

Annex XI: Accreditation assessment of Applicant 040 (APL040)

I. Introduction

1. Applicant 040 (APL040), the Food and Agriculture Organization of the United Nations (FAO), is an international organization whose main goals are the eradication of hunger, food insecurity and malnutrition; the elimination of poverty and the driving forward of economic and social progress for all; and the sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 11 August 2015. The Stage I institutional assessment and completeness check was completed on 20 May 2016 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. 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 Global Environment Facility (GEF);
- (c) **Maximum size of an individual project or activity within a programme:** medium;¹
- (d) **Fiduciary functions:**²
 - 1. Basic fiduciary standards; and
 - 2. Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

¹ 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”.

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”.

1.2 Legal status, registration, permits and licences

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's original constitution was signed by 44 countries in 1945. Since then, the applicant's presence has expanded to a network of 135 regional, subregional and country offices located globally. The applicant has 194 member states and one member organization (the European Union).⁴

6. The applicant views a partnership with the GCF as key to driving a transition toward productive, sustainable and climate-resilient agricultural development in developing countries. The applicant considers this to be vital to achieving existing intended nationally determined contributions and nationally determined contributions in the agricultural sectors, and scaling up the level of ambition in the years to come. In particular, the applicant intends to contribute to the achievement of the objectives of the GCF by:

- (a) Developing and supporting countries to utilize research, tools and approaches that aim to scale up climate action in the agricultural sectors;
- (b) Supporting climate action in the agricultural sectors through the development and implementation of national policies, strategies, programmes and projects;
- (c) Supporting investment planning in the agriculture sectors; and
- (d) Facilitating public and private investments in sustainable and climate-resilient agricultural development;
- (e) Working directly with smallholder producers to adopt sustainable and climate-resilient technologies and practices; and
- (f) Developing the technical and operational capacities of government counterparts and agricultural producers.

7. In this context, the applicant has also indicated its commitment to strengthening subnational, national and regional entities' capacities. The applicant indicates that it has the experience, expertise and capacities to provide valuable technical support for GCF readiness and preparatory support activities, including strengthening the capacities of national designated authorities and focal points; developing strategic frameworks and country programmes; developing the technical and operational capacities of potential direct access entities; and supporting the formulation of programme and project proposals.

2.3 Track record

8. The applicant's projects aim to seize the transformative potential of the agricultural sectors to simultaneously deliver climate change adaptation and mitigation benefits, as well as important economic, social and environmental co-benefits. Many of the applicant's projects seek to address the risks that climate change poses to food security and nutrition. The agriculture sectors, on which many of the world's poorest people depend for their livelihood and food

⁴ The list of FAO member countries is available at <<http://www.fao.org/legal/home/fao-members/en/>>.

security, are particularly susceptible to the effects of climate change, which are already occurring. As such, the applicant is addressing climate-related risks to fulfil its mandate of eradicating hunger and food insecurity.

9. The applicant has invested in projects that support both climate adaptation and mitigation, and has led and managed numerous climate change related projects, which include:
- (a) USD 177.9 million for the “Sustainable management of tuna fisheries and biodiversity conservation” project, which is one of the projects under a USD 268.1 million “Areas beyond national jurisdiction” programme. This project aims to support an increased uptake of ecosystem-based approaches that reconcile productivity and income growth with the need to protect and enhance marine biodiversity and resilience. The applicant plays the role of lead GEF agency of the project and coordinates the “Areas beyond national jurisdiction” programme;
 - (b) USD 33.4 million for the “Delivering sustainable environmental, social and economic benefits in West Africa through good governance, correct incentives and innovation” project, under a total project cost of USD 51.9 million. This project falls under the USD 235 million “Coastal fisheries initiative” programme and aims to support countries to improve the resilience and adaptive capacity of their marine ecosystems as well as the resilience of coastal communities who earn their livelihood from such ecosystems. FAO plays a double role of lead GEF agency for the project and global coordinator of the “Coastal fisheries initiative” programme; and
 - (c) USD 65 million for the “Strengthening national policy and knowledge framework in support of sustainable management of Brazil’s forest resources” project, under a total project cost of USD 65 million. The objective of this project is to facilitate informed and participatory strategic decision-making in forest and natural resources management, with an emphasis on minimizing unsustainable land-use changes that contribute to climate change and for which the applicant is the lead GEF agency.

III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency. 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 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 and countering the financing of terrorism policies, have been met by way of fast-track accreditation.

14. Regarding item 4.2.5, the applicant has presented its policy against fraud and other corrupt practices, its vendor sanctions policy and its whistle-blower protection policy that prescribe the applicant's process for the identification, mitigation and combating of, and disciplinary actions related to, fraud and other prohibited practices. These policies and procedures apply to all of the applicant's personnel and all contractual arrangements between the applicant and its executing partners, suppliers or other third parties for administrative, technical or operational purposes.

15. The applicant, as a specialized agency of the United Nations, follows relevant United Nations policies, including relevant United Nations Security Council policies (such as those concerned with lists of individuals or entities associated with terrorism), the principles contained in the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime. All FAO personnel must be committed to the highest standards of efficiency and integrity. As a United Nations organization, the applicant applies the United Nations' standards of conduct for international civil servants. These include qualities such as honesty, truthfulness, impartiality and incorruptibility.

16. The applicant provided a description of the electronic system for operating and monitoring money transfers, as well as a copy of electronic payment reports with regard to a number of contractors. Sample copies of recent reports on 'know-your-customer' due diligence undertaken in relation to potential contractors/vendors were also provided.

17. All five of the GCF prohibited practices (corrupt, fraudulent, coercive, collusive and obstructive practices), as contained in the GCF interim policy on prohibited practices, are identified by the applicant as being sanctionable actions in its procedures. The applicant may initiate vendor sanctions, as outlined in the applicant's vendor sanctions policy, against vendors believed to have violated its policy. The applicant confirmed that since it started implementing its vendor sanctions policy in 2014, four vendors have been sanctioned by the applicant and two other proceedings are ongoing.

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

18. As per paragraph 10 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

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

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

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

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

3.2 Environmental and social safeguards

3.1.6 **Section 6.1: Policy**

21. The applicant provided its environmental and social management (ESM) policy guidelines approved in 2015, as well as its previous environmental and social impact assessment (ESIA) policy (2011). The new policy ensures that projects adhere to nine environmental and social safeguards (ESS), and in so doing, contribute to the applicant's corporate strategic framework and corporate vision for sustainable food and agriculture. All projects must comply with the applicant's ESM policy guidelines in order to be approved.

22. The principles and objectives of its policy focus on efficient use of resources, protection of natural resources, sustainable agriculture, resilience and rural poverty, among other things.

The nine ESS comply with the GCF interim ESS. The applicant has made significant efforts to improve labour conditions in agriculture (e.g. pesticide safety) and is considered a global leader in supporting the 'decent work' agenda in agriculture.

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

23. Consistent with the requirements of the GCF, the lead officer will systematically screen projects during project preparation for environmental and social (E&S) risks and impacts using a checklist that covers the applicant's nine ESS. Projects are classified as low, moderate, or high risk. If a project presents a moderate or high risk, the relevant standard is triggered. The officer will complete the ESS checklist and risk classification form before the concept note is reviewed, and will notify the headquarters E&S unit when a project presents a moderate or high risk.

24. The applicant provided a list of 26 screened projects and 3 project examples with risk categories to demonstrate its track record.

3.1.8 **Section 6.3: Management programme**

25. The applicant has a systematic process with tools and templates to manage project risks and implement mitigation measures from concept stage to project closure. After screening and categorization, the lead officer will complete the E&S analysis and stakeholder consultation, and develop the environmental and social management plan (ESMP) for moderate-risk projects. In the case of high-risk projects, external experts conduct the full ESIA/ESMP. The headquarters E&S unit will approve the plan before implementation.

26. The ESIA procedure requires executing agencies to analyse the impacts of associated facilities, cumulative impacts and alternatives, and apply a mitigation hierarchy.

27. The applicant provided several ESMPs to demonstrate its track record. In cases where the applicant's E&S requirements differ from those of its partners, the more stringent requirements apply.

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

28. The headquarters E&S unit ensures compliance with the ESM policy and can assist other departments, as needed. The terms of reference for the climate and environment division, the E&S unit and key staff are clearly defined and the curriculum vitae provided show the requisite skills and experience to implement the applicant's ESS. Approximately 20 ESS focal points are based in technical units, and can provide expert advice on specific ESS.

29. The applicant supports its nine ESS with toolkits and templates, including a mandatory e-learning course to train staff and stakeholders on how to manage E&S risks during the project cycle. The applicant maintains an E&S technical network to continuously improve its ESM performance at its headquarters and at the decentralized offices.

3.1.10 **Section 6.5: Monitoring and review**

30. Once approved by the headquarters E&S unit, the ESMP is uploaded to the project management information system to facilitate monitoring and follow-up. The officer will monitor E&S performance against the requirements of the ESMP and the nine ESS. When the risk log/ESMP report is updated, the E&S unit is notified and can assist with any compliance or corrective issues.

31. The applicant is in the process of integrating and computerizing the full E&S system, including the monitoring system, into its online project cycle information/management system, which will be available online in late 2016 or early 2017, allowing project personnel access to identified E&S risks, information on the status of mitigation measures, monitoring results and the next E&S steps.

32. E&S monitoring reports and evaluations were provided to demonstrate the applicant's track record, and as evidence that E&S issues are reported to senior management, with lessons learned used to improve the ESM system.

3.1.11 Section 6.6: External communications

33. The global agricultural community considers the applicant a knowledge leader in the agriculture sector; examples of its high-quality knowledge products, ranging from training handbooks to research results were provided. It has a corporate communications policy for internal and external communications (dated 2014), supported by two accountability policies and a publishing policy. The policies describe both the procedures for routine, transparent and meaningful two-way communication and the participation requirements with affected communities and partners during the project cycle.

34. With respect to implementation, the applicant relies on its network of communications officers and focal points at headquarters and country level.

35. As the applicant has applied for assessment against Category B/I-2, with regard to the disclosure of E&S information on Category B projects, the applicant must release relevant information no later than 30 days prior to project approval (and no later than 120 days for Category A projects). The applicant requires its executing agencies to do the same. It is both able and willing to apply the relevant aspects of the GCF information disclosure policy in this respect.

36. Since early 2015, the applicant has a dedicated E&S website to enhance awareness of its E&S system. By the end of 2016, the applicant's E&S website will include a dedicated disclosure portal for E&S information.

37. The applicant has general procedures to receive and register external communications, screen and assess incoming issues, and resolve issues. The applicant's E&S website provides contact details to receive E&S complaints. The complaints procedure aims to address any concern at the lowest appropriate level (e.g. at the project level) and, where necessary, complaints can be escalated to the regional or headquarters level. All project and country offices must publicize the grievance mechanism. At the project level, the designated focal point logs all enquiries and grievances and the project officer addresses any concerns, with support from the headquarters E&S unit, as needed. A full log of all enquiries, complaints and grievances received is maintained at the applicant's headquarters.

38. The applicant has not received any E&S complaints in the past year on its dedicated website, nor any E&S enquiries or complaints during the past three years from its executing partners and operational partners under the general accountability complaints system.

3.3 Gender

39. The applicant has a comprehensive gender policy (2013), which addresses the equal participation of women and their access to resources, services, technology and infrastructure. The policy commits to gender mainstreaming in all activities and to implementing women-specific activities where there are significant gender gaps; it also integrates member country gender frameworks. Of note, the applicant's ESS number 8 relates to gender equality.

40. Gender is integrated as a cross-cutting issue in the applicant's strategic framework. All projects conduct gender analysis, and a gender marker is integrated into the logical framework. Gender results are routinely monitored, reviewed, evaluated and reported. The applicant has been at the forefront of generating knowledge and implementing projects on gender, climate change and climate-smart agriculture.

41. The applicant provides staff and stakeholders with gender tools and training courses. Professional staff and managers at headquarters and country level receive gender training. The applicant has 3 full-time senior gender experts, as well as 60 gender focal points at headquarters and 130 at its decentralized offices, who allocate about 20 per cent of their time to gender mainstreaming in their own units. Work is ongoing and progressing well to achieve gender parity within the organization. The applicant has exceeded the requirements of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women.

IV. Conclusions and recommendation

4.1 Conclusions

42. 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 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 in order 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

43. The AP recommends, for consideration by the Board, applicant APL040 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** medium (including micro⁵ and small⁶);
 - (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards; and
 - 2. Specialized fiduciary standard for project management; and
 - (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3⁷)); and

⁵ 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”.

⁶ 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”.

⁷ 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”.

(b) **Conditions:** none.

44. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 43 above, and agrees to the recommendation.