for outstanding commitment to environmental-and-climate assessment practice. The applicant will update its E&S system by mid-2016 in order to harmonize with its new organizational structure.

3.2.2 Section 6.2: Identification of risks and impacts

24. The applicant has a two-step process to identify E&S risks and impacts:

(a) Screening; and

(b) In-depth assessment (scoping).

25. Each step is supported with tools. The project managers screen projects before appraisal missions or project reviews so as to identify potential risks and impacts and to determine the E&S risk category. There are internal procedures, guidance and a help desk to support project categorization and scoping.

26. The applicant focuses on technical cooperation and capacity building. It provided a long list of Category B and Category C projects, and some project examples from the past three years, to demonstrate a competent track record with project categorization and implementation.

3.2.3 Section 6.3: Management programme

27. The screening and scoping results are integrated into the project design with relevant indicators and are summarized in an environment, climate and social management and monitoring plan. The results-based monitoring (RBM) reports are used to identify and follow-
up on mitigation actions, inform about the development of risks, and adjust planned interventions, as needed.

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

28. General E&S responsibilities are defined and are communicated to all departments. The organizational chart and guidance identify the board or office responsible for implementation and compliance with E&S standards. The applicant’s 2016 organizational structure has a division with competence for gender and one for the environment and climate change. It provided the E&S credentials of nine head office (HO) senior staff to cover each of the performance standards from 1 to 8.

29. The applicant has a sizeable training department through which to organize and conduct capacity development, including E&S-related training. It provided an extensive list of environment-related courses that are routinely conducted, a list of the available courses on its intranet, and its course attendance lists. All new HO staff and field staff follow at a minimum a one-day E&S course and other E&S capacity development training, as needed. The HO departments support and provide advisory services to field staff in order to support continuous E&S capacity development.

3.2.5 **Section 6.5: Monitoring and review**

30. The applicant revised its monitoring and evaluation (M&E) policy in 2013, based on the development standards of the Organization for Economic Co-operation and Development’s Development Assistance Committee. It has three M&E instruments:

(a) RBM;

(b) Project evaluations; and

(c) Corporate evaluations.

31. The HO M&E unit and operational units conduct M&E at central and decentralized levels and advise on the design of M&E systems. The RBM follows-up on mitigation actions and adjusts the planned interventions, as needed. The country offices are responsible for monitoring and formulating project-level recommendations. The applicant combines a technical monitoring system with a procedure to integrate stakeholder perspectives. Good examples were provided to demonstrate M&E capacity.

32. The applicant conducts annual external quality control/audits on a selected set of projects in order to determine the extent of compliance with standards.

33. M&E results are reported to senior management. Overall, it was demonstrated that the M&E procedures help to steer projects and support learning at the project and organization levels.

3.2.6 **Section 6.6: External communications**

34. The applicant has e-mail addresses for human rights, sustainability and integrity issues, and several general communication channels (e.g. e-mail address, telephone numbers and postal addresses). All incoming communications are registered in the file management system and are assessed by designated communication teams so as to determine whether a communication needs to be forwarded to a responsible member of staff or not. Country offices have a similar system to register, manage and respond to all communications from the public. The applicant provided examples of its communications register. There were no E&S complaints received in the last three years, but the applicant provided cases to show how other types of complaints were managed and resolved.
35. The applicant is committed to being very transparent, publishing extensive E&S information on all ongoing programs and projects on its website.

3.3 Gender

36. The applicant’s gender strategy is integrated into its sustainability policy and complies with the GCF gender policy’s six gender principles. All projects undergo a gender analysis at the time of appraisal, and gender-sensitivity is integrated into project design, management and monitoring. The applicant has other instruments to support its gender strategy, for instance a HO gender steering group, and an organizational goal to have 50 per cent women at management level. To enhance the gender competence of staff and stakeholders, the applicant provides gender training and it disseminates gender-sensitive best practices through its gender network.

37. Gender results are reported to senior management in the applicant’s annual report and are published on its website. Annual external evaluations review the quality of the gender services.

38. The applicant has implemented more than 230 projects that relate to gender and climate change from 2012 to 2014. Altogether, the applicant clearly demonstrates its leadership role in mainstreaming gender and its commitment to continuously improve its gender-related services.

IV. Conclusions and recommendation

4.1 Conclusions

39. 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 standard and meets the specialized fiduciary standard for project management as well as the specialized fiduciary standard for grant award and/or funding allocation mechanisms;

(b) The applicant meets the requirements of the interim environmental and social safeguards of the GCF in relation to the medium E&S risk (Category B/I-2); and

(c) The applicant has demonstrated that it has the policies, procedures and competencies through which 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 considerations in the context of climate change.

4.2 Recommendation on accreditation

40. The AP recommends, for consideration by the Board, the applicant APL038 for accreditation as follows:
(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:** medium (including micro\(^4\) and small\(^5\));

(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\(^6\))); 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(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:**

1. Submit an operational guideline/manual that describes the fiduciary due diligence process it would apply to GCF financing concerning transparency and accountability, with specific reference to standards on ‘know your customer’ and AML.

41. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 40 above, and agrees to the recommendation.

4.3 **Remarks**

42. The applicant’s traditional technical cooperation role under the Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (the Federal Ministry for Economic Cooperation and Development) has been noted as described on the ministry’s website. However, based on its track record with grant intermediation, the applicant now plans to mainstream a financial intermediary function and this is reflected in its GCF accreditation application.

43. In the view of the AP, this recent broadening in the scope of the applicant’s activities could give rise to potential conflicts of interest between the applicant as a provider of technical cooperation on the one hand, and on the other as the supplier of GCF grants for a technical cooperation programme managed by an intermediary. In such cases, if the potential for conflict

\(^4\) 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”.

\(^5\) As per annex I to decision B.08/02, “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”.

\(^6\) 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”.


of interest is confirmed, the services should be procured using rules in line with those of the GCF fiduciary standards regarding procurement.
# Annex IX: Summary of recommendations

## Table 9: Summary of recommended accreditation types and conditions

<table>
<thead>
<tr>
<th>Applicant number</th>
<th>Access modality</th>
<th>Accreditation type being recommended under the fit-for-purpose approach</th>
<th>Accreditation conditions, recommendations and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>APL035 BOAD</td>
<td>Direct access, regional</td>
<td><strong>Size</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>Fiduciary functions</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium&lt;sup&gt;3&lt;/sup&gt;</td>
<td>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)</td>
</tr>
</tbody>
</table>

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<sup>1</sup>“Size” refers to the total projected costs at the time of application, irrespective of the portion that is funded by the GCF, for an individual project or an activity within a programme. Four size categories (micro, small, medium and large) are defined in annex I to decision B.08/02 (annex I to document GCF/B.08/45).

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

<sup>3</sup>As per annex I to decision B.08/02, “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above US$ 50 million and up to and including US$ 250 million for an individual project or an activity within a programme”.

<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”.

## Notes

- “Size” refers to the total projected costs at the time of application, irrespective of the portion that is funded by the GCF, for an individual project or an activity within a programme.
- Four size categories (micro, small, medium and large) are defined in annex I to decision B.08/02 (annex I to document GCF/B.08/45).
- Decision B.07/02.
- As per annex I to decision B.08/02, “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above US$ 50 million and up to and including US$ 250 million for an individual project or an activity within a programme”.
- 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”. 
As per annex I to decision B.08/02, “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 US$ 10 million and up to and including US$ 50 million for an individual project or an activity within a programme”.

<table>
<thead>
<tr>
<th>APL036</th>
<th>Direct access, Small</th>
<th>Basic fiduciary standards; High risk</th>
<th>Condition(s) prior to the first disbursement by the GCF for an</th>
</tr>
</thead>
</table>

Remarks:
Although the applicant has sound policies and practices in relation to E&S, gender and climate matters, it will need more staff in order to increase the scale and scope of its activities significantly as it has planned. In particular, it is judged that more careful project design, enhanced implementation budgets and resources, and strengthened monitoring and supervision, can help to overcome the existing capacity constraints. It is therefore recommended that the applicant addresses the staff shortcomings identified in paragraphs 19, 32 and 40 in annex V to this document.

The applicant has a wide-ranging ESMS, which is consistent with the requirements of performance standard 1 of the GCF interim ESS. Since the applicant’s ESMS has been updated over time, it is recommended that the applicant now consolidate its existing guidelines in order to more easily screen and assess projects against performance standards 2 to 8 and to ensure that:
(a) All departments and all clients have the full package of the most-up-to-date ESMS elements; and
(b) All departments and clients have been sufficiently trained to use the most-up-to-date ESMS elements.

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5 As per annex I to decision B.08/02, “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 US$ 10 million and up to and including US$ 50 million for an individual project or an activity within a programme”.
<table>
<thead>
<tr>
<th>CDB</th>
<th>regional</th>
<th>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 equity)</th>
<th>(Category A/I-1)⁶ approved project/programme to be undertaken by the applicant: 1. Establish an appropriate system for providing public access to information on the periodic progress of individual projects/programmes, including budget utilization, in relation to grant funding; and 2. Demonstrate that the permanent external communications mechanism is fully functioning, in particular identifying the staff assigned to manage, document and respond to communications, questions or complaints on the environmental and the social performance of projects.</th>
</tr>
</thead>
<tbody>
<tr>
<td>APL037 XacBank</td>
<td>Direct access, national, private sector</td>
<td>Small</td>
<td>Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)</td>
</tr>
</tbody>
</table>

⁶ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), 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”.
| APL038 | International access | Medium | Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for grant award and/or funding allocation mechanisms | Medium risk (Category B/I-2) | Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Submit an operational guideline/manual that describes the fiduciary due diligence process it would apply to GCF financing concerning transparency and accountability, with specific reference to standards on ‘know your customer’ and AML

Remarks:
In the view of the AP, this recent broadening in the scope of the applicant’s activities could give rise to potential conflicts of interest between the applicant as a provider of technical cooperation on the one hand, and on the other as the supplier of GCF grants for a technical cooperation programme managed by an intermediary. In such cases, if the potential for conflict of interest is confirmed, the services should be procured using rules in line with those of the GCF fiduciary standards regarding procurement.
Annex X: Accreditation assessment of Applicant 039 (APL039)

I. Introduction

1. Applicant 039 (APL039), the South African National Biodiversity Institute (SANBI), is a national entity and a research institute that coordinates research, monitors and reports on the state of biodiversity in South Africa. The applicant also provides planning and policy advice and pilots management models. It has developed and implemented climate-resilient projects that deliver multiple and sustainable benefits to communities in an effort to respond to local adaptation needs and national climate change priorities. The applicant has achieved this by mobilizing financial resources from various sources, including multilateral financial institutions.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 1 July 2015. The Stage I institutional assessment and completeness check was completed on 10 February 2016 and 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 nomination for its accreditation application from South Africa;

(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

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

(e) **Maximum environmental and social risk category**: medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage II 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, B.10/06 and B.12/30.

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 (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”.

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1. Access modality: direct access, national. The applicant received a national designated authority nomination for its accreditation application from South Africa;
2. Track: fast-track under the Adaptation Fund (AF);
3. Maximum size of an individual project or activity within a programme: small;¹
4. Fiduciary functions:²
5. Maximum environmental and social risk category: medium risk (Category B/Intermediation 2 (I-2)).³

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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 (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”.

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2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences. SANBI was established through the signing into force of the National Environmental Management: Biodiversity Act (Act 10 of 2004) of South Africa.

2.2 Institutional presence and relevant networks

5. The applicant meets its responsibilities related to facilitating the full diversity of South Africa's fauna and flora, and builds on internationally respected programmes in the areas of conservation, research and education in partnership with other stakeholders. Within the framework of the National Environmental Management: Biodiversity Act, the purpose of SANBI is to provide for:

(a) The management and conservation of biological diversity within South Africa;
(b) The sustainable use of indigenous biological resources; and
(c) The fair and equitable sharing among stakeholders of benefits arising from bio-prospecting involving indigenous biological resources.

6. The applicant has partnered with the government, municipalities, the private sector, civil society organizations and local communities in South Africa to deliver climate change mitigation and adaptation.

7. The applicant seeks accreditation to the GCF in order to support efforts to promote the paradigm shift towards low-emission and climate-resilient development pathways in South Africa. The applicant seeks to contribute to the objectives of GCF by leveraging its experience in mainstreaming biodiversity in the areas of agriculture, water, ecosystem services, climate information and early warning systems. Particular focus will be given to building resilience in vulnerable communities, and strengthening the capacity of local institutions to enable the scaling up and replication of interventions.

2.3 Track record

8. The applicant mobilizes financial resources from its national and international partners to alleviate the impacts of climate change in South Africa through the implementation of biodiversity projects. Over the last few years, the applicant has implemented projects that support national and local climate change adaptation and mitigation priorities by building resilience to climate change in vulnerable communities.

9. Current activities related to climate change implemented by the applicant in South Africa include:

(a) USD 59 million for the “Mainstreaming biodiversity into land use regulation and management at the municipal scale” project;
(b) USD 7.5 million for the “Building resilience in the Greater uMngeni Catchment” project; and
(c) USD 2.4 million for the “Taking adaptation to the ground: a small grants facility for enabling local level responses to climate change in South Africa” project.
III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity. Its application has been assessed against by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

11. 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

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

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 10 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

14. Regarding item 4.2.4, the applicant has a policy, which guides it in terms of decisions related to fraud and fraudulent activities. In addition, specific guidelines that outline the applicant's investigation structure are available on its intranet for easy access and reference. The investigation function is structurally independent from the applicant's management and has a designated committee that is responsible for the administration, revision and interpretation of the fraud prevention policy. The applicant has a fraud hotline number and maintains a fraud disclosure register, in which disclosure methods, allegations, sanctions, status and other information are recorded. There are provisions for employees to report on fraud and corruption cases by contacting the chief compliance officer or informing their direct supervisors, or via the whistle-blower hotline. The internal advisory committee decides on the merits of each reported case and initiates the investigation process. The investigation is carried out internally or externally by designated SANBI officials, internal auditors or designated forensic auditors, respectively. The alleged fraud disclosure registers are available to the public on request.

15. Concerning AML/CFT policies, the applicant clarified that it does not have a stand-alone AML policy and provided a detailed explanation of how its practices are aligned with South African legislation and banking processes in this regard. The applicant also provided several legislation documents, which, as a national entity, it is legally obliged to follow. The documents contain the conditions for the exclusion of money laundering, terrorist financing practices and other fraudulent activities. In addition, the applicant provided an official letter signed by the SANBI chief executive officer confirming that SANBI adheres to the relevant GCF interim policy on prohibited practices, its principles and list of prohibited practices.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

16. As per paragraph 10 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.
Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

17. The applicant has a substantial track record in adaptation projects and programmes developed under various grant award mechanisms in cooperation with national authorities, as well as international organizations.

18. Since 2002, the applicant has been participating in the Critical Ecosystem Partnership Fund, a non-governmental facility established and funded by several international organizations to safeguard the world’s threatened biodiversity hotspots in developing countries. The applicant has invested in two biodiversity projects in South Africa and has performed a coordination role for them, which was highly commended by the Fund’s management.

19. In addition, the applicant manages the implementation of the Foundational Biodiversity Information Programme, a grant programme that funds the generation, management and dissemination of foundational biodiversity knowledge and information. Funding for this programme is provided by the government.

20. The applicant’s grant award mechanism procedural framework was strengthened following the applicant’s accreditation as a national implementing entity (NIE) for the AF in 2011. The applicant led the development of an investment framework for the AF in South Africa, and successfully identified and developed two project proposals, which were subsequently approved by the AF.

21. The competitive grant award mechanism funded by the AF includes clear operating procedures for evaluating proposals and awarding grants, clearly defined eligibility criteria, as well as due diligence and procurement procedures. These procedures will be tailored to GCF requirements and will be applied to the GCF-funded projects/programmes with some minor updates.

22. All decisions relating to the grant awards are governed by the steering committee, which is a high-level committee comprising representatives from several governmental departments, the applicant and a non-governmental organization coalition called the Adaptation Network. The committee also plays a high-level oversight role for ensuring compliance with relevant safeguards.

23. The process of awarding grants is based on the applicant’s close cooperation with municipalities, which involves the participation of the specialized independent technical advisory groups and high-level grant award committee. The process is undertaken in four steps:

(a) SANBI identifies the projects in cooperation with local municipalities, and checks whether the project is in line with the regulations and the current work undertaken in the area;

(b) The designated technical advisory group, together with the environmental and social risk assessment panel, assesses whether the project is in line with SANBI project criteria and environmental and social safeguards (ESS);

(c) The SANBI secretariat accepts the project proposal and established performance criteria; and

(d) The executing entity prepares a recommendation for the SANBI grant award programme steering committee, which has to endorse the final recommendation.

24. The projects funded by the GCF would be monitored by the applicant in accordance with its newly established process manual. Since the process manual is newly established, the applicant has not yet been able to demonstrate a track record in applying the manual (e.g. the
periodic monitoring reports in accordance with the new manual for the two projects recently approved by the AF are expected to be prepared in late 2016).

25. Overall, following the assessment, it has been concluded that the grant award mechanisms implemented by the applicant are mature and well-established.

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

26. The applicant did not apply for assessment against this standard at this time.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

27. The applicant adheres to the national laws in implementing South Africa’s obligations under international environmental and biodiversity laws. Additionally, in its role as an NIE for the AF, the applicant has developed a suite of operational processes and policies that together make up the elements of its environmental and social policy. One of its key policy guidance documents includes an environmental and social risk management framework (ESRMF) approved at the NIE steering committee meeting in September 2015. The ESRMF includes a comprehensive statement of the applicant’s environmental and social (E&S) objectives and principles guiding the institution, and defines the responsibility of the NIE to ensure compliance with the GCF interim ESS, including performance standards 1 to 8, as well as with national legislation. The applicant’s policies related to ESS matters are available on its website, indicating that they are communicated to all levels within the organization.

3.2.2 Section 6.2: Identification of risks and impacts

28. The applicant’s ESRMF describes its institutional process to guide its staff in identifying E&S risks and impacts, including an E&S categorization framework for projects/programmes as they evolve over the project life cycle. The applicant has provided examples of its track record of applying this process, which is consistent with the GCF interim ESS (performance standards 1 to 8). The applicant’s E&S risk management panel of experts, supported by a network of compliance offers within the organization, has overall responsibility for project compliance with the GCF interim ESS.

3.2.3 Section 6.3: Management programme

29. The applicant’s ESRMF defines its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process by distinguishing between different categories of E&S risk. The applicant has provided illustrative examples of how mitigation actions are identified in the basic ESS assessment reports and how they are managed in the associated environmental management plans. The applicant has also provided an example of an external audit of its institutional management effectiveness.

3.2.4 Section 6.4: Organizational capacity and competency

30. The applicant has provided information on its organizational structure, explaining, inter alia, that the technical staff of the E&S risk management panel have direct responsibility for E&S risk management. The NIE secretariat is responsible for ensuring that the panel members are familiar with the E&S risk categorization and management processes that apply to GCF financing. The applicant has provided the curriculum vitae of several highly qualified E&S staff with the required competencies and agreed to undergo further training, if necessary.

3.2.5 Section 6.5: Monitoring and review

31. The NIE policy and processes manual and the ESRMF describe the monitoring and supervision process that instructs the applicant’s staff on how to systematically track the
completion of mitigation and performance improvement measures, including their roles and responsibilities. The applicant has provided its corporate strategic plans and annual performance plans which include quarterly targets, showing the indicators and outcomes that are used by senior management for tracking performance at the institutional level. The applicant has provided, as evidence, sample reports which include the E&S component in the overall project monitoring of performance plans. Additionally, an independent final evaluation of a project funded by the Global Environment Facility was also provided as an example of its external evaluation report shared with its senior management on the effectiveness of its environmental and social management system.

3.2.6 Section 6.6: External communications
32. The applicant has provided its process manual, which describes its procedures for external communications to receive comments and suggestions from the public through an online system, including a website to receive and address issues raised by the public. The applicant has provided its registries of complaints received, including the actions taken for a sample of projects. The applicant has also provided the necessary information on its project-level ESS information disclosure and consultation practice as well as that of its executing entities, which are in line with the GCF information disclosure policy, except for the required duration of the disclosure. The applicant is willing to apply the GCF information disclosure policy for activities financed by the GCF.

3.3 Gender
33. The applicant has provided its gender policy, which is in line with the GCF gender policy and was endorsed at the applicant’s executive committee meeting in November 2015, after the draft policy had been shared with staff for comment. Additionally, the applicant applies national policies that are in congruence with the GCF gender policy and other international legislation and best practice on gender.
34. The applicant has provided evidence of its competency in gender mainstreaming in the form of curriculum vitae of staff with specific expertise in the management of gender in general, including a demonstration of the applicant’s experience with implementing gender considerations in the context of climate change projects funded by the AF.

IV. Conclusions and recommendation

4.1 Conclusions
35. 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 meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant has not provided monitoring reports for grant award activities following the adoption of its new grant award process as evidence of its track record;
(b) The applicant meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/1-2); 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 considerations in the context of climate change.

4.2 Recommendation on accreditation

36. The AP recommends, for consideration by the Board, applicant APL039 for accreditation as follows:

(a) Accreditation type:
   (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:** medium risk (Category B/I-2) (including lower risk (Category C/I-3⁵));

(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(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:**
       1. Submit at least one periodic monitoring report for each of the projects “Building resilience in the Greater uMngeni Catchment” and “Taking adaptation to the ground: a small grants facility for enabling local level responses to climate change in South Africa” developed by the applicant and approved by the AF in order to provide evidence of the track record of SANBI in monitoring projects under its grant award mechanism.

37. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 36 above, and agrees to the recommendation.

4.3 Remarks

38. It should be noted that the applicant applies a country system enshrined in national law for many of the financial, E&S and gender considerations assessed by the AP. The AP, having

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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”.

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”.

selectively reviewed the referenced legislation, has judged this to be an acceptable basis for meeting the principles and standards of the GCF.
Annex XI: Accreditation assessment of Applicant 040 (APL040)

I. Introduction

1. Applicant 040 (APL040), the Food and Agriculture Organization of the United Nations (FAO), is an international organization whose main goals are the eradication of hunger, food insecurity and malnutrition; the elimination of poverty and the driving forward of economic and social progress for all; and the sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 11 August 2015. The Stage I institutional assessment and completeness check was completed on 20 May 2016 and 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**: international access;

   (b) **Track**: fast-track under the Global Environment Facility (GEF);

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

   (d) **Fiduciary functions**:2
      
      1. Basic fiduciary standards; and
      2. Specialized fiduciary standard for project management; 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 is eligible for, and applied under, the fast-track accreditation process as a GEF agency. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

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1 As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” 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 50 million and up to and including USD 250 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 Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

2.2 Institutional presence and relevant networks

5. The applicant’s original constitution was signed by 44 countries in 1945. Since then, the applicant’s presence has expanded to a network of 135 regional, subregional and country offices located globally. The applicant has 194 member states and one member organization (the European Union).

6. The applicant views a partnership with the GCF as key to driving a transition toward productive, sustainable and climate-resilient agricultural development in developing countries. The applicant considers this to be vital to achieving existing intended nationally determined contributions and nationally determined contributions in the agricultural sectors, and scaling up the level of ambition in the years to come. In particular, the applicant intends to contribute to the achievement of the objectives of the GCF by:

(a) Developing and supporting countries to utilize research, tools and approaches that aim to scale up climate action in the agricultural sectors;

(b) Supporting climate action in the agricultural sectors through the development and implementation of national policies, strategies, programmes and projects;

(c) Supporting investment planning in the agriculture sectors; and

(d) Facilitating public and private investments in sustainable and climate-resilient agricultural development;

(e) Working directly with smallholder producers to adopt sustainable and climate-resilient technologies and practices; and

(f) Developing the technical and operational capacities of government counterparts and agricultural producers.

7. In this context, the applicant has also indicated its commitment to strengthening subnational, national and regional entities’ capacities. The applicant indicates that it has the experience, expertise and capacities to provide valuable technical support for GCF readiness and preparatory support activities, including strengthening the capacities of national designated authorities and focal points; developing strategic frameworks and country programmes; developing the technical and operational capacities of potential direct access entities; and supporting the formulation of programme and project proposals.

2.3 Track record

8. The applicant’s projects aim to seize the transformative potential of the agricultural sectors to simultaneously deliver climate change adaptation and mitigation benefits, as well as important economic, social and environmental co-benefits. Many of the applicant’s projects seek to address the risks that climate change poses to food security and nutrition. The agriculture sectors, on which many of the world’s poorest people depend for their livelihood and food

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security, are particularly susceptible to the effects of climate change, which are already occurring. As such, the applicant is addressing climate-related risks to fulfil its mandate of eradicating hunger and food insecurity.

9. The applicant has invested in projects that support both climate adaptation and mitigation, and has led and managed numerous climate change related projects, which include:

(a) USD 177.9 million for the “Sustainable management of tuna fisheries and biodiversity conservation” project, which is one of the projects under a USD 268.1 million “Areas beyond national jurisdiction” programme. This project aims to support an increased uptake of ecosystem-based approaches that reconcile productivity and income growth with the need to protect and enhance marine biodiversity and resilience. The applicant plays the role of lead GEF agency of the project and coordinates the “Areas beyond national jurisdiction” programme;

(b) USD 33.4 million for the “Delivering sustainable environmental, social and economic benefits in West Africa through good governance, correct incentives and innovation” project, under a total project cost of USD 51.9 million. This project falls under the USD 235 million “Coastal fisheries initiative” programme and aims to support countries to improve the resilience and adaptive capacity of their marine ecosystems as well as the resilience of coastal communities who earn their livelihood from such ecosystems. FAO plays a double role of lead GEF agency for the project and global coordinator of the “Coastal fisheries initiative” programme; and

(c) USD 65 million for the “Strengthening national policy and knowledge framework in support of sustainable management of Brazil’s forest resources” project, under a total project cost of USD 65 million. The objective of this project is to facilitate informed and participatory strategic decision-making in forest and natural resources management, with an emphasis on minimizing unsustainable land-use changes that contribute to climate change and for which the applicant is the lead GEF agency.

III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

11. 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

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 10 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.5, anti-money laundering and countering the financing of terrorism policies, have been met by way of fast-track accreditation.
14. Regarding item 4.2.5, the applicant has presented its policy against fraud and other corrupt practices, its vendor sanctions policy and its whistle-blower protection policy that prescribe the applicant’s process for the identification, mitigation and combating of, and disciplinary actions related to, fraud and other prohibited practices. These policies and procedures apply to all of the applicant’s personnel and all contractual arrangements between the applicant and its executing partners, suppliers or other third parties for administrative, technical or operational purposes.

15. The applicant, as a specialized agency of the United Nations, follows relevant United Nations policies, including relevant United Nations Security Council policies (such as those concerned with lists of individuals or entities associated with terrorism), the principles contained in the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime. All FAO personnel must be committed to the highest standards of efficiency and integrity. As a United Nations organization, the applicant applies the United Nations’ standards of conduct for international civil servants. These include qualities such as honesty, truthfulness, impartiality and incorruptibility.

16. The applicant provided a description of the electronic system for operating and monitoring money transfers, as well as a copy of electronic payment reports with regard to a number of contractors. Sample copies of recent reports on 'know-your-customer' due diligence undertaken in relation to potential contractors/vendors were also provided.

17. All five of the GCF prohibited practices (corrupt, fraudulent, coercive, collusive and obstructive practices), as contained in the GCF interim policy on prohibited practices, are identified by the applicant as being sanctionable actions in its procedures. The applicant may initiate vendor sanctions, as outlined in the applicant’s vendor sanctions policy, against vendors believed to have violated its policy. The applicant confirmed that since it started implementing its vendor sanctions policy in 2014, four vendors have been sanctioned by the applicant and two other proceedings are ongoing.

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

18. As per paragraph 10 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**

19. The applicant did not apply for assessment against this standard at this time.

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

20. The applicant did not apply for assessment against this standard at this time.

3.2  Environmental and social safeguards

3.2.1  **Section 6.1: Policy**

21. The applicant provided its environmental and social management (ESM) policy guidelines approved in 2015, as well as its previous environmental and social impact assessment (ESIA) policy (2011). The new policy ensures that projects adhere to nine environmental and social safeguards (ESS), and in so doing, contribute to the applicant’s corporate strategic framework and corporate vision for sustainable food and agriculture. All projects must comply with the applicant’s ESM policy guidelines in order to be approved.

22. The principles and objectives of its policy focus on efficient use of resources, protection of natural resources, sustainable agriculture, resilience and rural poverty, among other things.
The nine ESS comply with the GCF interim ESS. The applicant has made significant efforts to improve labour conditions in agriculture (e.g. pesticide safety) and is considered a global leader in supporting the ‘decent work’ agenda in agriculture.

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

23. Consistent with the requirements of the GCF, the lead officer will systematically screen projects during project preparation for environmental and social (E&S) risks and impacts using a checklist that covers the applicant’s nine ESS. Projects are classified as low, moderate, or high risk. If a project presents a moderate or high risk, the relevant standard is triggered. The officer will complete the ESS checklist and risk classification form before the concept note is reviewed, and will notify the headquarters E&S unit when a project presents a moderate or high risk.

24. The applicant provided a list of 26 screened projects and 3 project examples with risk categories to demonstrate its track record.

3.2.3 **Section 6.3: Management programme**

25. The applicant has a systematic process with tools and templates to manage project risks and implement mitigation measures from concept stage to project closure. After screening and categorization, the lead officer will complete the E&S analysis and stakeholder consultation, and develop the environmental and social management plan (ESMP) for moderate-risk projects. In the case of high-risk projects, external experts conduct the full ESIA/ESMP. The headquarters E&S unit will approve the plan before implementation.

26. The ESIA procedure requires executing agencies to analyse the impacts of associated facilities, cumulative impacts and alternatives, and apply a mitigation hierarchy.

27. The applicant provided several ESMPs to demonstrate its track record. In cases where the applicant’s E&S requirements differ from those of its partners, the more stringent requirements apply.

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

28. The headquarters E&S unit ensures compliance with the ESM policy and can assist other departments, as needed. The terms of reference for the climate and environment division, the E&S unit and key staff are clearly defined and the curriculum vitae provided show the requisite skills and experience to implement the applicant’s ESS. Approximately 20 ESS focal points are based in technical units, and can provide expert advice on specific ESS.

29. The applicant supports its nine ESS with toolkits and templates, including a mandatory e-learning course to train staff and stakeholders on how to manage E&S risks during the project cycle. The applicant maintains an E&S technical network to continuously improve its ESM performance at its headquarters and at the decentralized offices.

3.2.5 **Section 6.5: Monitoring and review**

30. Once approved by the headquarters E&S unit, the ESMP is uploaded to the project management information system to facilitate monitoring and follow-up. The officer will monitor E&S performance against the requirements of the ESMP and the nine ESS. When the risk log/ESMP report is updated, the E&S unit is notified and can assist with any compliance or corrective issues.

31. The applicant is in the process of integrating and computerizing the full E&S system, including the monitoring system, into its online project cycle information/management system, which will be available online in late 2016 or early 2017, allowing project personnel access to identified E&S risks, information on the status of mitigation measures, monitoring results and the next E&S steps.
32. E&S monitoring reports and evaluations were provided to demonstrate the applicant’s track record, and as evidence that E&S issues are reported to senior management, with lessons learned used to improve the ESM system.

3.2.6 Section 6.6: External communications

33. The global agricultural community considers the applicant a knowledge leader in the agriculture sector; examples of its high-quality knowledge products, ranging from training handbooks to research results were provided. It has a corporate communications policy for internal and external communications (dated 2014), supported by two accountability policies and a publishing policy. The policies describe both the procedures for routine, transparent and meaningful two-way communication and the participation requirements with affected communities and partners during the project cycle.

34. With respect to implementation, the applicant relies on its network of communications officers and focal points at headquarters and country level.

35. As the applicant has applied for assessment against Category B/I-2, with regard to the disclosure of E&S information on Category B projects, the applicant must release relevant information no later than 30 days prior to project approval (and no later than 120 days for Category A projects). The applicant requires its executing agencies to do the same. It is both able and willing to apply the relevant aspects of the GCF information disclosure policy in this respect.

36. Since early 2015, the applicant has a dedicated E&S website to enhance awareness of its E&S system. By the end of 2016, the applicant’s E&S website will include a dedicated disclosure portal for E&S information.

37. The applicant has general procedures to receive and register external communications, screen and assess incoming issues, and resolve issues. The applicant’s E&S website provides contact details to receive E&S complaints. The complaints procedure aims to address any concern at the lowest appropriate level (e.g. at the project level) and, where necessary, complaints can be escalated to the regional or headquarters level. All project and country offices must publicize the grievance mechanism. At the project level, the designated focal point logs all enquiries and grievances and the project officer addresses any concerns, with support from the headquarters E&S unit, as needed. A full log of all enquiries, complaints and grievances received is maintained at the applicant’s headquarters.

38. The applicant has not received any E&S complaints in the past year on its dedicated website, nor any E&S enquiries or complaints during the past three years from its executing partners and operational partners under the general accountability complaints system.

3.3 Gender

39. The applicant has a comprehensive gender policy (2013), which addresses the equal participation of women and their access to resources, services, technology and infrastructure. The policy commits to gender mainstreaming in all activities and to implementing women-specific activities where there are significant gender gaps; it also integrates member country gender frameworks. Of note, the applicant’s ESS number 8 relates to gender equality.

40. Gender is integrated as a cross-cutting issue in the applicant’s strategic framework. All projects conduct gender analysis, and a gender marker is integrated into the logical framework. Gender results are routinely monitored, reviewed, evaluated and reported. The applicant has been at the forefront of generating knowledge and implementing projects on gender, climate change and climate-smart agriculture.
41. The applicant provides staff and stakeholders with gender tools and training courses. Professional staff and managers at headquarters and country level receive gender training. The applicant has 3 full-time senior gender experts, as well as 60 gender focal points at headquarters and 130 at its decentralized offices, who allocate about 20 per cent of their time to gender mainstreaming in their own units. Work is ongoing and progressing well to achieve gender parity within the organization. The applicant has exceeded the requirements of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women.

IV. Conclusions and recommendation

4.1 Conclusions

42. 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 meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management;

(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 considerations in the context of climate change.

4.2 Recommendation on accreditation

43. The AP recommends, for consideration by the Board, applicant APL040 for accreditation as follows:

(a) Accreditation type:

(i) **Maximum size of an individual project or activity within a programme:** medium (including micro\(^5\) and small\(^6\));

(ii) **Fiduciary functions:**

1. Basic fiduciary standards; and
2. Specialized fiduciary standard for project management; and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3\(^7\))); and

\(^5\) 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”.

\(^6\) As per annex I to decision B.08/02, “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”.

\(^7\) 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”.

(b) **Conditions**: none.

44. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 43 above, and agrees to the recommendation.
Annex XII: Accreditation assessment of Applicant 041 (APL041)

I. Introduction

1. Applicant 041 (APL041), the International Fund for Agricultural Development (IFAD), is an international organization whose objective is to improve agricultural development and livelihoods in developing countries. Its projects and programmes are carried out in remote and environmentally fragile locations, including least developed countries and small island developing States. The applicant assists vulnerable groups such as smallholder farmers, pastoralists, foresters, fishers and small-scale entrepreneurs in rural areas by providing, among others, access to weather information, disaster preparedness, social learning and technology transfer that enables farmers to feed growing populations and increase the climate resilience of rural farming systems.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 26 June 2015. The Stage I institutional assessment and completeness check was completed on 5 July 2016 and 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: international access;
(b) Track: fast-track under the Adaptation Fund (AF) and the Global Environment Facility (GEF);
(c) Maximum size of an individual project or activity within a programme: medium;
(d) 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
(e) Maximum environmental and social risk category: medium risk (Category B/Intermediation 2 (I-2)).

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1 As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” 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 50 million and up to and including USD 250 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.”
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 and a GEF agency. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences. IFAD was created under the Agreement Establishing the International Fund for Agricultural Development, adopted by the United Nations Conference on 13 June 1976 and entered into force on 30 November 1977.

2.2 Institutional presence and relevant networks

5. The applicant, based in Italy, mobilizes additional resources and provides them on concessional terms in about 100 countries for agricultural development and poverty alleviation. In fulfilling this objective, IFAD provides financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies. The applicant has a long track record of empowering and supporting national governments, farmers’ associations, commodity cooperatives, and formal and informal private sector actors in scaling up climate change mitigation and adaptation projects that enhance the livelihoods of farming communities.

6. The applicant seeks accreditation to the GCF in order to expand its projects and programmes that integrate climate resilience and benefit farming communities and ecosystems directly, in addition to supporting the institutional and policy frameworks and the value chains with which they are connected. Furthermore, the applicant seeks to advance the objectives of the GCF by focusing its activities on the most vulnerable groups whose livelihoods depend on climate-sensitive natural resources. IFAD intends to leverage its experience in managing projects in the areas of ecosystem-based natural resources management, land-use management, agribusiness, climate information and early warning systems. By continuing to select national institutions as its executing entities, the applicant will enhance country ownership while providing continuous capacity-building for project implementation, supervision, capacity enhancement and policy support.

2.3 Track record

7. As at August 2016, the applicant was managing USD 594 million in climate and environmental finance, with a focus on increasing the climate resilience of rural farming systems and value chains. The applicant mobilizes and catalyses financial resources from other multilateral international partners and bilateral agencies for the implementation of climate change mitigation and adaptation related projects in developing countries. IFAD funds two main sectors: agricultural development; and poverty alleviation. Its projects typically range from USD 10 million to USD 200 million, with a duration of 4 to 10 years. IFAD provides finance to its developing country members in the form of grants and loans.
8. The scope of projects related to climate change mitigation and adaptation financed by the applicant include:

(a) USD 133 million of blended finance (grants and loans) for the “Climate adaptation and livelihood protection” project in Bangladesh;

(b) USD 116 million of blended finance (grants and loans) for the “Climate-resilient agricultural livelihoods programme” in Kenya;

(c) USD 83 million of blended finance (grants and loans) for the “Climate resilient post-harvest and agribusiness support” project in Rwanda; and

(d) USD 119 million of blended finance (grants and loans) for the “Livestock marketing resilience” project in Sudan, whose purpose is to increase the food security, incomes and climate resilience of poor households in pastoralist communities.

III. Stage II accreditation review assessment

9. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity and a GEF agency. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

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. As per paragraph 9 above, the basic fiduciary standards concerning key administrative and financial capacities are 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 standards concerning transparency and accountability, with the exception of item 4.2.5, anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

13. Regarding item 4.2.5, the applicant has presented a comprehensive AML/CFT policy – a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in its activities and operations. The policy is found to be in full compliance with the GCF interim policy on prohibited practices. As a specialized agency of the United Nations, the applicant operates within the United Nations AML/CFT system that provides a number of well-developed policies with regard to the prohibition of money-laundering, terrorist financing and transnational organized crime activities, and regulates fraud and corruption.

14. According to its mandate, the applicant provides loans and grants to its developing member states and grants to other eligible entities. As such, the applicant does not execute payments against the loan or grant to final beneficiaries, but instructs these through commercial banks or central banks, if so decided by the member state, who then make the payments. These banks, through their internal policies and standards, ensure that AML/CFT regulations are adhered to, both internationally and in the jurisdictions where the payments are executed.
15. The applicant applies its code of conduct to all its employees, as well as to its suppliers, contractors and non-staff individuals, and prohibits any type of conflict of interest in its operations. Its employees and suppliers are expected to adhere to the applicant’s core values, including qualities such as honesty, integrity, impartiality and incorruptibility.

16. The applicant has in place a dedicated division and well-developed procedures for investigations and publishes annual reports on investigation and anti-corruption activities on its website.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

17. 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

18. The applicant has various projects in the agriculture, forestry, fisheries and food supply sectors, co-financed by other international organizations. Grant resources are mainly derived from the applicant’s resources and are also supplemented by funds received from bilateral donors and multilateral facilities.

19. The competitive grant award mechanism implemented by the applicant is transparent and well-developed, with formally documented procedures for assessing and approving grant proposals, as well as for implementation and monitoring. The grant award mechanism is based on calls for proposals supported by specific guidelines, templates and questionnaires. Samples of the supporting documentation used in the grant approval process have been provided, confirming that the mechanism is operating effectively. Each grant proposal must follow the applicant’s rules, which are sometimes established in cooperation with the particular sponsor/country.

20. The roles of the appropriate grant technical review groups and the grant award committee are clearly defined. Grants are awarded by the designated technical group, under the leadership of the Vice-President, on the basis of established evaluation criteria. The grant award committee selects the grant recipient following the recommendation of the technical expert panel that prepares the summary of the evaluation scores, such as technical content, value for money, implementation capacity and regional and thematic experience, for each of the applicants.

21. The grant award activities are subject to transparent procurement rules and annual external audits and subject to risk-based internal audit coverage.

22. The applicant closely supervises the projects for which it provides grants and undertakes regular supervision missions to the project sites. Documentation and supervision reports on project implementation were provided as evidence of the implementation of the corresponding policies and procedures.

23. The results of the grant award process, as well as the outcomes of the projects implemented, are published on the applicant’s website. The project terminal evaluation reports prepared by the external institutions provide evidence of the applicant’s highly satisfactory performance and track record.

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

24. The applicant is funded by member states’ contributions through a replenishment process (a three year cycle), as well as supplementary funding and unrestricted complementary contributions. Recently the applicant has borrowed limited funds from its member countries in accordance with its sovereign borrowing framework. Resources are subsequently provided as
loans and grants, or a blend of both, to its developing country members. The funds per country are distributed according to the performance-based allocation system, a mechanism developed in-house on the basis of both the applicant’s and publicly available parameters, and on the basis of its annual commitment capacity. The applicant does not lend to intermediary organizations, and therefore does not undertake intermediary performance evaluations.

25. The applicant manages its liquidity (cash funds not needed immediately for operations or administrative expenditures) financial resources in the context of an investment policy framework document. This policy document defines the basic principles, guides the applicant’s investment activities and is approved annually by the applicant’s executive board. The applicant has a mature and well-developed set of operational policies for funding activities. For concessional loans, the provisions for assessment of the potential investment projects and due diligence of the executing entity/partner institution cover the areas of financial performance, governance structure, track record and various country- and institution-related risks.

26. Decisions on specific funding activities are contained in the decisions of the applicant’s executive board and are made publicly available. The results of monitoring and evaluation functions provide information to verify progress made over the course of the implementation of the project and the results achieved, support learning from experience and promote accountability. The applicant conducts financial, technical and environmental due diligence both during the assessment of the project and of the executing entity, and has an extensive and systematic review and supervision process during the project implementation phase involving the recipient government, the executing entity and the applicant’s own staff.

27. The applicant exercises the same standards when investing on behalf of donor partners as it does with respect to the administration and management of its own resources, maintaining a series of control frameworks, due diligence checks, procurement procedures, project supervision and risk management procedures. Also, for some supplementary donors such as the European Union, the applicant complies with more stringent procedures as required under the relevant donor agreement. The applicant's financial statements are externally audited on the accuracy of the accounts and also on the effectiveness of internal controls over financial reporting.

28. The applicant publishes supervision and terminal evaluation project reports on its website. The project reports provided by the applicant contain complete information on the actual and planned results/outcomes, and on adherence to budgets, costs and timelines. The applicant periodically reviews its entire portfolio globally and reports annually on portfolio performance to its board.

29. The applicant has two high-level committees in place: one to assist its President in determining the overall investment strategy and prepare recommendations on strategic financial matters; and the other to assist its Associate Vice-President of the Financial Operations Department in making decisions on investment and financial matters that are under the department’s authority.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

30. The applicant’s board approved the revised Social, Environmental and Climate Assessment Procedures in 2014, based on its experience during the period 2009–2014. The 2014 version of the procedures is better aligned with the applicant’s Environment and Natural Resource Management Policy (2011) and with evolving international standards. The procedures consist of 9 guiding values and principles (e.g. sustainable use of natural resources),
and national and international standards (e.g. the GEF policy on agency minimum standards on environmental and social safeguards that include vulnerability and adaptation priorities of rural indigenous people), 13 guidance statements (e.g. physical and economic resettlements), and various accompanying ‘how-to-do’ notes (e.g. free, prior and informed consent, climate risk assessment and value chains, and measuring climate resilience). These are consistent with the GCF interim environmental and social safeguards (ESS).

31. The borrower/grantee, with support from the applicant’s country and project staff, will implement the applicant’s Social, Environmental and Climate Assessment Procedures and in doing so, will be consistent with GCF interim ESS. Furthermore, the applicant’s climate change strategy supports innovative approaches to help smallholder women and men agricultural producers build resilience to climate change.

3.2.2 Section 6.2: Identification of risks and impacts

32. The applicant uses an innovative twin, simultaneous screening process: one to identify the environmental and social (E&S) risks and impacts; and another to identify climate risks and impacts. The result is an E&S risk categorization and a climate risk classification, which informs the follow-up studies to strengthen and address the applicant’s safeguard standards.

33. The country programme manager, with other experts’ inputs, determines the project E&S risk category and climate risk classification, and the decision is approved by experts in the Environment and Climate Division and Policy and Technical Advisory Division. Co-financiers and executing entities apply the same procedure. The screening results are documented in a review note, which is part of the project file that is tracked during the entire project cycle. The applicant provided a list of E&S risk categorization and climate risk classification results for many projects and two “review notes/screening reports” to demonstrate its track record.

3.2.3 Section 6.3: Management programme

34. The environmental, social and climate management plan (ESCMP) is systematically integrated into every operation and is updated as needed during the environmental and social impact assessment (ESIA), final design, implementation, supervision and completion. The system requires that executing entities analyse the impacts of associated facilities, cumulative impacts and alternatives, and apply a mitigation hierarchy.

35. The applicant’s intranet provides all the necessary templates to enable staff to conduct E&S and climate risk analysis. The country programme management team for each programme oversees the implementation of the ESCMP at each step of the project cycle, with the support of staff based at the applicant’s headquarters, as needed. When corrective actions are identified, supervision missions check on their implementation, as demonstrated in the reports provided by the applicant.

3.2.4 Section 6.4: Organizational capacity and competency

36. The applicant established an environment and climate division at its headquarters in 2010 within its programme management department, as well as a policy and technical advisory division and regional climate and environment specialists network. The applicant’s organograms show the environmental, social and climate (ESC) reporting lines.

37. The terms of reference for junior, senior and lead ESC specialists show well-defined and communicated ESC roles and responsibilities, and the associated curriculum vitae and work samples provided show the relevant qualifications, expertise and competence to effectively manage the ESS-related work.

38. The ESC training programme and e-learning courses ensure ongoing capacity development for the applicant’s staff, project staff and executing entities.
3.2.5  **Section 6.5: Monitoring and review**

39. The applicant’s ESC monitoring and evaluation system uses appropriate metrics. These metrics are revised in line with evolving best international practice. ESC monitoring and evaluation is conducted during project implementation, performance review and evaluations. Suitable guidance manuals and report templates are available to support each type of monitoring and evaluation function. Reviews are also conducted on ESC review notes, ESIs, climate risk assessments, resettlement action frameworks and corrective action plans, in an effort to improve ESC policy implementation and effectiveness.

40. The applicant’s best practices include submitting an annual synthesis of all types of monitoring and evaluation work to senior management for subsequent action, and making all the assessments publicly available in an evaluation database. A 2016 evaluation of the applicant’s environmental and natural resource management projects further commits the applicant to moving its development portfolio from “avoiding harm” by assessing risks/impacts, towards investments that “do good”, for increased sustainability and improvement of data management and monitoring.

3.2.6  **Section 6.6: External communications**

41. The applicant adopted a free prior and informed consent approach as an operational principle for its public consultations, especially for projects that might affect access to land and rights to land use. The applicant has had an information disclosure policy in place since 1998. The revised 2010 information disclosure policy explicitly adopts a ‘presumption of full disclosure’ principle: documents are either available on the applicant’s website or available on request.

42. For the ESC system, draft ESIs, environmental and social management frameworks, resettlement action plans and frameworks, mitigation plans and other ESC documents are disclosed during appraisal, implementation and evaluation. The applicant’s executing entities and co-financiers also apply the same policy.

43. The applicant’s policy for disclosing project documents complies with the GCF information disclosure policy regarding Category B/Intermediation 2 projects/programmes, which is the E&S risk category for which the applicant has applied. The applicant’s documents are disclosed for four weeks prior to discussion at its board (and for at least 30 days if it was a GCF project). The disclosure of proposals also needs to be in line, where relevant, with approval procedures under the lapse-of-time modality, which is governed by the rules of procedure of the applicant’s executive board. (N.B. The lapse-of-time modality is a procedure to streamline the project/programme approval process: proposals meeting explicit criteria – e.g., not-for-profit grants or proposals under USD 25 million – can simply be posted on the applicant’s website and communicated to Board members. A proposal is considered approved by the Executive Board if there is no request to formally discuss the proposal at a Board session by a specific deadline date). At the project level, disclosure is also aligned with national and local regulations.

44. The applicant has a written procedure to register, manage and resolve internal and external information requests or complaints. The procedure can be accessed through its website and by telephone, mail or face-to-face contact. Concerns can be resolved at the country, regional or headquarters level, as needed. A dedicated E&S complaints web portal was established in January 2015. No E&S complaints were received for the period January 2012 to August 2016, but three audit reports were provided to demonstrate how internal and external complaints with respect to the applicant’s projects were registered and resolved (e.g. fraud allegations).
3.3 Gender

45. The applicant has integrated gender equality in its operations since 1978 and is now at the forefront with respect to gender-responsive adaptation for rural development and agriculture. Its comprehensive 2012 gender equality and women’s empowerment policy meets the requirements of the GCF gender policy. Gender is integrated into the applicant’s strategic objectives, principal outputs and policy dialogue, and is also a cross-cutting theme in its other policies (e.g. gender is integrated into its targeting policy and ESC policy). The targeting policy guides the applicant to use a gender-sensitive, poverty and livelihood analysis to identify beneficiaries.

46. All programmes and projects are screened for gender issues by conducting gender analysis, and gender-sensitive monitoring and evaluation is also conducted.

47. Gender tools are provided to integrate, measure and report on gender aspects, including gender-responsive checklists for project design. Gender performance is reported at all levels of the organization and to the board on an annual basis. Gender performance at the project level was rated as moderately satisfactory or better in 90 per cent of its projects during the period 2012–2014. Women account for about half of all project beneficiaries.

48. The applicant has gender-dedicated staff, divisional gender focal points, gender focal points in country offices, project units and government offices, and a roster of gender consultants. Gender competency training for staff and partners is routine, as is developing and disseminating gender knowledge and publications, especially through its web portal on gender. There is a corporate approach to support and improve the gender and diversity balance at headquarters and in the field offices.

IV. Conclusions and recommendation

4.1 Conclusions

49. 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 meets the requirements of the GCF 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);

(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 considerations in the context of climate change.

4.2 Recommendation on accreditation

50. The AP recommends, for consideration by the Board, applicant APL041 for accreditation as follows:
(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:** medium (including micro\(^4\) and small\(^5\));

(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

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3\(^6\))); and

(b) **Conditions:** none.

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

4.3 **Remarks**

52. In the course of the accreditation review assessment, the AP noted that the applicant is in the process of finalizing the first major revision to its financial management administration manual – a comprehensive financial management framework document released in 2012. The updated manual contains fundamental provisions regarding the types of financing provided by the applicant, the project cycle overview, financial management at project design and approval, the financing agreement and its negotiation process, project supervision, the withdrawal and disbursement process, audit and financial reporting requirements, conditions on loan repayments and debt services, financial management and disbursement of grants. However, the new manual is pending the approval of the applicant’s executive board. The financial management administration manual is a document for staff, consultants and cooperating institutions where applicable. Updates are issued under the authority of the Director, Financial Management Services Division and this updated manual will be issued by the end of 2016.

53. The applicant may wish to consider:

(a) Informing and submitting to the GCF the updated financial management administration manual approved and released to staff and consultants by the Director of the Financial Management Services Division.

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\(^4\) 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”.

\(^5\) As per annex I to decision B.08/02, “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”.

\(^6\) 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”.
Annex XIII: Accreditation assessment of Applicant 042 (APL042)

I. Introduction

1. Applicant 042 (APL042), the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), is an international entity, specifically the development bank of the Netherlands, with a focus on private sector development in developing countries. The applicant uses a variety of financial instruments to support private sector investments in sectors relevant to sustainable development and climate change mitigation and adaptation, such as renewable energy including solar power, wind power and hydropower, energy efficiency and forestry. The applicant has accomplished this by partnering with local private sector institutions in developing countries to implement climate-resilient projects and programmes.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 23 January 2015. The Stage I institutional assessment and completeness check was completed on 10 February 2016 and 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: international access;

   (b) Track: fast-track under the Directorate-General for International Development and Cooperation of the European Commission (DG DEVCO) (part-way through Stage I; previously under the normal track);

   (c) Maximum size of an individual project or activity within a programme: large;¹

   (d) Fiduciary functions:²

       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, equity and guarantees); and

   (e) Maximum environmental and social risk category: high risk

       (Category A/Intermediation 1 (I-1)).³

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “large” is defined as “total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 250 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 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. Stage I institutional assessment and completeness check

3. The applicant originally applied under the normal-track accreditation process and became eligible part-way through Stage I for the fast-track accreditation process as a DG DEVCO entity. Its application has been assessed by the Secretariat during Stage I, initially as a normal-track application, then subsequently in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 (decision expanding the list of potentially eligible fast-track entities to include the applicant) and B.12/30.

2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences. FMO was established in 1970 and is registered as a public limited liability company by the Netherlands Chamber of Commerce Business Register.

2.2 Institutional presence and relevant networks

5. The applicant is a public–private partnership with a track record of more than 45 years and an investment portfolio of EUR 9.2 billion in more than 85 developing countries. It has an investment portfolio of EUR 2.9 billion in Africa, EUR 2.4 billion in the least developed countries and EUR 92 million in small island developing States. Its global presence has enabled the applicant to establish relationships with national and international private sector entities and investment funds, as well as regional and international multilateral agencies, with whom it has partnered to deliver climate-resilient projects.

6. The applicant’s focus is on green projects, particularly renewable energy projects such as solar, wind, ocean and geothermal power, hydropower and heat; energy efficiency projects in buildings, public services, agriculture and industry, and retrofitting and improving power plants and power infrastructure; and responsible agriculture, food production, forestry, transport and water projects, including biosphere conservation projects.

7. The applicant seeks accreditation to the GCF to support its strategic goal of doubling its impact and reducing its carbon footprint by half by 2020. Green investments represented 27 per cent of the applicant’s total commitments in 2015, and by 2020, the applicant is committed to increasing this to at least 40 per cent (equivalent to USD 2 billion in new green commitments). The applicant’s objectives in relation to green projects are well aligned with the GCF objective of assisting developing countries towards low-emission and climate-resilient pathways. In order to achieve its goal, the applicant seeks to use its experience of mobilizing and enabling the private sector in developing countries to carry out projects in the areas of agribusiness, infrastructure, renewable energy generation, energy efficiency, forestry and water. In addition, the applicant intends to continue strengthening the capacity of its national and regional partners through its capacity development programmes which provide financial, managerial and technical capacity-building.

2.3 Track record

8. The applicant mobilizes and catalyses financial resources from its national, regional and international partners for the implementation of climate change mitigation and adaptation related projects in developing countries. The applicant offers loans, equity and guarantees to its partners and follows environmental, social and gender standards to ensure that its activities
have a positive impact on local communities. As at December 2015, the applicant’s green portfolio amounted to EUR 1.22 billion, including climate-related activities in areas such as agriculture, low-carbon technologies, energy efficiency, renewable energy and forestry.

9. Activities related to climate change undertaken by the applicant in various geographic areas include:
   (a) USD 65 million for the Cerro Del Aguila S.A. hydropower project in Peru;
   (b) USD 29.5 million for the Jordan Wind Project Company wind power project in Jordan;
   (c) USD 36 million for the Itezhi Tezhi Power Corporation hydropower project in Zambia;
   (d) USD 20.2 million for the Global Climate Partnership Fund, a public–private partnership that provides green credit lines to banks around the world, including support for implementation and reporting; and
   (e) USD 15 million invested as a part of USD 150 million for the first close in the Tropical Asia Forest Fund, an Australian-based fund whose aim is to introduce ‘best in class’ management systems and modern forestry practices to hardwood timber plantations and sustain environmental assets in the Asia-Pacific region.

III. Stage II accreditation review assessment

10. The applicant became eligible for the fast-track accreditation process as a DG DEVCO entity part-way through Stage I. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

11. 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

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 10 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.5, anti-money laundering and countering the financing of terrorism policies, have been met by way of fast-track accreditation.

14. Regarding item 4.2.5, the applicant has anti-money laundering and anti-terrorist financing policies which are implemented through a robust ‘know-your-customer’ due diligence procedure. ‘Know-your-customer’ files are created for all clients by the applicant’s front office (first-line monitoring) and are checked by its compliance department (second-line monitoring).

15. Although the applicant does not provide payment services on behalf of clients (i.e. it does not provide current accounts), it has adequate internal procedures and the necessary controls for ensuring that any funds transferred by wire are received by the intended recipients and that the payments received are from the expected sources/parties. The mechanisms for monitoring electronic fund transfers are detailed in the applicant’s manuals on settlement payments and payment of expenses, copies of which were provided in the application.
16. The applicant’s anti-money laundering and anti-terrorist financing policies, procedures and practices are aligned with the recommendations of the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation.

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

17. The applicant has more than 40 years of experience in financing and managing projects in developing countries. Its operations currently entail annual commitments averaging EUR 1.5 billion, for about 150 different projects globally.

18. The applicant has comprehensive operational policies and procedures that guide project identification, preparation, appraisal, oversight and control, as well as monitoring and evaluation activities. In addition, the applicant has a ‘project at risk’ system used as an early warning system to identify project problems at an early stage and address them in a timely manner. Examples of project appraisal, monitoring and evaluation reports, which demonstrate the effective use of these policies and procedures, were provided as evidence of the implementation of relevant policies and procedures.

19. However, the applicant does not have in place some of the policies, procedures and evidence required by the fiduciary standards of the GCF, namely:

   (a) Policies and procedures for reporting on results achieved, lessons learned and recommendations on a project-by-project basis. The applicant currently reports on project results on a portfolio basis only;

   (b) A policy on disclosure of the evaluation reports on a project-by-project basis; and

   (c) Evidence to demonstrate that evaluation reports are disseminated on a project-by-project basis.

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

20. As per paragraph 10 above, the specialized fiduciary standard for grant award and/or funding allocation mechanisms is considered to have been met by way of fast-track accreditation.

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

21. The applicant is one of the largest bilateral development finance institutions globally and has a proven track record in on-lending and blending with resources from other international or multilateral sources. The applicant’s on-lending activities mainly entail providing funds to intermediaries, who in turn on-lend the funds to end users in target markets in accordance with a set of pre-agreed criteria.

22. The applicant has appropriate and well-documented policies and procedures that guide its operations, including:

   (a) Due diligence of the organizations seeking financing from the applicant;

   (b) Investment and portfolio management; and

   (c) Financial risk management.

23. The supporting documentation provided by the applicant demonstrates the effective use of and compliance with its on-lending and blending policies and procedures. The information provided also demonstrates that the applicant has the capacity and systems in place to channel funds transparently and effectively, and, if accredited, to transfer GCF funding advantages to final beneficiaries.
24. The applicant has also demonstrated sound financial risk and asset and liability management policies, procedures and governance/organizational structures that ensure the appropriate segregation of duties between the treasury function and operations.

25. The applicant has been rated by two rating agencies: ‘AAA’ by Fitch Ratings and ‘AA+’ by Standard & Poor’s.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

26. The applicant has provided its environmental and social safeguards (ESS) policy, which defines its environmental and social (E&S) objectives and principles based on the 2012 performance standards of the International Finance Corporation and the Third Generation Equator Principles, which are consistent with the GCF interim ESS. The applicant has developed tools to support its clients in terms of environmental, social and governance risk management. The tools are specifically targeted at private equity investment funds, microfinance institutions and small- and medium-sized enterprise banks. The policy indicates the staff responsible for ensuring conformance with the policy and for its execution. The applicant’s ESS policy is communicated to all levels within the organization and is available on its external website.

3.2.2 Section 6.2: Identification of risks and impacts

27. The applicant has provided documentation which describes its institutional process for risk and impact identification and categorization of all its investment transactions. The applicant has also provided samples of project screening templates as evidence of its track record of applying this process, which is consistent with the GCF interim ESS. In addition, the applicant has provided a sample of illustrative projects and descriptions from the past three years showing the respective project E&S risk categories. The risk categorization is determined by the applicant’s investment officers supported by E&S officers within the organization.

3.2.3 Section 6.3: Management programme

28. The applicant’s environmental and social management system (ESMS) incorporates an overall process which describes the E&S requirements at each stage of financing, including the applicable standards and guidelines, and related templates to be applied in the management of mitigation measures to address the E&S risks and impacts identified. The process also describes the E&S responsibilities of the applicant’s staff involved in the project, which include investment staff, E&S officers and the credit department. The applicant has provided sample project documentation demonstrating the application of its E&S mitigation and management process.

3.2.4 Section 6.4: Organizational capacity and competency

29. The applicant has provided an organizational chart which identifies key units, departments, and senior and line management personnel responsible for implementing the ESMS along with their authority and reporting lines. The applicant has also provided a document describing the job descriptions and responsibilities of its E&S officers and E&S analysts, which is clear and communicated throughout the organization. The applicant has instituted several E&S-specific training programmes which are developed and presented by external experts, in close consultation with its staff. All investment officers and E&S staff are expected to attend such courses. Excerpts from some of the training programmes were provided in the application.

3.2.5 Section 6.5: Monitoring and review

30. The applicant’s monitoring process is briefly described in its ESS policy and further detailed in its operational guidelines, which elaborate on the specific approaches for ‘direct
investments' (financing private companies) and ‘indirect’ financing through financial institutions. The applicant’s portfolio management guidelines describe the types of activities undertaken by its operations function in performing the monitoring tasks. Portfolios that are considered to be high risk are reviewed by the credit department every year according to a pre-defined schedule. The credit department is also involved when material changes occur which impact on the credit risk. The applicant’s E&S monitoring system allows it to track compliance with E&S improvement actions on a client-by-client basis.

31. The applicant’s portfolio performance is audited by its internal audit department at the beginning of each year. A sample of performance reports was provided in the application, illustrating the reports submitted to its senior management on the effectiveness of the ESMS. The applicant also provided evidence of an internal audit of the implementation of its E&S action items, which were verified by external auditors. In addition, the applicant provided reports from the past two years, conducted by two external rating agencies, on its E&S performance, both of which show improvements in the applicant’s E&S performance.

3.2.6 Section 6.6: External communications

32. The applicant has channels to receive and register external communications that can be found on its website, and has a dedicated E&S officer in its communications department to process such enquiries. The applicant’s policy also requires the executing entities that it oversees to develop and manage a grievance mechanism for projects financed by the applicant. However, the applicant indicated that it does not yet have a policy or practice of providing project-level E&S assessment reports, nor does it conduct ex-ante disclosure of E&S information. As such, it also does not have evidence of the public disclosure of such E&S information for its projects. The applicant has indicated its willingness to align its policy with the GCF information disclosure policy.

33. The applicant is currently setting up a stakeholder engagement strategy to conform to its integrated reporting guidelines, and plans to finalize the strategy following consultations with non-governmental organizations.

3.3 Gender

34. The applicant does not yet have a specific gender policy in place in line with the GCF gender policy. The applicant’s current approach to addressing gender-specific aspects is through the application of its human rights policy as well as via the International Finance Corporation’s performance standard addressing vulnerability, which specifically includes women. Gender-specific aspects are reviewed at the project appraisal stage and separate measures are incorporated into stakeholder engagement processes or mitigation planning. Additionally, the applicant requires clients to contractually commit to the International Labour Organization’s core labour standards, which include the elimination of discrimination in the workplace.

35. The applicant is currently conducting exploratory research and has commissioned studies to assess how best to integrate a gender-sensitive approach into its investment decisions. This includes a gender review of its portfolio as part of the implementation of its inclusive approach of targeting ‘base-of-the-pyramid’ people. The applicant has not provided any specific information on its competencies in terms of qualifications and experience to implement gender policies and practices. The applicant has indicated that it does not yet have any projects in its climate change related portfolio with a specific gender focus in the investment.
IV. Conclusions and recommendation

4.1 Conclusions

36. Following its assessment and noting that the applicant has been assessed under the fast-track accreditation process part-way through the process, the AP concludes the following in relation to the application:

(a) The applicant meets the requirements of the GCF basic fiduciary standards, specialized fiduciary standard for grant award and/or funding allocation mechanisms, and specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees. The applicant partially meets the requirements of the GCF specialized fiduciary standard for project management. The applicant has not provided policies, procedures or evidence related to evaluation reports on a project-by-project basis, as required by the specialized fiduciary standard for project management, but instead provided evaluation reports on a portfolio basis;

(b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the high E&S risk (Category A/I-1); and

(c) The applicant has not demonstrated that it has a gender policy aligned with the gender policy of the GCF, nor has it provided evidence of gender-specific competencies, or demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

37. The AP recommends, for consideration by the Board, the applicant APL042 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum 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, equity and guarantees); and

---

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”.

5 As per annex I to decision B.08/02, “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”.

6 As per annex I to decision B.08/02, “medium” 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 50 million and up to and including USD 250 million for an individual project or an activity within a programme”.
(iii) **Maximum environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2 and 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(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:

1. Develop and demonstrate effective implementation of policies and procedures for providing information on results achieved and lessons learned, and their public disclosure, on a project-by-project basis;

2. Develop and demonstrate effective implementation of a policy on the disclosure of the evaluation reports on a project-by-project basis;

3. Adopt and demonstrate effective implementation of policies and practices on the disclosure of project E&S assessments, as well as a stakeholder engagement strategy, in line with the GCF information disclosure policy and the GCF interim ESS (performance standard 1), respectively; and

4. Adopt a gender policy in line with the GCF gender policy, and demonstrate progress in developing appropriate competencies to implement, and experience in applying, the policy.

38. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 37 above, and agrees to the recommendation.

---

7 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”.

8 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”.
Annex XIV: Summary of recommendations

Table 10: Summary of recommended accreditation types and conditions

<table>
<thead>
<tr>
<th>Applicant number</th>
<th>Access modality</th>
<th>Size</th>
<th>Fiduciary functions</th>
<th>Environmental and social risk category</th>
<th>Accreditation conditions, recommendations and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>APL039 SANBI</td>
<td>Direct access, national</td>
<td>Small</td>
<td>Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for grant award and/or funding allocation mechanisms</td>
<td>Medium risk (Category B/I-2)</td>
<td>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant: 1. Submit at least one periodic monitoring report for each of the projects “Building resilience in the Greater uMngeni Catchment” and “Taking adaptation to the ground: a small grants facility for enabling local level responses to climate change in South Africa” developed by the applicant and approved by the AF in order to provide evidence of the track record of SANBI in monitoring projects under its grant award mechanism. Remarks: It should be noted that the applicant applies a country system enshrined in national law for many of the financial, E&amp;S and gender considerations assessed by the AP. The AP, having selectively reviewed the referenced legislation, has judged this to be an acceptable basis for meeting the principles and standards of the GCF</td>
</tr>
<tr>
<td>APL040 FAO</td>
<td>International access</td>
<td>Medium</td>
<td>Basic fiduciary standards; and Specialized fiduciary standard</td>
<td>Medium risk (Category B/I-2)</td>
<td>None</td>
</tr>
</tbody>
</table>

1 “Size” refers to the total projected costs at the time of application, irrespective of the portion that is funded by the GCF, for an individual project or an activity within a programme. Four size categories (micro, small, medium and large) are defined in annex I to decision B.08/02 (annex I to document GCF/B.08/45).
2 Decision B.07/02.
<table>
<thead>
<tr>
<th>Access</th>
<th>International</th>
<th>Medium Risk</th>
<th>Conditions</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>APL041 IFAD</td>
<td>International access</td>
<td>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)</td>
<td>Medium risk (Category B/I-2)</td>
<td>None</td>
</tr>
<tr>
<td>APL042 FMO</td>
<td>International access</td>
<td>Large</td>
<td>Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for grant award and/or funding</td>
<td>High risk (Category A/I-1)</td>
</tr>
</tbody>
</table>
allocation mechanisms; and Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>a project-by-project basis;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Develop and demonstrate effective implementation of a policy on the disclosure of the evaluation reports on a project-by-project basis;</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Adopt and demonstrate effective implementation of policies and practices on the disclosure of project E&amp;S assessments, as well as a stakeholder engagement strategy, in line with the GCF information disclosure policy and the GCF interim ESS (performance standard 1), respectively; and</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Adopt a gender policy in line with the GCF gender policy, and demonstrate progress in developing appropriate competencies to implement, and experience in applying, the policy</td>
<td></td>
</tr>
</tbody>
</table>
Annex XV: Review of the Interim Trustee of the GCF
REVIEW OF THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND

FINAL REPORT

SEPTEMBER 23, 2016
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EXECUTIVE SUMMARY

CONTEXT AND APPROACH

This document represents the output from a review of the Interim Trustee of the Green Climate Fund ("GCF"), requested by the GCF’s Board. The objectives of the review were to provide both an assessment of the Interim Trustee’s services and performance to date, and considerations GCF should take into account for the selection of a permanent trustee in the future. The review was conducted by Dalberg Global Development Advisors, who performed it in consultation with and under the oversight of the Risk Management Committee (RMC). The review team decided to maintain a clear separation between the Interim Trustee’s performance and considerations for a permanent trustee. This document is the first of two document and focuses on the Interim Trustee’s performance.

GCF was established in December 2010 with the purpose of making a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change, by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.

Since GCF’s establishment, the World Bank has been serving as the Interim Trustee of GCF. The Interim Trustee initially supported GCF prior to the recognition of GCF’s legal capacity, entering into agreements directly with contributors, receiving and managing contributions, and making cash transfers to cover the administrative costs of the Interim Secretariat. Its activities changed following the recognition, with a role scheduled to last until no later than 30 April 2018. The current scope of work can be categorized into four areas: (i) contribution management, (ii) investment management, (iii) cash transfers, and (iv) financial reporting.

The review focused on five areas, with a set of key questions for each:

1. Management of investments and costs
2. Contribution management
3. Cash transfers
4. Financial reporting to the Board and the Secretariat
5. Overall relationship with the Board and the Secretariat

Dalberg answered these questions and assessed the Interim Trustee’s performance using a number of data sources and analyses. The review itself had three phases: i) building a fact base for the performance of the Interim Trustee, ii) interviewing stakeholders (including members of GCF’s Board and Secretariat, the Interim Trustee, external stakeholders and comparable organizations), and iii) developing and validating findings and recommendations.

FINDINGS

Overall, our review indicates that the Interim Trustee has been fulfilling its role (as specified in its agreement with GCF¹). However, GCF has recently faced challenges in making its first cash transfer to one of its projects approved by the Board. When GCF requested that the Interim Trustee transfer funds to the executing entity directly, as moving the funds through the project’s accredited entity posed legal and compliance complications for the accredited entity, the Interim Trustee indicated that it is not in a position to make cash transfers to any entity other than the GCF (Secretariat) and

¹ Amended and Restated Agreement on Terms and Conditions for the Administration of the GCF Trust Fund: http://www.greenclimate.fund/documents/20182/24868/Trust_Fund_Agreement_between_GCF_and_IBRD__Amended_.pdf/7ca07ac8-7a83-4f18-847e-e260b32b3e9a?version=1.0
accredited entities. The rationale for this position has to be clarified as the Secretariat had meant to rely on the Interim Trustee to make such transfers under the terms of the agreement.

The GCF has been generally happy with the Interim Trustee’s performance. However, some interviewees feel that the role and performance of the Interim Trustee did not meet its full potential in terms of support towards GCF’s operations and growth. The interviewees highlighted a number of opportunities for support that would have gone beyond the terms of reference. These opportunities are not part of this review. The review team has captured these in the document “considerations for the process to identify a permanent trustee”.

Our findings per review area are summarized below. In general, there was a high degree of satisfaction with the performance of the Interim Trustee as per the terms of its agreement with GCF, but a frequent desire for the Interim Trustee to offer support beyond these strict terms.

Management of investments and costs: The Interim Trustee invests GCF funds according to its default investment strategy, with its primary objective being capital preservation. GCF funds have been performing better than the Interim Trustee’s internal benchmarks. GCF currently does not have a formal investment policy, and is likely to benefit from developing one as the organization grows – something the Interim Trustee’s advice on would be considered valuable (although beyond its terms of reference). The Interim Trustee’s costs and expenses have been either at or under budget, except for FY2014, when the Interim Trustee was asked by the GCF Board to support GCF’s Initial Resource Mobilization (IRM).

Contribution management: From the commencement of IRM to July 2016, GCF had raised USD10.3bn equivalent in pledges from 43 different state governments, 3 regions and 1 city, with USD56m raised prior to that. The Board and Secretariat showed a high level of satisfaction with the Interim Trustee’s role in contribution management, highlighting the value of its extensive experience with managing other funds, its legal expertise and advice, its responsiveness to GCF’s early stage development and its flexibility in dealing with different contributors. Opportunities for the Interim Trustee to provide additional support at Board meetings and in the negotiation and finalization of contribution agreements were noted by some.

Cash transfers: As of mid-September 2016, the Interim Trustee had made cash transfers to the Secretariat for Readiness grants (totalling approximately $1m), which were disbursed by the Secretariat to grantees, for GCF’s administrative costs, and to an accredited entity for one project. Funds transferred by the Interim Trustee so far were handled in a timely and satisfactory manner. However, the first cash transfer to an approved project in mid-September exposed a potential issue; the Interim Trustee indicated that it is not in a position to make transfers to any entity other than the GCF (Secretariat) and accredited entities. The rationale for this position remains unclear and the Secretariat had meant to rely on the Interim Trustee to make the cash transfer under the terms of the agreement. A number of funding proposals in GCF’s pipeline provides for a similar structure, with the need to make cash transfers directly to the relevant executing entities.

Financial reporting to the Board and the Secretariat: As of September 2016, the Interim Trustee provided 16 quarterly reports and four annual reports to GCF; no financial statements were requested on an exceptional basis. Both GCF Board and Secretariat showed a positive view in regards to the accuracy, completeness and usefulness of the reports. No instances of revision or requests for revision to financial reports were noted or known. However, it was suggested that a more detailed breakdown of reported numbers could have been provided.
Overall relationship with the Board and Secretariat: Both the GCF Board and Secretariat expressed high satisfaction with the overall relationship with the Interim Trustee, and indicated their contentment with the Interim Trustee’s availability for ad-hoc questions and its representation at the appropriate level. The Interim Trustee’s experience from managing other Funds was again highlighted as particularly valuable. Considering services outside the scope of the current agreement, interviewees proposed that the Interim Trustee could offer advice on GCF’s investment strategy, its level of liquidity, and the replenishment process.

CONCLUSIONS

The review of the Interim Trustee revealed that, overall, stakeholders are happy with its performance across all of its four key roles: management of investments and costs, contribution management, cash transfers, and financial reporting to the Board and the Secretariat; as well as with its overall relationship with the Board and the Secretariat.

However, the emerging challenge with cash transfers needs to be addressed. A number of funding proposals in GCF’s pipeline provides for a structure with the need make cash transfers directly to the executing entities that are not accredited. The current agreement between the Interim Trustee and GCF does not specify different procedures for different recipient entities (e.g., accredited entities, executing entities).

In order to address the needs around cash transfers and investment management, GCF may benefit from exploring options that will change the needs for trustee services and leverage its increasing internal capabilities. A second document outlines the rationale for this, and how this could inform GCF’s approach to selecting a permanent trustee for after April 2018.
1. **Context**

**HISTORY OF THE GREEN CLIMATE FUND AND ITS GOVERNING STRUCTURE**

The Green Climate Fund ("GCF") was established in December 2010 at the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Cancun, Mexico (COP16) with the purpose of making a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change. The GCF will provide support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.

The GCF is governed and supervised by a Board that has responsibility for funding decisions. It is supported by an Independent Secretariat, which is accountable to the Board and has management capabilities to execute day-to-day operations of the GCF, providing administrative, legal, and financial expertise. It is intended that a permanent trustee will manage the GCF’s financial assets, maintain appropriate financial records, and prepare the relevant financial statements and reports in accordance with the applicable decisions of the Board.

**ROLE OF THE INTERIM TRUSTEE**

Since GCF’s establishment, the World Bank has been serving as the Interim Trustee of GCF, performing tasks based on the roles and responsibilities, as described in the Amended and Restated Agreement on Terms and Conditions for the Administration of the GCF Trust Fund. The World Bank’s involvement with the GCF as an Interim Trustee has had two phases.

During Phase 1, the Interim Trustee supported the GCF prior to the recognition of the GCF’s legal capacity, during which it worked with the GCF’s Interim Secretariat. In this phase, the Interim Trustee entered into agreements directly with contributors, received and managed contributions, and transferred funds to cover the administrative costs of the Interim Secretariat.

Phase 2, which is ongoing, began when the GCF was endowed with legal personality and is set to continue, along with the World Bank’s role as the Interim Trustee of the GCF Trust Fund, until no later than 30 April 2018. The scope of work during Phase 2 is given below.

**THE INTERIM TRUSTEE’S SCOPE OF WORK**

Today, the Interim Trustee provides services to the GCF which can be categorized into four areas: (i) contribution management, (ii) investment management, (iii) cash transfers, and (iv) financial reporting.

The Interim Trustee engages in contribution management by receiving and administering contributions given to GCF by the contributors in the form of grants, capital, loans and / or cushions. GCF and the Interim Trustee have entered into 27 contribution agreements prior to the Initial Resource Mobilization (IRM) period, and 47 agreements during the IRM period. In addition, the World Bank interacts with the contributors, is present during the negotiations of the contribution agreements, and offers legal support to the GCF.

GCF’s Interim Trustee is also responsible for investment management of GCF’s funds; it administers all the contributions within a single trust fund, which is kept separate from the funds.

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2 Amended and Restated Agreement on Terms and Conditions for the Administration of the GCF Trust Fund: http://www.greenclimate.fund/documents/20182/24868/Trust_Fund_Agreement_between_GCF_and_IBRD__Amended_.pdf/7ca07ac8-7a83-4f18-847e-e260b32b3e9a?version=1.0
of the Bank. For administrative and investment purposes, contributions received by the GCF are co-mingled with other trust fund assets maintained by the Interim Trustee. The Interim Trustee is responsible for investing and reinvesting the contributions in accordance with the Bank’s policies and procedures. All income generated through such investment activities is credited to GCF.

The Interim Trustee is also responsible for transferring cash to cover GCF’s administrative costs and providing funds to recipients for Board approved projects and activities, following written instructions from the GCF. As of mid-September 2016, the Interim Trustee had made cash transfers to the Secretariat for Readiness grants (totalling approximately $1m), which were disbursed by the Secretariat to grantees, for GCF’s administrative costs, and to an accredited entity for one project. As GCF carries the fiduciary responsibility once funds have been transferred by the Interim Trustee, GCF introduced an accreditation process for entities that would use these resources to carry out projects. The accreditation process seeks to assess these entities in regards to, among other aspects, capabilities of financial management and managing environmental and social risks at project level. As of September 2016, there were 33 accredited entities.

Lastly, the Interim Trustee is responsible for financial reporting of GCF activities. The Interim Trustee maintains separate records and ledger accounts of contributions deposited in the GCF Trust Fund and any cash transfers made from GCF. The Trustee also provides quarterly financial reports and annual single audit reports to the Board. To date, the Interim Trustee has provided 16 quarterly reports and 4 annual single audit reports to GCF. The annual audit report includes a combined financial statement for all cash-based trust funds entrusted to the World Bank, as well as a management assertion and an attestation of the Bank’s external auditor concerning adequacy of internal controls.

OBJECTIVES OF THE REVIEW

At its 12th meeting, the Board requested the Secretariat to implement a review of the Interim Trustee by commissioning an independent third party, in consultation with and under the oversight of the Risk Management Committee. The objectives of the review, as requested by the Board, were to provide both an assessment of the Interim Trustee’s services and performance to date, and considerations GCF should take into account for the selection of a permanent trustee in the future.

Dalberg Global Development Advisors, the independent third party selected through an international competitive process, conducted the review between 8 August and 21 September 2016. Day-to-day guidance during the project was provided by members of the GCF Secretariat’s CFO and Division of Support Services (DSS), who were also responsible for communicating directly with the Risk Management Committee (RMC) regarding updates and challenges.

The contents, approach and methodology of the review were laid out in a Terms of Reference (ToR) document developed by Dalberg in consultation with the Interim Trustee (based on a draft ToR put together by the GCF Secretariat). This ToR document was then reviewed by the DSS and the RMC, and finalized on 31 August 2016. The review team decided to maintain a clear separation between the Interim Trustee’s performance and considerations for a permanent trustee. This document is the first of two document and focuses on the Interim Trustee’s performance.

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3 As decided upon at the Seventh and Eighth Meeting of the Board (Decision B.07/2 on the initial guiding framework of the accreditation process described in GCF/B.07/11 Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014 as well as Decisions B.08/02-B.08/06 on additional process-related matters at the Eighth Meeting of the Board as described in GCF/B.08/45 Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014)

4 Following Decision B.12/38 as described in GCF/B.12/32 Decisions of the Board – Twelfth Meeting of the Board, 8-10 March 2016
2. METHODOLOGY AND APPROACH

I. REVIEW METHODOLOGY

As agreed in the ToR and following consultations with the RMC, DSS, and the Interim Trustee, Dalberg focused its review of the Interim Trustee across the following five areas:

1. Management of investments and costs
2. Contribution management
3. Cash transfers
4. Financial reporting to the Board and the Secretariat
5. Overall relationship with the Board and the Secretariat

In order to assess the performance of the Interim Trustee across all five areas, Dalberg developed key questions for each review area. These questions also build on those in the Secretariat’s draft ToR, and reflect revisions and additions based on Dalberg’s past experience, as well as input from the RMC, the DSS team, and the Interim Trustee.

Table 1: Interim Trustee Review – Key questions

<table>
<thead>
<tr>
<th>Area of review</th>
<th>Key questions</th>
</tr>
</thead>
</table>
| Management of investments and costs    | • What has been the annualized return on investments on liquid GCF Trust Fund balances (since the inception of the GCF, and within the last 2 and 1 year period)?  
• How does this compare to returns of the World Bank Trust Funds portfolio of investments during the same time periods?  
• What benchmark is used by the fund manager to measure performance, and how has GCF Trust Fund’s investment portfolio performed with respect to this benchmark?  
• What returns have equivalent trust funds’ investment portfolios (in other organizations with similar objectives, disbursement profiles, and risk tolerances) seen?  
• How do the Interim Trustee’s investments for the GCF Trust Fund compare in its asset mix to GCF’s expectations?  
• How have the Interim Trustee’s costs as % of assets under management evolved, and how does this compare to costs charged by other trustees?  
• How have the Interim Trustee’s actual costs and expenses compared against budget? If there is a significant difference, what explains this difference? |
| Contribution management                | • How many contribution agreements have been finalized during Phase 1 and Phase 2?  
• How many contribution agreements have been drafted jointly with the Secretariat during Phase 1 and Phase 2?  
• How was the quality of the Interim Trustee’s interventions during these meetings and conference calls?  
• How many requests regarding payments of cash and deposits of promissory notes did the Interim Trustee send to contributors? |
### Area of review

<table>
<thead>
<tr>
<th>Area of review</th>
<th>Key Sources</th>
<th>Analyses</th>
</tr>
</thead>
</table>
| Management of investments and costs | Interviews with:  
  - GCF Board and Secretariat  
  - Interim Trustee staff  
  Data:  
  - Interim Trustee financial reports for GCF |  
  - Synthesis of interviews with GCF Board and Secretariat, and Interim Trustee staff  
  - Review of financial reports (for GCF and other Trust Funds) and investment performance data from the Interim Trustee |
<table>
<thead>
<tr>
<th>Section</th>
<th>Interviews with:</th>
<th>Data:</th>
<th>Analysis of different types of costs charged by the Interim Trustee</th>
<th>Analysis of Interim Trustee costs and expenditures budget vs. actual and reasons behind the difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution management</td>
<td>GCF Board and Secretariat, Interim Trustee staff</td>
<td>Contribution agreements, GCF data on pre-IRM and IRM pledges</td>
<td>Synthesis of interviews with GCF Board and Secretariat, and Interim Trustee staff</td>
<td>Quantitative analysis of number of contribution agreements signed and drafted (pre-IRM and IRM)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Evaluation of the Interim Trustee’s quality of interaction with contributors and GCF Secretariat regarding contribution agreements and arrangements</td>
<td></td>
</tr>
<tr>
<td>Cash transfers</td>
<td>GCF Board and Secretariat, Interim Trustee staff</td>
<td>Cash transfers made to GCF Secretariat for the Readiness program, Cash transfers to accredited entities – first transfer made in mid-September</td>
<td>Synthesis of interviews with GCF Board and Secretariat, and Interim Trustee staff</td>
<td></td>
</tr>
<tr>
<td>Financial reporting to the Board and the Secretariat</td>
<td>GCF Board and Secretariat, Interim Trustee staff</td>
<td>Interim Trustee financial reports for GCF, Interim Trustee annual single audit reports</td>
<td>Synthesis of interviews with GCF Board and Secretariat, and Interim Trustee staff</td>
<td>Analysis of the usefulness and completeness of reports from Interim Trustee</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Evaluation of Interim Trustee reports to GCF for quality of content, timeliness and accuracy</td>
<td></td>
</tr>
<tr>
<td>Overall relationship with the Board and Secretariat</td>
<td>GCF Board and Secretariat, Interim Trustee staff</td>
<td>n/a</td>
<td>Evaluation of the Interim Trustee’s ‘customer service’ quality (e.g., through representation at Board meetings and availability in between Board meetings)</td>
<td>Evaluation of how ‘customer service’ can be improved within the existing scope of services as defined in the current ToR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Evaluation of any additional service that stakeholders would like to see</td>
<td></td>
</tr>
</tbody>
</table>
II. REVIEW APPROACH

Dalberg implemented the review of the Interim Trustee and the assessment of considerations for GCF’s selection of a permanent trustee through three phases described below.

I. BUILD A FACT BASE FOR THE PERFORMANCE OF THE INTERIM TRUSTEE

In order to conduct a comprehensive review of the Interim Trustee, Dalberg developed specific and measurable indicators across each of the five review areas. Like the key review questions, these indicators also built on those in the Secretariat’s draft ToR, and reflect revisions and additions based on Dalberg’s past experience, as well as input from the Risk Management Committee and the DSS team, and the Interim Trustee.

Table 3: Interim Trustee Review – Key indicators

<table>
<thead>
<tr>
<th>Area of Review</th>
<th>Key indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of investments and costs</td>
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During this phase, Dalberg also reviewed all documents listed in Annex A of this document to assess performance against these indicators, before commencing stakeholder interviews.

II. INTERVIEW STAKEHOLDERS

In this phase, Dalberg developed a set of interview questions and carried out interviews with the following four groups of stakeholders, whose names and contact details were shared by the DSS team:

- GCF Board members – Representative sample of the Board constituents (including developed countries and developing countries) and their staff
- GCF Secretariat and Interim Secretariat – Members of the GCF Secretariat including the CFO, and selected interviewees from the Interim Secretariat
- Interim Trustee – Responsible staff at the Interim Trustee
- Members of secretariats of other trust funds managed by the Interim Trustee and other offerors of trust fund management services

It is worth noting that in order to ensure a representative sample of the Board constituents as much as possible, the DSS team reached out to developed country Board members once, and developing country Board members twice (due to lack of response in the initial outreach) over the course of the review. Dalberg interviewed all Board members (and/or their staff) who indicated interest and were available for an interview during the time frame of this review.

The interview questions were developed to capture the Interim Trustee’s performance against each indicator presented in Table 3. The questions were tailored for each stakeholder group to reflect the type of interaction each stakeholder would have had with the Interim Trustee. Dalberg
also shared the interview questions with GCF and the Interim Trustee and incorporated their feedback. A detailed set of questions for each stakeholder group has been included in Annex C.

Dalberg conducted a total of 28 interviews (a complete list of conducted interviews is given in Annex B).

III. **DEVELOP AND VALIDATE FINDINGS AND RECOMMENDATIONS**

In this phase, the Dalberg team used the fact base we developed through desktop research and stakeholder interviews to synthesize our findings and recommendations. This report also incorporates feedback from GCF during our meetings in Korea to present and discuss our findings, where we worked through the implications of our findings on the selection of a permanent trustee. Feedback from the Interim Trustee, who was given the opportunity to review this final report, has also been incorporated.
3. OVERVIEW OF FINDINGS

Our review indicates that the Interim Trustee has been fulfilling its role, as specified in the Amended and Restated Agreement on Terms and Conditions for the Administration of the GCF Trust Fund⁵, and that overall, stakeholders are satisfied with the Interim Trustee’s performance. That said, some interviewees feel that the role and performance of the Interim Trustee did not meet its full potential in terms of support towards GCF’s operations and growth.

The interviewees highlighted a number of opportunities for support that would have gone beyond the terms of reference. These opportunities are not part of this review. The review team has captured these in the document “considerations for the process to identify a permanent trustee”.

While the full list of indicators can be found in the next section (“Detailed Findings by Review Area”), the following presents an overview of our findings in the five review areas.

I. Management of investments and costs

The Interim Trustee invests GCF funds according to the Interim Trustee’s default investment strategy for all Trust Funds (“REST class investment strategy”), whose primary objective is capital preservation. As part of the REST class investment strategy, GCF funds are predominantly allocated to the Interim Trustee’s Investment Model Portfolio 1⁶. Both GCF funds and Model Portfolio 1 have been performing better than the internal benchmarks of the Interim Trustee for this portfolio. However, GCF currently does not have a formal investment policy, and is likely to benefit from developing one as the organization grows. It was pointed out in the interviews that the Interim Trustee could have contributed with valuable advice in this regard (although it was not in its terms of reference). The Interim Trustee’s costs and expenses have been either at or under budget, except for the FY2014, when the Board requested the Interim Trustee’s help in organizing the IRM.

II. Contribution management

As of July 2016, GCF had raised USD10.3bn⁷ equivalent in pledges from 43 different state governments, 3 regions and 1 city since the start of the IRM in 2015. In the pre-IRM period, GCF was able to raise USD56m⁸. Both the Board and Secretariat showed a high level of satisfaction with the Interim Trustee’s role in contribution management, and particularly highlighted the value of the Interim Trustee’s extensive experience with managing other funds. In addition, the Interim Trustee’s legal expertise and advice, its responsiveness to GCF’s early stage development and its flexibility in dealing with different contributors was highlighted. Some interviewees from the Secretariat and Board, however, noted opportunities for the Interim Trustee to provide additional support in its role at Board meetings (e.g., by providing updates on their activities during the past quarter) and in the negotiation and finalization of contribution agreements (e.g., by being more proactive in sharing information and providing advice, which was in the Interim Trustee’s scope during the IRM process).

⁵ Amended and Restated Agreement on Terms and Conditions for the Administration of the GCF Trust Fund: http://www.greenclimate.fund/documents/20182/24868/Trust_Fund_Agreement_between_GCF_and_IBRD__Amend ed_.pdf/7ca07ac8-7a83-4f18-847e-e260b32b3e9a?version=1.0
⁶ The Interim Trustee’s Investment Portfolio Model 1 is managed to an objective of a very low probability of losses over a time horizon of one year and thereby ensures liquidity and timely availability of cash. Section V.I.1 presents a more detailed discussion on the Interim Trustee’s management of investments and costs.
⁷ Aggregated sum of contributions reported in the “Status of Pledges as of July 8th 2016” spreadsheet provided by the GCF Secretariat
⁸ Aggregated sum of the pre-IRM contributions reported in the “Total Cash Receipts up to 31/12.2014 including data on contribution agreements before the Initial Resource Mobilization Process” spreadsheet provided by the GCF Secretariat
III. Cash transfers

As of mid-September 2016, the Interim Trustee had made cash transfers to the Secretariat for Readiness grants (totalling approximately $1m), which were disbursed by the Secretariat to grantees, for GCF’s administrative costs, and to an accredited entity for one project. However, GCF has recently faced challenges in making its first transfer to one of its projects approved by the Board. When GCF requested that the Interim Trustee transfer funds to the executing entity directly, as moving the funds through the project’s accredited entity posed legal and compliance complications for the accredited entity, the Interim Trustee indicated that it is not in a position to make transfers to any entity other than the GCF (Secretariat) and accredited entities. The rationale for this position remains unclear, and the Secretariat had meant to rely on the Interim Trustee to make the cash transfer under the terms of the agreement. While the GCF Secretariat confirmed that transfers of funds by the Interim Trustee were handled in a timely and very satisfactory manner, this latest challenge gives rise to concern.

IV. Financial reporting to the Board and the Secretariat

As of September 2016, the Interim Trustee provided 16 quarterly reports and four annual reports to GCF. No financial statements were requested on an exceptional basis. Both GCF Board and Secretariat showed a positive view in regards to the accuracy, completeness and usefulness of the reports. Although the Interim Trustee held some initial discussions on the format of the financial reports with GCF’s Interim Secretariat, our interviewees were unaware of any instances of revision or requests for revision during the Interim Trustee’s current work with the Secretariat. However, some members of the Board and the Secretariat suggested a more detailed breakdown of the reported numbers could have been provided.

V. Overall relationship with the Board and the Secretariat

Both the GCF Board and Secretariat expressed high satisfaction with the overall relationship with the Interim Trustee. The interviews showed that both actors were very content with the Interim Trustee’s availability for ad-hoc questions and its representation at the appropriate level. The Interim Trustee’s experience from managing other Funds was again highlighted as particularly valuable to GCF. Considering services outside the scope of the current agreement, interviewees proposed that the Interim Trustee could offer advice on GCF’s investment strategy, its level of liquidity, and the replenishment process.
4. **Detailed Findings by Review Area**

I. **Management of Investments and Costs**

I.1 Annualized return on investments on liquid GCF Trust Fund balances since the inception of the GCF, and within the last 2 and 1 year period

GCF Trust Fund balances are invested according to the Interim Trustee’s default investment strategy ("REST class investment strategy") for all Trust Funds. As a part of the REST class investment strategy, GCF’s funds are predominantly allocated to a capital preservation investment tranche ("Model Portfolio 1 (USD)") which is managed to an objective of a very low probability of losses over a time horizon of one year. Investments within this tranche are restricted to local currency sovereigns, foreign currency sovereigns, agencies, other official entities and multilaterals rated at least AA-, corporates and asset-backed securities rated at least AAA, and deposits with banks rated at least A-. The GCF had a liquid balance of USD1.4bn as of March 2016. GCF’s annualized return on investments have been fairly stable; 0.41% during the past year, 0.38% during the last two years, 0.38% during the last three years, and 0.41% since the inception of GCF.

![Graph showing annualized return on GCF Trust Fund investments](image)

I.2 Return on investments on liquid GCF Trust Fund balances compared to investment benchmarks used by the Interim Trustee

GCF’s Trust Fund balances have always performed better in comparison to the Interim Trustee’s internal benchmarks for Model Portfolio 1. The figure below shows annual benchmarks for the USD

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9 Dalberg received the GCF Financial Report prepared by the Interim Trustee as of 30 June 2016 on 30 August 2016. However, the analyses in this section use GCF’s investment data provided in the Financial Report as of March 2016, as the Interim Trustee’s Model Portfolio 1 and benchmark figures were provided as of March 2016.

10 Green Climate Fund Trust Fund Financial Report, March 2016, p.6

11 Trust Fund Portfolio and Excess Returns (Gross of Fees), November 2015, p.3

12 Defined as cash and investments held in Trust with no restrictions. This figure does not include promissory notes.

13 All figures are as of 31 March 2016.
Model Portfolio 1\textsuperscript{14}, which most of GCF balances are allocated to, as well as GCF’s annualized returns during the same financial years.

Figure 2. Annualized benchmarks for Interim Trustee’s USD Model Portfolio 1 vs. Annualized GCF Trust Fund returns for the last 1 year, 2 years, and 3 years (%)

\textbf{I.3 Returns of Interim Trustee Trust Funds portfolio of investments in the last 10, 5 and 1 year period}

The Interim Trustee has seen a stable rate of returns for USD Model Portfolio 1, which were consistently above the Model Portfolio 1 benchmarks. USD Model Portfolio 1’s annualized returns on investments were 0.39\% during the past year, 0.37\% during the last two years, 0.38\% during the last three years, 0.46\% in the last 5 years, and 0.42\% since the inception of the GCF.\textsuperscript{15}

Figure 3. Annualized benchmarks for Interim Trustee’s USD Model Portfolio 1 vs. Annualized returns of USD Model Portfolio 1 (\%)\textsuperscript{16}

\textsuperscript{14} A Model Portfolio may comprise multiple investment strategies (including REST class investment strategy) which are measured against a benchmark. The benchmark returns therefore represent the combined returns of all strategies within each Model Portfolio.

\textsuperscript{15} All figures are as of 31 March 2016.

\textsuperscript{16} The World Bank Trust Fund Pool.
These annualized return rates were in between those of Model Portfolio 0\(^{17}\) and Model Portfolio 2\(^{18}\) over the past five years, which offer different mixes of investment objectives and asset allocations. The figure below shows Model Portfolio 1’s annualized returns, in comparison to other portfolios.

Figure 4. Annualized 5-year returns of and risk characteristics for Model Portfolios managed by the Interim Trustee (%)

![](image)

The annualized return over the past ten financial years for Model Portfolio 1 is unavailable; the Interim Trustee commented that Model Portfolio 1 was restructured in March 2008, which makes it difficult to show performance before that time as this would not present a valid comparison. The change that occurred in March 2008 was that the cash portfolios within Model Portfolios 1 and 2 were transferred to Model Portfolio 0.

I.4 Returns in equivalent trust funds’ investment portfolio in other relevant organizations with similar objectives

Dalberg selected four trust funds whose activities and objectives are similar to that of GCF as external benchmarks in returns: Clean Technology Fund (CTF), Strategic Climate Fund (SCF), Special Climate Change Fund (SCCF), and Adaptation Fund (AF). Both CTF and SCF are part of the Climate Investment Funds.

GCF’s returns during the past year were lower than that of the Climate Investment Funds (CTF and SCF), but higher than SCCF and AF.\(^{20}\) However, it should be noted that these figures are not directly comparable, as each trust fund is invested in a different combination of tranches. For example, GCF’s balances are allocated predominantly to Model Portfolio 1, whereas the CTF’s and SCF’s balances are allocated across Model Portfolio 0, 1, and 2, with Model Portfolio 2’s higher yielding but riskier approach fundamentally different to Model Portfolio 1’s, with its primary objective of ensuring liquidity and timely availability of cash when needed.\(^{21}\) Therefore, this comparison

\(^{17}\) Model Portfolio 0 has the same investment objective as Model Portfolio 1 ("Enhance returns subject to ensuring liquidity and timely availability of cash when needed"), but its asset allocation is categorized as ‘overnight cash’.

\(^{18}\) Model Portfolio 2 has the investment objective to maximize returns subject to limiting negative returns over a three-year horizon and has a dynamic asset allocation across government bonds, money markets and US Agency Mortgage-Backed Security.

\(^{19}\) Investment Management of Trust Funds and Financial Intermediary Funds, World Bank Group, March 2016, p.7

\(^{20}\) Please note that GCF return figures represent returns during the past year as of 31 March 2016, while other funds’ figures represent returns as of 31 December 2015. Comparable return figures for the other funds (as of 31 March 2016) were not provided by the Interim Trustee.

\(^{21}\) Investment Management of Trust Funds and Financial Intermediary Funds, World Bank Group, March 2016. p.4
(presented in the figure below) serves to illustrate how GCF’s returns could potentially evolve in the future, rather than providing external benchmarks for direct comparison.

Figure 5. Returns in investment portfolio of other selected trust funds managed by the Interim Trustee within the past one year (%)\(^{22}\)

1.5 Qualitative assessment of Interim Trustee’s investments compared to GCF’s expectations (particularly in its asset mix)

GCF currently does not have any formalized investment policies, and no formal expectations were communicated to the Interim Trustee regarding GCF’s investments. This was also confirmed by an interviewee from the Secretariat, who stated that GCF’s absence of a policy on how to invest its excess funding deposited at the Interim Trustee contributed to relatively low returns of GCF Trust Fund balances (although, as explained below, the returns are unlikely to have been higher without GCF’s quarterly cash flow projections). This interviewee also stated that although this is outside the scope of the agreement between the GCF and the Interim Trustee, some more advice from the Interim Trustee would have been appreciated in this regard. However, a board member reported that there are ongoing discussions with the Interim Trustee around adjusting certain aspects of the investment strategy, for instance, regarding de-carbonization of investments pursued with GCF funds.

The Interim Trustee mentioned that there had previously been discussions with the GCF’s CFO about investing in a longer term tranche. The possibility of creating a two-year tranche, for example, was discussed, as a longer term tranche would have gone beyond the Interim Trustee’s current mandate (ending in April 2018). However, the Interim Trustee stated that one of the eligibility requirements for this type of investment is that GCF provides cash flow projections on a quarterly basis for two years. The Interim Trustee further explained that this has been understandably difficult for GCF to provide, given that the organization has only recently started to disburse funding. Therefore, the Interim Trustee stated that even if GCF had a formal investment policy, this would have likely not changed the way how GCF’s liquid assets have been invested.

Our interviews with some other stakeholders seemed to also indicate that the Interim Trustee may be hesitant to take on this role, for reasons related to the broader view of the Interim Trustee and its role discussed in Section V (“Overall relationship with the Board and the Secretariat”).

\(^{22}\) Please note that GCF return figures represent returns during the past year as of 31 March 2016, while other funds’ figures represent returns as of 31 December 2015. Comparable return figures for the other funds (as of 31 March 2016) were not provided by the Interim Trustee.
I.6 Evolution of investment management costs as a percentage of assets under management, in comparison to other similar trustees

The Interim Trustee sets its investment management costs at 0.035% of the average annual (undisbursed) balance in GCF’s funds. This is applicable across all trust funds managed by the Interim Trustee.

An interviewee from the Secretariat mentioned that the team was satisfied with both the Interim Trustee’s investment management services. In addition, the associated fees were found not unreasonable in comparison with other investment managers in the market. The interviewee also explained that when comparing the Interim Trustee’s investment management fees against external benchmarks, the Interim Trustee’s high quality risk control measures would need to be taken into account. As the GCF considers a permanent partner for investment management services, it will need to take into account not only how the investment management costs compare to external benchmarks, but also the degree to which stringent financial risk control measures are in place.

I.7 Interim Trustee’s actual costs and expenses against budget

There are four categories to the Interim Trustee’s costs and expenses: financial and program management, investment management, accounting and reporting, and legal services. The financial and program management is the largest cost category, accounting for 48% of the actual expenditure in FY2015. This is followed by legal services, which accounted for 21% of the actual FY2015 expenditure. The Interim Trustee invoices costs to GCF as incurred. The Interim Trustee stated that this time-based costing method guarantees both cost recovery for the Interim Trustee in case of unexpected obligations while, at the same time, securing that clients and contributors are only charged for services provided.

The Interim Trustee’s actual costs and expenses were always in line with or under the budgeted amount, with the exception of 2014, when actual costs and expenses were 27% over the budgeted figure. This additional expenditure was due to the IRM, which the Board made the decision to commence in May 2014. This is also noted in the annual Status of Resources report, which states that the increase in actual expenditure was primarily due to “the additional costs and expenses associated with support to the Secretariat during the resource mobilization process.” An interviewee from the Secretariat confirmed this reason and added that the budget numbers for

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23 Financial and program management costs cover “processes and procedures relating to all aspects of financial transactions, management and processing of contributions, including negotiation and execution with contributors, all banking, foreign exchange, payment requests and acknowledgements; executing cash transfers to recipients; regular financial reporting and activities related to preparation of financial statements and external audit.” It also includes day-to-day enquiries from Secretariat, Contributors and other GCF constituencies and stakeholders, and ad hoc advisory services to the Secretariat.

24 Investment management costs are calculated at 0.035% of the estimated average annual undisbursed balance in the GCF Trust Fund.

25 Accounting and reporting includes maintenance of appropriate records and accounts to identify contributions and other receipts and GCF Trust Fund liabilities.

26 Legal services include the preparation of contribution agreements and arrangements with contributors and other agreements and arrangements as required, including with the GCF, and review of documents of the GCF given their impact on the role of the Interim Trustee.

27 Decision B.07/09 as described in GCF/B.07/11 Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014

28 GCF BM-2015 Inf.02 Status of Resources 1 January to 31 December 2014, p.5
FY2014 and FY2015 were only rough estimates as the GCF had difficulties predicting costs at this early stage of the organization.

Figure 6. Interim Trustee’s actual costs and expenses against budget (thousands of dollars)²⁹

In 2014, when the actual expenditure of the Interim Trustee was over budget by USD 121,224 due to the reasons described above, the Interim Trustee expenditure constituted 5.8% of the total 2014 administrative expenditure (USD 9.7m). This was a larger proportion of the total spending than expected. However, it should also be noted that the total administrative expenditure was much less than budgeted in 2014, as the Secretariat spent less than half of its budgeted amount. As a comparison, if the Board and the Secretariat had spent as much as the budgeted amount in 2014, the Interim Trustee costs would have accounted for 3.0% of the total administrative budget.

In 2015, the Interim Trustee’s actual costs were 3.7% of the total administrative expenditure of the Secretariat, Board and the Interim Trustee (USD 19.6m), and the costs are budgeted to be between 2.6% of the 2016 total administrative budget, 2.6% of the 2017 budget, and 2.8% of the 2018 budget.

²⁹ The data provided for the year 2012 includes figures from 1 January 2012 until 31 October 2012. The data provided for the year 2013 shows the Interim Trustee budget and costs for 1 November 2012 until 31 December 2013.
II. CONTRIBUTION MANAGEMENT

II.1 Number of contribution agreements signed

Between June 2012 and December 2014 prior to the IRM period, there were 27 contribution agreements signed with 14 countries, totaling USD55.8m. Germany was the largest contributor, followed by Republic of Korea, United Kingdom, France and Sweden.

Figure 7. Signed contribution agreements by pledge amount during June 2012-December 2014 (millions of dollars) 30

Since the commencement of the IRM in the beginning of 2015, there have been 47 contribution agreements signed with 39 countries, some of whom had also contributed pre-IRM. As of 5 September 2016, the pledge value of these signed contribution agreements totaled USD9.9bn.

Figure 8. Signed contribution agreements by pledge amount as of 5 September 2016 (millions of dollars) 31

30 This chart shows an aggregate value across multiple contribution agreements by country.

31 For France and Canada, the figures in this graph show an aggregate value across three separate contribution agreements on a loan, a grant and a cushion, respectively. For Belgium (Wallonia) the figure shows an aggregate value across two contribution agreements. The figures in this graph were calculated on basis of reference exchange rates established for GCF’s High-Level Pledging Conference.
II.2 Number of contribution agreements drafted

In addition to the contribution agreements already signed (shown in the figure above), six additional contribution agreements have been drafted but not signed as of 5 September 2016. These contribution agreement drafts are with Ireland, Luxembourg, Mongolia, Panama, Peru, and Vietnam, and total USD24 million.\(^2\)

Figure 9. Drafted (but not signed) contribution agreements by pledge amount as of 5 September 2016 (millions of dollars)

II.3 Timeliness of requests sent to contributors regarding payments of cash and deposits of promissory notes according to the signed contribution agreements

Interviewees indicated a high level of satisfaction with the timeliness of the requests sent and additional support provided by the Interim Trustee in cases of special inquiries. One contributor, for instance, asked the Interim Trustee for an earlier payment request for their first contribution payment as the contributor wanted to expedite their contribution process. The Interim Trustee was very accommodating in this regard and answered the inquiry within one to two business days. Another contributor explained that they need payment requests from the Interim Trustee in order to release their payments, and that this was captured in the contribution agreements. The contributor was very satisfied with the services provided by the Interim Trustee and reported that the Interim Trustee respected their requirements and complied with the set deadlines.

II.4 Qualitative assessment of the quality and timeliness of responses to inquiries from the Secretariat and contributors

The Board Members interviewed by Dalberg expressed a positive view of the Interim Trustee’s high quality and timeliness of responses to any inquiries. One Board Member, for example, shared that the Interim Trustee was able to guide queries and answer properly based on their experience with other funds in the past. In addition, several Board Members emphasized the quality, efficiency and responsiveness of the Interim Trustee.

Members of the GCF Secretariat shared that the Interim Trustee was able to provide high quality and timely responses to any inquiries, while some also noted opportunities for increased

\(^2\) This figure excludes the amount of pledges from countries (Finland, Iceland, and Italy) who have signed agreements but have remaining contributions that have not been processed, and Cyprus, with which there has been no contact yet.
engagement from the Interim Trustee’s side. One interviewee stated that the Interim Trustee usually responds to questions and inquiries of the Secretariat within one to two business days.

Figure 10. Rating of quality and timeliness of responses to inquiries from contributors (n=11, rated from 1 to 5, with 5 being high quality and timely responses)

II.5 Qualitative assessment of the Interim Trustee’s interventions at joint meetings and conferences (between the GCF and contributors)

Similar to the findings under section II.5, the contributors had a positive view on the Interim Trustee’s interventions at joint meetings and conferences between the GCF and themselves, and cited the expertise and experience of the Interim Trustee as a key reason behind this view. For example, one contributor stated that the Interim Trustee’s interventions are very much valued, and that this is driven by the Interim Trustee’s ability to be responsive to idiosyncrasies of different contributors, who have different legal requirements, contribution channels, and various stipulations. The interviewee also stated that the current Interim Trustee has a deep understanding of the institutional and legal particularities of each contributor. This sentiment was echoed by other contributors. Another contributor added that the Interim Trustee fulfilled its responsibilities quietly and competently.

Members of the GCF Secretariat also positively assessed the quality of the Interim Trustee’s interventions, and expressed their appreciation for the Interim Trustee’s capability and experience. An interviewee from the Secretariat stated that the Interim Trustee is highly capable and can draw from its knowledge and experience managing other funds when serving as the GCF’s Interim Trustee. This was particularly useful in meetings and conferences with contributors, when the Interim Trustee acted as a backstop when negotiations became difficult.

These comments were also echoed by Board members and the Secretariat’s comments on the Interim Trustee’s role during the Initial Resource Mobilization process. In particular, interviewees stated that the Interim Trustee played an essential role in supporting GCF develop its contribution agreement templates, providing advice to GCF during its negotiations with contributors, and following up with contributors after commitments had been made. One interview pointed out that the support of the Interim Trustee (in addition to other crucial factors, such as strong international support from political leaders) was key to a successful pledging conference GCF held in November 2014.
II.6 Qualitative assessment of contributors’ and the Secretariat’s interactions with the Interim Trustee legal staff regarding contribution agreements and arrangements

Both contributors and GCF Secretariat staff interviewed by Dalberg showed strong appreciation of the quality of interactions with the Interim Trustee in regards to contribution agreements and arrangements. Several interviewees referred to high flexibility the Interim Trustee showed in the interaction with both contributors and the Secretariat. One contributor, for example, expressed appreciation for the Interim Trustee’s patience and reactivity in finalizing and executing the agreement within a short time frame, adding that this is extremely important, particularly in regards to the growing number of contributors in the future. Another contributor echoed this sentiment and emphasized that the Interim Trustee showed flexibility in addressing questions and concerns, despite having requests from multiple countries simultaneously.

The Secretariat expressed appreciation for the help that they received from the Interim Trustee in areas where the GCF had no experience. For example, an interviewee stated that the Interim Trustee made an extra effort to draft a template, when GCF was negotiating two loan agreements and did not have the time nor the capacity to do so.

At the same time, the GCF Secretariat has seen opportunities for the Interim Trustee to provide additional value with their experience and expertise that were not acted on, or only acted on when directly asked. One interviewee mentioned, for example, that the Interim Trustee could have been more proactive about sharing their expertise to advise GCF based on their experience working with many other trust funds. This interviewee also stated that they see a potential for the Interim Trustee to provide more technical assistance to GCF regarding contribution agreements.
III. CASH TRANSFERS

III.1 Number and amount of cash transfers made in accordance with Board decisions

As of mid-September 2016, the Interim Trustee had made cash transfers to the Secretariat for Readiness grants (12 grants totalling approximately $1m), which were disbursed by the Secretariat to grantees, for GCF’s administrative costs, and to an accredited entity for one project.

III.2 Average time between request for cash transfers issued and funds received

Interviewees from the GCF Secretariat stated that all funds were received between three to four working days within putting in a request using the standard cash transfer form. Interviewees stated that the process is very simple, and that this turnaround time is sufficiently fast for GCF.

III.3 Number of technical issues receiving or transferring money caused by technical and human issues by the Interim Trustee

Interviewees from the GCF Secretariat stated that to date, there have been no technical issues related to receiving payments for Readiness program or administrative costs caused by technical or human issues by the Interim Trustee.

However, GCF has recently faced challenges in making its first cash transfer to one of its projects approved by the Board. When GCF requested that the Interim Trustee transfer funds to the executing entity directly, as moving the funds through the project’s accredited entity posed legal and compliance complications for the accredited entity, the Interim Trustee indicated that it is not in a position to make transfers to any entity other than the GCF (Secretariat) and accredited entities. The rationale for this position remains unclear and the Secretariat had meant to rely on the Interim Trustee to make the cash transfer under the terms of the agreement.

A number of funding proposals in GCF’s pipeline provides for a similar structure with the need make cash transfers directly to the relevant executing entities. The current contract between the Interim Trustee and GCF does not specify different procedures for different recipient entities (e.g., accredited entities, executing entities).
IV. FINANCIAL REPORTING TO THE BOARD AND THE SECRETARIAT

IV.1 Number of quarterly, annual, and other reports provided

The Amended and Restated Agreement on Terms and Conditions for the Administration of the GCF Trust Fund\(^{33}\) states three types of financial reports are to be provided by the Interim Trustee. The first is quarterly financial reports, the second is an annual single audit report, and the third is financial statement audits requested on an exceptional basis by a contributor or the GCF.

As of September 2016, the Interim Trustee had provided the GCF with 16 quarterly financial reports (with the first report covering the period up to 30 June 2012). Each quarterly financial report provides a GCF Trust Fund Summary (from inception through the date of the report), a summary on contributions, funding availability, and commentary on the portfolio’s asset mix and investment income.

The Interim Trustee has also published four annual audit reports (2012, 2013, 2014 and 2015) since the inception of GCF. These audit report have two sections: (a) a management assertion together with an attestation from the Interim Trustee’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds (including the GCF) as a whole, and (b) a combined financial statement for all cash-based trust funds together.\(^{34}\)

These reports are all publicly available on the Interim Trustee’s website.

There have been no financial statement audits requested on an exceptional basis.

IV.2 Number of quarterly, annual, and other reports provided on time

The annual single audit reports are to be provided within six months following the end of the Interim Trustee’s fiscal year (1 July-30 June). An interviewee from the GCF Secretariat stated that these reports have always been provided on time. This was confirmed by the Interim Trustee.

Currently, there is no timeline for the Interim Trustee to provide quarterly reports to GCF.

IV.3 Number of reports that were deemed by the Secretariat as needing revision due to inaccuracies

The GCF Secretariat stated that there were no reports that were deemed as needing revision, due to inaccuracies in content. This view was also expressed by the Board. No Board members interviewed were aware of any instances where there had been any need for revisions to the financial reports. It was also confirmed by the Interim Trustee that no reports required revision.

IV.4 Qualitative assessment of the usefulness and completeness of report content

The interviews conducted with board members and the GCF Secretariat showed a positive view of both usefulness and completeness of the report content provided by the Interim Trustee. One interviewee from the GCF Secretariat described the current reporting responsibilities of the Interim Trustee as simple and expressed satisfaction with reports provided. This was echoed by several board members, who added that that reports were complete, accurate and useful to understand the financial status of the GCF. All interviewees who provided ratings for this indicator gave the Interim Trustee a 5 (from a rating of 1 to 5, with 5 being extremely useful and complete).

Some interviewees, however, mentioned that the Interim Trustee could increase the frequency of reports and provide more detail. One interviewee from the Secretariat, for example, expressed the

\(^{33}\) Amended and Restated Agreement on Terms and Conditions for the Administration of the GCF Trust Fund: http://www.greenclimate.fund/documents/20182/24868/Trust_Fund_Agreement_between_GCF_and_IBRD__Amendment.pdf/7ca07ac8-7a83-4f18-847e-e260b32b3e9a?version=1.0

\(^{34}\) Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund, 22 April 2015, p.4-5
desire for a higher frequency of reporting (e.g., monthly) as the GCF is not informed about incoming contributions until the Interim Trustee reports on it. Another interviewee agreed with this suggestion, and also added that it would be useful for the Interim Trustee to provide GCF’s financial data online. In addition, both interviewees added that the Interim Trustee could provide more detailed data breakdowns in their reports. Expenses and losses were mentioned as two examples where this would be particularly useful, although the Interim Trustee stated that there have been no losses to report on to date.

IV.5 Qualitative assessment of responsiveness to requests from the Board or the Secretariat regarding financial reports

The Interim Trustee stated that during its work with the Interim Secretariat of the GCF, there was an initial discussion regarding the format reporting contributions in the financial report. The Interim Trustee explained that the co-chairs wanted the Interim Trustee to change parts of the report to reflect contributors’ full amount in the reporting. However, the Interim Trustee stated that this was difficult due to their accounting constraint, which stems from the fact that the Interim Trustee’s mandate ends on 30 April 2018. The Interim Trustee added that the different stakeholders expressed their understanding once the questions were clarified. Our interviewees were not aware of any instances where the GCF Board or the Secretariat made specific requests for changes regarding the Interim Trustee’s financial reports.
V. OVERALL RELATIONSHIP WITH THE BOARD AND THE SECRETARIAT

The review of the overall relationship of the Interim Trustee with the Board and the Secretariat was based on a qualitative assessment of the interactions between GCF Board members and the Secretariat (both current and Interim) with the Interim Trustee. The Board expressed unanimous satisfaction with its relationship to the Interim Trustee. Overall, the Secretariat also showed a positive view of the level of participation in Board meetings, experience and knowledge of the Interim Trustee. In addition, the Secretariat stated that the Interim Trustee was available for providing help and advice for ad-hoc questions when needed. However, some interviewees also saw some areas of improvement within the current scope of responsibilities of the Interim Trustee.

Section I.5 noted how some interviewees perceive that the lack of consensus about the role of Interim Trustee could have affected the Interim Trustee’s willingness to provide advice on an investment strategy. Some of our interviewees believed that this might have affected other dimensions of the Interim Trustee’s role as well. For example, one board member stated that the lack of consensus on the role also resulted in an unclear division in roles between the Secretariat and the Interim Trustee in resource mobilization. The board member explained that the GCF Secretariat was entrusted with the resource mobilization process, as some Board members wanted to minimize the role of the Interim Trustee. This challenge was also acknowledged by the Interim Trustee, who added that the situation described has presented a challenge to both GCF and the Interim Trustee.

V.1 Qualitative assessment of Board members’ and the Secretariat’s interactions with the Interim Trustee and their interventions

The qualitative assessment of the interaction of Board members and the Secretariat with the Interim Trustee and their interventions had five components: Participation rate of the Interim Trustee at GCF Board meetings, Interim Trustee’s availability for ad-hoc questions, representation at the appropriate level, scope for improvement in customer service (within the scope of current ToR), and additional services the Interim Trustee could provide outside of the current scope of their ToR.

Figure 12. Rating of qualitative assessment of Board members’ and the Secretariat’s interactions with the Interim Trustee and their interventions (n=12, rated from 1 to 5, with 5 being high quality interaction)

A. Participation rate of the Interim Trustee in GCF Board meetings
The GCF has had 13 Board meetings so far, with the latest meeting taking place in June 2016. The Interim Trustee has been present at 100% of these meetings.\(^{35}\)

Although the interviewees expressed an overall positive view on the Interim Trustee’s role during GCF Board meetings, several also expressed a desire for the Interim Trustee to participate more proactively during Board meetings. One Board member, for example, suggested that the Interim Trustee consider a more strategic engagement with the GCF Board by, for example, providing proactive reporting on the Interim Trustee’s activities in the past quarter during Board meetings.

B. Availability for ad-hoc questions

Overall the interviews showed a high level of satisfaction with the Interim Trustee’s availability to answer ad-hoc questions. An interviewee from the Secretariat highlighted the Interim Trustee’s flexibility and helpfulness in answering questions. Several board members confirmed this sentiment and added that the Interim Trustee made itself available for questions from board members at the Board meetings and between the meetings.

C. Representation at the appropriate level and necessary level of expertise

The interviewees from the Secretariat and the Board all agreed that the Interim Trustee was represented at the appropriate level at official GCF meetings, and expressed confidence in the Interim Trustee’s high level of expertise. They pointed out that the Interim Trustee’s extensive experience managing other Trust Funds, in particular, allowed them to provide high quality financial and legal input.

Several board members share this experience. One interviewee stated that the Interim Trustee was represented very competently at all Board meetings the interviewee attended, and was available to answer queries from other Board members.

D. Scope for improvement in customer service (within the current ToR)

The interviewees expressed their satisfaction with the Interim Trustee’s customer service within the scope of the current agreement. A Board member, for example, commented that the Interim Trustee is doing excellent work within the limited scope of their job. A board member added that there is not much they can think of that the Interim Trustee can do to improve its customer service within the existing service scope.

The suggestions that were put forward by interviewees on how they would like to see the Interim Trustee’s customer service improve were related to financial reporting. The current agreement between the Interim Trustee and GCF states that the Interim Trustee will provide financial reports to the Board on a quarterly basis, “or at any other frequency agreed between the Board and the Trustee.”\(^{36}\) This is discussed in more detail in section IV.4.

E. Additional services the Interim Trustee could provide (outside the current ToR)

The board members and members of the Secretariat interviewed had several suggestions in regards to additional services outside of the current scope of agreement that could be useful for the Interim Trustee to provide.

One group of suggestions was related to advice on investment strategy. An interviewee from the Secretariat, for instance, stated that it would be helpful to receive more advice on allocation of

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\(^{35}\) The Interim Trustee was present with two representatives at every Board meeting, apart from the Board meeting in June 2016, where only one representative (Senior Financial Officer) was present.

\(^{36}\) Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund, 22 April 2015, p.4-5
cash deposited with the Interim Trustee in order to increase yields. In addition, it was noted that the Board had held some ongoing discussions with the Interim Trustee in regards to receiving strategic advice on allocation of cash and hedging against foreign exchange issues. This was also confirmed by a board member, who added that these topics were raised in Board discussions regarding potential future roles of a trustee. However, the Interim Trustee commented that hedging is generally not a service that the Interim Trustee provides, and that there would need to be a separate approval from their Board.

Another board member mentioned that it would be useful for the Interim Trustee to provide advice on what level of liquidity GCF should maintain. However, he added that this could also be excluded from the ToR of a permanent trustee as the GCF Secretariat is effectively doing this already itself. Furthermore, it was suggested that the Interim Trustee could be more proactive in offering customized solutions and advice regarding GCF’s disbursements to different accredited entities.

Another group of suggestions related to the replenishment process. One board member, for example, emphasized the Interim Trustee’s expertise in replenishment support, and that it would be beneficial to have the Interim Trustee on board for this process. In order to benefit from this, he also suggested to include expertise in this area as criterion in the future tender process for the permanent trustee. The same interviewee, however, also added that the Board lacks clarity in this regard and has not yet decided on the issue.

V.2 Qualitative assessment of GCF Interim Secretariat’s interactions with the Interim Trustee prior to the establishment of GCF

The interviewee from the GCF Interim Secretariat expressed very high satisfaction with the Interim Trustee’s services. The services the Interim Trustee was entrusted with when interacting with the Interim Secretariat did not differ significantly to the responsibilities the Interim Trustee continued to provide after the establishment of the GCF Secretariat. In addition to the roles it plays today, the Interim Trustee also supported the GCF by negotiating pledges and contributions in the pre-IRM process period. In its activities, the Interim Trustee was seen as an experienced and professional partner, who met all expectations and showed strong willingness to support the GCF Interim Secretariat. It was also emphasized that the expertise and experience of the Interim Trustee was highly valuable in the negotiations with contributors.
5. CONCLUSIONS

The GCF is satisfied with the Interim Trustee’s performance across all of its four key roles: investment management, contribution management, cash transfers, and financial reporting. The Interim Trustee invests GCF’s funds with the primary objective of capital preservation (in the absence of GCF’s formal investment policy), which has been performing better than its internal benchmarks. The Interim Trustee is also a valuable partner to GCF in managing contributions and supporting resource mobilization, as it brings extensive experience interacting with contributors and managing contributions for other trust funds. Lastly, the Interim Trustee makes timely transfers of cash, and provides accurate and useful financial reports.

The Interim Trustee has been fulfilling its role as specified in its agreement with GCF, however, GCF has recently faced challenges in making its first cash transfer to one of its projects approved by the Board. When GCF requested that the Interim Trustee transfer funds to the executing entity directly, as moving the funds through the project’s accredited entity posed legal and compliance complications for the accredited entity, the Interim Trustee indicated that it is not in a position to make transfers to any entity other than the GCF (Secretariat) and accredited entities. The rationale for this position remains unclear and the Secretariat had meant to rely on the Interim Trustee to make the cash transfer under the terms of the agreement.

This challenge needs to be addressed as there are a number of funding proposals in GCF’s pipeline provides for a structure with the need make cash transfers directly to the executing entities that are not accredited. The current agreement between the Interim Trustee and GCF does not specify different procedures for different recipient entities (e.g., accredited entities, executing entities).

Our findings also revealed that GCF has some emerging needs, and that in certain areas GCF may benefit from exploring options that will change the needs for trustee services. GCF has the option of leveraging its internal capabilities and gradually assuming more responsibilities over time, if and when it chooses to do so. The two areas particularly likely to benefit from more flexibility in the future are investment management and cash transfers. This is due to GCF’s emerging needs around investment priorities (e.g., de-carbonizing GCF’s investment income) and more flexible cash transfer arrangements (e.g., making payments to executing entities that have not been accredited by GCF). A second document, “Considerations for the Process to Identify a Permanent Trustee”, outlines the rationale for this in further detail, and how this could inform GCF’s approach to selecting a permanent trustee for after April 2018.
## ANNEX A: DOCUMENTS INCLUDED IN THE REVIEW

<table>
<thead>
<tr>
<th>No.</th>
<th>Document title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Adaptation Fund Board and Secretariat, and Trustee Administrative Budget (FY2015 and FY2016)</td>
</tr>
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<td>3</td>
<td>Administrative Budget for the Least Developed Countries Fund and the Special Climate Change Fund (FY2015 and FY2016)</td>
</tr>
<tr>
<td>4</td>
<td>Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund between the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund (original)</td>
</tr>
<tr>
<td>5</td>
<td>Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund between the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund</td>
</tr>
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<td>7</td>
<td>Climate Investment Funds Business Plan and Budget (FY2015 and FY2016)</td>
</tr>
<tr>
<td>8</td>
<td>Email exchange containing the Interim Trustee Administrative Budget 1 November 2012 – 31 December 2013</td>
</tr>
<tr>
<td>9</td>
<td>Email exchanges concerning support of the World Bank to the first pledging conference (with attachment outlining the “GCF IRM Pledging Process Activities”)</td>
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<td>10</td>
<td>GCF/B.01-12/07 Arrangement for the Interim Trustee</td>
</tr>
<tr>
<td>11</td>
<td>GCF/B.01-12/08/Rev.02 doc Revised administrative budget of the Interim Secretariat and the Interim Trustee (for the period up to 31 October 2012)</td>
</tr>
<tr>
<td>12</td>
<td>GCF/B.02-12/05/Rev.01 Interim Trustee Arrangement for the Green Climate Fund</td>
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<td>GCF/B.02-12/06/Rev.01 Administrative Budget of the Green Climate Fund (for the period from 1 November 2012 to 31 December 2013)</td>
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<td>GCF/B.04/Inf.03 Status of Resources</td>
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<td>GCF/B.05/22 Agreements with the Interim Trustee</td>
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<td>GCF/B.05/24/Rev.01 Report of the Fifth Meeting of the Board, 08-10 October 2013</td>
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<td>17</td>
<td>GCF/B.06/Inf.03 Status of Resources</td>
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<td>GCF/B.07/11 Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014</td>
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<td>19</td>
<td>GCF/B.07/Inf.03 Report on the Administrative Budget of the Fund for 1 January to 31 March 2014</td>
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<td>GCF/B.08/24 Administrative Budget of the Fund for 2015</td>
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<td>GCF/B.08/33 Trustee Arrangements, including the Review of the Interim Trustee and the Initiative of a Process to Select the Trustee of the Fund</td>
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<td>22</td>
<td>GCF/B.08/33/Add.1 Trustee Arrangements, including the Review of the Interim Trustee and the Initiative of a Process to Select the Trustee of the Fund</td>
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<td>GCF/B.11/12 Administrative budget of the Green Climate Fund for 2016-2018</td>
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<td>Decision B.11/08 Administrative budget of the Green Climate Fund for 2016-2018</td>
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<td>GCF/B.11/22 Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Green Climate Fund</td>
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<td>GCF/B.12/15 Revised administrative budget and staffing of the Secretariat for 2016</td>
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<td>GCF/B.12/18 Trustee arrangements, including the Review of the Interim Trustee and the initiation of a process to select the Trustee of the Green Climate Fund</td>
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<td>GCF/B.12/32 Decisions of the Board – Twelfth Meeting of the Board, 8-10 March 2016</td>
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<td>GCF/B.13/Inf.06 Status of Initial Resource Mobilization process</td>
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<td>31</td>
<td>GCF/BM-2015/Inf.02 Status of Resources and Execution of the Administrative Budget for 1 January to 31 December 2014</td>
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<td>Internal Discussion Draft: “Green Climate Fund Resource Mobilization – Potential Areas of Support from World Bank as Interim Trustee”</td>
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<td>Letter of Transfer Procedures between World Bank and Green Climate Fund</td>
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<td>World Bank Green Climate Fund Contribution Agreements Tracker (including steps and time involved)</td>
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<td>Total Cash Receipts up to 31/12/2014 including data on contribution agreements before the Initial Resource Mobilization Process</td>
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## ANNEX B: LIST OF INTERVIEWEES

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<th>Status</th>
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<tbody>
<tr>
<td><strong>Board member</strong></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Interview conducted on September 15th</td>
</tr>
<tr>
<td>Egypt</td>
<td>Interview conducted on August 19th</td>
</tr>
<tr>
<td>France</td>
<td>Interview conducted on August 25th</td>
</tr>
<tr>
<td>Germany</td>
<td>Interview conducted on August 17th and on September 7th</td>
</tr>
<tr>
<td>Japan</td>
<td>Answered interview questionnaires received on September 2nd</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Interview conducted on August 25th</td>
</tr>
<tr>
<td>Mexico</td>
<td>Interview conducted on September 13th</td>
</tr>
<tr>
<td>Norway</td>
<td>Interview conducted on August 23rd</td>
</tr>
<tr>
<td>Sweden</td>
<td>Interview conducted on August 23rd</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Interview conducted on August 24th</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Interview conducted on August 18th</td>
</tr>
<tr>
<td>United States of America</td>
<td>Interview conducted on August 18th</td>
</tr>
<tr>
<td><strong>GCF Secretariat</strong></td>
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<tr>
<td>Executive Director (Ad Interim)</td>
<td>Interview conducted on September 6th</td>
</tr>
<tr>
<td>General Counsel</td>
<td>Interview conducted on September 8th</td>
</tr>
<tr>
<td>Associate at Office of the General Counsel</td>
<td>Interview conducted on August 15th</td>
</tr>
<tr>
<td>Senior Resource Mobilization Specialist</td>
<td>Interview conducted on August 16th</td>
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<tr>
<td>Head of Administrative Operations</td>
<td>Interview conducted on August 16th</td>
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<tr>
<td>Country Operational Dialogue Manager</td>
<td>Interview conducted on September 8th</td>
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<tr>
<td>Financial Management Specialist</td>
<td>Interview conducted on September 6th</td>
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<tr>
<td>Member of GCF Interim Secretariat</td>
<td>Interview conducted on September 9th</td>
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<tr>
<td><strong>Interim Trustee</strong></td>
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<tr>
<td>Senior Financial Officer and other staff members</td>
<td>Interviews conducted on August 18th, August 22nd and August 25th</td>
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<tr>
<td><strong>Other/External</strong></td>
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<td>Relationship Manager, Crown Agents Bank</td>
<td>Interview conducted on September 5th</td>
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<tr>
<td>Former Facilitator of the IRM Process</td>
<td>Interview conducted on September 7th</td>
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<tr>
<td>Staff member of Treasury Department, The Global Fund</td>
<td>Interview conducted on September 9th</td>
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<tr>
<td>Senior Portfolio Manager, UNOPS</td>
<td>Interview conducted on August 25th</td>
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<tr>
<td>Deputy Executive Coordinator, UNDP Multi-Partner Trust Fund Office</td>
<td>Interview conducted on September 9th</td>
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### ANNEX C: INTERVIEW GUIDE

<table>
<thead>
<tr>
<th>Topic</th>
<th>Indicator</th>
<th>Data as a source?</th>
<th>Interview as a source?</th>
<th>Questions for GCF Board / Contributors</th>
<th>Questions for GCF legal team</th>
<th>Questions for GCF resource mobilization team</th>
<th>Questions for GCF financial management team</th>
<th>Questions for GCF Board / Contributors</th>
<th>Questions for GCF legal team</th>
<th>Questions for GCF resource mobilization team</th>
<th>Questions for GCF financial management team</th>
<th>Questions for GCF Board / Contributors</th>
<th>Questions for GCF legal team</th>
<th>Questions for GCF resource mobilization team</th>
<th>Questions for GCF financial management team</th>
<th>Questions for other users of Interim Trustee services</th>
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<tr>
<td>Management of investment and costs</td>
<td>Returns in the last two year period</td>
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<td>Returns of the World Bank Trust Funds portfolio of investments in the last 10 year period</td>
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<tr>
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<td>Returns of the World Bank Trust Funds portfolio of investments in the last 1 year period</td>
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<td>Management of investment and costs</td>
<td>Returns compared to the benchmarks used (by the Interim Trustee)</td>
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</table>

1) [To ask only if information is not already available through documents] What benchmarks are used by the fund manager?

2) How has GCF Trust Fund investment portfolio performed with respect to this benchmark since GCF’s inception, and in the last 2 year period, and 1 year period?

1) How does GCF’s Trust Fund returns compare to that of equivalent funds’ in
<table>
<thead>
<tr>
<th>Topic</th>
<th>Indicator</th>
<th>Data as a source?</th>
<th>Interview as a source?</th>
<th>Questions for GCF Board / Contributors</th>
<th>Questions for GCF legal team</th>
<th>Questions for GCF resource mobilization team</th>
<th>Questions for GCF financial management team</th>
<th>Questions for Interim Trustee</th>
<th>Questions for other users of Interim Trustee services</th>
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<tr>
<td>Management of investment and costs</td>
<td>Returns in equivalent trust funds’ investment portfolios in other relevant organizations with similar objectives, disbursement profiles and risk tolerances</td>
<td>X</td>
<td>X</td>
<td>1) How do the Interim Trustee's investments (for GCF Trust Fund) compare in its asset mix to GCF's expectations?</td>
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<td></td>
<td></td>
<td></td>
<td>1) How do your investments (for GCF Trust Fund) compare in its asset mix to GCF's expectations?</td>
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<tr>
<td>Management of investment and costs</td>
<td>Qualitative assessment of the Interim Trustee investments compared to GCF expectations</td>
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<td>X</td>
<td>1) How do the Interim Trustee's investments (for GCF Trust Fund) compare GCF’s expectations, particularly around asset mix?</td>
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<td>1) How do the Interim Trustee’s costs (as % of assets under management) compare to other similar Trustee services?</td>
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<td>Management of investment and costs</td>
<td>Evolution of costs as a % of assets under management, comparisons to other similar Trustees</td>
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<td>X</td>
<td>1) How do the Interim Trustee’s costs (as % of assets under management) compare to other similar Trustee services?</td>
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<td>1) [To ask only if there was a significant difference between actual vs. budget costs and expenses] Why was there this difference?</td>
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<td>Management of investment and costs</td>
<td>Interim Trustee’s actual costs and expenses against budget</td>
<td>X</td>
<td>X</td>
<td>1) [To ask only if there was a significant difference between actual vs. budget costs and expenses] Why was there this difference?</td>
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<td></td>
<td>1) [To ask only if there was a significant difference between actual vs. budget costs and expenses] Why was there this difference?</td>
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<tr>
<td>Contribution management</td>
<td># of contribution agreements signed (in Phase 1 and Phase 2)</td>
<td>X</td>
<td></td>
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<tr>
<td>Contribution management</td>
<td># of contribution agreements drafted (in Phase 1 and Phase 2)</td>
<td>X</td>
<td></td>
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<tr>
<td>Contribution management</td>
<td>Timeliness of requests sent to contributors regarding payments of cash and deposits of promissory notes according to the signed contribution agreements</td>
<td>X X</td>
<td></td>
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<td></td>
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<tr>
<td>Contribution management</td>
<td>Qualitative assessment of the quality and timeliness of responses to inquiries from the Secretariat and contributors (answers can be ranked between 1-5)</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Contribution management</td>
<td>Qualitative assessment of Interim Trustee interventions at joint meetings and conferences (answers can be ranked between 1-5)</td>
<td>X</td>
<td></td>
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</table>

1) Did the Interim Trustee send a timely request to you regarding payments of cash and deposits of promissory notes according to the signed contribution agreements?

1) Did you send timely requests to the contributor regarding payments of cash and deposits of promissory notes according to the signed contribution agreements?

1) How would you describe the quality and timeliness of responses from the Interim Trustee in response to inquiries from you (as a contributor)?

1) How would you describe the quality and timeliness of responses from the Interim Trustee in response to inquiries from your team?

1) How would you describe the quality and timeliness of responses from the Interim Trustee in response to inquiries from your team?

1) How do you think you contributed to the Interim Trustee interventions at joint meetings and conferences?

1) How do you think you could have improved your
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<tbody>
<tr>
<td>Contribution management</td>
<td>Qualitative assessment of the contributors and the Secretariat’s interaction with the Interim Trustee legal staff regarding contribution agreements and arrangements (answer can be ranked between 1-5)</td>
<td>X</td>
<td>X</td>
<td>1) Were your (as contributors) questions and concerns addressed by the Interim Trustee in a timely and effective manner during the process of finalizing contribution agreements / arrangements? 2) How can the Interim Trustee offer you better support in finalizing contribution agreements / arrangements, if at all?</td>
<td>1) Is the legal staff of the Interim Trustee timely and effectively supporting the preparation of contribution agreements / arrangements jointly with the Secretariat? 2) How can this be improved, if at all?</td>
<td></td>
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<tr>
<td>Cash transfers</td>
<td># and amount of cash transfers made in accordance with Board decisions</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1) How many cash transfers have been completed annually by the Interim Trustee to each one of the recipients of funds (implementing entities, the UNFCCC)</td>
<td></td>
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</table>

Review of the Interim Trustee of the Green Climate Fund – Final Report
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<th>Questions for GCF resource mobilization team</th>
<th>Questions for GCF financial management team</th>
<th>Questions for GCF secretariat, the Global Environment Facility secretariat, the GCF Secretariat and the World Bank as an Interim Trustee?</th>
<th>Questions for GCF Interim Trustee</th>
<th>Questions for other users of Interim Trustee services</th>
</tr>
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<tbody>
<tr>
<td>Cash transfers</td>
<td>Average time between request for cash transfers issued and funds received</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>1) Have cash transfers completed by the Interim Trustee (in accordance with Board decisions) been timely?</td>
<td>1) Have cash transfers completed by the Interim Trustee (in accordance with Board decisions) been timely?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash transfers</td>
<td># of technical issues receiving or transferring money caused by technical and human issues by the Interim Trustee</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>1) Have cash transfers completed by the Interim Trustee (in accordance with Board decisions) been timely?</td>
<td>1) Have cash transfers completed by the Interim Trustee (in accordance with Board decisions) been timely?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial reporting to the Board and the Secretariat</td>
<td># of quarterly, annual and other reports provided</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1) Were the financial reports from the Interim Trustee provided on time? If not, why not? 2) What about annual audit reports? Were they provided on time? If not, why not?</td>
<td>1) Were the financial reports from the Interim Trustee provided on time? If not, why not? 2) What about annual audit reports? Were they provided on time? If not, why not?</td>
<td>1) Did you provide financial reports to GCF Board and Secretariat on time? If not, why not? 2) What about audit reports?</td>
<td>1) Did you provide financial reports to GCF Board and Secretariat on time? If not, why not? 2) What about audit reports?</td>
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<tr>
<td>Financial reporting to the Board and the Secretariat</td>
<td># of reports that were deemed by the Secretariat as needing revision due to inaccuracies</td>
<td>X</td>
<td>X</td>
<td>1) How accurate were the contents of the Interim Trustee’s financial and audit reports? 2) How many reports were deemed as needing revision due to inaccuracies, if any? 3) What are some examples of areas that needed revising, due to inaccuracies, if any?</td>
<td>1) How accurate were the contents of the Interim Trustee’s financial and audit reports? 2) How many reports were deemed as needing revision due to inaccuracies, if any? 3) What are some examples of areas that needed revising, due to inaccuracies, if any?</td>
<td>1) How accurate were the contents of the Interim Trustee’s financial and audit reports? 2) How many reports were deemed as needing revision due to inaccuracies, if any? 3) What are some examples of areas that needed revising, due to inaccuracies, if any?</td>
<td>1) How accurate were the contents of your financial and audit reports? Were there any revisions requested by GCF Secretariat / the Board? 2) What are some examples of revisions requested, if any?</td>
<td>1) In general, how accurate do you find the contents of the Interim Trustee’s financial and audit reports to be?</td>
<td></td>
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<tr>
<td>Financial reporting to the Board and the Secretariat</td>
<td>Qualitative assessment of the usefulness and completeness of report content (answers can be ranked between 1-5)</td>
<td>X</td>
<td></td>
<td>1) How useful did you find the content of the Interim Trustee’s financial and audit reports? 2) What could have been added to make it more useful / complete?</td>
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<td>1) How useful did you find the content of the Interim Trustee’s financial and audit reports? 2) What could have been added to make it more useful / complete?</td>
<td>1) In general, how useful did you find the content of the Interim Trustee’s financial (and any other) reports? 2) What could have been added to make it more useful / complete?</td>
<td></td>
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</tr>
<tr>
<td>Financial reporting to the Board and the Secretariat</td>
<td>Qualitative assessment of responsiveness to requests from the Board or the Secretariat, in accordance with procedures agreed between the GCF and the Interim Trustee (answers can be ranked between 1-5)</td>
<td>X</td>
<td></td>
<td>1) What are some examples of requests for changes that were made to the Interim Trustee regarding their financial and audit reports, if any? 2) How timely and effective was the Interim Trustee in responding to requests for changes (including changes)</td>
<td>1) What are some examples of requests for changes that were made to the Interim Trustee regarding their financial and audit reports, if any? 2) How timely and effective was the Interim Trustee in responding to requests for changes (including changes)</td>
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<td>1) In general, do you find the Interim Trustee to be responsive to requests for changes in financial and audit reports, if any?</td>
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<tr>
<td>Overall relationship with the Board and Secretariat</td>
<td>Qualitative assessment of Board members and the Secretariat’s interactions with the Interim Trustee and their interventions (answers can be ranked between 1-5)</td>
<td>X</td>
<td>X</td>
<td>1) Are Interim Trustee staff readily available for ad-hoc questions between Board meetings? 2) Do you feel that the Interim Trustee is represented at Board meetings at the appropriate level, and with staff with the necessary level of expertise? 3) Can the Interim Trustee improve its ‘customer service’ within the existing service scope in its contract with GCF? If so, how? 4) Are there any additional services you feel that the Interim Trustee should provide to GCF (outside of the existing service scope)? 5) Does your country have any restrictions that would prevent contributing funds to GCF via an alternative trustee (e.g., commercial banks)?</td>
<td>1) Can the Interim Trustee improve its ‘customer service’? If so, how?</td>
<td>1) Can the Interim Trustee improve its ‘customer service’? If so, how?</td>
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<tr>
<td>Overall relationship with the Board and Secretariat</td>
<td>% participation rate of the Interim Trustee in GCF Board meetings</td>
<td>X</td>
<td>X</td>
<td>What was the % participation rate of the Interim Trustee in GCF Board meetings?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>What was your % participation rate in GCF Board meetings?</td>
</tr>
<tr>
<td>Overall relationship with the Board and Secretariat</td>
<td>Qualitative assessment of GCF Interim Secretariat’s interactions with the Interim Trustee prior to the establishment of GCF</td>
<td>X</td>
<td></td>
<td>How would you describe the GCF Interim Secretariat’s interactions with the Interim Trustee, prior to the establishment of GCF?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>How would you describe the GCF Interim Secretariat’s interactions with the Interim Trustee, prior to the establishment of GCF?</td>
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Annex XVI: Letter to the Co-Chairs – note on Samoa’s preparations for the fifteenth meeting of the Board of the Green Climate Fund
30 September 2016,

Mr. Zaheer Fakir  
Co-Chair, GCF Board

Mr. Ewen McDonald  
Co-Chair, GCF Board,

Dear Co-Chairs,

I am sharing with you, and by copy of this letter, the Secretary of the GCF Board, a brief “Note” for the information of Board members and other stakeholders of the Fund in the context of Samoa’s preparations for our 15th meeting in December.

The following is the information which the GCF Secretariat can share either in advance with the rest of the Board members etc, or as a brief for the Agenda item on the Dates of the next board meeting when it comes up for discussion etc.

“To the members of the Board of the Green Climate Fund

It is with great pleasure that I provide you with an update of the work of the Government of Samoa on the preparations for the fifteenth meeting of the Board of the Green Climate Fund from 13 to 15 December in Apia, Samoa.

With the meeting due to take place in a little over two months’ time, I would like to take the opportunity of informing you that we have made good progress on the arrangements for the meeting, drawing on Samoa’s experience in hosting international events such as the UN Small Island Developing States Conference in September 2014.

The Government of Samoa is currently working on the requirements outlined in the Memorandum of Understanding (MoU) between the GCF and the Government of Samoa on the hosting of the GCF Board meeting. I am pleased to advise that we are on track to sign the MoU within the coming month, if not before the preparatory visit by officials from the GCF Secretariat scheduled from 19 to 21 October.

I very much look forward to hosting you in Apia in December.

Aliioaiga Feturi ELISAIA.

copy: Ms. Carolina Fuentes, Secretary to the GCF Board.