

Annex XIII: Accreditation assessment of Applicant 023 (APL023)

I. Introduction

1. Applicant 023 (APL023), the National Environment Management Authority of Kenya (NEMA) based in Kenya, is a national entity located in a developing country in Africa that was established in 2002 with the objectives of supervising and coordinating environmental activities and serving as the main national body to implement environmental policies in all sectors within the country. In addition to its role as an environmental regulatory body, the applicant additionally implements its own projects. The applicant has vast experience in the field of climate change adaptation and mitigation, co-implementing projects ranging from US\$ 10 million to US\$ 255 million with local and international organizations. Some of its past and current activities include building resilience to climate change and adaptive capacity of vulnerable communities, environmental management, coastal development, technical assistance and natural resource management. If accredited to the GCF, the applicant will develop country priority projects in line with the country's 2030 vision, national strategies on climate response and green growth, and the country's climate change action plan. In particular, projects would be developed in the forestry, electricity, transportation, energy demand, agriculture and industrial processes sectors – six sectors identified as priorities based on their potential to mitigate greenhouse gas emissions by 2030. Accreditation to the GCF would allow the applicant to drive a paradigm shift towards low-emission and climate-resilient development pathways in its country.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 May 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 nomination for its accreditation application;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Size of an individual project or activity within a programme:** micro;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), "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".

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. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed against 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.

4. As 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 is 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, with the exception of item 4.2.4, investigation function, has been met by way of fast-track accreditation.

7. Regarding item 4.2.4, the applicant's investigation function is in compliance with the country's laws and operationalized through the applicant's internal procedures and manuals. The applicant has detailed mechanisms and procedures in place in order to undertake investigations of misconduct. The procedure to investigate, process and resolve cases of misconduct is based on the functioning of a disciplinary committee that advises the Director General. For corruption-related cases, the disciplinary committee may recommend that such a case be handled by the national anti-corruption commission. Additionally, the applicant has an established anti-corruption committee and integrity assurance officers that provide oversight and further assurance regarding the prevention of corruption and unethical behavior.

8. The applicant has established mechanisms to receive complaints regarding cases of misconduct, including e-mail addresses and dedicated telephone lines, complaint boxes and employee reports of misconduct for filing corruption complaints.

9. The applicant provided information on cases reported and actions taken.

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

10. 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**

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

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

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

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

13. The applicant is subject to national environmental and social (E&S) laws in which it is located. These are further supplemented by sector-specific legislation and national guidelines for environmental assessments. The applicant's overarching environmental objectives and principles are articulated in its environmental sustainable policy. The policy is supplemented by guidelines which have been institutionalized for over a decade, and constitute its current environmental and social management system (ESMS) comprising guidelines for environmental and social impact assessments (ESIAs), and strategic environmental assessments. The ESIA guidelines encompass procedures for project screening and categorization, impacts assessment and mitigation measures, public consultations, and monitoring and evaluation of projects over their life cycle. The strategic environmental assessment guidelines are applicable to assess the environmental impacts of policies, programmes and plans. All these guidelines constitute the applicant's E&S risks and impacts assessment, mitigation and management, and monitoring and evaluation procedures, including public consultation requirements, which are in line with the environmental and social safeguards of the GCF related to accreditation.

14. Moreover, as evidence of implementing these laws and guidelines, the applicant provided information on its work with a number of international financial institutions and bilateral agencies on projects/programmes that cover aspects of identifying and managing E&S risks.

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

15. The applicant, as required by national law and as a national regulatory authority, screens and approves E&S risk categories of projects/programmes, and subsequently conducts audits of selected medium risk (equivalent to GCF E&S risk Category B) projects/programmes. The audit reports are reviewed using its audit review guidelines, including its approval process.

16. The applicant also implements projects and programmes on natural resource management, either on its own or with other regional and/or international partners. The applicant carries out ESIA for such projects/programmes in which it participates with international and bilateral institutions. The applicant has provided examples of environmental and social impact assessments, and environmental and social management frameworks which demonstrate its experience and track record in assessing a range of E&S risk categories in projects/programmes that were within the micro and small⁴ sizes for a project or activity within a programme.

2.2.3 **Section 6.3: Management programme**

17. The applicant provided evidence of its process to manage mitigation measures for E&S risks and impacts in the form of several E&S audit reports reviewed and cleared by the applicant in line with its mandate. The evidence also includes environmental compliance certificates issued and any further actions implemented where non-compliance was identified.

18. The applicant also provided documentation for projects ranging in size from micro to small that it has implemented jointly with its regional and international partners, which also include its management programmes for mitigation measures for E&S risks and impacts.

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

19. As a national regulatory authority, the applicant which was established over a decade ago and has a well-established organizational structure with a compliance and enforcement department of over 30 staff with skills and competency across several sectors. Its primary

⁴ 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".

responsibility is to ensure adherence by sponsors of projects implemented in the country with the country's E&S regulations. The department has direct responsibility for implementing ESMS components related to monitoring and reviewing E&S audits. The applicant has a separate department with the responsibility of raising public awareness and capacity-building around the country.

20. The applicant has E&S staff who are involved in managing E&S mitigation and monitoring in projects and programmes which it implements on its own or where there is an implementing partner in projects/programmes funded by international institutions. Evidence of internal training and development programmes for relevant staff was also provided.

2.2.5 **Section 6.5: Monitoring and review**

21. The applicant's strategic plan for 2013 to 2018 demonstrates its process for monitoring and measuring the effectiveness of its management of projects/programmes. The applicant's past three years' performance against set activities and related targets/metrics is also presented in the plan and in recent annual environmental performance reports, which describe the country's state of the environment, including its performance, recommendations for improvement and future outlook on environmental matters by various sectors.

22. In addition to its role as the country's environmental regulatory agency, the applicant also provided documentation for projects ranging in size from micro to small that it has implemented jointly with its regional and international partners, which also include its management and monitoring programmes for mitigation measures for E&S risks and impacts.

2.2.6 **Section 6.6: External communications**

23. In line with the applicant's national communication strategy, it maintains several means (e.g. website, e-mail address, Twitter account and walk-ins from the public) for receiving and registering feedback or complaints from the public related to E&S issues. It has established a procedure for receiving complaints, including its purpose, scope and responsibility for response. The applicant maintains a register to file and record complaints that range from noise pollution and waste dumping, among other issues, in order to determine the level of response required. It also maintains a public satisfaction survey on its website.

2.3 Gender

24. The applicant developed a gender policy in 2013 which addresses gender mainstreaming within its own institution as well as in the projects/programmes it implements. The main aim of the policy is to engender its environmental-related policies, plans and programmes, ensure that its institutional work is gender sensitive and responsive, and the country's natural resources are managed in a gender-sensitive manner. The implementation of its gender policy is overseen by a gender committee within the organization. In 2014, the applicant commissioned an assessment of its gender mainstreaming resulting in a recommendation that the applicant should formulate a gender development plan for gender mainstreaming that includes:

- (a) A review of all the existing policies, guidelines, programmes and procedures;
- (b) Incorporation of gender considerations into each phase of the interventions (e.g. identification, planning, implementation and monitoring and evaluation);
- (c) Ensure a workable budget for all the gender-specific activities; and
- (d) Clearly document and segregate data and information on gender mainstreaming experiences and put this in the public domain.

25. The applicant demonstrated its experience with gender considerations in an approximately US\$ 10 million climate change project, which includes social benefits and redresses gender imbalance through the non-discriminatory selection criteria of beneficiaries with the aim of ensuring that a minimum of 50 per cent of staff will be women.

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 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 partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to medium E&S risk, Category B/I-2. In its assessment, the AP concludes that while the applicant has a wide-ranging ESMS (performance standard 1), it has limited experience in applying the full scope of project-specific performance standards 2 to 8; and
- (c) The applicant has a gender policy and operational procedures to implement it in line with the gender policy of the GCF and its E&S staff have undergone gender training. However, it has limited competencies and experience by which to implement its own gender policy and procedures, as evident from its gender assessment study. The applicant has limited experience in mainstreaming gender in its operations.

3.2 Recommendation on accreditation

27. The AP recommends, for consideration by the Board, applicant APL023 for accreditation as follows:

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

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”.

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- (i) Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. 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.

28. The applicant has been informed of the recommendation regarding accreditation, including the accreditation type and condition(s), as identified in paragraph 27 above, and agrees to the recommendation.

3.3 Remarks

29. 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.

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

- (a) Meeting the conditions identified in paragraph 27(b) above.