

## Annex XXI: Accreditation assessment of Applicant 031 (APL031)

### I. Introduction

1. Applicant 031 (APL031), the International Union for Conservation of Nature (IUCN) headquartered in Switzerland, is a non-profit organization that operates internationally in over 150 countries with a wide range of members and partners, including States and government agencies, non-governmental organizations (NGOs), scientists and experts to find practical solutions to environment conservation and sustainable development challenges. It has a strong presence in countries in transition, least developed countries and small island developing States through its regional offices. Its overall programme of work focuses on valuing and conserving nature, ensuring effective and equitable governance of its use, and deploying nature-based solutions to global challenges such as climate change. The applicant does this by undertaking and supporting scientific research, managing and implementing field projects on the ground and bringing together various stakeholders to develop and improve policies, laws and best practices. Currently, the applicant has a project portfolio amounting to US\$ 330 million in grants. It is estimated that half of this portfolio addresses climate change adaptation issues, while 10 per cent contributes to climate change mitigation through greenhouse gas emission reductions. The applicant intends to add significant value to the GCF by implementing its mandate to build capacity, especially in relation to its national government and NGO members. The applicant also plans not only to work towards channelling funding from the GCF to recipient countries, but also to contribute to enhancing their capacity to ensure that they have direct access to multilateral funding.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 26 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:** international access;
- (b) **Track:** fast-track under the Global Environment Facility (GEF);
- (c) **Size of an individual project or activity within a programme:** medium;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management; and
  - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "medium" 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\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme".

<sup>2</sup> Decision B.07/02.

- (e) **Environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

## II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency. 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.

4. 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

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, with the exception of item 4.2.5, anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

7. Regarding item 4.2.5, the applicant has a comprehensive and mature AML/CFT framework procedure providing the scope, objectives, applicability and 'know-your-customer' process and procedures for the due diligence of its partners. The applicant has also established a publicly available anti-fraud policy which provides a framework covering the definition of fraud, prevention, reporting and responses to fraud, both suspected and actual.

8. The procedure for the expenditure of grants regulates the AML/CFT process with regard to the grants received from donors. Information on the amounts received from grant donors is made publicly available. At the grant appraisal and approval stage, the applicant identifies the grant beneficiary and conducts AML/CFT due diligence, which involves the examination of all the legal and integrity aspects of the business relationship with the counterparty.

9. In addition to these checks, the applicant continuously undertakes monitoring of the funding allocations, including that of electronic transactions, in order to detect possible integrity risks that may arise throughout the life of its business relationships with counterparties.

#### 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.

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<sup>3</sup> 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".

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

11. The applicant develops and implements various programmes related to climate adaptation based on its grant allocation mechanisms in cooperation with different donor organizations. Each programme follows a competitive grant allocation scheme and is regulated by a specific set of documented procedures and guidelines for the allocation of funds, as well as by the terms of reference for the authorized bodies for assessing grant proposals and making decisions.

12. The grant allocation procedures and guidelines applied to the programmes are comprehensive and well-developed; they contain provisions for calls for grant proposals, security and confidentiality, criteria for exclusion, eligibility, legality, selection and evaluation, as well as procurement procedures.

13. The individual project proposals are submitted to the organization responding to the particular programme announced on the applicant's website and are assessed on the basis of the transparent evaluation criteria. The decisions are taken by the appropriate advisory or steering committee of the programme and the corresponding authorized party of the donor organizations. The decision-making process for the awarding of grants follows a comprehensive and objective scoring system that takes into account various parameters with regard to the eligibility and feasibility of the proposed projects. The donor institution requires a no-objection to be obtained prior to the final approval of the projects selected by the grant award committee for grant funding. This is noted by the AP as an element to be considered at the time of project/programme appraisal by the GCF.

14. The grant disbursement process is regulated by the applicant's grant award programme due diligence procedures. The payments are processed in accordance with the grant contract agreements and are closely monitored under the applicant's project management function. All grants awarded by the applicant are subject to the applicant's AML/CFT policy, which prohibits all forms of corrupt and fraudulent practices.

15. The applicant monitors the implementation of funded grant programme activities through its regional offices, undertakes site visits and supports beneficiaries with professional counselling and advice. The applicant also has the authority to inspect and audit the accounts of the projects and programmes developed with the relevant donor organizations. The donor organizations conduct an independent evaluation of the programme's results and outcomes and prepare recommendations for the improvement of the project management process. The applicant addresses these recommendations and undertakes corrective actions, if applicable.

16. Following the assessment, it has been concluded that the grant award mechanisms implemented by the applicant are mature and well-established.

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

17. The applicant did not apply for accreditation under this standard at this time.

## 2.2 Environmental and social safeguards

### 2.2.1 **Section 6.1: Policy**

18. The applicant developed and institutionalized a new environmental and social management system (ESMS) in 2015, which has been endorsed by its senior management and is available on its website. The ESMS is governed by the applicant's environmental and social (E&S) management framework (ESMF) which provides the overarching policy framework for its managerial and operational measures. It is based on and consolidates the applicant's policies

and experiences, specifically a series of its existing policies and resolutions, guidelines and instruments developed over time, as well as its current practice of implementing them in projects. The ESMF is consistent with operational policy 4.01 of the World Bank<sup>4</sup> and the GEF policy on agency minimum standards on environmental and social safeguards,<sup>5</sup> and has also been influenced by the environmental and social performance standards of the International Finance Corporation.<sup>6</sup>

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

19. The applicant's procedure for the identification and assessment of E&S risks and impacts is described in its ESMF. The roles and responsibilities for the risk identification and assessment procedure have been provided. The ESMS manual provides a tool for E&S impact screening, as well as the terms of reference for the environmental and social impact assessment (ESIA) and a checklist for ESIA appraisal. The applicant has also provided a list of projects/programmes categorized as E&S risk categories B and C.

### 2.2.3 Section 6.3: Management programme

20. The applicant's ESMS manual describes its ESMS and related steps and procedures, as well as how they are connected to the project cycle. The applicant has provided a sample project, which provides an overview of the actions stemming from the identification of E&S risk.

### 2.2.4 Section 6.4: Organizational capacity and competency

21. The applicant has provided an organizational chart which describes the roles, responsibilities, reporting lines and authority of its experts, including their competencies in implementing the ESMS.

### 2.2.5 Section 6.5: Monitoring and review

22. The applicant's E&S monitoring and review procedure is described in its ESMF and its link to the project cycle is defined in the ESMS manual. The monitoring and review of the environmental and social management plans (ESMPs) of projects is conducted by the ESMS coordinator, who is supported by the applicant's ESMS expert team. ESMP monitoring reports are publicly disclosed in accordance with the applicant's disclosure policy. The applicant has provided sample project documents to illustrate its monitoring and review process.

### 2.2.6 Section 6.6: External communications

23. The applicant has a website for overarching external communications in which it shares information and invites interactions on its various global policies, projects and programmes.

24. At the project level, in accordance with the applicant's ESMS, it has established a grievance mechanism – referred to as the project complaints management mechanism – to allow for the expression of and response to complaints related to the implementation of its projects. A description of the procedures related to the project complaints management mechanism was provided in the application, and can be accessed by the public through the

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<sup>4</sup> World Bank. 2013. Operational policy 4.01, "Environmental assessment". Available at <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,contentMDK:20064724~menuPK:64701637~pagePK:64709096~piPK:64709108~theSitePK:502184,00.html>.

<sup>5</sup> GEF. 2011. Document GEF/C.41/10/Rev.1 titled "GEF policy on agency minimum standards on environmental and social safeguards". Available at <https://www.thegef.org/gef/sites/thegef.org/files/documents/C.41.10.Rev.1.Policy.on.Environmental.and.Social.Safeguards.Final%20of%20Nov%2018.pdf>.

<sup>6</sup> International Finance Corporation. 2012. Environmental and social performance standards. Available at [http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability/Our+Approach/Risk+Management/Performance+Standards#2012](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Our+Approach/Risk+Management/Performance+Standards#2012).

applicant's website. The applicant also provided its register of enquiries from three hotlines, including the nature of the enquiries and the applicant's satisfactory responses to address them.

## 2.3 Gender

25. The applicant has provided a copy of its policy on gender equity and equality, initially adopted in 1998 and revised in 2007, and a related international resolution adopted in 2008 to further mainstream gender equity and equality in its projects and programmes, which have been found to be in line with the GCF gender policy. The applicant has also provided a summary of sample projects on climate change with a focus on women, which demonstrate its competencies in gender mainstreaming.

## 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, and partially meets the specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to 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, which is found to be consistent with the gender policy of the GCF, and has demonstrated that it has experience with gender considerations in the context of climate change.

### 3.2 Recommendation on accreditation

27. The AP recommends, for consideration by the Board, applicant APL031 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Size of an individual project or activity within a programme:** medium (including micro<sup>7</sup> and small<sup>8</sup>);
  - (ii) **Fiduciary functions:**
    1. Basic fiduciary standards;
    2. Specialized fiduciary standard for project management; and

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<sup>7</sup> 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".

<sup>8</sup> 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".

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3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (iii) **Environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3<sup>9</sup>)); 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(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:
- (ii) Develop an operations and procedures manual to incorporate the features expected to be applied in the grant operations that the applicant will undertake with GCF funds, including the procedure for public disclosure of timely information on the award of grants.
28. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 27(b) above, and agrees to the recommendation.

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<sup>9</sup> 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”.