

Annex XI: Accreditation assessment of Applicant 021 (APL021)

I. Introduction

1. Applicant 021 (APL021), the Agency for Agricultural Development of Morocco (ADA) based in Morocco, is a national public entity located in a developing country in Africa, which provides action plans and value-added solutions to address agricultural needs at the local and national levels. Its mandate, under the national green plan in place since 2008, is to contribute to social and economic development through more resilient and productive agriculture. The applicant has developed a comprehensive portfolio of climate change related projects and programmes worth approximately US\$ 33 million, which has been financed by bilateral and multilateral organizations. It has implemented projects and programmes in land protection and agricultural management through:

- (a) Expanding agricultural areas and adding value to crop development;
- (b) Promoting the development of agricultural products through new irrigation systems, farm equipment, packaging and marketing;
- (c) Promoting agricultural investments, through for example implementing different partnerships; and
- (d) Promoting local products.

2. The applicant additionally has project management and supervision experience in improving the socioeconomic conditions of small farmers and increasing resilience to climate change through capacity-building, water management improvement, and introducing irrigation techniques and land management, among others. The applicant seeks accreditation to the GCF in order to utilize its experience to further develop and expand its climate change portfolio and reach other vulnerable regions in the country.

3. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 March 2015. Stage I (institutional assessment and completeness check) and Stage II (Step 1), accreditation review, were concluded. It 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;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Size of an individual project or 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 risk category:** medium risk (Category B/Intermediation 2 (I-2)³).

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 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 (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-

II. Accreditation assessment

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

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

2.1 Fiduciary standards

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

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

2.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

7. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, has been met by way of fast-track accreditation.

8. Regarding item 4.2.4, the applicant's investigation function is in place and is being further developed. Complaints or allegations of corruption or fraud can be channelled through a dedicated e-mail address and a web-based communications system. If a complaint is deemed to be related to the applicant's activities, it is forwarded to the Finance Director, who will request an investigation. A findings report with recommended actions is developed based on the results of the investigation and once an issue is resolved, the investigated party is informed. The applicant maintains a registry of all communications received, as well as the status of any investigation.

9. The mechanism to receive complaints is well established. Although aligned in general with the standards of the GCF, the procedure to process, investigate and resolve complaints is not sufficiently documented, and is therefore considered insufficiently institutionalized. The applicant did not provide any evidence that case trends are periodically reported to senior management or to the relevant national authority.

10. In addition to the investigation mechanism, there are two external communication channels:

- (a) The judicial ministry operates a national hotline to receive complaints pertaining to any public entity – including the applicant; and
- (b) The national corruption prevention authority has a dedicated website that can be used to report acts of corruption.

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”.

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

11. 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**

12. 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**

13. 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

14. The applicant's environmental and social safeguards (ESS) policy, adopted in 2015, is aligned with the interim ESS of the GCF related to accreditation, and furthermore includes an additional standard focused on climate change issues. Climate change is an important policy element and adaptation measures should be cost-effective, efficient and should contribute to sustainable agriculture. Additional principles were developed in order to reduce carbon emissions and to achieve sustainable development and climate change objectives, and contribute to climate-resilient agricultural practices.

15. The policy describes the objective of each standard, how and when each standard should be implemented, and the project/programme manager's responsibility to oversee and manage risks. The applicant provided project and programme examples to demonstrate the application of its ESS policy and environmental and social (E&S) standards on projects with E&S risks equivalent to GCF medium E&S risk Category B.

16. The ESS policy is shared with all of the applicant's staff and is publically available on the applicant's website.

2.2.2 Section 6.2: Identification of risks and impacts

17. The ESS policy provides the E&S risk and impact identification and categorization procedure, and outlines the management system for project-related E&S risks. Projects are categorized in three categories: A (high), B (medium) and C (low or non-existent). The applicant intends to focus on Category B and Category C projects in its engagement with the GCF, if accredited. Based on national laws and regulations, Category B projects require an environmental and social impact assessment (ESIA) procedure.

18. The E&S due diligence steps are conducted in parallel with project implementation. These procedures are detailed in the standard operating procedures manual for various types of projects, and the procedures follow four phases of the project cycle from project identification to monitoring and evaluation. These steps are further detailed during project contracting, when a specific project sheet is completed.

19. The applicant provided various project documents showing its experience in categorizing projects into different E&S risk categories.

2.2.3 Section 6.3: Management programme

20. The applicant provided documents to show the process, procedures and action plans by which it undertakes mitigation and management measures for identified environmental and social (E&S) risks. In addition to ESIA and E&S management plan (ESMP) reports, external experts conduct mid-term and project/programme completion audits on the effectiveness of the E&S system. The applicant provided sample reports, which highlight the audit findings and recommendations/action plans.

21. The national environment ministry was appointed by decree as the national institution responsible for environmental audits for projects implemented by the public sector. The audit and inspection functions of the environmental ministry have yet to be fully deployed, and the applicant is already undertaking actions to formalize and institutionalize the process. Moreover, the applicant is planning to audit the effectiveness of its policy in 2016, given that it considers itself to be a national pioneer in environmental management and sustainable development, and has committed to continuously improve its ESS policy and management plan.

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

22. The applicant provided an organizational chart showing key units, departments and personnel (senior and line managers) and reporting lines responsible for implementing the ESS policy. The applicant outlined the education and expertise of various staff responsible for implementing the applicant's ESS policy. The staff of the environment and climate change unit are agronomist engineers and one is a sustainable development engineer. The staff attend professional development seminars, as needed (e.g. Green Week Berlin) and also provide training sessions to other departments and beneficiaries. Currently, the staff manage and monitor E&S issues on 10 internationally-funded projects.

2.2.5 **Section 6.5: Monitoring and review**

23. The team in charge of ESS monitoring tracks the implementation of the ESMP. In addition, the applicant has a project execution manual, which outlines the interim, annual, mid-term and project completion monitoring and evaluation process, and the need for corrective actions, where relevant. The applicant prioritizes projects that protect the environment and projects that show resource efficiency and social equity. All projects implemented by the applicant and its partners are subject to technical and financial audits. External evaluations focus on technical, financial and E&S aspects. The environment ministry must conduct the environmental audit and controls. The provided semi-annual reports and management summaries show the applicant's project progress and the monitoring of results against the ESMP. The applicant provided a report with monitoring information and performance indicators to show the effectiveness of the applicant's E&S management over the last year.

2.2.6 **Section 6.6: External communications**

24. The applicant has an external communication system to receive inquiries and complaints. There are also internal procedures to screen and assess issues raised, and to provide responses, when required. Neither the applicant nor its executing entities have received inquiries or complaints related to E&S over the last three years.

2.3 Gender

25. As a public sector entity, the applicant must comply with the national gender policy and the related gender budgeting. There are other national legislative frameworks that provide guidance to eliminate gender-based discrimination, including the Convention on the Elimination

of All Forms of Discrimination against Women (1993), the revised Family Code, and the revised constitution. The national constitution and strategy affirm equality between women and men, and the integration of a gender perspective into sectoral policies and development programmes, including the agricultural sector.

26. The applicant provided project examples that integrated a gender perspective into the project budget, practices and monitoring arrangements; the examples targeted women's empowerment and provided equitable access to projects and activities. External gender experts are sometimes incorporated in specific projects (e.g. donor-funded projects) and any external expert is supervised by the applicant. The applicant itself does not have an in-house gender expert, but it does have a gender focal point, who is gender competent, and who is tasked with supervising and monitoring project-level gender activities and gender indicators.

III. Conclusions and recommendation

3.1 Conclusions

27. 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 standards. Even though the applicant has an investigation function, there is a need to strengthen documentation and case-study reporting. The applicant meets the 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 to implement its gender policy; it has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

28. The AP recommends, for consideration by the Board, applicant APL021 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** small (including micro⁴);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management; 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 US\$ 10 million for an individual project or an activity within a programme".

- (iii) **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. Approve, through the applicant's board, the policies and procedures that pertain to investigations. The approved policy should contain the following elements:
 - a. Publicly available terms of reference that outline the purpose, authority and accountability of the function;
 - b. Guidelines to process cases, including standardized procedures to handle complaints received and to manage them before, during and after the investigation process; and
 - c. A registry specifically for cases of fraud and corruption;
 2. Publish both (a) and (b) above; and
 3. Formalize the process for periodically reporting case trends.
29. 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.

3.3 Remarks

30. The applicant is encouraged to seek readiness and preparatory support to assist it to:
- (a) Meet the conditions identified in paragraph 27(b) above.

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".