

## Annex VIII: Accreditation assessment of Applicant 038 (APL038)

### I. Introduction

1. Applicant 038 (APL038), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, is an international organization that offers the following services: advice; human capacity development; network and dialogue management as well as mediation; and management and logistics. The applicant supports long-term capacity-building and policy reform processes, and operates in all sectors relevant to sustainable development and climate change mitigation and adaptation, including renewable energies and energy access, energy efficiency, the measurement of reduction in greenhouse gas emissions, the use of climate-friendly technologies in industry, results-based financing for reducing emissions from deforestation and forest degradation, climate-resilient cities, climate risk management and insurance, and systems and ecosystem-based adaptation.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 February 2015. The Stage I institutional assessment and completeness check was completed on 21 August 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 24 May 2016. The applicant 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 Directorate-General for International Development and Cooperation (DG DEVCO);
- (c) **Maximum size of an individual project or activity within a programme:** medium;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - 1. Basic fiduciary standards;
  - 2. Specialized fiduciary standard for project management; and
  - 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

---

<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 USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme”.

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

<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”.

## II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a DG DEVCO entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

### 2.1 Legal status, registration, permits and licenses

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

### 2.2 Institutional presence and relevant networks

5. The applicant has a presence in over 130 countries, including 41 least developed countries, 30 small island developing States and 36 sub-Saharan African countries. This global presence has allowed the applicant to establish relationships with national governments and other national institutions in developing countries.

6. The applicant has made climate change one of the core areas of its work and over the past few years it has scaled up its climate finance readiness programme for developing countries through the provision of technical support. More than half of its staff members are local experts and support staff working in developing countries, which facilitates the participation of the applicant in relevant national and regional networks. These well-established relationships with developing countries and a wealth of regional and technical expertise have added to the implementation of its projects.

7. The applicant seeks to contribute to the objectives of the GCF by leveraging over 50 years of experience of providing technical assistance and capacity development for development finance. In particular, it seeks to prepare developing countries for accessing climate finance by catalysing its readiness support programme to allow them to adopt climate-resilient development pathways.

### 2.3 Track record

8. The applicant mobilizes financial resources for its climate change projects and programmes from more than 160 national and international clients and financiers in the public and private sectors. With more than 30 public-private partnerships that it is involved in, the applicant intends to continue cooperating with the private sector in order to achieve adaptation and mitigation of climate change impacts. It also supports the engagement of the private sector through the development of policies and regulatory frameworks.

9. As of December 2014, its portfolio comprised of approximately 1,300 projects in all developing country regions, with about 40 per cent of these being climate-related in sectors such as agriculture, forestry, water and energy efficiency. These projects totalled approximately USD 1.5 billion, more than half of the applicant's total financial turnover in 2014.

## III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as a DG DEVCO entity. Its application has been assessed by the Accreditation Panel (AP) during

Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

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

### 3.1 Fiduciary standards

#### 3.1.1 **Section 4.1: Basic fiduciary standards: key administrative and financial capacities**

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

#### 3.1.2 **Section 4.2: Basic fiduciary standards: transparency and accountability**

13. As per paragraph 10 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 policies, have been met by way of fast-track accreditation.

14. Regarding item 4.2.5, the applicant applies an online screening tool as part of its 'know-your-customer'/AML procedures. These procedures include an electronic system which accesses international databases and further manual risk assessments associated with countries that are identified as higher risk. These processes are aligned with the applicant's current business model, however, further elaboration is required as part of the mainstreaming of its financial intermediation role across its business.

#### 3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

15. The applicant has a significantly developed, well-structured set of project preparation guidelines which comprises a seven-step process culminating in a financial proposal. The guidelines include the roles and responsibilities associated with the various steps. Moreover, the process includes an assessment of the capacity development needs associated with a project and, where relevant, the inclusion of a capacity development strategy for sustainability.

16. The applicant has provided evidence of its track record in respect of size and type of intervention. In this regard, it is noted that generally the applicant's project portfolio has comprised lower (e.g. the small size category as per the GCF) value technical cooperation type donor-funded assignments. However, the applicant has provided evidence of a few interventions that are of a scale for which it is seeking accreditation (e.g. medium). These projects tend to be programmes with a global reach, which have been developed for scalability and replicability and which include management of funds from a group of donors. Funds have been managed and implemented according to the requirements of the specific donors concerned.

17. The applicant's monitoring and evaluation framework encompasses results-based monitoring on:

- (a) A project level;
- (b) A strategic level across projects; and
- (c) Third party evaluations, when required.

18. Findings are presented at regular operational meetings for the implementation of recommendations. The corporate monitoring unit provides an overarching service to the organization reporting to the applicant's management board and is considered an independent body. It also monitors the implementation of recommendations.

19. The risks associated with the applicants operations are grouped into four main areas (political, contractual, security and image), and are assessed per project and in a structured manner. The thresholds associated with risk screening are applied and capacity development (including a “capacity works” model designed for this purpose) is a tool applied to mitigate against the risks associated with project ownership and therefore sustainability.

20. The applicant has recently described and communicated a structured outline for grant finance intermediation. In this regard, the applicant has provided evidence of a fiduciary due diligence exercise and demonstrates an understanding of the requirements associated with an intermediated due diligence process. The procedures to mainstream its financial intermediation role are in the process of being formalized in a manual.

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

21. As per paragraph 10 above, the specialized fiduciary standard for grant award and/or funding allocation mechanisms is considered to have been met by way of fast-track accreditation.

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

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

## 3.2 Environmental and social safeguards

3.2.1 **Section 6.1: Policy**

23. The applicant’s new 2015 sustainability policy integrates its environmental and social (E&S) guidelines and establishes a binding, organization-wide, improved environment, climate, and social impact management system, consistent with the GCF interim environmental and social safeguards (ESS) performance standards 1 to 8. The policy is communicated across the organization; all activities and staff are obliged to respect it. The applicant also integrates into its activities the national legislation of partner countries and partner-country obligations under international agreements. The applicant’s E&S system won an international award in 2012 for outstanding commitment to environmental-and-climate assessment practice. The applicant will update its E&S system by mid-2016 in order to harmonize with its new organizational structure.

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

24. The applicant has a two-step process to identify E&S risks and impacts:

- (a) Screening; and
- (b) In-depth assessment (scoping).

25. Each step is supported with tools. The project managers screen projects before appraisal missions or project reviews so as to identify potential risks and impacts and to determine the E&S risk category. There are internal procedures, guidance and a help desk to support project categorization and scoping.

26. The applicant focuses on technical cooperation and capacity building. It provided a long list of Category B and Category C projects, and some project examples from the past three years, to demonstrate a competent track record with project categorization and implementation.

3.2.3 **Section 6.3: Management programme**

27. The screening and scoping results are integrated into the project design with relevant indicators and are summarized in an environment, climate and social management and monitoring plan. The results-based monitoring (RBM) reports are used to identify and follow-

up on mitigation actions, inform about the development of risks, and adjust planned interventions, as needed.

#### 3.2.4 **Section 6.4: Organizational capacity and competency**

28. General E&S responsibilities are defined and are communicated to all departments. The organizational chart and guidance identify the board or office responsible for implementation and compliance with E&S standards. The applicant's 2016 organizational structure has a division with competence for gender and one for the environment and climate change. It provided the E&S credentials of nine head office (HO) senior staff to cover each of the performance standards from 1 to 8.

29. The applicant has a sizeable training department through which to organize and conduct capacity development, including E&S-related training. It provided an extensive list of environment-related courses that are routinely conducted, a list of the available courses on its intranet, and its course attendance lists. All new HO staff and field staff follow at a minimum a one-day E&S course and other E&S capacity development training, as needed. The HO departments support and provide advisory services to field staff in order to support continuous E&S capacity development.

#### 3.2.5 **Section 6.5: Monitoring and review**

30. The applicant revised its monitoring and evaluation (M&E) policy in 2013, based on the development standards of the Organization for Economic Co-operation and Development's Development Assistance Committee. It has three M&E instruments:

- (a) RBM;
- (b) Project evaluations; and
- (c) Corporate evaluations.

31. The HO M&E unit and operational units conduct M&E at central and decentralized levels and advise on the design of M&E systems. The RBM follows-up on mitigation actions and adjusts the planned interventions, as needed. The country offices are responsible for monitoring and formulating project-level recommendations. The applicant combines a technical monitoring system with a procedure to integrate stakeholder perspectives. Good examples were provided to demonstrate M&E capacity.

32. The applicant conducts annual external quality control/audits on a selected set of projects in order to determine the extent of compliance with standards.

33. M&E results are reported to senior management. Overall, it was demonstrated that the M&E procedures help to steer projects and support learning at the project and organization levels.

#### 3.2.6 **Section 6.6: External communications**

34. The applicant has e-mail addresses for human rights, sustainability and integrity issues, and several general communication channels (e.g. e-mail address, telephone numbers and postal addresses). All incoming communications are registered in the file management system and are assessed by designated communication teams so as to determine whether a communication needs to be forwarded to a responsible member of staff or not. Country offices have a similar system to register, manage and respond to all communications from the public. The applicant provided examples of its communications register. There were no E&S complaints received in the last three years, but the applicant provided cases to show how other types of complaints were managed and resolved.

35. The applicant is committed to being very transparent, publishing extensive E&S information on all ongoing programs and projects on its website.

### 3.3 Gender

36. The applicant's gender strategy is integrated into its sustainability policy and complies with the GCF gender policy's six gender principles. All projects undergo a gender analysis at the time of appraisal, and gender-sensitivity is integrated into project design, management and monitoring. The applicant has other instruments to support its gender strategy, for instance a HO gender steering group, and an organizational goal to have 50 per cent women at management level. To enhance the gender competence of staff and stakeholders, the applicant provides gender training and it disseminates gender-sensitive best practices through its gender network.

37. Gender results are reported to senior management in the applicant's annual report and are published on its website. Annual external evaluations review the quality of the gender services.

38. The applicant has implemented more than 230 projects that relate to gender and climate change from 2012 to 2014. Altogether, the applicant clearly demonstrates its leadership role in mainstreaming gender and its commitment to continuously improve its gender-related services.

## IV. Conclusions and recommendation

### 4.1 Conclusions

39. 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 standard and meets the specialized fiduciary standard for project management as well as the specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (b) The applicant meets the requirements of the interim environmental and social safeguards of the GCF in relation to the medium E&S risk (Category B/I-2); and
- (c) The applicant has demonstrated that it has the policies, procedures and competencies through which 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.

### 4.2 Recommendation on accreditation

40. The AP recommends, for consideration by the Board, the applicant APL038 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** medium (including micro<sup>4</sup> and small<sup>5</sup>);
  - (ii) **Fiduciary functions:**
    - 1. Basic fiduciary standards;
    - 2. Specialized fiduciary standard for project management; and
    - 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
  - (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/Intermediation 3<sup>6</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:
    - 1. Submit an operational guideline/manual that describes the fiduciary due diligence process it would apply to GCF financing concerning transparency and accountability, with specific reference to standards on 'know your customer' and AML.
41. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 40 above, and agrees to the recommendation.

### 4.3 Remarks

42. The applicant's traditional technical cooperation role under the Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (the Federal Ministry for Economic Cooperation and Development) has been noted as described on the ministry's website. However, based on its track record with grant intermediation, the applicant now plans to mainstream a financial intermediary function and this is reflected in its GCF accreditation application.
43. In the view of the AP, this recent broadening in the scope of the applicant's activities could give rise to potential conflicts of interest between the applicant as a provider of technical cooperation on the one hand, and on the other as the supplier of GCF grants for a technical cooperation programme managed by an intermediary. In such cases, if the potential for conflict

---

<sup>4</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 USD 10 million for an individual project or an activity within a programme".

<sup>5</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 USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

<sup>6</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".

of interest is confirmed, the services should be procured using rules in line with those of the GCF fiduciary standards regarding procurement.