

Annex IV: Accreditation assessment of Applicant 001 (APL001)

I. Introduction

1. Applicant 001 (APL001) is a national entity located in a least developed country (LDC) in Africa whose core activities include environmental monitoring, natural resources management and conducting environmental impact assessments. It has built partnerships at the local (subnational) and national levels, as well as with international donors, in order to develop climate change projects and programmes, particularly in the areas of environment, agriculture and livestock. One of its key activities has been improving the access of vulnerable populations and local stakeholders to information required in order to strengthen their resilience to and to build capacity to adapt to climate change variability and impacts, such as droughts and desertification. Other activities include conducting economic analyses for areas that are particularly vulnerable to climate change and natural risks, thereby allowing for better adaptation project selection. The applicant indicates that accreditation to the Green Climate Fund (the Fund) is an opportunity for it to continue developing and delivering climate change adaptation projects and programmes at the national and subnational levels, and in the process build its capacity as an organization to serve more regions.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 3 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded. The applicant has applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** Direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Micro;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:** Minimal to no risk (Category C/Intermediation 3 (I-3)).³

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.

¹ As per Annex I to decision B.08/03, "micro" is defined as: "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme".

² Decision B.07/02.

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

4. The applicant has recently begun to formulate and implement adaptation projects, such as disaster risk reduction and flood protection, which may involve E&S risks to varying degrees and impacts of various forms.
5. In the implementation of these projects the applicant has demonstrated a substantial degree of competency and capacity to address the accreditation requirements of the Fund.

2.1 Fiduciary standards

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

6. As APL001 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

7. 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.

8. 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.

9. Regarding Item 4.2.4, the applicant in its application listed various methods by which the public can report cases of alleged/suspected fraud, corruption or other forms of misconduct for investigation on its website, thereby demonstrating a degree of compliance with the Standard. There have been no cases of an investigative nature reported over the past three years.

10. In order to ensure that the applicant meets the basic fiduciary standard concerning transparency and accountability fully, publication in a suitable form and location of a general-purpose “investigations guide” for the reporting and investigation of alleged or suspected fraudulent and corrupt practices, should be set as a condition to be undertaken by the applicant.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

11. As APL001 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.

12. It should be noted that the applicant in its application has, through its experience in managing a grant-funded project under the Adaptation Fund, established an initial track record and demonstrated the capacity to manage activities at a scale within the Fund’s micro size category.

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

13. 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**

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

2.2 Environmental and social safeguards

15. The applicant specializes in the production and dissemination of data and information on the environment and natural resources, which is obtained through monitoring. In addition, it carries out or supports environmental and social impact assessments, disaster management, early warning systems and capacity-building. These types of activities result typically in minimal or no adverse environmental and/or social impacts. In terms of track record, it is noted that the applicant has recently begun to formulate and implement adaptation projects at a scale within the Fund's micro size, which could be qualified as Category B (medium environmental and/or social risks and impacts).

16. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category C/Intermediation 3 (I-3)), which by definition, contain minimal to no environmental and/or social risks or impacts. The environmental and social management system (ESMS) required for Category C/I-3 is modest and simple, and will not need all of the ESMS elements required for higher risk categories. The required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

2.2.1 **Section 6.1: Policy**

17. Commensurate with the fit-for-purpose accreditation approach and the nature of Category C/I-3 as being minimal to no environmental and social risk, an E&S policy within an institutional ESMS is not required for the Category C/I-3 level of risk. However, the applicant has an E&S policy that includes:

- (a) Principles, objectives and standards to be implemented at the institutional level, as well as at the project/programme level;
- (b) The identification of the responsible person(s) for implementing the policy; and
- (c) An overview of the E&S management system processes.

18. Moreover, for projects and programmes funded by the Fund, the applicant has provided a written commitment to abide by the Fund's interim environmental and social safeguards (ESS) in their entirety in so far as it relates to the level of E&S risk for which they are applying.

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

19. The applicant has demonstrated practical experience in screening and assessing risks and impacts, and has the technical skills and competency to do this. The E&S policy includes the requirement to first screen activities in order to determine if they have the potential to result in risks or impacts and if so, to conduct an environmental and social impact assessment. The policy is being further elaborated by the development of a detailed risks and impacts screening/identification procedure. As required by the Fund's interim ESS for Category C/I-3, this procedure should include guidance to staff on how the results of the screening translate into categorizing projects/programmes consistent with the Fund's E&S risk categories.

2.2.3 **Section 6.3: Management programme**

20. The applicant's E&S policy includes a process for managing risks and impacts that are identified during the risks and impacts assessment process. In addition, the procedure on project management includes steps for managing E&S risks and impacts, developing monitoring indicators and then monitoring the results.

21. This demonstrates a greater degree of ESMS maturity than is required by the Fund's interim ESS for the level of E&S risk in accordance with Category C/1-3 that the applicant is seeking accreditation against.

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

22. The applicant has staff with technical competency in a variety of E&S areas. In addition, it has access to a pool of associate experts, which can be called upon as needed.

2.2.5 **Section 6.5: Monitoring and review**

23. In November 2014, the applicant developed a monitoring and evaluation guide, which codifies existing practice and is linked to its project management procedure.

2.2.6 **Section 6.6: External communications**

24. A transparency policy dated November 2014 is available on the applicant's website.

2.3 Gender

25. The applicant's E&S policy acknowledges gender equality as an overarching objective of the organization.

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

26. The applicant's E&S policy includes addressing gender equity and women's rights. The applicant is developing a gender policy this year. Recently gender focal points have been designated amongst staff, who have attended various workshops on the application of gender equity.

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

27. Given its state of maturity, the applicant demonstrates an ability to apply gender-sensitive approaches to the climate change adaptation programmes that it has undertaken.

III. Conclusions and recommendation

3.1 Conclusions

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

- (a) The applicant has, in a number of areas, advanced its capacity and procedures beyond the type of activities (size and E&S risk) for which it seeks accreditation. Based on the applicant's track record and plans to strengthen capacity in fiduciary and E&S

- management, it shows the potential to play an even larger role in climate change financing activities in the LDC in which it is located and operates, as well as – by sharing its knowledge and experiences in developing and implementing climate change financing activities – being a catalyst for other national entities in the African region;
- (b) APL001 substantially meets the requirements of the Fund’s basic fiduciary standard and fully meets the requirements of the specialized fiduciary standard for project management. In order to fully meet the Fund’s basic fiduciary standard relating to the investigation function for the purpose of transparency and accountability (Item 4.2.4 of the application for accreditation), the applicant is required to further develop its existing standard, to the satisfaction of the Panel, in the manner described in paragraphs 28 (b)(i-iv) below. The applicant currently has adequate investigative capacities which it can leverage in order to develop a formal investigation policy, within a short time period, which fully meets the Fund’s standard related to the investigation function. The requirements are:
- (i) Publishing on its website terms of reference that outline the purpose, authority and accountability of the function;
 - (ii) Ensuring the functional independence of the responsible officer;
 - (iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during and after the investigation process; and
 - (iv) Defining a process for periodically reporting case trends;
- (c) The applicant fully meets the requirements of the Fund’s interim ESS in relation to the minimal to no E&S risk (Category C/I-3). For some items, the applicant demonstrates a greater degree of ESMS maturity than is required by the Fund’s interim ESS for Category C/I-3 for which the applicant is seeking accreditation. The Panel recognizes that an effective ESMS is a dynamic and continuous process which should be appropriate to the nature and scale of the project/programme being financed, and commensurate with the associated level of E&S risks and impacts. It is recommended that the applicant seeks to deepen its knowledge of the Fund’s interim ESS while further developing its ESMS in order to support a potential future application for accreditation against medium E&S risk level Category B/I-2; and
- (d) While the applicant’s E&S policy addresses gender equity and women’s rights, it does not have a separate gender policy. The applicant demonstrates an ability to apply gender-sensitive approaches to climate change adaptation programmes that it has undertaken. It is required that the applicant:
- (i) Develop a gender policy; and
 - (ii) Obtain the competencies required in order to implement the policy.

3.2 Recommendation on accreditation

29. The Panel recommends, for consideration by the Board, the applicant APL001 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Size of an individual project or activity within a programme:** Micro;⁴
 - (ii) **Fiduciary functions:**⁵
 - 1) Basic fiduciary standard; and
 - 2) Specialized fiduciary standard for project management;
 - (iii) **Environmental and social risk category:** Minimal to no risk (Category C/I-3);⁶
- (b) **Conditions:**
- (i) The applicant shall meet the requirements indicated in paragraphs 28 (b) (i) – (iv) and 28 (d) (i) – (ii) above prior to the first disbursement of finance by the Fund for an approved project/programme to be undertaken by the applicant. The applicant will be required to submit to the Panel, through the Secretariat, information on how it has addressed the condition. The Panel will thereafter assess whether the condition has been met. This assessment will be communicated by the Secretariat, on behalf of the Panel, to the Board.
30. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 29 above, and agrees to the recommendation.

3.3 Additional remarks

31. The applicant is encouraged to seek readiness and preparatory support to assist it with:
- (a) Meeting the condition identified in paragraph 29 (b) (i) above; and
 - (b) Undertaking the recommendation in paragraph 28 (c) above.

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⁵ Decision B.07/02.

⁶ As per Annex I to decision B.07/02, Category C is defined as 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”.