

## Annex III: Accreditation assessment of applicant 101 (APL101)

### I. Introduction

1. Applicant 101 (APL101), the United Nations Industrial Development Organization (UNIDO), is an international organization based in Austria. The applicant is a specialized agency of the United Nations that promotes and leads international efforts on industrial development for poverty reduction, inclusive globalization and environmental sustainability. With a mandate to promote and accelerate inclusive and sustainable industrial development in developing countries and economies in transition, the applicant has identified four programmatic fields, which include: creating shared prosperity for all; advancing economic competitiveness; safeguarding the environment; and strengthening knowledge and institutions. Each of these programmatic fields contains a number of individual programmes including, but not limited to, agribusiness and rural development, women and youth in productive activities, competitive trade capacities and corporate responsibility, resource-efficient and low-carbon industrial production, clean energy access for productive use, and implementation of multilateral environmental agreements.

2. The applicant submitted its application for accreditation to the Secretariat via the online accreditation system on 31 July 2015. Accreditation fees were received from the applicant on 17 August 2015, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 23 February 2020 and the applicant 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 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:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (category B).<sup>3</sup>

### 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 entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decision B.08/03 and in accordance with the GCF policies and standards below:

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<sup>1</sup> 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 Fund, of above US\$ 10 million and up to and including US\$ 50 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”.

- (a) “Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund’s fiduciary principles and standards and environmental and social safeguards” (decision B.07/02);
- (b) “Guidelines for the operationalization of the fit-for-purpose accreditation approach” (decision B.08/02);
- (c) “Interim Policy on Prohibited Practices” (Exhibit A of the accreditation master agreement considered in decision B.12/31);
- (d) “Policy on Prohibited Practices” (decision B.22/19);
- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10);
- (h) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (i) “Gender Policy and Action Plan” (decision B.09/11); and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

## 2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. UNIDO was established in 1966 by United Nations General Assembly resolution 2152 (XXI) and its constitution was adopted in 1979 at the United Nations Conference on the Establishment of the United Nations Industrial Development Organization as a Specialized Agency at its second session held in Vienna, Austria.

5. The constitution established UNIDO as a specialized agency of the United Nations with the objective of promoting and accelerating industrial development in developing countries and with the capacity to extend assistance to developing countries and assist them, at the request of the governments of those countries, in obtaining external financing for specific industrial projects.

## 2.2 Institutional presence and relevant networks

6. As an international organization, the applicant has 170 Member States and maintains a field network comprising 48 regional and country offices operating in all regions around the world. In addition, the applicant has created various platforms, centres, forums and networks in order to fulfil its mandate and mission to promote industrial development in developing countries and economies in transition. It has established partnerships with entities, national governments, United Nations agencies, civil society organizations and development banks to identify project concepts aligned with national priorities.

7. In order to advance the objectives of GCF, the applicant intends to maintain its field network to actively and proactively engage with national designated authorities and other stakeholders to identify and implement projects that are aligned with countries’ nationally determined contributions under the Paris Agreement. In addition, the applicant intends to contribute to GCF programming by supporting efficient and environmentally sustainable industrial resource utilization patterns. With regard to climate change mitigation, the applicant intends to implement programmes aimed at helping developing countries to increase the

competitiveness of their industries by reducing industrial energy intensity and to enhance the viability of their enterprises by increasing access to modern and renewable energy services. With regard to climate change adaptation, the applicant intends to build resilience in areas related to agro value chains and in various industrial sectors, thus benefiting not only the rural poor, but also the growing populations in urban and industrialized areas.

8. In addition, the applicant intends to generate projects by crowding in enterprise-level investments, utilizing GCF funding by partnering with private sector entities to stimulate private sector finance and ultimately leading to a paradigm shift towards low-emission and climate-resilient development. It intends to collaborate with GCF on addressing the need for innovative and transformative programmes and to bridge the gap between public and private finance, national development priorities and climate change commitments, and enterprise needs and private sector interests. It aims to unlock markets for climate technology innovation, low-emission transport and e-mobility, industrial energy efficiency, and urban–industrial symbiosis and infrastructure.

## 2.3 Track record

9. The applicant is accredited by the GEF with no accreditation conditions. Starting with the fourth replenishment of resources to the GEF Trust Fund (GEF-4) in 2006 and continuing into the GEF-7 replenishment period since 2018, the applicant has demonstrated its ability to manage projects across various focal areas, such as renewable energy, energy efficiency, water management, clean technology, climate resilience, sustainable cities and institutional capacity-building. The applicant has developed revolving funds and other financial mechanisms with third-party national and regional financial institutions in the context of its GEF projects. No reflows are usually expected from GEF grant-funded projects.

10. The applicant's track record in financing climate change-related projects to date includes the following:

- (a) USD 3.3 million (grants) for Integrated Solutions for Energy, Water, Food, and Ecosystem Security under Rapid Global Change at the global level;
- (b) USD 19.2 million (grants) for facilitating access to finance for low carbon and climate resilient projects and businesses across 27 countries in Africa, South East Asia and the Caribbean. This support is under a multi-donor trust fund, which, in 2019, raised USD 232 million in investment for Private Finance Advisory Network-supported projects and businesses;
- (c) USD 87.4 million (grants and – through local financial institutions – loans) for Improving Energy Efficiency and Promoting Renewable Energy in the Agro-Food and other Small and Medium Enterprises in Ukraine; and
- (d) USD 156 million (grants and – through public and private sector co-investment – loans and equity) for the Global Cleantech Innovation Programme for accelerating cleantech start-ups/entrepreneurs and assisting governments in building an enabling ecosystem for the commercialization of home-grown climate technology and resilience innovation in Cambodia, Indonesia, Kazakhstan, Moldova, Morocco, Nigeria, South Africa, Turkey, Ukraine and Uruguay.

## 2.4 Potential support for direct access entities

11. Over the past decades, UNIDO has developed a track record in capacity-building at the global, regional, national and subnational levels through its projects and programmes. The applicant engages and collaborates with developing country institutions and local service

providers to propagate best practices for industrial development. If accredited to GCF, the applicant aims to continue undertaking various capacity-building exercises and providing direct technical support to increase the capacity of enterprises, governments, environmental service providers, intergovernmental entities and other stakeholders in order to assist them to adopt holistic environmental management policies and standards and promote investments in more resource-efficient and cleaner patterns of production.

12. The applicant also intends to strengthen the capacity of potential subnational, national and regional direct access entities in their accreditation to GCF. Through its field offices, the Global Network of Regional Sustainable Energy Centres, the Climate Technology Centre and Network and the Global Network for Resource Efficient and Cleaner Production (RECPnet), the applicant intends to proactively partner with direct access entities to also assist in building their capacity for the design, development, submission and implementation of paradigm-shifting mitigation and adaptation projects and programmes.

13. Both accredited and applicant direct access entities would be provided with information on a vast range of climate technologies; offered opportunities for South-South knowledge transfer and peer learning from members of these networks; invited to participate in the applicant's climate-related events as well as policy and technical training courses that can be tailored to the specific country and recipient needs. As such, the applicant aims to establish its own special support programme with the objective of supporting various national and regional centres and RECPnet members, where nominated by their national designated authorities, in seeking GCF accreditation and becoming involved in project execution.

14. Furthermore, the applicant intends to utilize the expertise of the Private Financing Advisory Network to provide guidance to direct access entities in the areas of economic feasibility, project structure, investment and financing, and preparation of bankable projects. UNIDO would also closely work with national designated authorities to identify partners at the national and sub-national levels that may become candidates for accreditation as direct access entities.

### **III. Stage II accreditation review assessment**

15. 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 accreditation standards of GCF and the gaps identified in decision B.08/03, and in accordance with the accreditation requirements set out in the GCF policies and standards identified in paragraph 3 above.

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

#### **3.1 Fiduciary standards**

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

17. As per paragraph 15 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. Basic fiduciary standards: transparency and accountability**

18. As per paragraph 15 above, the basic fiduciary standards concerning transparency and accountability, with the exception of items regarding prohibited practices and whistleblowers

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

19. The applicant's relevant policies, including its Code of Ethics, Fraud Prevention Policy and Conflict of Interest Policy, define prohibited practices in a manner that is consistent with the definitions of such practices contained in the GCF Policy on Prohibited Practices. However, AML/CFT is not explicitly defined as a prohibited practice in the applicant's policies; an explicit definition is required for full compliance with the GCF Policy on Prohibited Practices.

20. The applicant's Protection Against Retaliation for Reporting Misconduct or Cooperating with Audits or Investigations Policy (whistleblower policy) satisfies the requirements of the GCF Policy on the Protection of Whistleblowers and Witnesses. In addition to its whistleblower policy, the applicant provided its internal audit charter and its investigation guidelines which further ensure that the applicant's organizational policies and procedures comply with the requirements of the GCF Policy on the Protection of Whistleblowers and Witnesses.

21. The applicant's operations are not materially exposed to AML/CFT risks. Its operating environment is positively influenced by the recognized entities from which it receives funding, the due diligence procedures implemented to evaluate private sector partners, the control procedures implemented for the disbursement of funds and the independent oversight exercised by the applicant's Internal Audit Department.

22. The applicant has not adopted a specific AML/CFT policy; nevertheless, as indicated above, it has the required internal control and due diligence procedures, as well as the oversight exercised by independent audit units, that demonstrate its overall capacity to appropriately prevent the use of its operations for money-laundering or the financing of terrorism. Due to the absence of an AML/CFT-specific policy, the applicant would only partially comply with the requirements of the GCF AML/CFT Policy.<sup>4</sup>

23. The applicant could benefit from implementing a specific AML/CFT policy. However, considering:

- (a) The adequacy of the applicant's control procedures and oversight units;
- (b) The appropriate AML/CFT enhancements the applicant is implementing; and
- (c) The low AML/CFT risk environment in which it operates;

the AP concludes that the applicant can meet, in the absence of a specific AML/CFT policy, the GCF basic fiduciary standard concerning transparency and accountability pertaining to AML/CFT and the GCF AML/CFT Policy. The AP's conclusion is contingent upon the applicant's inclusion of AML/CFT-specific clauses and the definition of AML/CFT as a prohibited practice in the general conditions of the agreements it enters into with executing entities and third parties.

24. The applicant demonstrated that it exercises appropriate due diligence procedures when selecting project executing entities. The applicant's due diligence procedures are defined in its manual for the approval of private sector project partners and in its manual for the closing and management of project implementation arrangements with its partner organizations.

25. As per paragraph 15 above, the basic fiduciary standards concerning transparency and accountability are considered to have been met by way of fast-track accreditation. The AP finds that the applicant's policies, procedures and capacity meet the GCF Policy on the Protection of Whistleblowers and Witnesses,<sup>5</sup> and partially meet the GCF Policy on Prohibited Practices<sup>6</sup> and the GCF AML/CFT Policy. The relevant gaps are identified in paragraphs 19 and 23 above and are reflected by the corresponding conditions for accreditation in section 4.2.

<sup>4</sup> Decision B.18/10 and annex XIV thereto.

<sup>5</sup> Decision B.BM-2018/21 and annex I thereto.

<sup>6</sup> Decision B.22/19 and annex XIV thereto.

### 3.1.3. Specialized fiduciary standard for project management

26. As per paragraph 15 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

### 3.1.4. Specialized fiduciary standard for grant award and/or funding allocation mechanisms

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

### 3.1.5. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and/or guarantees)

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

## 3.2 Environmental and social safeguards

### 3.2.1. Environmental and social policy

29. The applicant's environmental and social management system is incorporated in its Environmental and Social Safeguards Policies and Procedures (ESSPP), issued in January 2015 and last updated in July 2017. The ESSPP is a comprehensive document with well-articulated objectives and principles, based on the E&S safeguards requirements and policies of the GEF,<sup>7</sup> the GCF Environmental and Social Policy and the GCF interim environmental and social safeguards (ESS) standards, as well as the United Nations Framework for Advancing Environmental and Social Sustainability in the United Nations System.<sup>8</sup> The ESSPP is accessible to the applicant's staff and the general public both through the applicant's intranet and its external website. Responsibility for its implementation lies with the applicant's Partnerships Coordination Division, Department of Programme and Partnership Coordination under the Directorate of Programmes, Partnerships and Field Coordination.

30. The ESSPP (July 2017) applies to all UNIDO projects and, following the applicant's accreditation, will thus also apply to GCF projects. It states that the applicant is committed to promoting inclusive and sustainable industrial development to harness the full potential of industry's contribution to the achievement of sustainable development and lasting prosperity for all. In addition, the ESSPP sets out the applicant's belief that E&S sustainability is a fundamental aspect of achieving outcomes consistent with its mandate, and recognizes that projects that foster E&S sustainability rank among the highest priorities of the applicant's activities. The ESSPP includes a section on an Integrated Safeguard Policy Statement, which lays out the policy principles and describes the common objectives of the applicant's safeguards. The standards adopted in the ESSPP are consistent with the International Finance Corporation's environmental and social performance standards 1–8.

31. The AP finds that the applicant's environmental and social management system, comprising the ESSPP, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8.

### 3.2.2. Identification of E&S risks and impacts

32. The ESSPP describes the applicant's procedure for E&S risk and impact identification, including categorization of projects, and is consistent with good international industry practice

<sup>7</sup> Available at <<https://www.thegef.org/documents/environmental-and-social-safeguard-standards>>.

<sup>8</sup> Available at <<https://sustainabledevelopment.un.org/content/documents/2738sustainabilityfinalweb-.pdf>>.



and the GCF interim ESS standards. The applicant uses well-developed E&S risk screening templates and rigorous review processes to enable E&S issues to be carefully mainstreamed into project design and implementation. In particular, the section of the ESSPP on environmental and social safeguard tools provides the applicant's project development teams with the tools to screen projects for E&S risks. There are several layers of review within the Department of Programme and Partnership Coordination before final conclusions are reached. The outcome allows the applicant to both analyse risk and maximize E&S opportunities, depending on whether the project is classified as category A, B or C.

33. The AP reviewed the E&S assessment documents for category B and C projects implemented by the applicant comprising a tannery, a small hydropower, a bamboo plantation, a husk-fired power plant, and non-combustion facilities for polychlorinated biphenyls and persistent organic pollutants. All these projects underwent the E&S risk and impact identification and assessment procedure in line with the ESSPP.

34. The AP also reviewed the applicant's experience with an E&S risk category A project. The applicant submitted documents related to a project launched in 2015 that is still being implemented, titled "Mainstreaming Climate Change Adaptation through Water Resource Management in Leather Industrial Zone Development". The project has included the construction of a central effluent treatment plant; taking into consideration the potential significant impacts on the environment and affected peoples of such an intervention, the project has been classified as category A. Among other outputs, as a result of the E&S screening conducted, a full environmental and social impact assessment and environmental and social management plan were developed in line with the applicant's policies. The applicant should continue to document its E&S assessment experience with implementing category A projects, including newer projects that it will be developing in the future, so as to enable the applicant to apply for an upgrade at a later time.

35. The AP finds that the applicant's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1-8.

### 3.2.3. Management programme

36. The applicant's ESSPP includes sections on operational safeguards, which consist of a set of 10 programmatic and two framework safeguards requirements that the applicant's project development teams should follow when addressing E&S impacts and risks, and a section on the ESS steps that are part of the applicant's project cycle, which provides guidance on the specific procedures that the applicant's E&S team should follow to ensure that operations meet the requirements of the operational safeguards at each stage of the project cycle.

37. The management of mitigation measures is guided by the above-mentioned sections of the ESSPP and the applicant has provided reports and assessments from the projects referred to in paragraph 33 above and from the category A project cited in paragraph 34 above to illustrate this.

38. As observed in paragraphs 33 and 34 above, the AP was able to assess several category B projects and one category A project implemented by the applicant. The applicant, as evidenced through the project monitoring and assessment reports it has provided, has shown that it is able to manage the mitigation measures of such projects.

39. The AP finds that the applicant's management programme fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1-8.

### 3.2.4. Monitoring and review

40. The ESSPP describes the applicant's process related to its E&S monitoring and reporting system. Issues identified by the applicant during the environmental and social impact assessment or in the environmental and social management plan are managed and monitored during project implementation. Commitments are followed up in regular monitoring reports as part of annual project implementation reports and midterm reviews, and assessed within the context of terminal evaluations.
41. Monitoring and compliance functions to track projects and ensure compliance with the ESSPP and with agreed ESS mitigation measures are embedded within the context of the applicant's Department of Programme and Partnership Coordination.
42. The applicant provided E&S monitoring and assessment reports for the projects identified in paragraph 33 above. As observed in paragraphs 33 and 34 above, the AP was able to assess several category B projects and one category A project being implemented by the applicant. The applicant, as evidenced through the project monitoring and assessment reports it has provided, has shown that it is able to monitor and review E&S impacts and actions.
43. The AP finds that the applicant's system of monitoring and review fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8.

#### **3.2.5. External communications; consultations, information disclosure and grievance redress mechanism at the institutional level**

44. The applicant has a well-developed external communications system. Its website provides clear and updated information on its projects. It also has a web page dedicated to the submission of complaints, including for adverse E&S impacts of its projects, which provides a clear description of the complaints procedure.
45. The applicant has a well-developed Information Disclosure and Public Consultation Policy among its operational safeguards, which describes in detail the norms and procedures related to implementation of the policy, including free and prior informed consent and other best practices in stakeholder engagement. Of particular interest is the Open Data Platform developed by the applicant. It displays an interactive world map with detailed information on the applicant's programmes and projects.
46. The applicant has a well-developed grievance procedure. Complaints, including on E&S issues, are handled by a compliance officer, the Internal Oversight Division, or, if necessary, by the UNIDO grievance mechanism (which includes a grievance panel), which is the applicant's institutional-level grievance redress mechanism. There is, however, a gap in this system in that the applicant does not specifically require its executing entities to establish a grievance mechanism at the project level itself, but rather to promote and utilize the UNIDO mechanism.
47. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track record, partially meet the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8. The relevant gap is identified in paragraph 46 above and is reflected by the corresponding condition for accreditation in section 4.2.

#### **3.2.6. Organizational capacity and competency**

48. Implementation of the ESSPP is under the direct responsibility of the Director General of UNIDO, with the Directorate of Programmes, Partnerships and Field Coordination taking the lead in implementing ESSPP-related mandates and processes. Under the Directorate and within the Department of Programme and Partnership Coordination, the responsibility for compliance related tasks with the ESSPP lies with the Partnership Coordination Division.



49. The applicant also has several technical offices that work on E&S and climate projects, including the Climate Technology and Innovation Division, the Energy Systems and Infrastructure Division and the Energy Technologies and Industrial Applications Division in the Directorate of Environment and Energy.

50. The AP reviewed the organizational chart provided by the applicant and the curriculum vitae of the managers and staff performing ESS functions and finds these to be adequate. The applicant has also implemented several ESS training programmes for managers and staff, which are integrated into the applicant's human resources programme.

51. The AP finds that the applicant's organizational capacity and competency, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8.

### 3.3 Gender

52. The applicant updated its Policy on Gender Equality and the Empowerment of Women in 2019. More recently, the applicant also adopted the Strategy for Gender Equality and the Empowerment of Women (2020–2023), as requested by its Member States. The policy outlines clear gender equality roles and responsibilities of all personnel, while the strategy elaborates on the applicant's approach to and implementation of gender equality and women's empowerment both through targeted actions following a unified theory of change, as well as through gender mainstreaming in all policies, projects, programmes and organizational practices. Both documents are intended to guide the applicant's work on gender equality, which is also guided by best practices in the United Nations system.

53. Among other things, the applicant seeks to identify and integrate the different needs, constraints, contributions and priorities of women and men into its project designs and implementation. Where possible, according to its gender strategy, the applicant will enhance the positive gender impacts of projects by developing mitigation measures to reduce any potential gender-specific and disproportionate adverse impacts on gender. It has adopted strategic objectives for the implementation of its gender policy, which in turn have led the applicant to identify additional objectives, develop tools (e.g. its Gender Analysis Tool, Gender Marker Guide and Gender Compliance and Marker Form) and establish mechanisms and procedures (for mainstreaming gender considerations, such as the gender review conducted by the applicant and incorporated in its project development and approval process) to implement its gender policy and strategy.

54. The applicant has an Office for Gender Equality and Empowerment of Women, which has a multi-annual budget. It also has several positions for gender experts at the headquarters, which are supported by the work of the applicant's Gender Focal Point Network, as well as Gender Experts at the project and national levels. In addition, training sessions to build gender capacity have been held by the applicant, including on the nexus of gender and energy.

55. The applicant provided evidence of its experience in incorporating gender into climate/environment projects, namely energy efficiency projects in Africa and a tannery project in Asia, where gender issues and mainstreaming strategies were specifically incorporated into the projects based on the gender tools adopted by the applicant. For those projects, a gender analysis was conducted to develop indicators that would demonstrate the projects' impact on empowering women.

56. The AP finds that the applicant's gender policy, procedures and capacities, supported by evidence of its track record, fully meet the Updated GCF Gender Policy.<sup>9</sup>

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<sup>9</sup> Decision B.24/12 and annex XXIII thereto.

## IV. Conclusions and recommendation

### 4.1 Conclusions

57. 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, the GCF Policy on the Protection of Whistleblowers and Witnesses and the specialized fiduciary standard for project management; and partially meets the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. The applicant provided sufficient evidence that the money-laundering and financing of terrorism risk implicit in its operations is low. However, the applicant must provide evidence that it has included AML and CFT clauses in the general conditions of the agreements entered into for project procurement and with project executing entities for GCF-funded projects. The relevant gaps are identified in paragraphs 19 and 23 above and are reflected by the corresponding conditions for accreditation in section 4.2;
- (b) The applicant partially meets the requirements of the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk (category B). The relevant gap relates to the applicant's policy on a grievance redress mechanism identified in paragraph 46 above and is reflected by the corresponding conditions for accreditation in section 4.2; and
- (c) The applicant has demonstrated that it has a policy, procedures and competencies in order to implement its gender policy, which is found to be consistent with the Updated GCF Gender Policy, and has demonstrated that it has experience with gender consideration in the context of climate change.

### 4.2 Recommendation on accreditation

58. The AP recommends, for consideration by the Board, applicant APL101 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or activity within a programme:** small (including micro<sup>10</sup>);
  - (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) (including lower risk (category C<sup>11</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 conditions. The AP will thereafter assess

<sup>10</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>11</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts".

whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:

- (i) Conditions to be met with the submission of the first funding proposal to GCF:
1. Provision by the applicant of evidence that it has incorporated into its standard contracts with its executing entities and third parties for GCF projects/programmes the definition of money-laundering and financing of terrorism as prohibited practices, requiring executing entities and third parties not to engage, directly or indirectly, in activities undertaken for the purpose of money-laundering or financing of terrorism;
  2. Provision by the applicant of evidence of either the establishment of a policy or the inclusion in an existing policy or policies of the requirement to establish a project/programme-specific grievance redress mechanism; and
  3. Provision by the applicant of evidence of either the establishment of a policy or the inclusion in an existing policy or policies of the requirement that its executing entities for GCF projects/programmes either:
    - a. Establish their own project/programme-specific grievance redress mechanism; and/or
    - b. Use the applicant's grievance redress mechanism as updated in accordance with paragraph 58(b)(i)(2) above for GCF projects/programmes.

59. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 58 above, and agrees to the recommendation.

### 4.3 Remarks

60. The applicant could benefit from implementing an AML/CFT policy providing institutional guidance pertaining to money-laundering and financing of terrorism risks, as well as defining these activities as prohibited practices. The AP also recommends that the applicant consider including the provisions indicated in paragraph 58(b)(i)(1) above in all of its legal agreements entered into for project procurement and with project executing entities, beyond those for GCF-funded projects/programmes as required by the condition.