

Annex XIX: Accreditation assessment of Applicant 019 (APL019)

I. Introduction

1. Applicant 019 (APL019) is an international entity whose mandate is to promote sustainable development and prudent use of the global environment. It assists many countries to achieve resilient, low-emission pathways through its flagship programmes in adaptation, forestry, energy efficiency and transition to sustainable development. Its key activities include promoting investment in clean technologies in order to reduce emissions, protecting biodiversity and ecosystems, alleviating poverty, and ecosystem-based adaptation in order to reduce human vulnerability and strengthen resilience to the impacts of climate change. It works with the financial communities to mobilize financial resources for investments in low carbon and climate resilient development; developing climate finance readiness and capacity-building; and undertaking policy and research analysis. The applicant's climate change portfolio has a total volume of over US\$ 400 million. APL019 seeks accreditation to the Green Climate Fund (the Fund) in order to catalyse the use of ecosystem services to achieve a paradigm shift to resilient, green sustainable development by using its vast experience of providing green solutions in both climate change mitigation and adaptation.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 21 January 2015. Stage I, Institutional assessment and completeness check, and Stage II (Step 1), Accreditation review, were concluded in May 2015. It has applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

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

II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency and as an accredited entity of the Adaptation Fund. Its application has been

¹ 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 Fund, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme)".

² Decision B.07/02.

³ As per Annex I to decision B.07/02, Category 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".

assessed against the Fund's standards by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decision B.08/03.

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

2.1 Fiduciary standards

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

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

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

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

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

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

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

8. 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**

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

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

10. The applicant has an E&S framework, which includes overarching environmental, social, economic and sustainability principles, as well as thematic E&S standards that are to a large extent consistent with the Fund's environmental and social safeguards (ESS). Its approach through screening, assessing, planning, disclosing and managing, reporting and evaluating the safeguard risks are an integral part of its project cycle management. The framework also provides the possibility for the use of the safeguards system of the host countries or partners. In certain cases, the applicant may agree with a host country on actions to enhance its capacity, so as to permit the use of the country's system. The framework also establishes an accountability framework that includes a stakeholder response mechanism. It is widely communicated throughout the institution. All of the key policy documents are available on the applicant's website.

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

11. APL019's E&S framework includes an organizational process for identifying and addressing safeguard risks within the project cycle, including a screening process at the project preparation stage for identifying potential risks and impacts of projects. The applicant's E&S

standards are largely consistent with the Fund's interim ESS, however, there are some gaps, specifically related to performance standard 4. If accredited, the applicant has indicated that it will apply the Fund's interim ESS for any projects and programmes financed by the Fund, and it has already provided an E&S risk identification and categorization template in line with the Fund's interim ESS for this purpose. This template, as well as related policies and procedures, have yet to be formalized and adopted.

2.2.3 **Section 6.3: Management programme**

12. The applicant has a comprehensive institutional process for managing E&S risk mitigation measures and actions, including a track record of implementing this process. Depending on the E&S risks identified in the screening process, relevant assessment and management tools are applied. Under the new implementation and monitoring requirements, executing entities are required to have safeguard management plans and regular stakeholder consultations on progress, and to disclose the meeting reports. With regards to auditing on institutional management programme effectiveness, there is an independent office for stakeholder safeguard response housed within the organization.

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

13. The applicant has a large number of staff with technical competencies across the environmental and social disciplines, covering all the areas of the Fund's interim ESS. This includes a dedicated safeguards advisor in the applicant's gender and social safeguards unit. The applicant is carrying out various awareness-raising efforts within the organization in order to actively inform its staff and promote its E&S policy. A training programme on safeguards application in project cycle management, including the aspects of gender and indigenous peoples, is under preparation with the aim of delivering it to its staff in mid-2015.

2.2.5 **Section 6.5: Monitoring and review**

14. During project implementation, the applicant's project managers are responsible for ensuring that the actions specified in the safeguard management plans are carried out, for consulting with the affected communities on risk management, and for reporting and disclosing progress in the implementation of the risk management plans. Project mid-term reviews assess whether the environmental, social and economic risks are being managed and monitored, and whether the E&S policy requirements have been complied with. The relevant programme coordinators maintain oversight on the implementation of the E&S framework and conduct an evaluation across the organization of the implementation of its E&S framework on a periodic basis. The applicant's senior management assesses and decides on actions related to the E&S framework, strategies, approaches and capacity gaps.

2.2.6 **Section 6.6: External communications**

15. The applicant's E&S framework establishes an accountability framework that includes a stakeholder response mechanism. This mechanism will facilitate the resolution of stakeholder concerns and address stakeholder responses to environmental and social management performance. It elaborates on the scope, requirements and procedures for filing complaints and addressing disputes. The contact information and procedures for filing a complaint will be available to the public on the organization's website.

2.3 Gender

16. The applicant has a well-developed gender strategy and its gender policy and procedures are assessed to be consistent with the Fund's requirements. Moreover, in 2014, the applicant approved its policy and strategy for gender equality and the environment. It also uses a mechanism that provides a system-wide policy on gender equality and the empowerment of women, on the basis of six key factors. Based on its participation in projects via grant award, the applicant has demonstrated its experience in undertaking gender considerations with respect to its climate change activities. These include projects specifically targeting women and girls and those promoting clean cookstoves.

III. Conclusions and recommendation

3.1 Conclusions

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

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards and specialized fiduciary standard for project management;
- (b) The applicant substantially meets the requirements of the Fund's interim ESS in relation to the medium E&S risk Category B/I-2. It has an overarching E&S framework procedure in place and an E&S risk identification system that it plans to use. However, some gaps exist between the applicant's E&S policies and the Fund's interim ESS, specifically related to performance standard 4. The applicant is required to:
 - (i) Adopt specific policies and procedures to address performance standard 4 of the Fund's ESS in order to undertake a project/programme that bears risks contained in performance standard 4;
- (c) The AP recommends the applicant to finalize the implementation of its stakeholder response mechanism and to make the contact information for submitting and registering a complaint publically available on its website; and
- (d) The applicant has demonstrated that it has policies, procedures and competencies, which are found to be consistent with the Fund's gender policy, and has also demonstrated that it has experience with gender consideration in the context of climate change activities.

3.2 Recommendation on accreditation

18. The AP recommends, for consideration by the Board, the applicant (APL019) for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Small (including micro);

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- (ii) **Fiduciary functions:**
1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management; and
- (iii) **Environmental and social risk category:** Medium risk (Category B/I-2) (including lower risk (Category C/I-3)⁴); 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. The AP will thereafter assess whether the condition has been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes. The condition is:
- (i) The applicant shall meet the requirements indicated in paragraph 17 (b) (i) above prior to the first disbursement by the Fund for an approved project/programme that bears risks contained in performance standard 4.
19. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 18 above, and agrees to the recommendation.

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”.