

Annex X: Accreditation assessment of Applicant 007 (APL007)

I. Introduction

1. Applicant 007 (APL007) is an international organization with a strong global presence and mandate concentrated on development, with a focus on sustainable development, climate change and disaster resilience, and governance. The applicant works in partnership with entities, such as national governments, United Nations agencies, civil society organizations, and development banks, in order to support the coordinated delivery of financing to achieve transformational impact in the areas of mitigation and adaptation. Its work in adaptation covers all developing countries in all regions and includes a strong portfolio in least developed countries, small island developing States and African States. Adaptation activities include integrated climate change strategies, national adaptation plans, national planning and budgeting frameworks; cross-sectoral climate-resilient livelihoods; climate-resilient integrated water resource and coastal management; ecosystem-based adaptation; and climate-resilient energy and infrastructure. In mitigation, the applicant supports developing countries in order to create enabling environments for investment in mitigation technologies and land-uses at scale, with activities in: low-carbon energy access solutions (rural mini-grids, bio-energy and green charcoal supply chains), grid-connected renewables, energy efficient buildings and appliances, and reducing emissions from deforestation and forest degradation. Bringing with it, its experience in climate change mitigation and adaptation programming and its on-the-ground presence in developing countries, the applicant seeks accreditation to the Green Climate Fund (the Fund).

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 23 December 2014. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded. The applicant applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** International access;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standard; and
 - (ii) Specialized fiduciary standard for project management;
- (e) **Environmental and social (E&S) risk category:** Medium risk (Category B/Intermediation 2 (I-2)).³

¹ As per Annex I to decision B.08/03, "medium" is defined as: "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 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, Category B is defined as 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. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as an Accredited Entity of the Adaptation Fund. Its application has been assessed against the Fund's standards by the Accreditation Panel (the Panel) in accordance with the requirements and gaps identified in decision B.08/03.

2.1 Fiduciary standards

2.1.1 Section 4.1: Basic fiduciary standard: Key administrative and financial capacities

4. As APL007 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the basic fiduciary standard concerning key administrative and financial capacities in Section 4.1 is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standard: Transparency and accountability

5. As an entity eligible for, and which applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.2 with the exception of Item 4.2.4, Investigation function, was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund.

6. The basic fiduciary standard concerning transparency and accountability in Section 4.2 for items other than Item 4.2.4 is considered to have been met by way of fast-track accreditation.

7. Regarding Item 4.2.4, the investigation function was assessed and found to fully meet the requirements under the standard. The applicant has a comprehensive process by which to address cases of an investigative nature with expert support provided centrally across the wide reach of the institution. Where compliance reviews have been undertaken by the central compliance unit, a corporate administrator decides on any potential corrective actions that may be required. Its investigation procedures are in place and the related information is publicly available on its website.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

8. As APL007 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 5.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the specialized fiduciary standard for project management in Section 5.1 is considered to have been met by way of fast-track accreditation. Its investigation procedures are in place and the related information is publicly available on its website.

9. It is noted that the applicant is well recognised for its project management capacity and its project involvement in many countries worldwide.

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

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

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

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

2.2 Environmental and social safeguards

12. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category B/Intermediation 2 (I-2)). Entities that desire to undertake Category B/I-2 or lower risk (Category C/I-3) type projects/programmes are required to have an environmental and social management system (ESMS)⁴ and documented, with a proven track record of managing these types of projects/programmes, and the full support of senior management. The required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

13. The applicant has over-arching E&S policies and principles, including well-developed E&S standards. The E&S standards include project-level standards substantively consistent and comparatively stringent with the Fund's interim environmental and social safeguards (ESS). The applicant further states that it will not support activities that do not comply with national law and obligations under international law.

14. The Panel recognizes that while the applicant is applying for Category B/I-2, it has further developed its institutional policies and procedures in relation to managing higher risk projects and programmes (Category A/I-1). As the applicant develops its ESS experience, it might consider at a future date to seek accreditation against Category A/I-1.

15. Regarding awareness of the public, development of the policies and procedures of the applicant has benefited greatly from a public comment period. A portal on the website is available for the public to view information on previous and future consultation opportunities related to E&S policy and standards.

16. All of the key policy documents are also available publically on its website.

2.2.1 Section 6.1: Policy

17. A comprehensive E&S policy is in place and is implemented through processes and procedures. The policy is periodically revised and is approved by senior management prior to being implemented. It is widely communicated throughout the institution.

2.2.2 Section 6.2: Identification of risks and impacts

18. The applicant has a social and environmental screening procedure in order to guide staff in the identification of the E&S risks and impacts of projects, determine the potential level of significance of such risks and impacts, assign an overall risk category to the project, and recommend appropriate assessment and management measures. The procedure defines high, moderate or low as social and environmental risk categories. While these categories are not exactly identical to the Fund's scaled risk-based categories, they are comparable. The applicant is able to identify risks and impacts in respect of the Fund's interim ESS.

⁴ An ESMS is a set of management processes and procedures that allow an organization to identify, analyze, control and reduce the adverse environmental and social impacts of its activities and maximize any potential environmental and social benefits in a consistent way and to improve the environmental and social standing of the organization and its activities over time. Refer to decision B.07/02 for more details.

2.2.3 **Section 6.3: Management programme**

19. The applicant has a comprehensive institutional process for managing mitigation measures and actions. It has a substantial project pipeline track record. It provides online project documentation on its website and on the websites of its national offices, including fact sheets and budgets.

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

20. The applicant has a large number of staff with technical competencies across the environmental and social disciplines. It has the capacity to address all matters pertaining to the Fund's interim ESS, including technical experts that can be drawn on in order to ensure the application of the diverse and comprehensive E&S policy. All of the applicants' offices are required to ensure that essential functions related to the implementation of the ESS (including oversight and support) are embedded in the terms of reference and work plans for units and individuals that have a role to play. The applicant has a support programme with trained focal points, which provides support to all its offices (in and out of country) in order to ensure the successful implementation of its E&S requirements. In this regard it demonstrates its capacity to leverage skills in order to fully manage its ESMS.

2.2.5 **Section 6.5: Monitoring and review**

21. While the E&S policy and related procedures clarify specific roles and responsibilities for implementation, accountability for its implementation falls under the applicant's internal umbrella control framework. This includes the delegation of authority. This framework clearly defines staff member roles so as to facilitate the achievement of its goals and provides accountability for its activities, including compliance with applicable internal policies.

2.2.6 **Section 6.6: External communications**

22. The external communications function is managed by a focal point in the centralized project support function and is responsible for supporting national-level grievance redress processes through advice, and by maintaining a database of effective dispute resolution professionals. Moreover, the support function provides a corporate window for receiving requests and conducts the dispute resolution process when it cannot be done impartially and/or effectively at the national level. Finally, the support function also liaises with a compliance unit, which oversees compliance at a corporate level.

2.3 Gender

23. The applicant has a well-developed gender strategy. Gender equality and the empowerment of women are at the heart of its development mandate. It recognizes gender mainstreaming as an important way of ensuring the success and sustainability of climate projects and policies.

2.3.1 **Section 7.1: Demonstration of competencies, policies and procedures to implement the gender policy for the Green Climate Fund**

24. The applicant has a documented strategy, which provides detailed guidance for all of its business units on how to operationalize this commitment. Moreover it has identified strategic entry points in order to ensure that a gender mainstreaming is implemented across all aspects of its strategic plan.

2.3.2 Section 7.2: Demonstration of experience with gender and climate change

25. The applicant has fully demonstrated its experience and track record in its gender-based financing initiatives and publishes information thereon, which is readily accessible on its website.

III. Conclusions and recommendation

3.1 Conclusions

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

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standard and Specialized fiduciary standard for project management;
- (b) The applicant fully meets the requirements of the Fund's interim ESS in relation to the medium E&S risk (Category B/I-2). The applicant demonstrates a greater degree of ESMS maturity than is required by the Fund's interim ESS for Category B/I-2 against which the applicant is seeking accreditation. Building its experience in implementing higher risk projects and programmes, APL007 may, in the future, seek accreditation against the high E&S risk (Category A/I-1); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures by which to implement its gender policy, and has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

27. The Panel recommends, for consideration by the Board, the applicant (APL007) for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Medium⁵ (including micro and small);
 - (ii) **Fiduciary functions:**⁶
 - 1) Basic fiduciary standard; and
 - 2) Specialized fiduciary standard for project management;
 - (iii) **Environmental and social risk category:** Medium risk (Category B/I-2)⁷ (including lower risk (Category C/I-3));

⁵ As per Annex I to decision B.08/03, "Medium" is defined as: maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme".

⁶ Decision B.07/02.

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



(b) **Conditions:**

(i) None.

28. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 27 above, and agrees to the recommendation.

of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.