



**GREEN
CLIMATE
FUND**

Meeting of the Board
9 – 13 November 2020
Virtual meeting
Provisional agenda item 26

GCF/B.27/22
9 December 2020

Decisions of the Board – twenty- seventh meeting of the Board, 9 – 13 November 2020

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Agenda item 1: Opening of the meeting

1. The Co-Chairs opened the meeting on Monday, 9 November 2020 at 9:06 PM Korea Standard Time (KST).

Agenda item 2: Adoption of the agenda and organization of work

2. The Board adopted the agenda as set forth below:
 1. Opening of the meeting
 2. Adoption of the agenda and organization of work
 3. Adoption of the report of the twenty-sixth meeting of the Board
 4. Board decisions proposed between the twenty-sixth and twenty-seventh meetings of the Board
 5. Report on the activities of the Secretariat
 6. Reports from Board committees, panels and groups
 7. Reports on the activities of the independent units
 8. Report on the activities of the Co-Chairs
 9. Status of GCF resources, pipeline and portfolio performance, including the annual portfolio performance report
 10. Ninth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change
 11. Consideration of funding proposals
 12. Consideration of accreditation proposals
 13. Updated Strategic Plan for the GCF for 2020 – 2023
 14. Review of the Multilateral Organisation Performance Assessment Network (MOPAN)
 15. Updated and integrated results management framework and results tracking tool
 16. Work programme of the Secretariat and administrative budget for 2021
 - (a) Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF
 17. Work programmes and budgets of the independent units
 - (a) Work programme and budget of the Independent Evaluation Unit
 - (b) Work programme and budget of the Independent Integrity Unit
 - (c) Work programme and budget of the Independent Redress Mechanism
 18. Matters related to the Head of the Independent Evaluation Unit
 - (a) Appointment of the interim Head of the Independent Evaluation Unit
 - (b) Selection process and committee
 19. Evaluations conducted by the Independent Evaluation Unit
 - (a) Independent evaluation of the GCF country ownership approach

- (b) Evaluation of the environmental and social safeguards system for the GCF
- 20. Appointment of members of the independent Technical Advisory Panel
- 21. Board guidelines for the consideration of reports of the Independent Redress Mechanism
- 22. Dates and venues of upcoming Board meetings
- 23. Other matters
- 24. Election of Co-Chairs
- 25. Report of the meeting
- 26. Close of the meeting

Agenda item 3: Adoption of the report of the twenty-sixth meeting of the Board

- 3. The Co-Chairs drew the attention of the Board to the report of the twenty-sixth meeting of the Board as circulated to the Board in document GCF/B.26/10 and its limited distribution addendum Add.01 titled “Report of the twenty-sixth meeting of the Board, 18 – 21 August 2020”.
- 4. The Board took note of the report of the twenty-sixth meeting of the Board.
- 5. No decision was taken under this agenda item.

Agenda item 4: Board decisions proposed between the twenty-sixth and twenty-seventh meetings of the Board

- 6. The Board took note of document GCF/B.27/Inf.15 titled “Board decisions proposed between the twenty-sixth and twenty-seventh meetings of the Board”.
- 7. No decision was taken under this agenda item.

Agenda item 5: Report on the activities of the Secretariat

- 8. The Board took note of document GCF/B.27/Inf.12 titled “Report on the activities of the Secretariat”, its addenda Add.01 titled “SEAH Policy Technical Assessment Report”, Add.02 titled “Update on the development of sectoral guides and consultation process” and Add.03 titled “Report on the execution of the 2020 administrative budget of GCF”, and its limited distribution addendum Add.04 titled “Status of accreditation master agreements and funded activity agreements”.
- 9. No decision was taken under this agenda item.

Agenda item 6: Reports from Board committees, panels and groups

- 10. The Board took note of document GCF/B.27/Inf.11 and its addendum Add.01 titled “Reports from committees, panels and groups of the Board of the Green Climate Fund”.
- 11. No decision was taken under this agenda item.

Agenda item 7: Reports on the activities of the independent units

12. The Board took note of the following documents:
 - (a) Document GCF/B.27/Inf.05 titled “Report on the activities of the Independent Integrity Unit”;
 - (b) Document GCF/B.27/Inf.06 titled “Report on the activities of the Independent Redress Mechanism”;
 - (c) Document GCF/B.27/Inf.07 titled “Annual Implementation Report on the Policy on Prohibited Practices” and its addendum Add.01 titled “Secretariat management response”;
 - (d) Document GCF/B.27/Inf.08 titled “Annual Implementation Report on the Policy on the Protection of Whistleblowers and Witnesses” and its addendum Add.01 titled “Secretariat management response”;
 - (e) Document GCF/B.27/Inf.09 titled “Report on the activities of the Independent Evaluation Unit”; and
 - (f) Document GCF/B.27/Inf.13 titled “Report on the activities of the Information Appeals Panel”.
13. No decision was taken under this agenda item.

Agenda item 8: Report on the activities of the Co-Chairs

14. The Board took note of document GCF/B.27/Inf.10 titled “Report on the activities of the Co-Chairs”.
15. No decision was taken under this agenda item.

Agenda item 9: Status of GCF resources, pipeline and portfolio performance, including the annual portfolio performance report

16. The Board took note of documents GCF/B.27/Inf.01 titled “Status of the Green Climate Fund resources”, GCF/B.27/Inf.02 titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests”, its limited distribution addenda Add.01 titled “List of funding proposals and project preparation facility requests” and Add.02 titled “List of concept notes”, GCF/B.27/Inf.03 titled “Status of the GCF portfolio: approved projects and fulfilment of conditions” and GCF/B.27/Inf.04 titled “Annual portfolio performance report (2019)”.
17. No decision was taken under this agenda item.

Agenda item 10: Ninth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change

18. The Board took note of document GCF/B.27/17 titled “Ninth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”.
19. No decision was taken under this agenda item.

Agenda item 11: Consideration of funding proposals

20. The Board took note of document GCF/B.27/02/Rev.03 and its addenda Add.01–05, Add.06/Rev.01, Add.07–09, Add.10/Rev.01, and Add.11–16 (general distribution) and Add.17–18, Add.19/Rev.01, Add.20–23 and Add.24/Rev.01 (limited distribution) titled “Consideration of funding proposals”.

21. The Board adopted the following decision, which includes approval of funding proposal 146 pursuant to a vote, approval of simplified approval process funding proposal 017 pursuant to a vote, and simplified approval process funding proposal 019 pursuant to a vote:

DECISION B.27/01

The Board, having considered document GCF/B.27/02/Rev.03 titled “Consideration of funding proposals”:

(a) *Takes note of the following funding proposals:*

- (i) *Funding proposal 141 titled “Improving Adaptive Capacity and Risk Management of Rural communities in Mongolia”, by the United Nations Development Programme, as contained in document GCF/B.27/02/Add.01 and Add.24/Rev.01;*
- (ii) *Funding proposal 142 titled “Argentina REDD-plus RBP for results period 2014-2016”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.27/02/Add.02 and Add.24/Rev.01;*
- (iii) *Funding proposal 143 titled “Planting Climate Resilience in Rural Communities of the Northeast (PCRP)”, by the International Fund for Agricultural Development, as contained in document GCF/B.27/02/Add.03 and Add.24/Rev.01;*
- (iv) *Funding proposal 144 titled “Costa Rica REDD-plus Results-Based Payments for 2014 and 2015”, by the United Nations Development Programme, as contained in document GCF/B.27/02/Add.04 and Add.24/Rev.01;*
- (v) *Funding proposal 145 titled “RELIVE – REsilient LIVELihoods of vulnerable smallholder farmers in the Mayan landscapes and the Dry Corridor of Guatemala”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.27/02/Add.05 and Add.24/Rev.01;*
- (vi) *Funding proposal 146 titled “Bio-CLIMA: Integrated climate action to reduce deforestation and strengthen resilience in BOSAWÁS and Rio San Juan Biospheres”, by the Central American Bank for Economic Integration, as contained in document GCF/B.27/02/Add.06/Rev.01 and Add.24/Rev.01;*
- (vii) *Funding proposal 147 titled “Enhancing Climate Information and Knowledge Services for resilience in 5 island countries of the Pacific Ocean”, by the United Nations Environment Programme, as contained in document GCF/B.27/02/Add.07 and Add.24/Rev.01;*
- (viii) *Funding proposal 148 titled “Participation in Energy Access Relief Facility (“EARF”)", by Acumen Fund, Inc., as contained in document GCF/B.27/02/Add.17;*
- (ix) *Funding proposal 149 titled “Green Climate Financing Facility for Local Financial Institutions in Latin-America”, by the Corporación Andina de Fomento, as contained in document GCF/B.27/02/Add.18;*
- (x) *Funding proposal 150 titled “Promoting private sector investment through large scale adoption of energy saving technologies and equipment for Textile and Readymade Garment (RMG) sectors of Bangladesh”, by the Infrastructure*



- Development Company Limited, as contained in document GCF/B.27/02/Add.19/Rev.01;*
- (xi) *Funding proposal 151 titled “Technical Assistance (TA) Facility for the Global Subnational Climate Fund”, by the International Union for Conservation of Nature, as contained in document GCF/B.27/02/Add.20, and funding proposal 152 titled “Global Subnational Climate Fund (SnCF Global) - Equity”, by Pegasus Capital Advisors, as contained in document GCF/B.27/02/Add.21;*
- (xii) *Funding proposal 153 titled “Mongolian Green Finance Corporation”, by XacBank LLC, as contained in document GCF/B.27/02/Add.22;*
- (xiii) *Simplified approval process (SAP) funding proposal 017 titled “Climate proofing food production investments in Imbo and Moso basins in the Republic of Burundi”, by the International Fund for Agricultural Development, as contained in document GCF/B.27/02/Add.14 and Add.24/Rev.01;*
- (xiv) *Simplified approval process (SAP) funding proposal 018 titled “Enhancing Climate Information Systems for Resilient Development in Liberia (Liberia CIS)”, by the African Development Bank, as contained in document GCF/B.27/02/Add.15 and 24/Rev.01; and*
- (xv) *Simplified approval process (SAP) funding proposal 019 titled “Gums for Adaptation and Mitigation in Sudan (GAMS): Enhancing adaptive capacity of local communities and restoring carbon sink potential of the Gum Arabic belt, expanding Africa’s Great Green Wall”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.27/02/Add.16 and 24/Rev.01;*
- (b) *Approves funding proposal 141 for the amount of USD 23,101,276, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;*
- (c) *Also approves funding proposal 142 for the amount of USD 82,000,000, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;*
- (d) *Further approves funding proposal 143 for the amount of USD 99,500,000, submitted by the International Fund for Agricultural Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;*
- (e) *Approves funding proposal 144 for the amount of USD 54,119,143, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;*
- (f) *Also approves funding proposal 145 for the amount of USD 29,837,169, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;*
- (g) *Further approves, pursuant to a vote in which 22 of the Board members present voted in favour and 1 of the Board members present voted against, and in respect of which 1 of the Board members present abstained from the vote, funding proposal 146 for the amount of USD 64,094,029, submitted by the Central American Bank for Economic Integration, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;*



- (h) Approves funding proposal 147 for the amount of USD 47,403,174, submitted by the United Nations Environment Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;
- (i) Also approves funding proposal 148 for the amount of USD 30,000,000, submitted by Acumen Fund, Inc., subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.17;
- (j) Further approves funding proposal 149 for the amount of USD 100,000,000, submitted by the Corporación Andina de Fomento, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.18;
- (k) Approves funding proposal 150 for the amount of USD 256,480,000, submitted by Infrastructure Development Company Limited, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.19/Rev.01;
- (l) Also approves funding proposal 151 for the amount of USD 18,500,000, submitted by the International Union for Conservation of Nature, and funding proposal 152 for the amount of USD 150,000,000, submitted by Pegasus Capital Advisors, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.20 and Add.21;
- (m) Further approves funding proposal 153 for the amount of USD 26,654,103, submitted by XacBank LLC, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.22;
- (n) Approves, pursuant to a vote in which 22 of the Board members present voted in favour and 1 of the Board members present voted against, and in respect of which 1 of the Board members present abstained from the vote, simplified approval process (SAP) funding proposal 017 for the amount of USD 9,994,500, submitted by the International Fund for Agricultural Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;
- (o) Also approves simplified approval process (SAP) funding proposal 018 for the amount of USD 10,000,000, submitted by the African Development Bank, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;
- (p) Further approves, pursuant to a vote in which 23 of the Board members present voted in favour and 1 of the Board members present voted against, and in respect of which none of the Board members present abstained from the vote, simplified approval process (SAP) funding proposal 019 for the amount of USD 9,975,000, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.27/02/Add.24/Rev.01;
- (q) Reaffirms that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (r) Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.

22. The Board took note of limited distribution document GCF/B.27/05 titled “Status of approved funding proposals: Extension of deadline in respect of FP027 (Universal Green Energy Access Programme)”.

23. The Board adopted the following decision:

DECISION B.27/02

The Board, having considered the limited distribution document GCF/B.27/05 titled “Status of approved funding proposals: Extension of deadline in respect of FP027 (Universal Green Energy Access Programme)”:

Decides to extend the deadline until 13 March 2021 for the submission by the accredited entity of a certificate or legal opinion, in form and substance satisfactory to the Secretariat, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed programme for the following approved funding proposal:

(i) FP027, titled “Universal Green Energy Access Programme”.

24. Document GCF/B.27/06 titled “Status of approved funding proposals: extension of deadline in respect of FP082 (Catalyzing Climate Finance (Shandong Green Development Fund))” was issued to the Board on a limited distribution basis for consideration under this item. This document was then withdrawn from consideration prior to B.27.

25. No decision was taken with regard to this document.

26. The Board took note of limited distribution document GCF/B.27/20 titled “Status of approved funding proposals: extension of deadline in respect of FP116 (Carbon Sequestration through Climate Investment in Forests and Rangelands in Kyrgyz Republic (CS-FOR))”.

27. The Board adopted the following decision:

DECISION B.27/03

The Board, having considered limited distribution document GCF/B.27/20 titled “Status of approved funding proposals: extension of deadline in respect of FP116 (Carbon Sequestration through Climate Investment in Forests and Rangelands in Kyrgyz Republic (CS-FOR)):

Decides to extend the deadline until 7 May 2021 for the execution of the funded activity agreement, in a form and substance satisfactory to the Secretariat, for the following approved funding proposal:

(i) FP116, titled “Carbon Sequestration through Climate Investment in Forests and Rangelands in Kyrgyz Republic (CS-FOR)”.

28. The Board took note of limited distribution document GCF/B.27/07 titled “Status of approved funding proposals: adding new countries to FP099 (Climate Investor One (FMO))”.

29. The Board adopted the following decision:

DECISION B.27/04

The Board, having reviewed the limited distribution document GCF/B.27/07 titled “Status of approved funding proposals: adding new countries to FP099 (Climate Investor One (FMO))”:

- (a) *Takes note of the seven new no-objection letters for FP099 submitted by the national designated authorities for the relevant countries;*
- (b) *Approves the inclusion of Ecuador, Ethiopia, Mauritius, the Philippines, Senegal, Tunisia and Zambia as GCF mandate countries for FP099; and*
- (c) *Authorizes the Secretariat to take such steps as might be necessary pursuant to the funded activity agreement for FP099 to give effect to this decision.*

Agenda item 12: Consideration of accreditation proposals

30. The Board took note of document GCF/B.27/03 titled “Consideration of accreditation proposals” its addenda Add.01 titled “Status of the fulfilment of accreditation conditions” and Add.02 titled “Report on mid-term accreditation reviews”, and its limited distribution addenda Add.03, Add.04 titled “Template for questions and answers on recommended entities”, Add.5 titled “Board questions on recommended entities” and Add.6 titled “Board questions and Accreditation Panel responses on recommended entities”.

31. The Board adopted the following decision:

DECISION B.27/05

The Board, having considered document GCF/B.27/03 titled “Consideration of accreditation proposals”:

- (a) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:*
 - (i) *Applicant 102 (APL102) is Kemitraan bagi Pembaruan Tata Pemerintahan (Partnership for Governance Reform) (Kemitraan), based in Indonesia, as contained in annex II;*
 - (ii) *Applicant 103 (APL103) is the National Trust for Nature Conservation (NTNC), based in Nepal, as contained in annex III;*
 - (iii) *Applicant 104 (APL104) is KCB Bank Kenya Limited (KCB), based in Kenya, as contained in annex IV; and*
 - (iv) *Applicant 105 (APL105) is Camco Management Limited (Camco), based in the United Kingdom of Great Britain and Northern Ireland, as contained in annex V; and*
- (b) *Approves the accreditation of applicants APL102, APL103, APL104 and APL105, pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants, and subject to the completion of Stage III of the accreditation by having an effective accreditation master agreement, in accordance with decision B.23/11.*

Agenda item 13: Updated Strategic Plan for the GCF for 2020 – 2023

32. The Board took note of document GCF/B.27/21 titled “Updated Strategic Plan for the Green Climate Fund: 2020 – 2023”.
33. The Board adopted the following decision:

DECISION B.27/06

The Board, having considered document GCF/B.27/21 titled “Updated Strategic Plan for the Green Climate Fund: 2020-2023”:

- (a) *Endorses the updated Strategic Plan for the Green Climate Fund: 2020-2023, which is a living document, as set out in annex VI as the updated GCF Strategic Plan to guide the Board in addressing policy gaps and programming the GCF resources of the first replenishment period between 2020 and 2023 and to invest the GCF resources in paradigm-shifting climate actions in a country-driven manner;*
- (b) *Recalls the outcomes of the initial resource mobilization period;¹*
- (c) *Requests the Secretariat, under the Co-Chairs’ guidance, to update the Board’s workplan for 2020-2023 to reflect the updated Strategic Plan’s objectives and priorities, and to present it to the Board at the first meeting of 2021;*
- (d) *Reaffirms that the implementation of the updated Strategic Plan will be guided by the Governing Instrument for the GCF, including the objectives and guiding principles laid out therein;*
- (e) *Notes that the updated Strategic Plan will guide the Board’s deliberations on issues mandated in its four-year workplan, and to support developing countries in translating their nationally determined contributions, adaptation communications, national adaptation plans and long-term national strategies into investment strategies and project pipelines informed by the goals in the Paris Agreement, without prejudice to the outcomes of the Board deliberations;*
- (f) *Recalls decision B.12/20, including paragraph (h), and decision B.13/10, paragraph (e), and confirms that GCF, as an operating entity of the Financial Mechanism of the Convention, serves the Paris Agreement;*
- (g) *Requests the committees, panels and groups of the Board to include the relevant actions outlined in the updated Strategic Plan in their respective deliberations and work programmes, as appropriate, throughout the first replenishment period;*
- (h) *Agrees that the resource allocation parameters for the GCF first replenishment programming period, for mitigation, adaptation and the private sector, will continue to be based on decision B.05/05;*
- (i) *Further agrees that the GCF first replenishment programming period will strive to achieve greater impact for developing countries compared with the initial resource mobilization period, while strengthening country ownership and capacity to identify, design and implement projects and programmes, and in this regard agrees the following parameters and guidelines for the allocation of resources during the GCF first replenishment period:*

¹ Initial resource mobilization outcomes (note that all cited initial resource mobilization figures are based on the initial resource mobilization portfolio as at 31 December 2019): 54 per cent adaptation and 46 per cent mitigation in grant equivalents; 69 per cent in grant equivalents adaptation funding allocated to least developed countries, small island developing States and African States; allocation to private sector 19 per cent in grant equivalents.



- (i) *Maintaining the 50:50 balance of adaptation and mitigation funding over time² while seeking to deliver portfolio-level mitigation and adaptation outcomes that exceed average initial resource mobilization outcomes;³*
- (ii) *Maintaining a minimum allocation floor of fifty per cent of adaptation funding, to be provided to developing countries that are particularly vulnerable to the adverse effects of climate change, including small island developing States, least developed countries and African States, taking into account their urgent and immediate needs, while aiming to build on initial resource mobilization outcomes. The Board will aim for appropriate geographical balance;*
- (iii) *Supporting developing countries mitigation activities that contribute to respond to the urgency of action to hold the increase in global average temperature to well below 2°C and pursue efforts to limit it to 1.5°C;*
- (iv) *Significantly increase funding channelled through direct access entities relative to the initial resource mobilization;⁴*
- (v) *Maximize engagement with the private sector, including micro, small and medium-sized enterprises, ensuring the allocation to the Private Sector Facility exceeds 20 per cent;⁵ and*
- (vi) *Significantly increase mobilized private sector finance at the portfolio level relative to the initial resource mobilization;⁶*
- (j) *Reaffirms that allocation parameters should be determined in grant equivalents;*
- (k) *Requests the Secretariat to update the allocation parameters and portfolio targets under the GCF initial investment framework to reflect GCF first replenishment allocation parameters and portfolio targets as set out in paragraph (i) of this decision, in line with decision B.07/06, paragraph (e);*
- (l) *Aims to programme 40 per cent of available resources by the midpoint of the GCF first replenishment and 95 per cent by end 2023;*
- (m) *Requests the Secretariat to report on progress on the updated Strategic Plan at the first Board meeting of each year from 2021;*
- (n) *Encourages the Secretariat to enhance efforts to improve speed, predictability, access, impact, quality, efficiency, effectiveness and transparency;*
- (o) *Also encourages contributing countries to confirm their pledges to GCF in the form of fully executed contribution agreements/arrangements as soon as possible; and*
- (p) *Decides to review the GCF Strategic Plan ahead of each replenishment process with a view to revising the strategic vision, if and as needed, and to update the strategic objectives and priorities for the coming replenishment cycle, taking into account evolving priorities, including guidance from the Conference of the Parties, the Conference of the Parties*

² Initial resource mobilization balance: 54 per cent adaptation and 46 per cent mitigation in grant equivalents. Note that all cited initial resource mobilization figures are based on the initial resource mobilization portfolio as at 31 December 2019.

³ Initial resource mobilization results: 460 million tonnes of carbon dioxide equivalent reduced/avoided for each USD billion invested in mitigation; and 166 million beneficiaries with increased resilience for each USD billion invested in adaptation.

⁴ Initial resource mobilization baseline: 14 per cent of funding in nominal terms; 27 of 124 approved projects (21 per cent).

⁵ Initial resource mobilization percentage: 19 per cent in grant equivalents.

⁶ Initial resource mobilization private sector co-financing was 1:3. Information on mobilized private finance will be compiled by the Secretariat when data becomes available through accredited entity reporting. Portfolio-level mobilization of private finance for the GCF first replenishment will initially be assessed in relation to the initial resource mobilization private sector co-financing.

...serving as the meeting of the Parties to the Paris Agreement, and relevant reports from the Independent Evaluation Unit.

Agenda item 14: Review of the Multilateral Organisation Performance Assessment Network (MOPAN)

34. The Board took note of document GCF/B.27/Inf.16 titled “Review of the Multilateral Organisation Performance Assessment Network”.
35. No decision was taken under this agenda item.

Agenda item 15: Updated and integrated results management framework and results tracking tool

36. The Board took note of document GCF/B.27/Inf.14 titled “Integrated Results Management Framework”.
37. No decision was taken under this agenda item.

Agenda item 16: Work programme of the Secretariat and administrative budget for 2021

38. The Board took note of document GCF/B.27/04 titled “2021 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee” and its limited distribution addendum Add.01 titled “Questions from Board members and responses”.
39. The Board adopted the following decision:

DECISION B.27/07

The Board, having considered document GCF/B.27/04 titled “2021 work programme of the Secretariat and annual administrative budget of the GCF Secretariat, Board and Trustee”:

- (a) *Recognizes that the work programme will help to guide the activities of the Secretariat during 2021;*
- (b) *Approves the 2021 work programme and the goals and suggested priorities set out therein, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;*
- (c) *Also approves the administrative budget for the Secretariat found in table 6 in annex II of document GCF/B.27/04 for the period 1 January 2021 to 31 December 2021 in the amount of USD 75,018,024, which includes 26,500,295 in new funding, as well as the USD 48,517,729 for 2021 staff salaries and emoluments that was approved by the Board in decision B.21/09;*
- (d) *Recognizes that the new funding of USD 26,500,295 includes a contingency budget of USD 1,500,545;*
- (e) *Requests the Executive Director to consult with the Budget Committee on the allocation of the contingency budget;*
- (f) *Approves USD 55,889,131 for projected staff salaries and emoluments for 2023;*
- (g) *Also approves a budget for the Board in the amount of USD 4,756,436 as found in table 5 in annex II of document GCF/B.27/04;*

- (h) *Further approves a budget for the Trustee in the amount of USD 3,756,000 as included in table 19 in annex II of document GCF/B.27/04; and*
- (i) *Requests the Secretariat to present a comprehensive financial plan to manage the commitment authority for the entire GCF first replenishment programming period for consideration by the Board at its twenty-ninth meeting.*

(a) Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF

- 40. Document GCF/B.27/18 titled “Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF” was issued to the Board for consideration under this item.
- 41. This agenda item was not opened.

Agenda item 17: Work programmes and budgets of the independent units

(a) Work programme and budget of the Independent Evaluation Unit

- 42. The Board took note of document GCF/B.27/11 titled “Independent Evaluation Unit 2021 Work Plan and Budget and Update of its Three-year Objectives and Work Plan” and its limited distribution addendum Add.01 titled “Questions from Board members and responses”.
- 43. The Board adopted the following decision:

DECISION B.27/08

The Board, having considered document GCF/B.27/11 titled “Independent Evaluation Unit 2021 Work Plan and Budget and Update of its Three-year Objectives and Work Plan”:

- (a) *Approves the work plan and budget of the Independent Evaluation Unit for 2021 for an amount of USD 5,912,573 as contained in annex VII to this document;*
- (b) *Agrees to further consider the matters, including written comments in accordance with paragraph 23 of Rules of Procedure of the Board, raised by Board members in the consideration of this matter;*
- (c) *Urges the Independent Evaluation Unit, in accordance with decision B.24/15, to present the Evaluation Policy and the detailed procedures and guidelines for the effective operation of the Independent Evaluation Unit, for consideration and approval by the Board at its twenty-eighth meeting;*
- (d) *Requests the Budget Committee to review the budget execution during 2021 and acknowledges that the Independent Evaluation Unit may present to the Board for consideration at its twenty-ninth meeting an additional budgetary request to execute its workplan for 2021; and*
- (e) *Further requests the Independent Evaluation Unit, in consultation with the Budget Committee, to prepare a multi-year budget and schedule for the second performance review of the GCF for consideration by the Board at its twenty-eighth meeting.*

(b) Work programme and budget of the Independent Integrity Unit

44. The Board took note of document GCF/B.27/08 titled “Workplan and Budget of the Independent Integrity Unit for 2021” and its limited distribution addendum Add.01 titled “Questions from Board members and responses”.

45. The Board adopted the following decision:

DECISION B.27/09

The Board, having considered document GCF/B.27/08 titled “Work Programme and Budget of the Independent Integrity Unit for 2021”:

- (a) *Approves the Work Programme and Budget of the Independent Integrity Unit for 2021 as contained in annexes VIII and IX to this document, respectively (total budgeted amount of USD 2,796,393); and*
- (b) *Requests the Budget Committee and the Ethics and Audit Committee to review the budget execution during 2021 and acknowledges that the Independent Integrity Unit may present to the Board, for its consideration at its twenty-ninth meeting, an additional budgetary request to execute its Work Programme for 2021.*

(c) Work programme and budget of the Independent Redress Mechanism

46. The Board took note of document GCF/B.27/09 titled “Independent Redress Mechanism Work Plan and Budget for 2021” and its limited distribution addendum Add.01 titled “Questions from Board members and responses”.

47. The Board adopted the following decision:

DECISION B.27/10

The Board, having considered document GCF/B.27/09 titled “Independent Redress Mechanism Work Plan and Budget for 2021”:

Approves the work plan and budget of the Independent Redress Mechanism for 2021 as contained in annex II and III, respectively, to document GCF/B.27/09 (total budgeted amount of USD 1,395,471).

Agenda item 18: Matters related to the Head of the Independent Evaluation Unit

(a) Appointment of the interim Head of the Independent Evaluation Unit

48. The Board took note of limited distribution document GCF/B.27/15 titled “Appointment of the interim Head of the Independent Evaluation Unit”.

49. The Board adopted the following decision:

DECISION B.27/11

The Board, having considered limited distribution document GCF/B.27/15 titled “Appointment of the interim Head of the Independent Evaluation Unit”:

- (a) *Takes note of the resignation of Ms. Jyotsna Puri as Head of the Independent Evaluation Unit effective from 8 November 2020;*
- (b) *Appoints Mr. Andreas Reumann as Head of the Independent Evaluation Unit ad interim effective from the date on which the relevant contractual arrangements have been concluded;*
- (c) *Authorizes the Co-Chairs to agree, on behalf of the Board, on arrangements, as appropriate, with the Head of the Independent Evaluation Unit ad interim, including but not limited to:*
 - (i) *A performance agreement that will specify the outcome and performance expected for the duration of role;*
- (d) *Decides that the Head of the Independent Evaluation Unit ad interim shall assume the functions, and have the mandate, of the Head of the Independent Evaluation Unit as provided for in relevant Board decisions; and*
- (e) *Further decides that the Head of the Independent Evaluation Unit ad interim will not be precluded from applying for the Head of the Independent Evaluation Unit position.*

(b) Selection process and committee

- 50. Document GCF/B.27/16 and its limited distribution addendum Add.01 titled “Matters related to the Head of the Independent Evaluation Unit” was issued to the Board for consideration under this item.
- 51. This agenda item was not opened.

Agenda item 19: Evaluations conducted by the Independent Evaluation Unit

(a) Independent evaluation of the GCF country ownership approach

- 52. Document GCF/B.27/12 titled “Independent Evaluation of the Green Climate Fund’s Country Ownership Approach” and its addendum Add.01 titled “Management response to the Independent Evaluation of the Green Climate Fund’s Country Ownership Approach” were issued to the Board for consideration under this item.
- 53. This agenda item was not opened.

(b) Evaluation of the environmental and social safeguards system for the GCF

- 54. Document GCF/B.27/13 titled “Independent Evaluation of the Green Climate Fund’s Environmental and Social Safeguards (ESS) and the Environmental and Social Management System (ESMS)” and its addendum Add.01 titled “Management response to the Independent Evaluation of the GCF’s Environmental and Social Safeguards (ESS) and the Environmental and Social Management System (ESMS)” were issued to the Board for consideration under this item.
- 55. This agenda item was not opened.

Agenda item 20: Appointment of members of the independent Technical Advisory Panel

56. Document GCF/B.27/19 titled “Appointment of additional members of the independent Technical Advisory Panel” was issued to the Board on a limited distribution basis for consideration under this item.

57. This agenda item was not opened.

Agenda item 21: Board guidelines for the consideration of reports of the Independent Redress Mechanism

58. Document GCF/B.27/10 titled “Guidelines to facilitate Board consideration of IRM reports on reconsideration requests, grievances or complaints” was issued to the Board for consideration under this item.

59. This agenda item was not opened.

Agenda item 22: Dates and venues of upcoming Board meetings

60. The Board took note of document GCF/B.27/14/Rev.01 titled “Dates and venues of upcoming Board meetings”.

61. No decision was taken under this agenda item.

Agenda item 23: Other matters

62. This agenda item was not opened.

Agenda item 24: Election of Co-Chairs

63. This agenda item was opened, and no decision was taken under this item.

Agenda item 25: Report of the meeting

64. The decisions as adopted and their corresponding annexes are included in this document.

Agenda item 26: Close of the meeting

65. The meeting was closed on Friday, 13 November 2020 at 4:30 AM KST.

Annex I: List of conditions and recommendations

1. The approval of the funding proposals approved by the Board pursuant to decision B.27/01 shall be conditional upon the satisfaction of the conditions set out in tables 1 and 2.

Table 1. General conditions applicable to all funding proposals

FP number	Conditions
All proposals	<p>(a) Signature of the funded activity agreement (“FAA”) in a form and substance satisfactory to the GCF Secretariat within 180 days from the date of Board approval, or the date the accredited entity has provided a certificate or legal opinion set out in paragraph (ii) below, or the date of effectiveness of the accreditation master agreement (“AMA”) entered into with the relevant accredited entity, whichever is later.</p> <p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <p>(i) Completion of the legal due diligence to the GCF Secretariat’s satisfaction; and</p> <p>(ii) Submission of a certificate or a legal opinion in a form and substance that is satisfactory to the GCF Secretariat, within 120 days⁷ after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme.</p>

Table 2. Conditions specific to individual funding proposals

FP number	Conditions
FP141 (UNDP Mongolia)	<i>None.</i>
FP142 (FAO Argentina)	<i>None.</i>
FP143 (IFAD Brazil)	<p><i>Relevant independent TAP conditions</i></p> <p><u>Satisfaction of the following conditions prior to second disbursement under the FAA:</u></p> <p>(a) Prior to the second disbursement of GCF Proceeds, the Accredited Entity shall submit to the Fund, in a form and substance satisfactory to the GCF Secretariat, a comprehensive baseline study, which shall include, among others, (i) the risks related to the operation of small water technologies identified during the baseline assessment conducted by the accredited entity, (ii) the relevant risk mitigation measures, and (iii) a report on the level of involvement of indigenous peoples’ groups and communities based on the geographic coverage of the interventions targeted by the funded activity.</p> <p>(b) Prior to the second disbursement of GCF Proceeds, the Accredited Entity shall submit to the Fund, in a form and substance satisfactory to the GCF Secretariat, a revised “Social, Environment and Climate</p>

⁷ For SAP018 (AfDB Liberia), the period shall be 180 days.

	Assessment Procedures” document which incorporates the relevant risk mitigation measures in relation to the risks identified during the baseline assessment conducted by the Accredited Entity.
FP144 (UNDP Costa Rica)	<i>None.</i>
FP145 (FAO Guatemala)	<p><i>Relevant independent TAP conditions</i></p> <p><u>Satisfaction of the following conditions prior to second disbursement under the FAA:</u></p> <p>(a) Prior to the second disbursement in respect to the proposed project, the AE shall develop and submit to the Fund, in form and substance satisfactory to the GCF Secretariat, a meteorological data logger installation plan in consultation with the Seismology, Volcanology, Meteorology and Hydrology Institute, the ultimate recipient of the meteorological data collection equipment under Activity 1.1.2, in coordination with the AE under the GCF FP087, to ensure optimal deployment of meteorological equipment and that there is no overlap or duplication in the areas or meteorological data collection activities covered by the Funding Proposal and those under GCF Funding Proposal 087.</p>
FP146 (CABEI Nicaragua)	<p><i>Relevant Board conditions</i></p> <p><u>Conditions to be met prior to the first disbursement by the GCF:</u></p> <p>Prior to the first disbursement of GCF Proceeds, the Accredited Entity will provide to the Fund, in form and substance satisfactory to the GCF Secretariat, a monitoring framework setting out the following, which is to be used by the Accredited Entity in project monitoring, supervision and reporting to the GCF:</p> <p>(a) With respect to the process for facilitating the negotiation and signing of Peaceful Co-habitation Regime Agreements (“PCRAs”); to all free, prior and informed consent (“FPIC”) procedures; and to independent and legitimate participation of indigenous/afro-descendent peoples and other relevant stakeholders in the project governance and decision making process:</p> <p>(i) A detailed process for selecting, as per the Accredited Entity’s procurement policies, an independent third party or parties such as the UN Special Rapporteur on the Rights of Indigenous Peoples or another UN specialized agency to oversee the facilitation, negotiation and signing of PCRAs, the application of all FPIC procedures and the legitimate and independent participation of indigenous/afro-descendent peoples and other relevant stakeholders in the Steering Committee and the Interinstitutional Technical Committees of the national trust funds (SPR-TF, CAR-TF and RBP-TF) and the governing boards of the national funds (FONADEFO and FAN) (“Fund Committees”),</p> <p>(ii) A detailed process for selecting the independent, specialized entities entrusted with the facilitation of the PCRAs (as to Funding Proposal para 38), as per the Accredited Entity’s procurement policies. This process shall ensure that these entities will be presented for approval to the Accredited Entity</p>

	<p>and the GCF Secretariat, which will jointly confirm the independent and specialized nature of the entities, and</p> <p>(iii) A detailed process that ensures that all FPIC procedures will be rigorously documented and disclosed to the public through the Executing Entity's website in order to enhance transparency and allow for public scrutiny.</p> <p>(b) With respect to project supervision:</p> <p>(i) A detailed process for the Accredited Entity to report to the GCF Secretariat on the participation of the independent third party or parties mentioned under item (a)(i), and its or their assessments of the oversight processes mentioned under (a)(i), at every project monitoring and supervision event done by the Accredited Entity in order to strengthen the oversight of the project, and</p> <p>(ii) A detailed mechanism for ensuring that any concerns raised by the independent third party or parties mentioned under (a)(i) be properly considered and appropriate measures will be taken according to the Accredited Entity's Environmental and Social Safeguards, which receives and processes serious complains regarding the implementation of the project. Depending on the outcomes of the investigation of the Accredited Entity's Technical Working Group, the Accredited Entity will consult with the GCF Secretariat on the measures to be undertaken to address the concerns, including the withholding of funds to the Executing Entity, until appropriate corrective measures are taken.</p> <p><u>Conditions to be met prior to the second disbursement by the GCF:</u> Prior to the second disbursement of GCF Proceeds, the Accredited Entity will provide to the Fund, in form and substance satisfactory to the GCF Secretariat, a project operations manual setting out the following:</p> <p>(a) With respect to Activity 1.1.1.4 "Facilitate celebration and formalization of landscape restoration and forest conservation agreements":</p> <p>(i) A detailed mechanism and process for facilitating the negotiation and signing of the PCRAs, and</p> <p>(ii) A template of the PCRA for consultation among the stakeholders in accordance with the project's Environmental and Social Management Framework (ESMF) that includes the Indigenous Peoples Planning Framework (IPPF).</p> <p>(b) With respect to transparency and accountability of the project financial management: A detailed financial management and control mechanism of the project including the disbursement and financial control at the Accredited Entity, Executing Entity, and national trust fund and the national fund levels in order to be able to monitor and audit the transparent use of project funds.</p> <p>(c) With respect to the governance of the national funds and the national trust funds: A detailed governance mechanism of the</p>
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	national funds and the national trust funds. As per paragraph 76 of the Funding Proposal each of these funds will be governed by Fund Committees, in which relevant sectoral institutions and actors will participate. In addition to the actors mentioned in paragraph 76, a representative of the Accredited Entity will also participate in each Fund Committee on matters related to the project.
FP147 (UNEP Pacific Islands)	<i>None.</i>
FP148 (Acumen EARF)	<i>None.</i>
FP149 (CAF GCFF)	<i>None.</i>
FP150 (IDCOL Bangladesh)	<p><i>Conditions of the Board, including independent TAP conditions as revised by the Board</i></p> <p><u>Inclusion of the following covenants in the FAA:</u></p> <p>(a) The AE shall monitor and report to GCF actual annual energy consumption of the eligible energy-efficient equipment and technology which has been financed by the Programme, for as long as any amount of the related sub-loan is outstanding.</p> <p>(b) The AE shall monitor and report to GCF annual energy consumption of the equipment and technology that has been replaced as a result of the Programme, from the date it was replaced until:</p> <p>(i) The sixth anniversary of the replacement; or</p> <p>(ii) The relevant equipment or technology has been scrapped or retired from operation, whichever is earlier.</p> <p>(c) In the event a sub-borrower disposes of relevant equipment or technology (other than by way of sale or any other form of transfer), the AE shall:</p> <p>(i) Ensure that the relevant sub-borrower disposes of such equipment or technology in a way that minimizes environmental risks in accordance with the Programme's operations manual; and</p> <p>(ii) Report the relevant disposal method to the GCF.</p>
FP151 (IUCN SnCF)	<i>None.</i>
FP152 (PCA SnCF)	<i>None.</i>
FP153 (XacBank MGFC)	<i>None.</i>
SAP017 (IFAD Burundi)	<i>None.</i>
SAP018 (AfDB Liberia)	<p><i>Relevant independent TAP conditions</i></p> <p><u>Conditions for first disbursement:</u></p> <p>(a) The AE shall provide to the Fund an assessment in a form and substance acceptable to the GCF Secretariat demonstrating the need</p>

	<p>to finance and implement Internet of Things (IoT) under this project.</p> <p>(b) The AE shall provide to the Fund, in form and substance acceptable to the GCF Secretariat, a clear and detailed assessment describing the complementarity between the project set out in the Funding Proposal and other projects (recently finished, on-going, or under preparation) involving the Liberia Meteorological Service (LMS) and the Liberia Hydrological Service (LHS), in respect of capacity building activities and procured equipment and goods, to guarantee the project set out in the Funding Proposal would not be duplicating efforts and resources.</p>
<p>SAP019 (FAO Sudan)</p>	<p><i>Relevant independent TAP conditions</i> <u>Satisfaction of the following conditions prior to second disbursement under the FAA:</u></p> <p>(a) Prior to the second disbursement of the project, the accredited entity shall submit to the Secretariat a report, in a form and substance satisfactory to the Secretariat, which contains:</p> <ul style="list-style-type: none"> (i) A sustainability plan including the agreements reached with the gum private sector companies and the microfinance institutions willing to support the project; and (ii) A revised engagement plan, including concrete agreements with communities willing to be part of the project.

2. In addition, it is recommended that, for all approved funding proposals, disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.

3. It is also recommended that the accredited entity implements the following recommendations during the implementation of the relevant project or programme.

Table 3. Project-specific recommendations

FP number	Recommendations
<p>FP141 (UNDP Mongolia)</p>	<p><i>Relevant independent TAP recommendations</i> The independent TAP recommends that the AE establish results-based monitoring with a strong baseline, especially in relation to the dynamics of agroforestry, and bring this aspect (including the carbon sequestration potential) under an MRV regime.</p>
<p>FP142 (FAO Argentina)</p>	<p><i>Relevant independent TAP recommendations</i> The independent TAP recommends this funding proposal for approval by the GCF Board with the following two recommendations:</p> <ul style="list-style-type: none"> (a) Establish the forest fires monitoring system that makes it possible to distinguish between anthropogenic and natural drivers of fires, as part of the REDD-plus monitoring forests; and (b) In order to avoid potential double counting and payments for the ERs achieved in the native forest sector, facilitate the introduction of obligatory regulations for reporting to the REDD-plus Host Country's registry.



FP143 (IFAD Brazil)	<i>None.</i>
FP144 (UNDP Costa Rica)	<i>None.</i>
FP145 (FAO Guatemala)	<i>None.</i>
FP146 (CABEI Nicaragua)	<i>None.</i>
FP147 (UNEP Pacific Islands)	<i>None.</i>
FP148 (Acumen EARF)	<i>None.</i>
FP149 (CAF GCFF)	<i>None.</i>
FP150 (IDCOL Bangladesh)	<p><i>Recommendations of the Board</i></p> <p>The AE shall maximize the impact of the programme by:</p> <ul style="list-style-type: none"> (a) Targeting a minimum of 20% of actual energy savings for the equipment and technology financed by the Programme; (b) Prioritizing equipment with the highest energy savings potential through its eligible technology list, which will be guided by the energy savings performance reporting from participating textile and RMG manufacturers and reported to GCF in the APRs; and (c) Utilizing the technical assistance funding to promote long term improvements in energy management practices of the participating textile and RMG manufacturers, including stimulating the adoption of energy management systems.
FP151 (IUCN SnCF)	<p><i>Recommendations of the Board</i></p> <ul style="list-style-type: none"> (a) It is recommended that IUCN and Pegasus Capital, in their progress reporting on project implementation, will provide in their report information on the engagement process with local authorities, local private sector companies, local NGOs and NDAs in the participating countries. In addition, in line with transparency and accountability, the AEs will create a publicly available web site, which will be used to document the stakeholder engagement process, ESMS disclosure, progress in project implementation and the opportunities for engagement including the grievance mechanism. (b) It is recommended that the National SnCF Global Action Plans are developed using a full participatory approach in accordance with the ESMS, based on the existing multi stakeholder approach in coordination with NDAs, respective national local authorities and local private developers. This will be ensured through the Technical Assistance Facility. It is also recommended that for countries for which Direct Access Entities (DAEs) are operational, SnCF Global will fully involve such DAEs during the project implementation process. The National SnCF Global Action Plans will be regularly reported with a view to appropriate actions being undertaken by sub national authorities and the private sector.

	<p><i>Relevant independent TAP recommendations</i></p> <p>In the event of a positive decision, TAP would make the following recommendations to the Board:</p> <p>(a) Make approval conditional on the revision of the implementation arrangements. In particular, IUCN should be included in the equity funding proposal as an EE with a clear reporting function to the AE of the equity funding proposal (functions other than reporting could also be defined as necessary). Reports on the TA component should be submitted to the AE of the equity funding proposal, and should be cleared by this entity for disbursements from GCF, a sole exception could be the first disbursement; and</p> <p>(b) Before the first disbursement:</p> <p>(i) SnCF Global should be legally established,</p> <p>(ii) All EEs should provide operational manuals including:</p> <ul style="list-style-type: none"> • for Pegasus, updated sections on the structure and operation of SnCF Global, and on participation conditions for the private sector and for the public sector, • for IUCN and R20, methodologies for a market/demand study, sectoral barrier analysis, establishment of final criteria for selection of subnational projects and for conducting feasibility studies; and • for Gold Standard, sectoral tools and methodologies for monitoring, reporting and third-party certification by priority sectors of SnCF Global. <p>TAP recognizes that the conditions recommended to the Board in the event of a positive decision might be more particular than usual, due to the uncertainty contained in a “blind pool” fund structure and approach of the programme. Nevertheless, to enhance the clarity of the programme’s operation, TAP agrees it would be critical for the AEs to seek Board consideration of the proposed two AEs’ implementation arrangements prior to undertaking further investment.</p>
<p>FP152 (PCA SnCF)</p>	<p><i>Recommendations of the Board</i></p> <p>(a) It is recommended that IUCN and Pegasus Capital, in their progress reporting on project implementation, will provide in their report information on the engagement process with local authorities, local private sector companies, local NGOs and NDAs in the participating countries. In addition, in line with transparency and accountability, the AEs will create a publicly available web site, which will be used to document the stakeholder engagement process, ESMS disclosure, progress in project implementation and the opportunities for engagement including the grievance mechanism.</p> <p>(b) It is recommended that the National SnCF Global Action Plans are developed using a full participatory approach in accordance with the ESMS, based on the existing multi stakeholder approach in coordination with NDAs, respective national local authorities and local private developers. This will be ensured through the Technical Assistance Facility. It is also recommended that for countries for</p>

	<p>which Direct Access Entities (DAEs) are operational, SnCF Global will fully involve such DAEs during the project implementation process. The National SnCF Global Action Plans will be regularly reported with a view to appropriate actions being undertaken by sub national authorities and the private sector.</p> <p><i>Relevant independent TAP recommendations</i></p> <p>In the event of a positive decision, TAP would make the following recommendations to the Board:</p> <p>(a) Make approval conditional on the revision of the implementation arrangements. In particular, IUCN should be included in the equity funding proposal as an EE with a clear reporting function to the AE of the equity funding proposal (functions other than reporting could also be defined as necessary). Reports on the TA component should be submitted to the AE of the equity funding proposal, and should be cleared by this entity for disbursements from GCF, a sole exception could be the first disbursement; and</p> <p>(b) Before the first disbursement:</p> <ol style="list-style-type: none"> i. SnCF Global should be legally established, ii. All EEs should provide operational manuals including: <ul style="list-style-type: none"> • for Pegasus, updated sections on the structure and operation of SnCF Global, and on participation conditions for the private sector and for the public sector, • for IUCN and R20, methodologies for a market/demand study, sectoral barrier analysis, establishment of final criteria for selection of subnational projects and for conducting feasibility studies; and • for Gold Standard, sectoral tools and methodologies for monitoring, reporting and third-party certification by priority sectors of SnCF Global. <p>TAP recognizes that the conditions recommended to the Board in the event of a positive decision might be more particular than usual, due to the uncertainty contained in a “blind pool” fund structure and approach of the programme. Nevertheless, to enhance the clarity of the programme’s operation, TAP agrees it would be critical for the AEs to seek Board consideration of the proposed two AEs’ implementation arrangements prior to undertaking further investment.</p>
<p>FP153 (XacBank MGFC)</p>	<p><i>Recommendations of the Board</i></p> <p>The AE shall maximize the impact of the programme by:</p> <p>(a) Prioritizing the financing of technologies with the highest energy savings potential; and</p> <p>(b) Building the capacity of beneficiary businesses and households to improve energy management practices, of developers to improve energy efficient housing designs, and of participating financial institutions to finance energy efficiency projects.</p>

<p>SAP017 (IFAD Burundi)</p>	<p><i>Relevant independent TAP recommendations</i> The independent TAP recommends the following:</p> <ul style="list-style-type: none"> (a) The AE takes specific measures to strengthen the knowledge management and outreach elements of the project under component 3 so that an informed policy dialogue may be organized and adaptive capacity-building efforts are also strengthened by collating lessons learned and documentation of the useful practices; and (b) The AE carries out a robust baseline assessment so that strong results-based monitoring is possible, on the basis of the indicators suggested in the proposal.
<p>SAP018 (AfDB Liberia)</p>	<p><i>None.</i></p>
<p>SAP019 (FAO Sudan)</p>	<p><i>None.</i></p>

Annex II: Accreditation assessment of applicant 102 (APL102)

I. Introduction

1. Applicant 102 (APL102), Kemitraan bagi Pembaruan Tata Pemerintahan (The Partnership for Governance Reform) (Kemitraan) is a national direct access entity based in Indonesia. The applicant envisions establishing fair, democratic and sustainable governance that improves the welfare of Indonesians. With a strong commitment to promoting good governance principles and practices for a prosperous Indonesia, the applicant focuses on sustainable environmental governance, poverty eradication and economic development, decentralization and administrative reform, human rights, civil society empowerment and mobilization of private sector resources. The applicant aims to synchronize government policies in Indonesia's response to climate change with a focus on land use, forestry, enhancing livelihoods, the ecosystem and institutional and regulatory systems.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 22 December 2016. Accreditation fees were received from the applicant on 18 April 2017, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 6 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:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Indonesia;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (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
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and has applied under, the fast-track accreditation process as an Adaptation Fund 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.14/09 and in accordance with the following GCF policies and standards:

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund of up to and including USD 10 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category 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".

- (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” (AML/CFT Policy) (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “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. The applicant was established in 2000 as a multi-donor trust fund managed by the United Nations Development Programme and became an independent legal entity in 2003 as a not-for-profit civil law association⁴ The applicant continued to be managed by the United Nations Development Programme from 2003 to 2010. Since 2010, the applicant itself has had full fiduciary responsibility and accountability for its programmes and development; it is capable of managing and implementing projects and providing grants and has the ability to receive funding to support its objectives.

2.2 Institutional presence and relevant networks

5. The applicant has established a broad network of partnerships with State and non-State agencies across each province of Indonesia, including 28 central government agencies, 29 local government authorities, 162 civil society organizations, 11 media groups and nearly 100 universities. In addition, it has also built collaborative partnerships with international civil society groups, private sector entities, donor agencies and multilateral organizations.

6. With a strong commitment to facilitating the achievement of Indonesia’s nationally determined contributions, the applicant has collaborated with the Government of Indonesia at the national, subnational and local levels. In order to advance the objectives of GCF, the applicant intends to continue its efforts in advocating climate change policy across various stakeholders. It intends to use a multi-stakeholder approach to leverage its network with a view to involving governments, non-governmental organizations, private sector entities and community groups in project design and implementation.

7. The applicant intends to focus on the following activities in continuing to assist the Government of Indonesia in the implementation of climate policies and strategies:

⁴ Ref. Notarial Deed 12-11-2003, Articles of Association of Partnership for Governance Reform.

- (a) Developing and implementing national strategies and priorities with respect to climate change adaptation;
- (b) Promoting community-based forest management;
- (c) Institutionalizing mechanisms to resolve conflicts over land tenure;
- (d) Facilitating multi-stakeholder consultations and negotiations on developing a REDD-plus strategy;
- (e) Piloting REDD-plus programmes in Indonesia; and
- (f) Utilizing its institutional capacity and system to enable subnational organizations with diverse backgrounds and capabilities to manage funds through grant award mechanisms.

2.3 Track record

8. The applicant's track record in financing sustainable development and climate change related projects in Indonesia to date includes the following:

- (a) USD 7,700,000 (grants) for to facilitate formulation and implementation of peatland restoration policies in 109 villages in 7 provinces to improve capacity for implementation of community-based measures for the conservation, restoration and sustainable development of targeted lowland areas;
- (b) USD 6,825,572 (grants) for Support to Building REDD+ Infrastructure (Stakeholder Engagement and Technical Assistance to Finalize Indonesia's REDD+ Architecture and Its Financing Instrument);
- (c) USD 4.7 million (grants) for the Forest Governance Programme, phase II;
- (d) USD 2,163,977 (grants) for Support to Badan Restorasi Gambut (Peatland Restoration Agency) – Peatland Partnership Programme;
- (e) USD 1.4 million (grants) for the Green Prosperity Programme for building a productive and sustainable social forestry entrepreneurship;
- (f) USD 257,848 (grants) for the REDD+ Green Village project in the pilot province of Central Kalimantan; and
- (g) USD 250,000 (grants) for a sustainable and equitable marine and fisheries governance programme (phase II).

III. Stage II accreditation review assessment

9. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the accreditation standards of GCF and gaps identified in decisions B.08/03 and B.14/09, B.15/09, B.17/13, B.18/05, B.19/14, B.22/09, B.23/13 and B.24/11 and in accordance with the accreditation requirements in the GCF policies and standards identified in paragraph 3 above.

10. As part of this assessment, the AP consulted the applicant's website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

11. As per paragraph 9 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

12. As per paragraph 9 above, the basic fiduciary standards concerning transparency and accountability, with the exception of items 4.2.3, whistle-blower policy and prohibited practices, 4.2.4, investigation function, and 4.2.5, anti-money-laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

13. Regarding item 4.2.3, a review by the AP of the information provided shows that the applicant has appropriate policies and procedures which are well aligned with the GCF Policy on Prohibited Practices and Policy on the Protection of Whistleblowers and Witnesses. It has:

- (a) A code of conduct that defines the ethical standards to be upheld by employees and all parties associated directly or indirectly with the applicant's general operations. The code of conduct is supplemented by a policy of zero tolerance for fraud and corruption in all its activities, including in the use of grant funds. The policy is widely disseminated to all employees, consultants, grantees/implementing partners and other parties involved in financial transactions with the applicant and is disclosed on the applicant's website along with information on avenues for reporting misconduct;
- (b) Disclosure of conflict of interest procedures;
- (c) A policy and associated mechanisms for protecting whistle-blowers who report violations; and
- (d) A function for investigating cases of reported or suspected misconduct as described in paragraph 14 below.

14. Regarding item 4.2.4, the applicant has an investigation function under which cases of reported or suspected fraud and other forms of misconduct are investigated. The Internal Audit Unit coordinates and assists management in the investigation of fraudulent activities, identification of the risks of fraud and development of fraud prevention and monitoring strategies. The actual investigation is undertaken by an ad hoc Investigation Committee comprising the Operations Director and two senior managers, including the Head of the Human Resources Unit. The Committee is guided by terms of reference which are publicly available through the applicant's website. The Head of the Internal Audit Unit, who oversees the investigation function, reports directly to the Executive Board. The investigation function has a defined process for periodically reporting case trends. The applicant provided details of a fraud case investigated in 2013 and confirmed that there have been no cases of violation of the code of ethics, fraud or corruption since then.

15. Regarding item 4.2.5, the applicant has an AML/CFT policy which is designed to ensure compliance with the applicable national laws and the international AML standards issued by the Financial Action Task Force. In conformity with its AML/CFT policy, the applicant does not engage in business relationships with organizations that are considered uncooperative in international efforts to fight money laundering and terrorism financing as listed in the list of non-cooperative countries and territories. The AML/CFT policy requires the applicant to ensure that:

- (a) For all incoming funds, the identity of the source of funds is verified and the sender is informed once the funds are received; and
- (b) For outgoing funds, a due diligence exercise is undertaken to ensure that the intended recipient is not involved in illegal activities.

16. The applicant has sound 'know-your-customer' due diligence procedures to combat money laundering and the financing of terrorism. The procedures focus on three key areas: (a) verification of client data and identity; (b) understanding the purpose and nature of the business relationship; and (c) maintenance of up-to-date client information. The procedures further require reporting of suspicious and unusual transactions to the relevant country's central bank.

17. As required by its AML/CFT policy, the applicant regularly monitors electronic funds transfers to ensure that the funds are received from bona fide sources and paid to the intended beneficiaries. It has put in place three layers of electronic funds transfer authorization: maker (cashier), approver (finance manager) and releaser (director/senior management). The applicant provided samples of reports on 'know-your-customer' due diligence carried out and monitoring reports on electronic funds transfers.

18. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.

3.1.3. Specialized fiduciary standard for project management

19. As per paragraph 9 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 or funding allocation mechanisms

20. The applicant has a well-developed grant award system that is detailed in three main documents, "Manual of policies and procedures", "Project implementation by partner" and "Project appraisal sheet", which set out the evaluation criteria used to assess grant proposals. The system includes clearly defined roles of the management and staff responsible for the evaluation and approval of grant applications. The grant award process, which begins with a call for proposals, follows the following key steps:

- (a) Where considered necessary, technical briefings and coaching clinics are conducted for potential proposers who have passed the initial selection process. The coaching clinics are aimed at guiding grant applicants in writing proposals in conformity with Kemitraan's quality standards;
- (b) Proposals with a value of less than USD 25,000 (300,000,000 Indonesian rupiah) are reviewed by the Operations Department and the Planning, Monitoring and Evaluation Department and are approved by the Executive Director;
- (c) Proposals with a value of more than USD 25,000 are reviewed and selected by the Project Review Committee comprising senior managers within the organization and external experts; and
- (d) Prior to awarding a contract, a pre-award survey and due diligence are undertaken to assess the readiness of the organization to receive grant funding and to identify training needs, if any.

21. Based on the information and supporting documentation provided, the AP concluded that:

- (a) The applicant has a sound due diligence framework for assessing the eligibility and capabilities of potential grant recipients;
- (b) The teams responsible for the evaluation of grant applications have the required competencies to undertake evaluations and recommend grant awards;

- (c) Grant award decisions are taken by the persons with the requisite authority; and
- (d) Grant evaluation and award decisions comply with the applicant's grant award policies and procedures as well as the evaluation criteria, which are clearly spelled out in a project appraisal sheet.
22. The applicant also demonstrated that it has adequate checks and procedures in place for:
- (a) Ensuring that grants are not awarded retrospectively for activities that have already started or been completed at the time of the application;
- (b) The suspension or termination of grant awards in the event of the beneficiaries failing to comply with their obligations;
23. The applicant's grant award system also has adequate provisions for:
- (i) Procurement rules and procedures, which the grant beneficiaries are required to apply;
- (ii) Periodic independent reviews and audits of its grant award activities;
- (iii) Recovery of funds disbursed to recipients in respect of expenditures which are unauthorized or fall outside the scope of the approved grant-funded activities; and
- (iv) Monitoring and evaluation of the implementation progress of grant-funded projects.
24. The applicant has a sound information disclosure policy regarding its grant award activities. All grant award decisions are announced on its website along with information on selected events/activities as part of public awareness campaigns and outreach. The applicant also invites public feedback on the projects and programmes that it implements itself or through its partners. In addition, it has a dashboard displayed in the lobby of its head office building informing the public of procurement activities, project partners and the overall performance of projects under implementation. Information on all previous and ongoing projects is published in the applicant's annual reports, which are publicly available on its website.
25. The applicant provided information which clearly demonstrates its experience and sound track record in accessing financial resources from national and international sources. It has worked with more than 30 multilateral institutions over the last 15 years and has managed over USD 130 million in donor contributions over this period. The applicant provided two documents issued by the World Bank: Results of Assessment World Bank and World Bank - Kemitraan Institutional Capacity Assessment. Both assessments show a positive view of the applicant's institutional capacity and confirmed its capability to deliver projects.
26. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

3.1.5. Specialized fiduciary standard for on-lending and/or blending

27. 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

28. The applicant applied for E&S risk category C/I-3 and hence does not require a stand-alone E&S policy. Nevertheless, the applicant provided its 2016 Safeguards Policy, which replaced its previous project-based safeguards approach. The 2016 policy was endorsed by the applicant's Executive Board, was disseminated to all staff, applies to all projects and programmes and is implemented over the project/programme cycle. In line with the applicant's mandate on good governance, the components of the Safeguards Policy are:

- (a) Full and effective participation;
- (b) Gender mainstreaming;
- (c) Transparency and public disclosure; and
- (d) E&S responsibility.

29. The applicant provided a track record showing compliance with national E&S regulations, its Safeguards Policy and the E&S safeguards and standards of its international partners, including the World Bank, the Government of Norway, the United Nations Development Programme and the United States Agency for International Development. It also demonstrated a track record of applying International Finance Corporation (IFC) Performance Standards 1 to 8 (PS 1-8).

30. The AP finds that the applicant's E&S management system, comprising its Safeguards Policy and its 2015 Project Risk Management Guidelines, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim environmental and social safeguards (ESS) standards for a maximum E&S risk category C/I-3 projects/programmes with respect to GCF performance standards..

3.2.2. Identification of E&S risks and impacts

31. The applicant's Project Risk Management Guidelines describe its risk management system. The guidelines require projects and programmes to be assessed against IFC PS 1–8 and against applicable laws and human rights principles. Furthermore, the applicant's Safeguards Policy requires project/programme risks to be identified in a participatory manner with relevant stakeholders.

32. The risk analysis procedure considers the likelihood and consequence of risks. The Programme Management Unit conducts the preliminary project/programme categorization by classifying risks from "low" (equivalent to a GCF category C designation) to "extreme" (equivalent to a GCF category A designation). The Planning, Monitoring and Evaluation Department and the Sustainable Environment Governance Unit complete the E&S risk analysis, with the Planning, Monitoring and Evaluation Department approving the final category. The results of the risk analysis and selected mitigation actions are recorded in a risk matrix and risks are monitored during implementation.

33. The applicant updated several tools in anticipation of its GCF accreditation. For instance, the applicant's categorization procedure adopted the convention of categorizing projects from A to C, with C being "low risk" projects/programmes. Also, the applicant updated its pre-award survey form, which now explicitly requires that the E&S performance of executing entities be assessed. The applicant provided a list of 30 projects/programmes, generally categorized as low risk (e.g. projects/programmes focused on forest governance, community-based forest management, the land rights of indigenous peoples, peatland rehabilitation and awareness-raising on renewable energy and climate change).

34. 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 C/I-3 projects/programmes with respect to GCF PS 1–8.

3.2.3. Management programme

35. The Safeguards Policy and the Project Risk Management Guidelines provide the institutional processes to identify, assess, mitigate and monitor E&S risks from design stage to closure. The procedural steps outlined in the guidelines include establishing context; identifying risks; analysing and prioritizing risks; and treating risks according to a mitigation hierarchy and in accordance with the four components of the Safeguards Policy. The steps are conducted within a framework of ongoing consultation, monitoring, review and learning from implementation results.

36. The Project Appraisal Committee, comprising senior managers, advisors and the Planning, Monitoring and Evaluation Department, assesses the quality and adequacy of the executing entity's proposal with respect to E&S management using a project-appraisal score sheet. The project/programme team ensures that a risk management plan is prepared, tracked and evaluated during implementation. Implementation of the risk management plan is reported to management and the risk register is updated, as needed.

37. The applicant provided examples of completed project appraisal score sheets. It also provided the operational manual for its World Bank supported National Community Empowerment Programme (a peat habitat rehabilitation project). The operational manual included an Indigenous Peoples Planning Framework, an Environmental and Social Management System and an Environmental and Social Management Plan.

38. The AP finds that the applicant's management programme, 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 C/I-3 projects/programmes with respect to GCF PS 1-8.

3.2.4. Monitoring and review

39. The Safeguards Policy and the Project Risk Management Guidelines describe the applicant's general E&S monitoring process. The applicant's 2018 standard operating procedure for monitoring and evaluation provides the process flow chart, identifies the stages when monitoring and evaluation are conducted, lists the different types of monitoring and evaluation (e.g. biannual internal project monitoring) and describes the responsibilities, methodology, frequency and reporting requirements. The applicant also provided a standard operating procedure to guide evaluations, which are typically conducted by external independent evaluators. The applicant has a tracking system, allowing it to track outcomes and the effectiveness of monitoring and evaluation.

40. The Planning, Monitoring and Evaluation Department oversees the monitoring and evaluation process through desk review and field visits. The applicant's Programme Management Unit monitors the executing entity; it will identify any deviation, integrate unforeseen risks into the mitigation plan and report the results to senior management. Executing entities are responsible for ensuring that sub-grantees carry out activities in line with the agreed workplan and E&S safeguards. Sub-grantees are required to provide quarterly reports to the executing entity on the implementation of E&S safeguards.

41. The applicant demonstrated its track record with implementing its monitoring and review process by providing the monitoring framework of its Program Peduli and various monitoring reports (e.g. a monitoring report for its peat rehabilitation programme and a programme-level achievement analysis on its forest governance project). Two of the sample reports showed monitoring against an IFC PS 1-8 framework. The applicant also provided the external evaluation conducted on Program Peduli.

42. The AP finds that the applicant's system of monitoring and review, 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 C/I-3 projects/programmes with respect to GCF PS 1–8.

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

43. The applicant has a complaints handling policy/procedure (called '*Complaint Handling*' in English). The policy/procedure is implemented using a standard operating procedure with 15 steps to receive, register, investigate, resolve and follow up on E&S complaints (as well as fiduciary complaints). There are provisions to establish an investigation team for more complex issues. The applicant's whistle-blower policy protects complainants against retaliation.

44. Information inquiries and complaints can be received by telephone, email, mail, fax, social media, website or face-to-face. The website home page offers "contact us" and "complaints handling" tabs, in both English and Bahasa Indonesian. The complaints mechanism applies to the applicant and its executing entities.

45. The complaints function is managed by the Office of the Internal Auditor, who receives and registers all complaints and reports independently to the applicant's Board. A designated officer manages a complaint from start to resolution. The AP finds that the complaints handling procedure is in line with the requirements of the GCF Environmental and Social Policy and GCF interim ESS standards.

46. The GCF Information Disclosure Policy does not require additional requirements beyond those under the GCF Environmental and Social Policy and PS 1 under the GCF interim ESS standards regarding advance disclosure of E&S information for category C/I-3 projects/programmes. The applicant's safeguard 1 ("Full and effective participation") requires ongoing consultation with stakeholders and evidence that the public, including vulnerable groups, provided input to draft policies. The applicant's safeguard 3 ("Transparency and public disclosure") requires that project/programme information, including E&S information, be disclosed to stakeholders and vulnerable groups at the project site from the onset of the design stage. The applicant's code of conduct supports information disclosure, stating that the applicant aims to disclose information to any party with an interest in governance reform in Indonesia. The communications and information disclosure function falls under the Organization Secretariat/Executive Office. The curriculum vitae of the officer in charge of external communications was provided.

47. The applicant provided a complaints log showing how the eight complaints received from 2016 to 2020 were registered and resolved. Two of the complaints were relevant to E&S risks. The applicant also provided a back-to-the-office report, demonstrating that stakeholders were consulted, and information was disclosed during a field monitoring visit conducted by the applicant.

48. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism at the institutional level, 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 C/I-3 projects/programmes with respect to GCF PS 1–8.

3.2.6. Organizational capacity and competency

49. The applicant provided an organizational chart, showing the reporting lines for the E&S function. Senior management is ultimately responsible for revising the E&S policy and procedures. The E&S staff are within the Planning, Monitoring and Evaluation Department

under the Executive Director and the Sustainable Environment Governance Unit under the Sustainable Development Governance Department. The E&S staff received IFC PS 1–8 training under some World Bank programmes and now the same staff conduct the applicant's E&S training in other programmes. The applicant supports and builds the E&S capacity of its partners, as needed. One workshop report and two sample training modules showing E&S capacity development were provided to show the applicant's track record.

50. 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 C/I-3 projects/programmes with respect to GCF PS 1–8.

3.3 Gender

51. The applicant's 2015 gender policy and strategy (known as Gender Policy 1.0) applies to itself, its partners and its executing entities. The gender policy covers human rights, equal opportunities, gender discrimination, and gender indicators, analysis, training and budgets. The gender strategy targets the organizational level, human resources and the project/programme level. The applicant's manual of policies and procedures and its code of conduct support the implementation of the gender policy by promoting equal opportunities during recruitment and by requiring equal remuneration.

52. The applicant has an internal gender team. It provided the curriculum vitae of the gender consultant hired in 2019 to formulate the gender policy and the terms of reference and curricula vitae of its gender staff.

53. The applicant has gender tools and procedures (e.g. design checklist to check the adequacy of the project/programme-level stakeholder analysis and provisions to monitor activities from a gender perspective). The applicant provided several examples showing its track record with applying its gender tools and procedures, including a completed gender-integration checklist for its Program Peduli project; a programme-level gender assessment; a gender monitoring report; a gender audit; a gender training report with a list of participants; and the gender guidelines of the Forest Governance Programme, which included a sample list of questions for conducting a gender analysis and guidance on how to integrate a gender perspective into work plans, budgets, data collection, and monitoring and evaluation. The applicant also provided evidence that it shares its gender knowledge, providing a copy of an academic paper written by staff on the gender issues within its peat rehabilitation programme.

54. The applicant provided examples of projects/programmes that benefited both men and women and that applied a principle of non-discrimination, including: a project that improved women's representation in political institutions; a project that strengthened local women's capacity to participate in village planning and livelihood activities; a project that supported women's leadership and economic independence after an earthquake disaster; and a project to strengthen the livelihoods and basic rights of indigenous groups and poor women.

55. 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.

IV. Conclusions and recommendation

4.1 Conclusions

56. 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, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy, the specialized fiduciary standard for project management, and the specialized fiduciary standard for grant award and/or funding allocation mechanisms;
 - (b) The applicant meets the requirements of the GCF Environmental and Social Policy and the GCF interim ESS standards. The applicant demonstrates a greater degree of Environmental and Social Management System maturity than is required by the GCF Environmental and Social Policy and GCF interim ESS standards for category C/I-3, against which the applicant is seeking accreditation. Building on its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, seek an upgrade in accreditation for medium E&S risk (category B/intermediation 2 (I-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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

57. The AP recommends, for consideration by the Board, applicant APL102 for accreditation as follows:
- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (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:** minimal to no risk (category C/I-3); and
 - (b) **Conditions:**

None.
58. The applicant has been informed of the recommendation for accreditation, including the accreditation type, as identified in paragraph 57 above, and agrees to the recommendation

Annex III: Accreditation assessment of applicant 103 (APL103)

I. Introduction

1. Applicant 103 (APL103), the National Trust for Nature Conservation (NTNC), is a national direct access entity based in Nepal with a mission to conserve, manage and promote nature in all its diversity that cultivates innovation, and enhance social equity and quality of life.
2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 10 April 2017. Accreditation fees were received from the applicant on 24 April 2017, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 18 December 2017 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:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Nepal;
 - (b) **Track:** normal track;
 - (c) **Maximum size of an individual project or activity within a programme:** micro;¹
 - (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
 - (e) **Maximum environmental and social risk category:** minimal to no risk (Category C).³

II. Stage I institutional assessment and completeness check

3. The applicant applied and was assessed by the Secretariat during Stage I under the normal track accreditation process in accordance with the following GCF policies and standards:
 - (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) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including USD 10 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category 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”.

- (e) “Comprehensive information disclosure policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (a) “Gender Policy and Action Plan” (decision B.09/11).

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. The applicant was established in 1982 by Legislative Act No. 12 as an autonomous and not-for-profit organization, mandated to work in the field of nature conservation in order to conserve and manage the nature and natural heritage of Nepal.

2.2 Institutional presence and relevant networks

5. As one of the largest national-level autonomous organizations working in the field of nature conservation, the applicant has been contributing to meeting Nepal’s national goals and international commitments and conventions, such as the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity, to which Nepal is a Party.

6. In addition, the applicant has been working closely with various partners to scale up its work on adaptation and emission reduction, such as international organizations, local government, non-governmental organizations and the media. It aims to preserve the natural heritage and, in so doing, to achieve a high quality of human life.

7. In order to advance the objectives of GCF, the applicant will focus on adaptation activities targeted to the most vulnerable communities and ecosystems in Nepal. It plans to support the Government of Nepal in achieving its strategic plans and priorities. For example, the National Water Plan, Water Resources Strategy, National Climate Change Policy 2019, National Forest Policy 2019, Forestry Sector Strategy 2016–2025, National Biodiversity Strategy and Action Plan, and Strategy and Action Plan 2016–2025 for the Chitwan-Annapurna Landscape. Furthermore, it intends to contribute to reducing greenhouse gas emissions through promoting the use of alternative energy sources, including micro-hydro and solar power, biogas, and improved cooking devices or stoves, plantation, and climate smart agriculture. The applicant also takes a gender-sensitive approach targeted to produce maximum results on environmental, social, economic and developmental benefits.

2.3 Track record

8. As a not-for-profit organization, the applicant has undertaken over 300 small and large projects on nature conservation, biodiversity, cultural heritage protection, ecotourism and sustainable development over the past 3.5 decades. The applicant has a track record of projects and programmes in managing over 33 per cent of the total protected area coverage of Nepal, preserving wildlife and natural heritage, building adaptive capacity and resilience for populations affected by floods and landslides, strengthening institutional and regulatory systems for climate-responsive planning and development, conserving land and forests with a view to contributing to greenhouse gas emission reduction, and raising awareness in vulnerable communities of climate threats and risks.

9. The applicant’s track record in managing climate change related projects includes the following, which fall within the GCF micro-size category:

- (a) USD 59,987 (grants) for Managing Human–Elephant Coexistence in Koshi Tappu Wildlife Reserve in Eastern Nepal;

- (b) USD 54,491 (grants) for Strengthening Local Capacity for Human–Tiger Conflict Management in Chitwan National Park;
- (c) USD 100,000 (grants) for Strengthening Community Engagements and Conservation Initiatives to Improve the Water Quality and Ecosystem Functions of Beeshazar and Associated Lakes in Chitwan;
- (d) USD 3 million (grants) for Strengthening Regional Cooperation for Wildlife Conservation Project; and
- (e) USD 3.9 million (grants) for Hariyo Ban Program II.

III. Stage II accreditation review assessment

10. The applicant applied under the normal-track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of GCF in accordance with the accreditation requirements below:

- (a) GCF policies and standards identified in paragraph 3 above;
- (b) “Policy on Prohibited Practices” (decision B.22/19);
- (c) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (d) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10); and
- (e) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12).

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. Basic fiduciary standards: key administrative and financial capacities

12. For the financial year ended 16 July 2019, the applicant spent around USD 10 million equivalent, of which roughly two thirds related directly to the conservation areas, the Central Zoo and projects such as species and biodiversity conservation. Traditionally, the applicant’s expenditures are subject to the host country, and donor regulations and requirements, and are verified by the applicant’s management before they are executed.

13. The applicant’s Strategic Plan 2020–2025 contains its vision, mission, strategic objectives and performance measurements. An Excel-generated list of the targets and processes of all projects carried out to date was accepted by the AP as a periodic evaluation of achievement of organizational objectives. The evaluation of the overall performance of the Strategic Plan is carried out every five years when the plan is renewed. The applicant issues annual financial statements which are audited by the Office of the Auditor General of the country. The financial statements examined, including the most recent one relating to the financial year ended 16 July 2019, have received an unqualified opinion. The applicant has a commercial enterprise resource planning system but many of its accounting functions are based on work around manual and spreadsheet-based systems. Together these produce the required internal and donor reporting. There is a requirement of segregation of duties between approval and disbursement responsibilities.

14. During the application assessment process NTNC developed a number of policies and guidance documents related to financial and project management. These documents are consistent with GCF basic fiduciary standards on key administrative and financial capacities,

and the specialized fiduciary standard for project management. The implementation of such policies and guidance has commenced but time is needed to demonstrate its effectiveness. Until then there is a gap in relation to these GCF criteria.

15. The applicant established an Oversight Committee for Finance, Audit and Ethics (Oversight Committee) during the application assessment process with a comprehensive purpose. Its roles and responsibilities include oversight relating to financial, compliance, whistleblowing and fraud, audit and ethics aspects within the organization. Given the limited size of the applicant's operations the Oversight Committee is to be considered a key internal control for the applicant as an implementing entity. This is particularly true during the implementation phase of the various policies and guidance. To date the Oversight Committee has dealt with only a fraction of its roles and responsibilities; this is a gap relating to the GCF basic fiduciary standards on key administrative and financial capacities.

16. The applicant uses the services of an accounting firm to do the internal audit under a three-year contract, which is awarded following competitive bidding. The three-year cycle presents an opportunity for the Oversight Committee to assess the overall effectiveness of the internal audit over the past three years. The internal auditor serves as a second line of defence for payments and disbursements as well as for the procurement function. This procedure was introduced on the basis of a suggestion of the AP. The applicant has also strengthened its processes to be more responsive to audit recommendations. The Oversight Committee has taken the first steps to monitor this and highlighted the need for management to improve its actions to implement audit recommendations.

17. The internal control framework of the applicant is captured in the recently updated financial management and control manual, which mirrors the national policies and regulations. It is a sufficient framework given the nature of the applicant's operations. Thus, the applicant's procurement procedures and controls mechanisms meet the GCF basic fiduciary standards on key administrative and financial capacities. The applicant needs to demonstrate that the provisions of this manual are being implemented, in particular with regard to the risk management system. Until this has been done, a gap remains in relation to the above-mentioned GCF basic fiduciary standards.

18. The applicant's procurement practices are aligned with the GCF basic fiduciary standards on key administrative and financial capacities. They follow Nepal's Public Procurement Act and Public Procurement Rules, which are aligned with international practices and promote economy and efficiency. There are rules specific to NTNC in the by-laws that further specify requirements and decision making authorities. The applicant intends to execute all significant procurements on behalf of its executing entities rather than on the basis of delegating and monitoring. This is a sound approach given the remoteness of much of the countryside where the applicant operates, the limited procurement expertise available at the local level and the limited number of large procurements that are expected.

19. The AP finds that the applicant's policies, procedures and capacity fully meet the GCF basic fiduciary standards on key administrative and financial capacities. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 14, 15, and 17 above and are reflected by the corresponding conditions for accreditation in section 4.2.

3.1.2. Basic fiduciary standards: transparency and accountability

20. The applicant has recently approved a Code of Conduct for its employees which, by way of contracts, is equally made applicable to external contractors. Financial mismanagement and fraud provisions are contained in the financial management and control manual. This includes reporting and whistleblowing provisions, anti-money-laundering and anti-terrorism financing policies, including 'know-your-customer' provisions and investigation procedures. These

provisions reflect the national government's rules and regulations, which are consistent with the GCF fiduciary standards on transparency and accountability. The requirement of financial disclosure by the employees and the effective implementation thereof has been demonstrated. NTNC has a guiding principle that management is based on zero tolerance for corruption and other prohibited practices. This principle has been endorsed by the NTNC Governing Board of Trustees and is reflected in the NTNC Strategic Plan 2020–2025. The concept is reflected in the financial management and control manual and is available on the applicant's website.

21. Allegations of wrongdoing can be made in a variety of ways, including through the NTNC website, which has been improved during the application assessment process. The Member Secretary conducts the investigations related to the Code of Conduct and informs relevant external authorities. Disciplinary actions, if needed, are recommended in a report. Certain types of investigation are conducted by national government authorities. The applicant provided two examples of employee wrongdoing in 2014 and three examples of employees breaking the Code of Conduct in 2016. It is difficult for the AP to make a judgement if all cases come to light without a proper oversight and investigation mechanism. The efficacy of the complaints and investigative system needs to be reviewed by the Oversight Committee under its terms of reference and until this is done this would constitute a gap in relation to the GCF basic fiduciary standards on transparency and accountability.

22. The Oversight Committee "assists the Board in its oversight to the values, ethics and good reputation of NTNC, including matters relating to the NTNC Code of Conduct and general ethical issues related to NTNC. The Oversight Committee's roles and responsibilities related to transparency and accountability are set out in section 6.2 of its terms of reference entitled "Compliance, whistleblowing and fraud" and section 6.4 entitled "Ethics oversight". Minutes of the first four meetings of the Oversight Committee, held between 22 November 2019 and 15 July 2020, have been provided. In its third meeting, the Oversight Committee concluded that the implementation of the Code of Conduct was satisfactory. However, the applicant has not provided evidence that the Oversight Committee has addressed other aspects related to transparency and accountability which it is required to do under its terms of reference. This is a gap in relation to the applicant's own policies and the GCF basic fiduciary standards on transparency and accountability.

23. In terms of executing the project-related payments NTNC deals regularly with the same counterparties and the monetary volume of transactions is low. Hence the risk for anti-money-laundering and anti-terrorism financing is also low. Nevertheless, this risk is covered by the applicant, whose stated policy is to adhere to the policy on money laundering and the policy on anti-terrorism funding of the Government of Nepal and particularly on the provisions in the Money (Asset) Laundering Prevention Act, 2008.

24. The AP finds that the applicant's policies, procedures and capacity fully meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. However, the AP finds that the applicant's track record related to GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses is insufficient. The relevant gaps are identified in paragraphs 21 and 22 above and are reflected by the corresponding conditions for accreditation in section 4.2.

3.1.3. Specialized fiduciary standard for project management

25. The applicant is authorized to work in the field of nature conservation in Nepal, which includes contract management, conservation and research activities. It manages three conservation areas in Nepal and operates the Central Zoo, which also functions as a focal point for the rescue, rehabilitation and treatment of wild animals, and has carried out over 300 related projects over the last 3.5 decades. The project preparation and appraisal activities are

driven by the donor's formats. Subsequent reporting and project accounting are similarly driven by the donor's systems.

26. The applicant's main experience is working as an executing entity. While it works with local communities and delegates some of the activities, and therefore executes the role of an implementing entity, it is the applicant that manages its projects throughout all of its stages.

27. Recently the applicant approved the following project-related policies and procedures:

- (a) Project preparation and appraisal guidelines;
- (b) Fiduciary procedures for effective community-based projects;
- (c) Monitoring and evaluation (M&E) framework; and
- (d) Risk management system, including project risk management.

28. The project preparation and appraisal guidelines give guidance on how a project is identified and documented in consultation with donors, concerned institutions, partners and stakeholder groups. It sets out the critical elements required for concept note development such as setting priorities and objectives, formulating concepts and comparing options. The guidelines cover the aspects of project preparation with respect to, amongst others, the assessment of the concept note, based on key points. Goals, outcomes and activities are identified, and a political, economic, social and technological analysis is performed and a logical framework is developed. Guidance is given on a project appraisal phase whereby a proposal is structurally assessed through a critical analysis for its viability. Aspects of implementation and monitoring are incorporated at this stage.

29. The fiduciary procedures for effective community-based projects explain the fiduciary setting framework to ensure that funds flow smoothly, adequately and regularly, and accountability is stimulated. The role of community-based organizations in projects is highlighted. Adequate attention is placed on identifying and mitigating risks. The M&E framework treats the guiding principles of ongoing M&E. It describes the questions that need to be posed during the various phases of the project. The framework focuses on criteria and indicators for both monitoring and evaluation.

30. The documents referred to in paragraph 17 above contain sufficient policies and guidance for the nature of projects that the applicant is executing and meet the GCF specialized fiduciary standard for project management. However, since these documents have only recently been approved, the applicant is not yet in a position to demonstrate that these policies and guidance are being implemented. This remains a gap in relation to the GCF specialized fiduciary standard for project management.

31. While there is an M&E framework in place, the AP finds it unlikely that any independent evaluation of a completed project will take place because the projects executed by the applicant are generally too small for a third-party donor to justify the costs for an independent post evaluation. For this reason, the AP does not consider this a gap in relation to the specialized fiduciary criteria relating to project management.

32. According to the applicant's guidelines for organizational and project risk management, the project risk plan and risk plan for field offices are the major foundation for the applicant's risk management system. It involves maintaining a risk register with mitigation plans that are updated on a semi-annual basis. These plans are to be presented at the annual meeting of the applicant for approval. However, the applicant has not yet identified and acted on projects at risk in accordance with its policy and this is a gap in relation to the GCF specialized fiduciary standard for project management.

33. The AP finds that the applicant's policies, procedures and capacity meet the GCF specialized fiduciary standard for project management. However, the AP finds that the

applicant's track record is insufficient. The relevant gaps are identified in paragraphs 30 to 32 above and are reflected by the corresponding conditions for accreditation in section 4.2.

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

34. 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

35. 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

36. The applicant applied for E&S risk category C and hence does not require a stand-alone E&S policy. Nevertheless, the applicant provided its 2020 Environmental and Social Management Framework: Safeguard Policies and Procedures (ESMF: SPP), which revised the 2017 and 2019 versions of the same document. The ESMF: SPP presents 10 principles, including the applicant's commitment to complying with national and international laws, gender equality and labor working conditions. It lists 7 safeguards that mirror the GCF interim ESS standards 2 to 8. In alignment with performance standard 1, the ESMF: SPP provides a stand-alone section on stakeholder engagement and grievance redress mechanism. It also addresses cumulative impacts, impacts of associated facilities, emergency preparedness and assessment of alternatives, where needed. The ESMF: SPP is available on the applicant's website and applies to the applicant and to its executing entities.

37. The AP finds that the applicant's E&S management system, comprising the ESMF: SPP, supported by evidence of its track record, meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category C projects/programmes with respect to GCF performance standards 1–8.

3.2.2. Identification of E&S risks and impacts

38. All the applicant's projects/programmes are subject to E&S (and gender) screening. The ESMF: SPP presents the screening tools and guidance, including the screening report template, which provide a full safeguards checklist and guidance on how to assess risk consequence and likelihood and how to categorize projects/programmes from A (high risk) to C (low risk). A risk categorization form is sent to field staff during formulation. The field staff conduct the screening activity, and then report the findings to the central level. The Project Manager, supported by the E&S safeguards team, reviews the findings and categorizes the project/programme and the Member Secretary approves the screening report. The design team adjusts the project/programme design, based on the results of all risk assessments. The risk management system provides a template for the risk register and a template to track mitigation actions during implementation. The applicant provided a list of 28 projects, mostly categorized as C and focused on capacity development and ecosystem monitoring and research, to demonstrate its track record with impact identification and categorization.

39. 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 C projects/programmes with respect to GCF performance standards 1–8.

3.2.3. Management programme

40. Category C projects/programmes, once screened, typically do not require any further E&S assessment and only need to apply standard best practices. The ESMF: SPP provides a checklist and clearance form to assess the adequacy of the project/programme description, baseline data, stakeholder engagement, integration of safeguards and environmental and social management plan (ESMP)/environmental and social management framework (ESMF). All projects/programmes require a clearance form to document that E&S requirements have been met. In the case of a category C project/programme, some sections of the form are left blank, as safeguards are not triggered. The project proponent completes the clearance form, which is reviewed by the Project Manager and the E&S safeguards team, and approved by the Member Secretary. The Project Manager is ultimately responsible for executing and monitoring the ESMP.

41. The ESMF: SPP shows integration with other organizational tasks (e.g. the concept note and the feasibility study templates require the user to confirm that the E&S tasks have been completed). The Project Manager and E&S safeguards team conduct a 'readiness for implementation' assessment before launching a project/programme to confirm that the E&S capacity and resources are adequate. The ESMF: SPP requires the applicant to periodically update and revise the E&S management system, based on lessons learned.

42. To show its track record, the applicant provided an example of a completed E&S clearance form for a project on human and wildlife conflicts. The applicant also provided the ESMP of its United States Agency for International Development Hariyo Ban Program and of its U.S. Fish and Wildlife Service programme. The projects were category C.

43. The AP finds that the applicant's E&S management programme, 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 C projects/programmes with respect to GCF performance standards 1–8.

3.2.4. Monitoring and review

44. The applicant provided its 2017 and updated 2019 M&E framework, which is available on its website. It refers to three types of monitoring, namely compliance, process and results monitoring, and several types of independent evaluations, namely mid-term, terminal, impact and joint evaluations. M&E findings are integrated into various reports, including field reports and annual reports. The M&E framework provides report templates and indicators to support M&E and requires E&S and gender performance to be assessed. M&E reports are disseminated (e.g. on the applicant's website and at workshops).

45. The ESMF: SPP describes the responsibilities for E&S M&E, clarifying that the executing entity implements, monitors and reports on its E&S performance to the applicant. The central M&E unit trains stakeholders, coordinates field activities, and monitors and oversees E&S safeguards management. The unit also analyses the M&E data, maintains the database and reports to the M&E Sub-committee of the applicant's Board. The Project Manager is responsible for E&S compliance monitoring and implementation of corrective measures, while the E&S safeguards team plans, implements, monitors and reports on E&S safeguards. Both the Project Manager and the E&S safeguards team ensure that an activity remains in its designated category.

46. The applicant provided progress reports for two World Bank supported programmes (Strengthening Regional Cooperation for Wildlife Protection in Asia and Strengthening the Capacity of the Department of National Parks and Wildlife Conservation for the Effective Management of Mountain Protected Areas). It provided examples of monitoring the category C subprojects of its Hariyo Ban Program (e.g. subprojects that provided spinning wheels, removed

invasive species and relocated wild water buffalos). The applicant indicated that it can provide monitoring reports in line with its updated M&E framework and the ESMF: SPP once it starts implementing new projects (e.g. the World Bank Sustainable Tourism Enhancement of Nepal's Protected Areas project, which is in final stage of approval). This constitutes a gap in the applicant's track record of applying the E&S monitoring provisions of its ESMF: SPP.

47. The applicant provided the terms of reference for an independent review of a World Bank project focused on wildlife protection to show its evaluation track record. In addition, the AP reviewed a World Bank 2018 assessment of the Strengthening Regional Cooperation for Wildlife Protection in Asia project. This evaluation concluded that the applicant maintained satisfactory E&S performance and avoided safeguard issues for the project's duration.

48. 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 C projects/programmes with respect to GCF performance standards 1–8. However, the AP finds that the applicant's track record is insufficient. The relevant gap is identified in paragraph 46 above and is reflected by the corresponding condition for accreditation in section 4.2.

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

49. The applicant recently published *Information Disclosure, Grievance Redressal and Conflict of Interest: Guidelines for Transparency and Accountability* (NTNC, 2019),⁴ which strengthens the existing external communications system. The guidelines apply to all projects/programmes. The principles of the grievance redress mechanism contained in the guidelines include stakeholder accountability, transparency and responsiveness. The guidelines provide a flow chart, describe the responsibilities and define the steps to acknowledge, investigate, resolve and document a complaint. Information requests and complaints can be submitted through various channels, including complaints boxes, web portal, mail, email, face-to-face and telephone. There are designated focal points or information officers at the project/programme and regional level to receive, register and manage local information requests and complaints. Disputes that cannot be resolved at the local level can be escalated to central office. At the central level, an Information Officer and an Administrative Officer currently receive, register, manage, track and channel complaints for resolution.

50. The 2019 guidelines indicate that a three-member Complaints Committee with a Coordinator, Senior Officer and Administrative Officer is to be established. Under this updated grievance redress mechanism system, the Administrative Officer would channel all complaints to the Complaints Committee. The Complaints Committee would categorize and investigate complaints and report the findings to the Member Secretary. The Member Secretary and senior management would then decide what action to take. Senior management would periodically review the functioning of the grievance redress mechanism. This Complaints Committee is to be established in 2020/2021, which constitutes an institutional gap.

51. The ESMF: SPP requires all executing entities to establish a project-/programme-level grievance redress mechanism and requires the adequacy of the local grievance redress mechanism to be reviewed. The ESMF: SPP specifies that the local grievance redress mechanism should be culturally appropriate and effective, efficient, legitimate, gender sensitive, independent, accessible, equitable, predictable, transparent and available at no cost. The institutional-level and project-/programme-level grievance redress mechanisms should also have provisions to maintain confidentiality and protect complainants against retribution.

⁴ Refer to <https://ntnc.org.np/sites/default/files/doc_page/NTNC-Information%20Disclosure%2C%20Grievance%20Redressal%20and%20Conflict%20of%20Interest.pdf>.

52. The applicant provided a complaints log, showing 10 complaints registered and resolved from 2016 to 2018. One complaint on roadworks near a protected area was received in December 2019 and was routed to the relevant decentralized office for further investigation.

53. The GCF Information Disclosure Policy does not require additional requirements beyond those under the GCF Environmental and Social Policy and GCF interim ESS standards for performance standard 1 for advance disclosure of E&S information for category C/I-3 projects/programmes. The applicant complies with the national 2007 Right to Information Act. The guidelines referred to in paragraph 49 above commit the applicant to timely and transparent information disclosure. The ESMF: SPP (principle 5: transparency and inclusivity) commits to meaningful and transparent consultation with affected communities. The applicant provided the curricula vitae of one Information Officer at the central level and one at the field level to demonstrate capacity. The applicant provided evidence to demonstrate its track record with information disclosure in the form of its 2017 Annual Report and one knowledge product on the results of a climate-smart conservation project.

54. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism at the institutional level, supported by evidence of its track record, partially meets the GCF Environmental and Social Policy and the GCF interim ESS standards for a maximum E&S risk category C projects/programmes with respect to performance standards 1–8. The relevant institutional gap is identified in paragraph 50 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2.6. Organizational capacity and competency

55. The applicant provided its new organizational chart, showing the key E&S units and reporting lines. The environmental safeguards function is in the M&E unit; the social safeguards function is in the gender equality and social inclusion (GESI) and social safeguards unit. The applicant also has a climate change unit. It provided the organizational chart of its 15 subnational offices, showing E&S capacity at the decentralized level.

56. The ESMF: SPP describes the E&S safeguards tasks in detail, including the preparation of guidance for the field level, guiding the preparation of an ESMP, monitoring and reporting on E&S compliance and approving the various E&S reports. The Member Secretary approves the E&S screening report and the E&S clearance form of proposed projects/programmes. The Project Manager establishes an E&S safeguards team (with Environment/Conservation Officer, GESI Officer and M&E Officer) and supervises, supports and finalizes all E&S tasks. The E&S safeguards team plans, implements and monitors E&S matters.

57. The applicant provided three sample curricula vitae of E&S staff to demonstrate central-level capacity. The applicant also provided evidence that it conducts E&S training. For instance, it trained local people to implement the ESMP in its Hariyo Ban Program. The applicant's staff attended a two-day ESMF training for the upcoming World Bank supported Sustainable Tourism Enhancement of Nepal's Protected Areas project; subsequently the trained staff prepared the programme specific ESMF. The applicant conducted an online orientation session for 48 management staff on the updated the ESMF: SPP in July 2020. Additional E&S capacity training is planned in 2020/2021.

58. 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 C projects/programmes with respect to GCF performance standards 1–8.

3.3 Gender

59. The applicant's 2017 Gender Equality and Social Inclusion Policy (GESI Policy) aligns with international conventions (e.g. Convention on the Elimination of All Forms of Discrimination against Women), the national constitution, which advocates mainstreaming women into development, and the requirements of the updated GCF Gender Policy (e.g. the GESI Policy principles advocate country ownership and allocation of resources, and the provision of operational guidelines and indicators; the policy also includes an action plan to achieve the GESI goals). The GESI Policy applies to all projects/programmes and executing entities. Other policies and guidance support implementation, including the applicant's Strategic Plan 2020–2025, which considers GESI a cross-cutting theme; the Employees Administration and Financial Administration By-laws, which ensure that all employees have access to the same benefits; the Code of Practice, which prohibits gender-based discrimination; and the applicant's 2019 Guidelines on Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment, Anti-Human Trafficking, and Child Safeguard. The ESMF: SPP requires projects/programmes to conduct a gender assessment and to develop a gender action plan.

60. The applicant's GESI and social safeguards unit designated three GESI champions: Executive Director, Programme Director and GESI Officer. The applicant provided the curriculum vitae of the GESI Officer, who is tasked with gender training and technical assistance. The applicant has a training manual on gender and social inclusion in biodiversity conservation, available in the Nepalese language on its website. It has conducted GESI trainings (e.g. a training-of-trainers course on GESI-sensitive disaster preparedness; a training-of-trainers course on gender-responsive budgeting and auditing; and a one-day workshop to mainstream gender). The applicant provided evidence that it applies non-discriminatory practices (e.g. a pay slip showing that men and women were paid the same wage on a road construction project and two employment contracts showing that a man and a woman received the same salary for work of similar value).

61. The applicant provided evidence of its gender activities. Its Annapurna Conservation Area Project included an organic farming component, targeting women living near or in protected areas, which was replicated across the country. The Hariyo Ban Program mainstreamed GESI and the M&E system tracked the gender performance. The applicant provided samples of its gender knowledge products (e.g., *Hariyo Ban Program: Impact of Biogas on Reducing Pressure on Forests and Workload of Women in Terai Arc Landscape (TAL), Nepal* (NTNC, 2015)).⁵

62. 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.

IV. Conclusions and recommendation

4.1 Conclusions

63. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the GCF policies, procedures and capacity in respect to basic fiduciary standards on key administrative and financial capacities, and those related to transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. The applicant's policies, procedures and capacity meet the GCF specialized fiduciary standard for project management. However, the AP finds that the

⁵ Refer to

<https://www.researchgate.net/publication/281229800_Impact_of_Biogas_on_Reducing_Pressure_on_Forests_and_Workload_of_Women_in_Terai_Arc_Landscape_TAL_Nepal>.

applicant's track record in relation to the above-mentioned standards is insufficient. The corresponding conditions for accreditation are contained in section 4.2. Specifically, the applicant should:

- (i) Demonstrate that it is implementing the provisions contained in recently approved guidance relating to key administrative and financial capabilities as contained in paragraphs 14,15, and 17 above and those relating to transparency and accountability as contained in paragraphs 21 and 22 above;
 - (ii) Demonstrate that the Oversight Committee is executing its purpose, roles and responsibilities related to transparency and accountability as contained in paragraph 15 above; and
 - (iii) Demonstrate that it is implementing the provisions contained in recently approved guidance relating to project management contained in paragraphs 30 to 32 above;
- (b) The applicant partially meets the GCF Environmental and Social Policy and the GCF interim ESS standards in relation to E&S risk category C. The gap in the applicant's track record related to applying the monitoring provisions of its ESMF: SPP and the gap related to establishing its Complaints Committee are reflected in paragraphs 46 and 50 above and addressed in 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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

64. The AP recommends, for consideration by the Board, applicant APL103 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (ii) **Fiduciary functions:**
 - (1) Basic fiduciary standards; and
 - (2) Specialized fiduciary standard for project management; and
 - (iii) **Maximum environmental and social risk category:** minimal to no risk (category C); 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 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) Condition to be met prior to the effectiveness of the accreditation master agreement during Stage III of the accreditation process:
 - (1) Provision of evidence by the applicant of the establishment and functioning of an independent Complaints Committee, including the minutes of the first Complaints Committee meeting;

- (ii) Condition to be met with the submission of the first funding proposal to GCF:
 - (1) Provision of evidence by the applicant of applying the E&S monitoring provisions of the ESMF: SPP in the development of its first funding proposal submitted to GCF. Relevant evidence includes the project/programme specific environmental and social management and monitoring framework or environmental and social management and monitoring plan;
- (iii) Condition to be met on an annual basis for two consecutive years, starting with the financial year 2021/2022:
 - (1) Provision of evidence by the applicant of applying the following policy and guidance documents:
 - a. Financial management and control manual: provision of confirmation in the semi-annual internal audit reports that the provisions of this manual are adhered to is required;
 - b. Guidelines for organizational and project risk management: provision of copies of the risk register, including copies of the risk table for each of the risk categories specified in these guidelines and of the semi-annual update of planned mitigating actions as required by these guidelines;
 - c. Project preparation and appraisal guidelines: provision of two examples showing that the project development cycle as defined in these guidelines is adhered to for each of its main components (project identification, project preparation, project appraisal, project implementation and monitoring and project evaluation); and
 - d. M&E framework: provision of two examples that demonstrate that the entity is fully applying this framework and completing the required templates, including the format for periodic reporting of progress and the annual reporting; and
- (iv) Condition to be met on an annual basis for three consecutive years, starting with the financial year 2021/2022:
 - (1) Provision of the minutes of meetings of the Oversight Committee that demonstrate how it is annually executing its “Purpose” as stated in section 1 of its terms of reference and its “Roles and Responsibilities” as stated in section 6. Specifically, the minutes of the Oversight Committee should provide details of how the following roles and responsibilities are executed and should provide details for each of the subsections under these topics:
 - a. Financial oversight;
 - b. Compliance, whistleblowing and fraud;
 - c. Audit oversight; and
 - d. Ethics oversight.

65. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 64 above, and agrees to the recommendation.

Annex IV: Accreditation assessment of applicant 104 (APL104)

I. Introduction

2. Applicant 104 (APL104), KCB Bank Kenya Limited (KCB Kenya), is a national direct access, private sector entity based in Kenya. With its vision to become the preferred financial solutions provider in Africa with global reach, the applicant's holding company (see paragraph 5 below) aims to deliver high-quality services and products to customers and stakeholders through its business model. The applicant's Group strategic framework covering 2015–2019 focused on seven key areas, namely customer experience, network spread, youth agenda, digital payments, new businesses, robust information and technology and strategic partnerships. The applicant's Group has since launched a new strategic framework dubbed "Beyond Banking". The 2020-2022 Strategy commences a new strategic cycle which has been shortened due to dynamism in the market and the speed with which the applicant's environment changes. It is referred to as Beyond Banking because technology and innovation are pushing the boundaries of the applicant's business. The strategic thrusts are centered on customer first with leading value propositions; driving a step change in efficiency and productivity; being the digital leader and digital to the core; and building scale to achieve regional relevance. The thrusts are underpinned by a modern information technology architecture, enhanced credit and risk management and a rigorous performance management and enabling culture. Furthermore, the applicant is committed to the integration of sustainable development into its business and values. It has been undertaking various climate change related activities, mainly focusing on agribusiness development, agricultural adaptation and renewable energy technologies.

3. The applicant submitted its application for accreditation to GCF via the online accreditation system on 1 November 2017. Accreditation fees were received from the applicant on 5 February 2018, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 22 February 2019 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:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Kenya;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and

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 Fund, 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.

- (e) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

4. The applicant, KCB Kenya, applied and was assessed by the Secretariat during Stage I under the normal track accreditation process in accordance with the following GCF policies and standards:

- (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) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (e) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (f) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10);
- (g) “Comprehensive information disclosure policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (h) “Gender Policy and Action Plan” (decision B.09/11).

5. In the course of the Stage I institutional assessment and completeness check, the Secretariat identified that the applicant’s systems and track record did not include those for grant award and/or funding allocation mechanisms. The applicant also clarified that the potential projects it intended to implement with GCF funds may not include such mechanisms. Thus, the applicant decided to withdraw its application for accreditation for the specialized fiduciary standard for grant award and/or funding allocation mechanisms.

2.1 Legal status, registration, permits and licences

6. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. It is incorporated under the Companies Act (Cap. 486) dated 20 April 2015 (No. CPR/2015/185698). The applicant has held a licence from the Central Bank of Kenya since 1 November 2015, and has been providing banking and financial services since 1 January 2016. The applicant is overseen by its non-operating holding company KCB Group Plc. (formerly Kenya Commercial Bank Limited), hereinafter referred to as the Group. In

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”.

addition, the Group transferred all banking and financial services, assets and liabilities to the applicant (Ref. Gazette Notice No. 9652 Cap. 488), taking effect on 31 December 2015.

7. The applicant is a subsidiary that operates solely in Kenya, whereas the Group has offices throughout Africa. The applicant has selected to apply under the direct access modality as a national entity, having been nominated by the national designated authority of Kenya, and as such and in line with its mandate for operations – if accredited – would be undertaking projects within Kenya only.

2.2 Institutional presence and relevant networks

8. The applicant, as a commercial bank, offers a wide range of traditional and innovative financial services to its clients. Such services include personal banking and financial services, insurance, retail, microfinance, corporate business, agribusiness and small and medium-sized enterprises. In addition, the applicant, driven by the Group's strategic framework, aims to deliver high-quality services to stakeholders and customers, employing diverse channels and mechanisms to regularly communicate and engage with investors, customers, regulators, government, civil society and communities.

9. The applicant is committed to sustainable development and social responsibility. It has engaged with policymakers to influence policies and regulatory outcomes, which helps to encourage greater participation from the finance industry in the transition to a low-carbon, climate-resilient economy. In addition, the applicant has cooperated with various companies to improve transparency on corporate reporting and measurement of carbon emissions.

10. In order to help Kenya to achieve its nationally determined contributions, the applicant intends to undertake the following activities after becoming accredited to GCF:

- (a) Partner with government entities, development banks and financial institutions to finance renewable energy and energy efficiency projects in emerging markets;
- (b) Grow the green bonds market and increase green bonds for opportunities that promote the transition to a low-carbon economy;
- (c) Allocate pension funds to low-carbon and energy-efficiency assets;
- (d) Develop smart agriculture through the implementation of Mifugo ni Mali (Livestock is Wealth) projects and hydroponic farming; and
- (e) Implement projects involving electronic motorcycles, waste management and green and intelligent buildings.

2.3 Track record

11. The applicant has track record in financing various sectors, including agriculture, renewable energy, energy efficiency, health, real estate and manufacturing. The applicant's track record in financing sustainable development and climate change related projects to date includes the following:

- (a) USD 350 million (loans) for the Livestock Programme in Kenya dubbed mifugo ni mali for the arid and semi-arid lands regions in Kenya;
- (b) USD 154 million (loans) for a power distribution company project to transmit, distribute and retail electricity throughout Kenya. Further, a performance guarantee worth USD 20.26 million was issued renewable annually and valid until 26 March 2022;

- (c) USD 62 million (loans) for the for a hospitality investment company project to eradicate poverty in Kenya;
- (d) USD 13.4 million out of USD 28.8 million (loans) for the KCB and global financial institution foundation partnership for small holder farmers project in Kenya; and
- (e) KES 1 million (bank guarantee) to flour and animal feeds processing company to support livestock production within the country valid until 31 October 2020.

III. Stage II accreditation review assessment

12. The applicant applied under the normal track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of GCF in accordance with the following accreditation requirements:

- (a) The GCF policies and standards identified in paragraph 3 above;
- (b) “Policy on Prohibited Practices” (decision B.22/19); and
- (c) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12).

13. As part of this assessment, the AP consulted the applicant’s website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Basic fiduciary standards: key administrative and financial capacities

14. The applicant’s governance structure is designed to conform to the country’s central bank regulations. The Board of Directors has several committees which exercise oversight of the institution’s key functions: risk management, human resources, ethics, finance and strategy, supply chain (procurement), information technology and innovation, and internal audit. The Audit Committee plays a key role in assisting the Board in carrying out its oversight role with regard to financial reporting, internal control, internal and external audits and regulatory compliance. The terms of reference of the Audit Committee and sample minutes of its meetings that were provided by the applicant show that it carries out its function effectively and in accordance with its mandate.

15. The applicant has a process for setting its short- and long-term operational objectives, which are approved by the applicant’s Board and cascaded by the Chief Executive Officer to various departments at the beginning of the year. Achievement of departmental objectives is supported by action plans whose implementation is monitored through individual staff balanced scorecards. Progress in achieving organizational objectives is communicated to stakeholders through published quarterly financial results, copies of which were provided by the applicant and reviewed by the AP. The information provided shows that the applicant’s objectives generally support and align with its overall mission.

16. The applicant’s financial statements are prepared in accordance with the requirements of the International Financial Reporting System and aim primarily at ensuring that the information accurately represents the applicant’s financial results and position and are prudent and complete in all material respects. The annual financial statements are audited by KPMG. External audit reports examined by the AP include:

- (a) Assertions by the external auditor that the financial statements are audited in accordance with the International Standards on Auditing; and

(b) Information on the status of management responses to external audit observations/recommendations of previous years.

17. The applicant has documented policies and procedures relating to the disbursement of the financing it provides. The procedures have adequate provisions for the segregation of financing approval and disbursement responsibilities/authorities. Periodic audits of loan disbursements and payments for the applicant's own expenditures are carried out. Sample reports of the payment and disbursement system were provided and reviewed by the AP.

18. The applicant's well-established internal audit function is guided by an audit charter which lays out, among others, the responsibilities of the Internal Audit Division and the Board Audit Committee, the accountability of the Director Internal Audit, and the independence and objectivity of the internal audit. Internal audits are carried out based on annual audit plans. Audit reports and findings are routinely disseminated to senior management and business management units, which are responsible for taking action on audit recommendations and observations. There is a process for the periodic assessment of the overall effectiveness of the internal audit function. A report on a recent assessment carried out by the Institute of Internal Auditors was provided by the applicant. The AP concluded that the applicant's Internal Audit Division generally conforms to the standards of the Institute of Internal Auditors and that its work is carried out in accordance with internationally recognized standards.

19. The applicant has a Supply Chain and Procurement Policy whose purpose is to:

- (a) Provide clear and concise guidance and best practice to its staff on managing procurement and supply chain activities;
- (b) Help the various stakeholders to understand the procurement and supply chain processes; and
- (c) Achieve uniformity and order in processing procurement transactions. The policy includes guidelines with respect to different types of procurement, such as consultants, contractors and service providers.

20. The applicant provided documents relating to a sample of major procurement activities undertaken recently which demonstrate compliance with its procurement policies, procedures and guidelines. The Supply Chain and Procurement Policy and its guidelines were recently amended to include a procurement dispute resolution process. However, the policy and guidelines and their implementation do not fully meet the GCF basic fiduciary standards on key administrative and financial capacities relating to procurement for the following reasons:

- (a) The revised Supply Chain and Procurement Policy does not include specific procedures, guidelines and methodologies for overseeing and assessing the procurement procedures and practices of beneficiary institutions, executing entities or project sponsors; and
- (b) The applicant has not demonstrated effective implementation of the revised policy and guidelines. Evidence of (i) assessments of the procurement procedures of beneficiary institutions, executing entities or project sponsors and (ii) public disclosure of the applicant's procurement policies and awards on its website has not been provided.

21. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the GCF basic fiduciary standards on key administrative and financial capacities. The relevant gap is identified in paragraph 19(b) above and is reflected by the corresponding condition for accreditation in section 4.2.

3.1.2 **Basic fiduciary standards: transparency and accountability**

22. The applicant has a comprehensive set of measures for the promotion of transparency and accountability in its operations and the prevention of financial mismanagement and other malpractices. These are covered in several policies and procedures, including:
- (a) A policy on zero tolerance of fraud, corruption and other forms of misconduct;
 - (b) A Code of Ethical Conduct that lays out the expected conduct of the applicant's management and staff and all individuals with whom it has a functional and/or contractual relationship. Evidence of communicating the Code of Ethical Conduct to all parties concerned was provided. An Ethics Committee, which comes under the Board's Reputational and Risk Committee, exercises oversight over the ethics function;
 - (c) Avenues for reporting violations of the Code of Ethical Conduct and other malpractices. The main avenue is the applicant's whistle-blowing mechanism, through which violations can be reported using either email or a tip-off portal published on the applicant's website;
 - (d) Mechanism_ for protecting whistle-blowers and witnesses;
 - (e) Conflict of interest procedures, which include a Financial Disclosure Policy. The applicant provided an example of practice where a conflict of interest has been reviewed and resolved that demonstrates effective implementation of the conflict of interest review and resolution procedures; and
 - (f) An independent function for investigation by the applicant's Group Designated Shared Service Centre of cases of alleged or suspected fraud and corruption. The function has adequate provisions for preparing periodic reports for the Group Risk Management Committee which has responsibility for oversight of the ethics function.
23. The applicant has a comprehensive Anti-money Laundering and Countering the Financing of Terrorism Policy (AML/CFT Policy), which is set out in an Anti-money Laundering (AML) Compliance Policy Manual. The manual is supplemented by an AML policy statement issued by the applicant's Board of Directors. The AML/CFT Policy is guided by the regulations, guidelines and directives issued by the country's central bank and the provisions of the United Nations Security Council Sanctions Committee. The AML/CFT Policy prohibits the applicant from engaging in business with shell banks and requires the applicant to ensure that its correspondent banks and other counterparties maintain a physical presence and are subject to AML/CFT regulations in the jurisdictions where they operate.
24. To ensure compliance with the AML/CFT Policy, the applicant's Board set up an independent compliance function reporting to its Risk Committee through the Chief Risk Officer. The function identifies, assesses, monitors and reports on the applicant's AML/CFT compliance risk. The Board reviews the applicant's AML/CFT compliance at regular intervals.
25. Sound 'know-your-customer' (KYC) due diligence procedures are in place to combat money laundering and financing of terrorism. The KYC due diligence process requires:
- (a) Obtaining full particulars of the customer's identity;
 - (b) Gaining a sound knowledge of the purpose for which the customer is seeking to establish a business relationship with the applicant; and
 - (c) Reporting of suspicious and unusual transactions to the central bank.
26. The applicant regularly monitors electronic funds transfers to ensure that funds are received from bona fide sources and paid to the intended beneficiaries. Samples of reports on KYC due diligence carried out and monitoring reports on electronic fund transfers were provided by the applicant and reviewed by the AP.

27. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.

3.1.3 Specialized fiduciary standard for project management

28. The applicant has detailed project appraisal procedures and guidelines contained in three key documents: a project management handbook, a project financials prerequisite checklist, and business case templates that were reviewed by the AP on a confidential basis. The documents also include procedures and guidelines for undertaking quality review during the project appraisal process. Sample project appraisal documents and quality review reports provided by the applicant demonstrate its capacity to effectively use the appraisal guidelines and assess project risks and integrate corresponding mitigation strategies during the project appraisal process.

29. The applicant has a monitoring and evaluation function with well-defined roles and responsibilities that is independent of the project appraisal function. The function includes appropriate procedures for periodic monitoring and reporting on the status of projects under implementation. The applicant provided reports on the status of sample projects currently under implementation, which show that these procedures are effectively used. The applicant's policies and procedures relating to project closure are detailed in a project closure template. The applicant provided evidence showing that reports on results achieved and lessons learned are made available to the public through various media, including print and online publications, as well as teleconferencing and investor workshops.

30. The applicant has recently revised its Group Project Management Policy to incorporate a specific policy for the independent evaluation of projects that could be financed by GCF. It includes clear terms of reference for the independent evaluation exercise. The terms of reference are designed to ensure that the evaluation function follows impartial, widely recognized, documented and professional standards and methods. However, implementation of the revised policy can be demonstrated only upon completion of a GCF-funded project/programme.

31. To ensure transparency in the use of funds provided by GCF, the applicant has recently revised its Communications Policy and included provisions for public disclosure of project monitoring and evaluation reports on projects that could be funded by GCF. However, public disclosure of this information can be demonstrated only during and at the end of implementation of GCF-funded projects/programmes.

32. As part of its overall risk management function, the applicant has a project-at-risk system for monitoring projects to detect potential project problems at an early stage in order to ensure that appropriate remedial actions are taken in a timely manner. The system is independent of the project implementation and project supervision functions. Examples of project problems identified and remedial actions taken that demonstrate the effectiveness of the applicant's risk management function and the project-at-risk system were provided.

33. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the GCF specialized fiduciary standard for project management. The relevant gap is identified in paragraphs 29 and 30 above and is reflected by the corresponding conditions for accreditation in section 4.2.

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

34. 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 and guarantees)**

35. The applicant's lending, on-lending and blending operations are guided by a set of policies and procedures contained in two main documents: Group Credit Policy and Group Credit Manual. The applicant also uses an international accredited credit processing software in analysing the credit quality of loan applicants. The software includes a credit manager module, which enables the applicant to efficiently manage its relationship with clients and to improve the efficiency of credit operations from origination to disbursement.

36. In addition to its lending, on-lending and blending operations, the applicant provides guarantees to enhance the credit profiles of its clients and/or support their business requirements such as bid, tender, performance and customs bonds. The guarantees issued are backed by security either in the form of cash cover or other appropriate security. Similar to its lending, on-lending and blending operations, guarantee activities are governed by the policies and procedures detailed in the applicant's Group Credit Policy and Group Credit Manual. Examples of guarantees issued by the applicant were provided and were reviewed by the AP.

37. Decisions on financing provided through any of the above-mentioned instruments are taken either by senior staff and managers, who are granted appropriate credit approval authority, or by the Director Credit or the Board Credit Committee, depending on the level of financing required. All applications requiring financing are handled according to discretionary limits specified in the applicant's credit policy.

38. The applicant has appropriate policies and guidelines for providing information to the public regarding its decisions on on-lending, blending and guarantee operations. Information on the projects it finances is disclosed to the public through a quarterly publication (*Venture*), social media channels and publication of the information on its website. The applicant has recently revised its communications policy to include a provision for making available to the public information on the beneficiaries and results of the projects/programmes that could be funded by GCF. However, the applicant has not demonstrated effective implementation of this policy since it is new and applicable only to GCF-funded projects/programmes.

39. The applicant has adequate policies, procedures and guidelines to guide its operations. It provided:

- (a) Sample due diligence reports in respect of its lending and on-lending and guarantee operations;
- (b) A well-defined structure and process for oversight of its operations, including procedures and guidelines for the monitoring and evaluation of the projects/programmes it finances; and
- (c) External annual audits of its financial statements which attest to the applicant's proper deployment of its financial resources.

40. The applicant has an Asset and Liability Management Committee whose main role is to ensure an appropriate match between its assets and liabilities. Sample minutes of the committee meetings provided show that it carries out its responsibilities effectively.

41. The applicant has also demonstrated experience in sourcing funds for its on-lending and blending operations from international and multilateral funding sources. Financing raised from the International Finance Corporation (IFC) and the African Development Bank is used to support its on-lending and blending activities. Based on the information provided, the AP finds that the applicant has demonstrated its capacity to effectively and transparently channel funds that could be provided by GCF.

42. The applicant has been rated by the Global Credit Rating Company and Standard & Poor's. Its long-term and short-term credit and outlook were rated AA, A1+ and Stable, respectively, by the Global Credit Rating Company. Its financial performance resilience and outlook were rated B+ and Stable by Standard & Poor's.

43. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the GCF specialized fiduciary standard for on-lending and/or blending for loans and guarantees. The relevant gap is identified in paragraph 37 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2 Environmental and social safeguards

3.2.1 Environmental and social policy

44. The applicant's environmental and social management system (ESMS) comprises its Social and Environmental Management System Policy (SEMS Policy), approved by the Group Risk Management Committee of its Board in May 2020. The 2020 SEMS Policy updates and replaces the applicant's 2018 SEMS Policy. The 2020 SEMS Policy is applicable to the Group and all its subsidiaries – including the applicant itself – and for all financing instruments, including loans, guarantees and equities. The SEMS Policy articulates how the Group integrates E&S considerations into its decision-making, operations and investment activities to effectively manage the E&S risks and impacts of its projects/programmes.

45. The 2020 update to the SEMS Policy specifically incorporates the requirements for E&S assessment of financial intermediaries on-lending, guarantees, equity structures, and E&S consultations and disclosure, and grievance redress mechanism at the entity and activity level. The 2020 SEMS Policy has adopted the IFC performance standards (PS) 1–8. The applicant's Group Sustainability Manager is the overall coordinator for ensuring the compliance and implementation of the SEMS Policy. The SEMS Policy has been communicated to all the staff and business units within the Group.

46. The AP finds that the applicant's ESMS, comprising the 2020 SEMS Policy, supported by evidence of its track record, fully meets the requirements of the GCF Environmental and Social Policy and GCF interim environmental and social safeguards (ESS) standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1–8.

3.2.2 Identification of E&S risks and impacts

47. The 2020 SEMS Policy describes the applicant's institutional procedure to guide its staff in identifying the E&S risks and impacts of projects/programmes as they evolve over the project life. At the initial stage of inquiry with a client, the applicant's Corporate Relationship Manager or the Small and Medium-sized Enterprise Relationship Manager, and the designated Project Loan Officer screen the client's proposed project activities against the applicant's Exclusion List (which is similar to the IFC Exclusion List⁴), contained in an annex to the SEMS Policy. If the project involves an excluded activity, the prospective client is informed of the applicant's decision to decline and further consideration of financing for the project is terminated. The respective Relationship Manager provisionally assigns an E&S risk category as per the guidance on E&S risk categorization and social and environmental due diligence procedure, provided in annexes to the SEMS Policy. The projects/programmes are classified into one of the following three E&S risk categories: A/I-1, B/I-2 and C/I-3, which are consistent with the corresponding E&S risk category definitions in the GCF Environmental and Social Policy.

⁴ Available at <<http://www.ifc.org/exclusionlist>>.

48. The applicant provided a sample of E&S risk and impacts screening templates for its loans for projects/programmes in E&S risk category B/I-2 comprising a cement grinding plant, a steel mill and a sugar manufacturing mill. The applicant also provided an E&S risk and impacts template for a category B/I-2 project/programme involving a loan and a guarantee for a road project.

49. 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 requirements of the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1-8.

3.2.3 Management programme

50. The 2020 SEMS Policy describes the applicant's institutional process for managing mitigation measures and actions stemming from the E&S risk identification process. Once a client's proposed project passes the applicant's Exclusion List review, the respective Relationship Manager or the designated Project Loan Officer proceeds to conduct project appraisal, which also includes E&S due diligence using the applicant's social and environmental due diligence tool provided in the SEMS Policy. The Relationship Manager also reviews the client's E&S assessment documents, such as the environmental and social impact assessment (ESIA) and environmental and social management plan (ESMP) reports for greenfield projects, and also an Environmental Audit (EA) report if an existing project involves expansion or extension. It is mandatory for the Relationship Manager to conduct a site visit for all projects and programmes categorized in E&S risk category A/I-1 or B/I-2 to verify the potential E&S issues identified in the client's ESIA/ESMP/EA reports. All outstanding E&S issues are included as E&S covenants by the applicant's credit analyst in the legal agreement with the client. The E&S covenants are monitored by the Relationship Manager during the project life cycle.

51. The applicant provided evidence of its track record for E&S risk and impacts mitigation management in the form of a sample of ESIA, ESMP and EA for projects/programmes in E&S risk category B/I-2 for the projects/programmes mentioned in paragraph 47 above.

52. As the applicant's 2020 SEMS Policy has not undergone an external audit owing to its recent adoption, the applicant has agreed to commission an external audit of its entity-level ESMS within the three years of the first disbursement for its first GCF-funded project/programme.

53. The AP finds that the applicant's ESMP, supported by evidence of its track record, partially meets the requirements of the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1-8. The applicant has not conducted an external audit of its ESMS since the adoption of the 2020 SEMS policy. The relevant gap is identified in paragraph 51 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2.4 Monitoring and review

54. The 2020 SEMS Policy describes the applicant's E&S monitoring and reporting system, including the related respective responsibilities of a client and the applicant itself. The E&S monitoring of projects/programmes verifies whether the applicable E&S performance requirements and the various E&S covenants included in the legal agreement between the client and the applicant and ESMP are being met sustainably and in a timely manner. The client's E&S monitoring findings are tracked by the applicant through semi-annual E&S monitoring progress reports for E&S risk category A/I-1 and B/I-2 projects/programmes, while the E&S performance of its clients' portfolio is evaluated on an annual basis. The applicant provided a

sample of E&S monitoring and audit reports for projects/programmes for the E&S risk category I-2 as indicated in paragraph 47.

55. The AP finds that the applicant's system of monitoring and review, supported by evidence of its track record, fully meets the requirements of the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1–8.

3.2.5 External communications, consultations, information disclosure and grievance redress mechanism at the institutional level

56. The 2020 SEMS Policy describes the applicant's external channels, such as its website, for receiving, addressing and registering external communications, including project-related E&S grievances. The SEMS Policy describes in detail the applicant's entity-level independent grievance redress mechanism, the Grievance and Complaint Redress Mechanism (GCRM), which is found by the AP to be in line with PS 1 of the GCF interim ESS standards. The applicant's Head of the Operational Risk Department will be responsible for managing the independent GCRM for GCF-funded projects/programmes. The applicant also provided curricula vitae (CVs) of its staff as evidence of their competency (qualification/experience) to support and manage GCRM.

57. The 2020 SEMS Policy requires the applicant's clients to conduct stakeholder engagement on an ongoing basis during the project life cycle and related consultations and disclosure of E&S information in line with the GCF Information Disclosure Policy, particularly for projects/programmes in E&S risk category B/I-2. The SEMS Policy also includes the requirement for the applicant's executing entities to include a project-level grievance redress mechanism.

58. The applicant provided a sample of ESIA/ESMP, which provides evidence of its track record on stakeholder engagement, E&S information consultations and disclosure, and project-level grievance redress mechanism. The applicant's National Environmental Management Authority (NEMA) as the country's regulatory agency reviews and discloses the applicant's E&S assessment documents for public consultations in accordance with the schedule of review by the public prescribed in the national regulatory guidelines. NEMA then grants an E&S permit to the applicant's clients (project developers) to proceed with the project execution with the notice to the client and applicant to further monitor and report to NEMA on any specific pending E&S issues indicated in the permit.

59. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism at the institutional level, supported by evidence of its track record, fully meets the requirements of the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1–8.

3.2.6 Organizational capacity and competency

60. The SEMS Policy includes a description of the applicant's organizational structure and workflow that identifies key units, departments and senior and line management personnel who are responsible for implementing the SEMS Policy along with their authority, reporting lines and responsibilities. The two key functions for the implementation of the SEMS Policy are the Group Sustainability Manager and the Credit/Environmental Manager. The Group Sustainability Manager is the overall coordinator of the activities of the applicant's different business units and is responsible for all sustainability programmes, which include planning, implementation and monitoring of sustainability initiatives; facilitating production of sustainability reports; implementing sustainability training and awareness programmes;

working with external groups and stakeholders; and undertaking the review of international sustainability efforts to benchmark the applicant's system against best practice. The Credit/Environmental Manager is responsible for incorporating E&S risk assessment in credit reviews for the Group and its subsidiaries. The credit analysis team identifies and tracks the outstanding E&S issues and covenants in the credit memo, and trains credit support staff in E&S due diligence and the generation of periodical reports on approved facilities for screening the E&S issues.

61. The applicant provided CVs of its key E&S staff and a sample of their work as evidence of their knowledge, skills and experience necessary to understand and ensure implementation of PS 1–8. The applicant also provided a description of the E&S training and development programmes undertaken by its E&S and other relevant staff. The E&S staff were responsible for the update of the applicant's SEMS Policy and Gender Policy (described in further detail below) to bring them into line with the respective GCF policy requirements, which further attests to their capacity.

62. 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/I-2 projects/programmes with respect to GCFPS 1–8.

3.3 Gender

63. The applicant's institutional-level stand-alone Gender Policy is provided in its Gender Diversity and Inclusion Policy (GEDI Policy), approved by the Risk Management Committee of its Board in May 2020. The GEDI Policy articulates the applicant's commitment to mainstreaming gender, diversity and inclusivity by actively considering gender parity in the execution of its core mandate, which includes the Group's operations, investments, project finance and corporate social responsibility. The GEDI Policy applies to the Group and its subsidiaries, and to all its employees and third parties such as agents, contractors and service providers. The Group Human Resources Division ensures that the staff are well versed in gender, diversity and inclusion in business concerns through the development of appropriate training materials, capacity-building activities and budget provision for gender mainstreaming and development. The applicant also provided a copy of its human resources manual, which includes principles of gender equity at its institutional level in terms of staff recruitment, employment contracts, promotion and retention.

64. The GEDI Policy includes procedures and checklists on gender mainstreaming for the applicant to use in project preparation/appraisal for loans as well as guarantees. The procedure includes the following provisions, which will apply for all GCF-funded projects/programmes: conducting gender assessment, including collecting sex-disaggregated data to assess gender risks and impacts; formulating a gender action plan, including appropriate mitigation measures; allocating a gender-based budget at the entity, fund and project/programme level to integrate and implement gender activities; conducting gender-sensitive and gender-responsive stakeholder consultations, including grievance redress and E&S information consultations and disclosure, and a non-discriminatory policy to secure equal rights, treatment and compensation for men and women; maintaining a monitoring and evaluation reporting system and auditing procedure to address gender mainstreaming at the entity, project/programme and fund level; and assimilating lessons learned with regard to gender mainstreaming in strategies to reduce climate risks.

65. The applicant provided CVs of its gender experts showing their experience and qualifications as well as the gender training they have received. The applicant also provided the

following examples of its loans and guarantee to projects/programmes which targeted women as the primary beneficiaries:

- (a) An agribusiness value chain financing programme for farmers to access affordable financing to obtain agricultural input and insurance protection for increased food production;
 - (b) The formation of a Biashara (business) Club: a platform offering businesses access to the skills, experts and networks needed to get them off the ground or take to the next level; and
 - (c) A streamlined loan and guarantee process.
66. The applicant's projects/programmes also reflect non-discriminatory practices in terms of benefits and remuneration for both men and women employees.
67. The AP finds that the applicant's GEDI Policy, procedures and capacities, supported by evidence of its track record, fully meet the requirements of the updated GCF Gender Policy.

IV. Conclusions and recommendation

4.1 Conclusions

68. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant meets the requirements of the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy, but only partially meets the requirements of the GCF basic fiduciary standards for key administrative and financial capacities, the specialized fiduciary standard for project management and the specialized fiduciary standard for on-lending and blending for loans and guarantees for the following reasons (the relevant gaps are identified in paragraphs 19, 29, 30 and 37 above and addressed in the corresponding conditions for accreditation in section 4.2):
 - (i) The applicant's revised Supply Chain and Procurement Policy does not include specific procedures, guidelines and methodologies for overseeing and assessing the procurement procedures and practices of beneficiary institutions, executing entities or sponsors;
 - (ii) Evidence of (a) assessments of the procurement procedures of beneficiary institutions, executing entities or project sponsors and (b) public disclosure on the applicant's website of its procurement policies and awards has not been provided;
 - (iii) Implementation of a policy on independent evaluation of projects has not been demonstrated;
 - (iv) Evidence of public disclosure of project monitoring and evaluation reports on projects/programmes has not been provided; and
 - (v) Evidence of public disclosure of information on the beneficiaries and results has not been provided;
 - (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/1-2. The applicant's entity-level ESMS has not undergone an external audit since the adoption of its 2020

SEMS Policy (see paragraph 51 above); this is addressed in the corresponding condition in section 4.2 below; 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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

69. The AP recommends, for consideration by the Board, applicant APL104 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;
- (2) Specialized fiduciary standard for project management; and
- (3) Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and

(iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/intermediation 3 (I-3))⁷); 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 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. The conditions are as follows:

(i) Condition to be met prior to the effectiveness of the accreditation master agreement during Stage III of the accreditation process:

- (1) Provision of evidence by the applicant of the revision and adoption by its senior management of its Supply Chain and Procurement Policy and its guidelines to include procedures and guidelines for overseeing and assessing the adequacy of the procurement procedures and/or practices of executing entities, project sponsors or beneficiary institutions of GCF-funded projects/programmes; and
- (2) Public disclosure of the revised Supply Chain and Procurement Policy on the applicant's website;

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 Fund, 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 Fund, 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".

- (ii) Condition to be met on an annual basis for two consecutive years starting from the date of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
 - (1) Public disclosure on the applicant's website of periodic monitoring reports in respect of the relevant GCF-funded project/programme;
- (iii) Condition to be met within three years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
 - (1) Provision by the applicant of at least two reports on the assessment of the procurement procedures and/or practices of executing entities, project sponsors or beneficiary institutions of GCF-funded projects/programmes;
 - (2) Public disclosure of its procurement awards for GCF-funded projects/programmes on its website; and
 - (3) Provision by the applicant of a final report on external audit prepared by an independent body assessing the effectiveness of the implementation of the applicant's ESMS (comprising its SEMS Policy). The audit should highlight lessons learned and provide recommendations to improve the ESMS; and
- (iv) Condition to be met within one year of completing the implementation of the first GCF-funded project/programme to be undertaken by the applicant:
 - (1) Provision of evidence by the applicant of independent evaluation of the first GCF-funded project/programme and the public disclosure of the independent evaluation report on its website. The report shall include information on:
 - a. The list of beneficiaries under the first GCF-funded project/programme; and
 - b. The results and outcomes of the first GCF-funded project/programme.

70. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 68 above, and agrees to the recommendation.

Annex V: Accreditation assessment of applicant 105 (APL105)

I. Introduction

1. Applicant 105 (APL105), Camco Management Limited (Camco), is an international private access entity based in the United Kingdom of Great Britain and Northern Ireland. It was established in 2015 as a subsidiary of RedT Energy plc (formerly Camco Clean Energy plc¹) and is now independent of RedT Energy plc. With its on-the-ground experience and world-leading financial expertise in originating, developing, financing and implementing renewable energy and electrification projects in developing and established markets across the world, the applicant has been providing innovative financial solutions and management services to enable renewable energy development and deploy climate finance.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 12 October 2018. Accreditation fees were received from the applicant on 20 May 2019, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 30 October 2019 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:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;²
- (d) **Fiduciary functions:**³
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans and equity); and
- (e) **Maximum environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)).⁴

¹ The Camco group was established in 1989 in Kenya and in 2015 was restructured to split its nascent vanadium redox battery storage business from its climate finance business. The latter, Camco Management Limited, was subsequently acquired by management on 1 January 2017. As part of this restructuring the name “Camco Clean Energy” was transferred to the applicant, Camco Management Limited.

² 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 Fund, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme”.

³ Decision B.07/02.

⁴ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to 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 applied and was assessed by the Secretariat during Stage I under the normal track accreditation process in accordance with the following GCF policies and standards:

- (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; and
- (i) “Gender Policy and Action Plan” (decision B.09/11);

4. In the course of the Stage I institutional assessment and completeness check, the applicant has amended its application from category A/I-1 to category B/Intermediation 2 (I-2).⁵ The application has been reviewed against category B/I-2 during the Stage II (Step 1) accreditation review.

2.1 Legal status, registration, permits and licences

5. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established in 2015 under the Registrar of Companies for England and Wales as a private company (company number 09902551). Camco Management Limited has confirmed its legal status as a limited company with unrestricted objectives. It may pursue any objectives deemed appropriate in the beneficial interest of the company and has the ability to receive funding for the support of the entity’s objectives.

⁵ As per annex I to decision B.07/02, 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”.

2.2 Institutional presence and relevant networks

6. With a vision to become a world leader in renewable energy projects and climate finance, the applicant has provided innovative finance solutions to 180 projects worth USD 15 billion in Africa, Asia, Latin America and the Caribbean, Europe and North America. It works with governments, public sector entities, development banks, local project developers, financiers and private investors to optimize capital structure. The applicant has also developed a wide network of contacts and partners to help to ensure the quality and process of project implementation.

7. In order to advance the objectives of GCF, the applicant is strongly committed to contributing to the global efforts to achieve the goals of the Paris Agreement. It intends to align its intended projects with the GCF investment criteria and continue to utilize its expertise and experience in carbon markets and development of renewable energy projects around the world. The applicant intends to finance projects that are in line with the target countries' existing strategies and plans as prioritized in their nationally determined contributions, national communications, nationally appropriate mitigation actions and other national climate and energy policy frameworks. In order to ensure alignment with national priorities to improve national commitment and country ownership in the projects, the applicant intends to maximize its engagement with duty bearers such as the national energy departments and environmental departments, regulators and national designated authorities (NDAs).

8. The applicant, jointly with Parhelion Underwriting Limited as proposed executing entity, responded to the request for proposals issued by GCF for a pilot programme to mobilize resources at scale and submitted a concept note for the GeoFutures Facility project on 30 August 2017. The intended project aims to establish and run a risk mitigation instrument to crowd in private sector investment for geothermal power in East Africa. The concept note was shortlisted by GCF and is in the process of review. An already accredited entity is already taking forward the project proposal.

9. In order to achieve a paradigm shift towards a low-carbon and climate-resilient development pathway, the applicant aims to maximize the engagement with private sector entities to finance innovative projects. In addition, the applicant intends to engage with both public and private financial institutions to de-risk renewable projects to ensure bankability. For example, it is dedicated to developing a renewables ecosystem that reinforces local capacity and delivers the paradigm shift envisaged by GCF in Africa, as well as continuing its management of transformational initiatives, such as the Renewable Energy Performance Platform, which aims to bring long-term transformational change to sub-Saharan Africa.

2.3 Track record

10. The applicant's projects cover a wide range of technologies, including solar photovoltaic, hydropower, wind, biogas, biomass, energy storage and off-grid solutions. The applicant, as an originator, has originated numerous debt facilities and equity investments across Africa. As a financier, the applicant has raised over USD 360 million of capital in loans and equity for investment in renewable energy projects. In addition, the applicant works in the carbon markets and has become one of the largest developers of clean development mechanism projects in the world.

11. The applicant's track record in financing renewable energy and climate change related projects to date includes the following:

- (a) USD 137 million (grants and loans) for the Green Africa Power programme, which includes projects in the wind, solar, hydropower, geothermal, sustainable biomass and biogas and waste-to-energy sectors across a broad spectrum of African countries;
- (b) USD 68.8 million (grants and loans) for the Renewable Energy Performance Platform programme comprising 27 projects in 15 African countries (Burundi, Cameroon, Chad, Ghana, DRC, Kenya, Lesotho, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Tanzania, Uganda and Zambia), with an overall target of installing 123 MW of new renewable energy capacity⁶ from 2015 to 2023; and
- (c) USD 5.8 million (equity) spread across equity investments in 5 projects within the Renewable Energy Performance Platform programme to refinance the development, engineering, procurement and construction costs associated with the project.

2.4 Potential support for direct access entities

12. The applicant has a track record of engaging and cooperating with developing country institutions and local service providers in order to develop and finance climate change mitigation projects. It has indicated that such experience has helped to strengthen the capacity and credibility of national institutions and opened up new opportunities for investment into nationally prioritized sectors.

13. The applicant intends to actively support direct access entities in meeting GCF standards for accreditation. To achieve this the applicant aims to integrate a dedicated capacity-building and outreach component into all of its GCF projects and programmes. This component will be tailored to the context of each project in cooperation with the relevant NDAs, with the following elements, as appropriate, integrated into the capacity-building and outreach component:

- (a) Running national and regional workshops for private sector direct access entities in targeted sectors, aiming to cover, inter alia, compliance with GCF standards on gender issues, environmental and social safeguards (ESS) and international best practice in relevant areas such as audits, corporate governance and financial controls;
- (b) Mandating GCF standards within recipient companies while helping to build their internal capacity in order to comply with such standards; and
- (c) Offering NDAs assistance to assess the current viability of candidates for direct access nomination and providing nominated direct access entities with technical support in building capacity and preparing their application for accreditation.

III. Stage II accreditation review assessment

14. The applicant applied under the normal-track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of GCF in accordance with the following accreditation requirements:

- (a) The GCF policies and standards identified in paragraph 3 above; and
- (b) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12).

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

⁶ The portfolio is anticipated to generate 275MW post 2023.

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

16. Although the applicant is named as Camco Management Limited, the business trades as Camco Clean Energy. Camco Management Limited is a 100 per cent owned subsidiary of Camco Clean Energy Limited,⁷ with the same Board and adopts policies and procedures on a group-wide basis. The business of the Camco group is primarily based on identifying, investing in, implementing and managing small-scale renewable energy projects in Africa.

17. At the start of the review of the AP, Camco was in the early stages of developing its business, its governance framework, its operations manual and its short-term and long-term strategic plans. Being owner managed with a shallow hierarchy and small headcount (an average of 10 staff in 2018, 15 in 2019 and 24 to date in 2020⁸), Camco did not have distinct committees for audit, ethics, finance, risk or human resources. As a result of working with the AP on the GCF accreditation process, Camco has recently established a Sustainable Business Committee (SBC), which handles ethics and related issues, and is in the process of implementing an Audit and Risk Committee (ARC) to oversee internal audit, risk and financial management. In addition, the applicant has recently updated and adopted policies related to transparency and accountability (see section 3.1.2 below).

18. The applicant's principal business activity and main source of revenue is the management contract with the Renewable Energy Performance Platform (REPP). Established in 2015, REPP is a revolving funding facility with funding from the United Kingdom Government of 148 million pounds sterling and sponsorship from the United Nations Environment Programme and the European Investment Bank. It focuses on catalysing renewable energy projects in Africa by helping developers to overcome barriers to raising finance. As the manager of REPP, Camco sources and recommends projects to the REPP Investment Committee and then assists in the implementation, management and monitoring of the projects. To date, REPP has committed USD 74.6 million of co-financing for the development of 32 projects covering a wide range of technologies from grid-connected solar farms to run-of-river hydropower plants. For three years in a row Camco has received an "A" rating in the annual assessment of the delivery of REPP conducted by the Department for Business Energy and Industrial Strategy of the United Kingdom.

19. Before Camco started working with the AP on its accreditation application, most of the fiduciary policies and procedures that governed its activities, in particular those related to procurement, transparency and accountability and the operations manual, were embedded in REPP. These are being migrated to Camco and updated and adapted to align with its strategic plans and future business activities. Camco is authorized and regulated by the United Kingdom Financial Conduct Authority (FCA) through an appointed representative, Mirabella Advisors LLP and is in the process of obtaining its own FCA registration and licence. Having this licence should help Camco to take advantage of new business opportunities and expand its business.

20. The applicant has a Board of Directors comprising three members: the Managing Director, the Head of Origination and an external Non-executive Director. There will be three standing sub-committees of the Board: the Camco Investment Committee (CIC), SBC and ARC.

21. CIC is formed and overseen by the Managing Director. Other members include the Head of Portfolio, the Head of Risk, the General Counsel and an independent expert. CIC reviews

⁷ Camco Clean Energy Limited is a UK company and is different to Camco Clean Energy plc (which was a Jersey company). The former was formed following the separation of Camco from RedT energy, whereas the latter was a plc subsequently renamed RedT energy plc.

⁸ Certain staff are employed directly by the applicant and others due to their location in Africa are employed on service contracts.

potential investments and recommends them to the relevant decision maker. It then monitors the execution and performance of those investments and recommends changes and action points to the decision maker. It plays a key part in assessing and managing the risk profile of proposed and portfolio investments.

22. SBC has three well-qualified members: the Camco Impact Manager and two external members. It was established in March 2020 to monitor, report and make recommendations to the applicant's Board on policies, processes and performance in relation to environmental and social standards, sustainability, impact, gender and ethics. The applicant provided information on the SBC governance framework, which outlines the purpose, scope of work, current governing policies and procedures, targets and undertakings and the key performance indicators of this sub-committee. The initial meeting of the SBC occurred in August 2020 and it will meet quarterly on an ongoing basis. However, lack of evidence of the track record of the SBC operations remains a gap in compliance with the GCF basic fiduciary standard on key administrative and financial capacities.

23. ARC was established in June 2020 and the terms of reference have been provided. ARC will have responsibility for the oversight of risk, compliance, external and internal audit functions, including the selection and appointment of the external auditor and the appointment of the Camco Head of Internal Audit. The applicant's Board has appointed the initial members (ARC will consist of three members, all of whom will be independent and non-executive) and formally adopted the ARC as a sub-committee of Camco's Board. However, the implementation of ARC and the internal audit function has yet to be demonstrated. Lack of evidence of the effective functioning of ARC and of the internal audit remain gaps in the GCF basic fiduciary standards for key administrative and financial capacities. To address these gaps, the applicant has agreed to provide the minutes of the first three ARC meetings as well as the details of the first two years of internal audit plans and internal audit reports.

24. Camco's Investment Framework is a comprehensive document that governs all key operations of the business. It addresses strategy and the setting and measuring of short- and long-term objectives; the investment policy, transaction process, 'know-your-customer' (KYC) checks and portfolio management; the staff handbook, code of conduct and ethics; governance, information disclosure and publishing; financial management, including procurement; and risk assessment and management. The annexes contain 19 policies on the following: investment; risk management; public information disclosure; anti-corruption and anti-money-laundering; KYC; data protection; code of conduct; conflicts of interest; human resources; investigation and enforcement; whistleblowing; gender equality; gender action plan; financial management; procurement; procurement policy for investees; travel and expenses; E&S safeguards; and E&S information disclosure, external communications and grievance mechanism.

25. Camco uses Xero, a cloud-based accounting software, for all its accounting functions. Management accounts are produced monthly and annual financial statements are prepared under Generally Accepted Accounting Practice in the UK. Annual audits for RedT Energy plc, audited by PricewaterhouseCoopers using International Financial Reporting Standards have been provided for 2015, 2016 and 2017. Audited statements for Camco Management Limited for 2018 and 2019 have also been provided, audited by Rawlinson & Hunter using Generally Accepted Accounting Practice in the UK, together with the external auditor's management letters. In addition, Camco has provided its recently prepared Financial Management Policy, which comprehensively sets out the principles, policy and procedures relating to financial management and internal controls, including accounting policies and procedures, independent reviews, budgetary planning, monitoring and control, payments processes, procurement and compliance.

26. As at the date of this assessment, Camco Management Limited had a limited track record relating to the operation of ARC and internal audit in its own right because most of its policies

and practices relating to administrative and financial capacities have only recently been established and adopted. Nevertheless, the track record of applying the policies under the REPP mandate are deemed sufficient to demonstrate Camco's ability to implement and to apply the policies it is adopting in its own right. However, in addition to the gaps referred to in paragraphs 22 and 23 above, the non-publication of the results of procurements remains a gap in the GCF basic fiduciary standards for key administrative and financial capacities. To close this gap, the applicant has agreed to publish the results of procurements for GCF-funded projects and programmes.

27. The AP finds that the applicant's policies, procedures and capacity partially meet the GCF basic fiduciary standards on key administrative and financial capacities and that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 22, 23 and 26 above and are addressed in the corresponding conditions of accreditation in section 4.2.

3.1.2. **Basic fiduciary standards: transparency and accountability**

28. The applicant has provided its ethical code of conduct, which is found to be well developed and in compliance with the GCF basic fiduciary standards on transparency and accountability. All staff and consultants are contractually obliged to read and adhere to the code of conduct and are bound by its policies. The policy regulating potential and actual conflicts of interest, together with an example of the gifts and entertainment log, has also been provided by the applicant and assessed by the AP.

29. The applicant has a robust and comprehensive set of policies and procedures concerning anti-corruption, anti-money-laundering and the countering the financing of terrorism; whistle-blower protection; prohibited practices; and investigations and enforcement. The relevant policies and procedures have been provided and all of them have been revised and updated during the last two years to reflect Camco's ongoing business (see also para. 19 above). All of these policies comply with United Kingdom and the GCF basic fiduciary standards on transparency and accountability.

30. Camco's newly developed institutional-level Investigation Policy is found to be comprehensive and in line with the GCF basic fiduciary standards on transparency and accountability. Although not currently published on the applicant's website, the Investigation Policy is effectively publicly available, as it can be requested via the customer service number on the website. The applicant is currently planning to make the new institutional-level Investigation Policy publicly available on its website. The investigation policy for REPP, which Camco effectively manages, is already published on the REPP website.

31. The KYC policy has been provided, together with evidence of the KYC process with two KYC reports from REPP. As it is not a banking institution, Camco does not have an electronic funds transfer tracking system in place to be able to trace funds directly. However, it has implemented the same mechanisms for verifying recipient bank details as the ones REPP has in place. These are detailed in the financial management policy and procedures that have been provided.

32. As explained in paragraph 26 above, Camco Management Limited has a scarce track record in its own right because most of its policies and practices have only recently been revised and adopted. However, the track record of applying the policies under the REPP mandate are deemed sufficient to demonstrate Camco's track record with respect to transparency and accountability.

33. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on transparency and

accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.

3.1.3. Specialized fiduciary standard for project management

34. Camco has developed and approved an overarching Investment Framework at the corporate level for developing projects and programmes, including GCF-funded projects (as mentioned in paragraph 24 above). The framework contains eligibility/exclusion projects criteria, procedures for project selection and preparation, due diligence of projects and counterparties, project approval, project implementation, risk identification and management, provisions for monitoring and evaluation and procedures for the public disclosure of project-related information.

35. Camco's project appraisal guidelines included in the investment framework incorporate detailed criteria for the screening and selection of projects. Camco's exclusion list of projects contains, among others, non-renewable fossil-fuel power plant construction, extension or operation; coal, oil and gas exploration, transportation, production and distribution; switching from one non-renewable fossil fuel to another non-renewable fossil fuel in stand-alone grid-connected electricity generation plants; the production of nitrous oxide/nitrogen oxides (except in connection with waste and biomass projects) or the production of hydrofluorocarbons.

36. The applicant appraises the project concept note on the parameters of project cost and key financial indicators and builds up a project financial model taking into account sources of financing and financial instruments applied. The project concept notes prepared by the risk, E&S, legal and compliance units are reviewed and approved by CIC, which provides the recommendations to the Board. Each project is the subject of a detailed due diligence by the applicant's project teams and has to be approved by CIC.

37. Once the investment (transaction) is approved the project team creates a project summary and press release describing the transaction and once all the conditions precedent are satisfied and/or waived, the project summary and press release are published on the applicant's website.

38. The investment framework contains the well-documented project implementation procedures in accordance with which the investee companies report to the applicant on the key performance indicators and E&S parameters on a periodic basis. Camco's designated project team performs continuous oversight of the project implementation process and links the project key performance indicators (KPIs) and milestones to the performance dashboard, which allows identification of the projects or project elements that are at risk.

39. Camco's project team also provides periodic reporting to CIC on the project's implementation status, deviations in the financial model, risk analysis and mitigation and achieved results against the implementation plan and budget. Each disbursement is approved upon the periodic review of the project results. Analysis of the project expenditure is carried out on an ongoing basis. Every investee company undergoes an overarching annual review by CIC, which provides recommendations to the Board on the specific changes in the action plans of the project activities.

40. The monitoring of the projects is undertaken by the portfolio department, which covers finance and impact analysis functions. The Portfolio Manager receives the information on the project's progress from the corresponding project implementation team and other units and prepares the consolidated analysis on the performance of the project and the fund portfolio in which the project is included.

41. Camco has established a new separate policy on the independent evaluation of the investment mandates which outlines the objective, scope, standards and principles of the independent evaluation.
42. The applicant has extensive experience in managing renewable energy generation and energy efficiency, projects in developing countries, particularly in the Africa region, through its specialized investment funds with capital raised from governmental agencies and private investors, where the applicant serves as an investment manager and investments are made in individual projects and/or private companies.
43. The effective use of the procedures that served as a basis to develop an updated investment framework was demonstrated by sample project appraisal and project due diligence reports, periodic quarterly progress reports provided by executing entities (e.g. investee companies), site visit reports, mid-term evaluation reports prepared by the donors of funds and other supporting documents that the applicant provided. These documents also show that the applicant has the capacity to examine and incorporate the technical, financial, economic, legal and environmental (including climate change mitigation) aspects of the project at the appraisal and implementation stages.
44. The project monitoring and evaluation procedures and information disclosure procedures in line with the GCF specialized fiduciary standard for project management were included into the new investment framework document. However, implementation of the new monitoring and evaluation and information disclosure policies at the project level has yet to be demonstrated. The requirement to prepare the monitoring reports and publish the project monitoring and evaluation reports remains a gap in accordance with the GCF specialized fiduciary standard for project management regarding project monitoring and evaluation. Camco has agreed to undertake the project monitoring and provide evidence of the publication of the project monitoring and mid-term evaluation reports on its website.
45. The applicant is planning to engage, independently from the project development and monitoring function, a consultancy firm to prepare comprehensive evaluation reports of the performance of specific funds and the results of the projects financed through these funds against the initial objectives and criteria. The requirement to prepare the terms of reference for the external evaluator remains a gap in accordance with the GCF specialized fiduciary standard for project management regarding project monitoring and evaluation.
46. The AP finds that the applicant's policies, procedures and capacity fully meet the GCF specialized fiduciary standard for project management. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 44 and 45 above and reflected by the corresponding conditions for accreditation in section 4.2.

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

47. During the early stages of assessment by the AP during Stage II (Step 1) accreditation review, the AP noted the applicant's lack of sufficient policies and procedures for the awarding of grants on a competitive basis (as required by the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms). As such, the AP recommended Camco to consider not to pursue accreditation for the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms until the time that the applicant develops such systems, policies, procedures and demonstrates track record of such systems in awarding grants on a competitive basis. The applicant agreed to the AP's recommendation and withdrew its application for this standard at this time.

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

48. Camco's on-lending and blending operations are supported by a set of well-developed investment framework policies, which were developed at the corporate level. The policies relate to on-lending and blending principles and requirements, investment models and selection of financial instruments, project-at-risk identification, counterparty due diligence, loans performance monitoring and funds disbursement, portfolio analysis and funds operations evaluation. These policies are well aligned with the GCF specialized fiduciary standard for on-lending and/or blending for loans and equity.

49. In developing blending financial models the applicant adheres to the following key principles:

- (a) Ensuring that the use of blended finance is aligned to the development rationale of the donor that is the source of that financing;
- (b) Mobilizing the private/commercial sources of finance;
- (c) Tailoring blended finance to local context and priorities;
- (d) Focusing on effective partnering for blended finance; and
- (e) Monitoring blended finance for transparency and results.

50. Camco has separate functions for payments approval (treasury) and operations in undertaking the transactions to the loan beneficiaries. Every transaction is reviewed by the applicant's project team and CIC. The applicant performs ongoing monitoring on all payments and transactions in line with its KYC and anti-money-laundering obligations. Responsibility for monitoring transactions is assigned to specific individuals to ensure that the payment controls are in place and any control breakdowns are prevented.

51. The due diligence procedures provide a comprehensive analysis with regard to the underlying project company or beneficiary and include due diligence checks on other counterparties involved, such as developers, contractors and workers. The due diligence reports support the decision-making process of CIC with regard to the provision of equity and loan financing or financial guarantee to the project beneficiary.

52. Camco has also provided examples of mature and well-documented operational procedures for two individual investment funds, one of which (REPP) is currently managed by the applicant and the other (Spark investment platform) is a first-time fund which is scheduled to start full operation by the end of 2020 or beginning of 2021 depending on the restrictions relating to the coronavirus 2019 disease pandemic. The procedures include descriptions of the financial model, management team, process of selection of financial instruments, due diligence of the potential project development partner, risk management of the projects, continuous monitoring of the project activities and mid-term and final evaluation of funds.

53. As a track record of implementation of the procedures related to the management of the funds the applicant provided a description of the current and planned investment portfolios for the two investment funds, including the status of all the projects and associated financial information. Copies of the agreements and legal statutes for these investment funds demonstrating the choice of the appropriate financial instruments for the projects, including equity and loans (debts) and corresponding lending conditions, were provided.

54. A new portfolio risk management strategy was developed by Camco and was included in the Risk Management Policy within the investment framework. However, no analytical report on the effectiveness of the implementation of such a strategy was provided.

55. The applicant provided evidence of its financial control system, including the preparation of financial statements and engagement of the independent auditor of the financial statements of REPP. Evidence of the authorization of the transactions with regard to the specific project activities was also provided. In addition, the applicant provided a mid-term evaluation report on the investment funds, which was commissioned by a governmental donor organization, and which demonstrates successful operation of the funds and positive financial results. This set of evidence documents ensures that the appropriate control mechanisms over the financial operations are in place.

56. As mentioned in paragraph 23 above, ARC was set up by the applicant in June 2020 for the purposes of Camco's asset and liabilities oversight function. The applicant has provided the terms of reference for the committee and the list of the three committee members, who have been formally appointed by the applicant's Board. The AP considers that the asset and liability oversight and regulation can be efficiently undertaken by ARC in line with GCF requirements. However, as reflected in paragraph 23 above the committee has not yet conducted its first meeting. The requirement to demonstrate the effective operation of ARC remains a gap in complying with the GCF specialized fiduciary standards for on-lending and/or blending.

57. The AP finds that the applicant's policies, procedures and capacity fully meet the GCF specialized fiduciary standard for on-lending and/or blending for loans and equity. However, the AP finds that the applicant's track record in terms of the implementation of the portfolio risk management strategies is insufficient. The relevant gaps are identified in paragraphs 54 and 56 above and are reflected by the corresponding condition for accreditation in section 4.2.

3.2 Environmental and social safeguards

3.2.1 Environmental and social policy

58. The applicant adopted in March 2020 an Environmental and Social Safeguard Policy (ESSP) that applies to all its financed and managed activities. The ESSP articulates sustainability, risk assessment, mitigation, stakeholder engagement and biodiversity protection as its guiding principles. The applicant aims to anticipate and avoid or, where avoidance is not possible, minimize and, where residual impacts remain, compensate for/offset risks to and impacts on workers, affected communities and the environment. The objectives of the applicant in adopting the ESSP are to avoid or mitigate negative impacts and address the needs of vulnerable communities. It supports only those projects where negative impacts can be satisfactorily mitigated within a reasonable time.

59. The ESSP is a codification of principles and procedures that the applicant has already been implementing through REPP. For the purposes of this assessment, the AP considered projects under REPP as the track record of the applicant. It should be noted that REPP in itself is not a project but rather a fund which invests in individual projects and programmes.

60. In its ESSP, which has been disseminated widely among the applicant's staff and a summary posted on its website, the applicant adopted three standards: those of the host country, the International Finance Corporation (IFC) Environmental and Social Performance Standards and the sustainability principles advocated by the United Nations Global Compact.⁹

61. The Managing Director is directly responsible for implementing the ESSP, working with several units and other officers of the applicant.

62. The AP finds that the applicant's E&S management system, comprising the applicant's ESSP, supported by evidence of its track record, fully meets the GCF Environmental and Social

⁹ See <<https://www.unglobalcompact.org/what-is-gc/mission/principles>>.

Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.2. Identification of E&S risks and impacts

63. The applicant has adopted an E&S risk and impacts assessment procedure that involves the following components: application of a risk assessment tool, an initial E&S risk screening list, E&S risk categorization, gap analysis and full due diligence. The ESSP includes a detailed annex providing guidance on E&S risk categorization, which considers the following guiding questions when determining the significance of risk:

- (a) Intensity: how big will the impact be?
- (b) Manageability: can the risk be managed?
- (c) Duration: how long will the risk be present? and
- (d) Reversibility: can the situation be restored if/when negative impacts occur?

64. The annex also defines category A, B and C projects, relevant categories for the applicant's on-lending/blending operations and the implications of categorization for projects management cycle.

65. The applicant requires that the E&S impacts assessment and E&S management plan for E&S risk category B/I-2 should address, at a minimum, the risks and impacts in line with the IFC performance standards 1–8. The applicant supports only those projects where negative impacts can satisfactorily be mitigated within a reasonable time period. Therefore, only projects categorized as low (category C/I-3) or medium risk (category B/I-2) as per IFC E&S categorization will be supported by the applicant.

66. The applicant submitted examples showing how E&S risk assessment has been incorporated into project and programme development and approval. The tools used (risk categorization) and the reports of E&S impacts assessments for solar and small hydropower projects in E&S risk category B/I-2 in Burundi, Kenya, Rwanda and Tanzania were submitted. These projects are part of REPP, which, as previously stated for the purpose of this accreditation review, the AP will consider as the track record of the applicant.

67. 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/I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.3. Management programme

68. An environmental and social management system (ESMS) is incorporated into the ESSP. It requires, inter alia, a waste management plan, a biodiversity action plan, a stakeholder engagement plan and a gender action plan, all of which are intended to manage E&S risks and impacts.

69. The applicant submitted an annual performance review of REPP which, as earlier noted, the applicant implements. REPP projects in Burundi, Kenya, Rwanda and Tanzania have applied the applicant's ESMS.

70. The AP finds that the applicant has not commissioned an external E&S audit on the effectiveness of its institutional management programme. The applicant has agreed to adopt a policy to require such an audit and commission an E&S audit for its first GCF-funded project or programme after its accreditation.

71. The AP finds that the applicant's E&S management programme partially meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF performance standards 1–8. The relevant gap is identified in paragraph 70 above and is reflected by the corresponding conditions for accreditation in section 4.2.

3.2.4. Monitoring and review

72. The applicant's ESSP has established an E&S monitoring and review system. The applicant provided a flow chart showing details of the system, which includes drafting E&S monitoring plans and conducting annual reviews.

73. The applicant submitted examples of how it monitors and reviews compliance with ESS standards. The indicator tools used and monitoring reports for solar and small hydropower projects in Burundi, Cameroon and Kenya were submitted. As noted earlier, these projects are part of the Renewable Energy Performance Platform (REPP), a project of the United Kingdom that is managed by the applicant. The applicant also provided the annual review of the PowerHive mini-grids project in Kenya in order to illustrate how it has responded to lessons learned from the project implementation.

74. The AP finds that the applicant's system of monitoring and review, 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/I-2 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

75. The applicant has adopted an Information Disclosure Policy, an External Communication Policy and a Grievance Mechanism Policy, which would apply to all GCF-financed activities. In its Information Disclosure Policy, the applicant commits to operating in a transparent manner by disclosing project information as well as providing stakeholders with regular updates on the process and decisions made in relation to any grievance raised. It also commits to ensuring that all stakeholders are treated in a fair manner, including based on the principle of free prior and informed consent and provided with information that allows for meaningful participation. For the applicant, stakeholder engagement and information disclosure are essential elements for designing and implementing sound and sustainable projects and programmes.

76. In its Information Disclosure Policy, the applicant commits to making its E&S assessment documents available in both English and the local language, as applicable, at least 30 days in advance of the decision of the applicant or the GCF Board, whichever is earlier, via electronic links in both the applicant's and the GCF website as well as in locations convenient to people affected by the project.

77. The applicant has established an independent Grievance Redress and Accountability Mechanism for GCF-funded projects/programmes. It provides the procedures that the applicant and its executing entities, which will be required to set their own grievance redress mechanisms system, will apply in the case of complaints. The applicant's Compliance Officer is responsible for the Grievance Redress and Accountability Mechanism and reports directly to the Managing Director. The AP has determined that this is sufficiently independent from the operational staff, including the Impacts Manager.

78. The AP reviewed the track record of the applicant on information disclosure, stakeholder engagement and the implementation of a grievance mechanism in the REPP projects. The applicant submitted a report on the REPP Burundi renewable energy project,

which provides details on how it has implemented these policies and the lessons it has learned from them.

79. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism at the institutional level, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF performance standards 1-8.

3.2.6. Organizational capacity and competency

80. The applicant provided both its institutional organizational structure and its organizational chart. Three units are involved in implementing the applicant's ESSP: the supervisory unit, the E&S management unit and the E&S implementation unit. More specifically, the Managing Director is responsible for implementing the policy, working with the Portfolio Operations Director, the Head of Risk, the General Counsel and the Impact Manager. The Impacts Manager is in charge of implementing E&S policies at the project level, working with technical staff in charge of operations operations to ensure compliance.

81. The applicant provided the curricula vitae of the Impact Manager and other relevant personnel responsible for implementing the ESSP. It also provided information on E&S training conducted as the applicant implemented REPP projects.

82. 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/I-2 projects/programmes with respect to GCF performance standards 1-8.

3.3 Gender

83. The applicant adopted its Gender Equality Strategy in March 2018. It comprises definitions, a strategy, guiding principles and provisions on implementation and results. It includes provisions on its gender operational approach and gender results framework. Under The strategy involves the creation of a gender focal point and a mandate to the Impact Manager to prioritize gender issues.

84. In 2019, the applicant adopted a Gender Action Plan that outlines the priorities and tasks for implementing the Gender Equality Strategy. The plan mainstreams gender considerations in the operations of the applicant. The applicant adopts a gender-sensitive approach as part of social risks and impacts assessments by identifying and analysing gender issues and inequality relevant to the project. Likewise, it ensures gender equitable stakeholder consultations by including women, girls, men and boys in the project area as well as gender advocates, women's civil society organizations, and/or relevant local and national authorities. Finally, as part of the preparation of a funding proposal, the applicant requires:

- (a) A gender assessment, along with appropriate E&S assessments (as may be required according to the level of risks and impacts); and
- (b) A project-level gender action plan.

85. The Impact Manager is assigned the role of gender focal point to coordinate the implementation of the Gender Equality Strategy. The AP has determined that she has the expertise to lead the implementation of the applicant's gender policy and action plan. Among

the priorities of the Gender Action Plan is putting into place training programmes for gender sensitivity and to support the professional development of the applicant's female employees.

86. For its track record, the applicant has provided information on three projects with specific reference to women and men who have benefited from climate change projects. These are all REPP projects in Africa. The applicant has carried out any assessment of non-discriminatory practices in terms of benefits and remuneration of men and woman within Camco. Pay gap analysis is an annual requirement of its Gender Action Plan.

87. 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.

IV. Conclusions and recommendation

4.1 Conclusions

88. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant meets the requirements of the GCF basic fiduciary standards for transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy, but only partially meets the requirements of the GCF basic fiduciary standards on key administrative and financial capacities, the specialized fiduciary standard for project management and the specialized fiduciary standard for on-lending and/or blending for loans and equity. The gaps are identified in paragraphs 22, 23, 26, 44 and 45 above and addressed in the corresponding conditions for accreditation in section 4.2. They include the following:
- (i) The applicant has yet to demonstrate the track record of the operation of two of the sub-committees of its Board: SBC and ARC;
 - (ii) The applicant has not yet provided internal audit plans prepared in accordance with the new internal audit procedure together with the corresponding internal audit reports, as well as the reports on the execution status of action plans on findings contained in the internal audit reports. No evidence of the satisfactory quality control and assessment of the overall effectiveness of the internal audit function was provided;
 - (iii) The results of the undertaken procurements have not yet been published;
 - (iv) The applicant has not demonstrated the implementation of the new Information Disclosure Policy;
 - (v) The applicant needs to provide a copy of the terms of reference for the independent firm that will be contracted to undertake the evaluation of the first GCF-funded project; and
 - (vi) The applicant has not provided the analysis of the portfolio risk strategies developed as part of the new investment framework;
- (b) The applicant partially meets 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/I-2). The applicant has not commissioned an external E&S audit on the effectiveness of its institutional management programme; the gap is identified in paragraph 70 above and addressed in the corresponding condition 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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

89. The AP recommends, for consideration by the Board, applicant APL105 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** medium (including micro¹⁰ and small¹¹);
 - (ii) **Fiduciary functions:**
 - (1) Basic fiduciary standards;
 - (2) Specialized fiduciary standard for project management; and
 - (3) Specialized fiduciary standard for on-lending and/or blending (for loans and equity); and
 - (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/intermediation 3 (I-3)¹²)); 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 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) Condition to be met within two years following the approval by the Board of the first GCF-funded project/programme to be undertaken by the applicant:
 - (1) Provision by the applicant of the minutes of the first three meetings of SBC and ARC; and
 - (2) Provision by the applicant of:
 - a. Internal audit plans for financial years 2021 and 2022;
 - b. The corresponding internal audit reports for financial years 2021 and 2022;
 - c. The reports on the execution status of action plans on findings contained in the internal audit reports; and
 - d. Evidence of the quality control and assessment of the overall effectiveness of internal audit function;

¹⁰ 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 Fund, of up to and including USD 10 million for an individual project or an activity within a programme”.

¹¹ 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 Fund, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

¹² 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”.

- (ii) Condition to be met within two years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
 - (1) Publication by the applicant of the results of procurements for GCF-funded projects/programmes on the applicant's website;
 - (2) Provision by the applicant of the first project or programme monitoring report prepared in accordance with the applicant's updated monitoring and evaluation procedures and publication of the said report on the applicant's website; and
 - (3) Provision by the applicant of the report containing the analysis of the implementation of the risk management strategy included in the Risk Management Policy adopted on 14 July 2020; and
- (iii) Condition to be met within three years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
 - (1) Provision by the applicant of a report conducted by an external expert on the audit of the effectiveness of its ESMS. The audit should highlight lessons learned and provide recommendations to improve the ESMS; and
 - (2) Provision by the applicant of:
 - a. Terms of reference for the independent consultancy firm that is contracted to perform the mid-term project evaluation in accordance with the procedure contained in the document titled "On the independent evaluation of the investment mandates" approved by the applicant on 15 June 2020;
 - b. A mid-term evaluation report; and
 - c. Evidence of the publication on its website of the mid-term evaluation report.

90. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 89 above, and agrees to the recommendation.

Annex VI: Updated Strategic Plan for the Green Climate Fund: 2020-2023

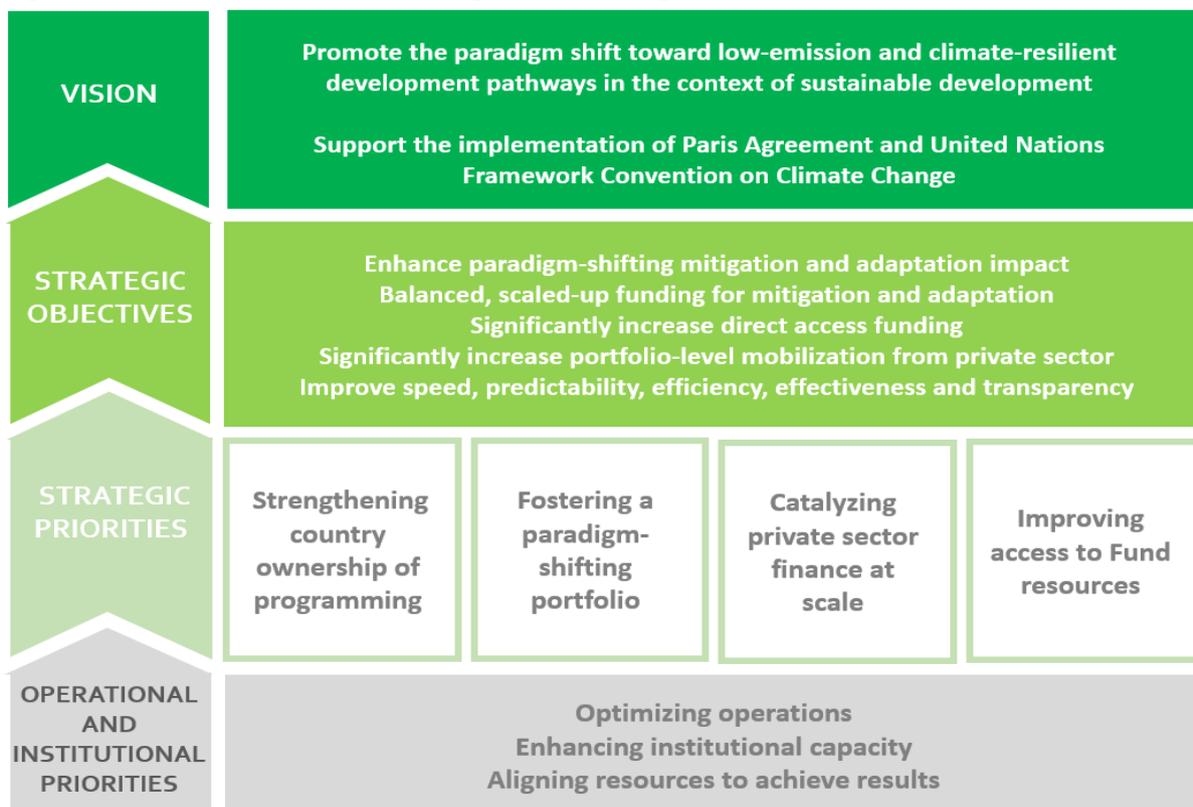
I. Introduction

1. Since the GCF adopted its initial Strategic Plan in 2016, the operating context of the GCF has evolved significantly. The latest science has highlighted the urgency of climate action, the Paris Agreement has entered into effect and the GCF itself has moved to a more mature stage of operations and partnerships, with a substantial pipeline and successful first replenishment. In line with the Governing Instrument for the GCF, the Board will steer GCF operations, so they evolve with the increasing scale and maturity of the GCF and support its role as the main global fund for climate finance.

2. The updated Strategic Plan builds on the implementation of the initial Strategic Plan. It begins with the long-term Strategic Vision (section II) originally outlined by the Board in the initial Strategic Plan. This sets out the overall mission of the GCF, in line with the provisions outlined in its Governing Instrument. The Strategic Objectives (section III) are in the continuity of the initial Strategic Plan and articulate the specific goals the GCF strives towards as it seeks to deliver against its vision over the 2020-2023 programming period and replenishment cycle (GCF-1). In meeting these objectives, the GCF has identified several Strategic Priorities (section IV) which reflect the particular areas of attention that GCF will focus on in order to underpin the Strategic Objectives. Alongside this, the GCF aims to continue developing its Operational and Institutional Priorities (section V) and refining its operating modalities in order to deliver increased impact and better respond to developing countries' needs.

3. Figure 1 shows the overall structure of the updated Strategic Plan.

Figure 1: Overall structure of the updated Strategic Plan



4. An updated integrated results management framework and a tracking tool will be developed and approved by the Board and will be used to report progress on the 2020-2023 Strategic Plan on an annual basis

II. Strategic vision of the GCF

5. The Board's long-term strategic vision for the GCF, as set out in the initial Strategic Plan, is to:
 - (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and
 - (b) Support developing countries in the implementation of the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC, or Convention) within the evolving climate finance landscape.

2.1 (a) Promoting the paradigm-shift towards low-emission and climate-resilient development pathways in the context of sustainable development

6. In implementing its strategic vision, the GCF has not sought to define paradigm shift as an outcome, recognizing its complexity, long-term and contextual nature. However, the initial investment framework¹ defines paradigm shift in the GCF context as the degree to which a funded activity can catalyse impact beyond a one-off project or programme investment through:
 - (i) potential for scaling-up, replication and innovation; (ii) contribution to regulatory frameworks and policies; (iii) contribution to the creation of an enabling environment, including sustainability of outcomes beyond completion of the intervention and market transformation; (iv) potential for knowledge and learning; and (v) overall contribution to global low greenhouse gas emissions and climate-resilient development pathways. The updated Strategic Plan builds on this definition, the components outlined in the initial Strategic Plan and the subsequent deliberations by the Board, to guide and enable GCF programming to promote paradigm shift across both high-impact areas of mitigation potential and countries' adaptation and resilience needs, including by supporting a wider alignment of financial flows with countries' climate plans and strategies.

2.2 (b) Supporting developing countries in the implementation of the Paris Agreement and United Nations Framework Convention on Climate Change within the evolving climate finance landscape

7. The GCF is an operating entity of the financial mechanism of the UNFCCC and will be guided by its principles and provisions. Thus, GCF programming is guided by the GCF Governing Instrument, the objectives of the UNFCCC and of the Paris Agreement. These include, inter alia,
 - (i) channelling new, additional, adequate and predictable financial resources to developing countries and catalysing climate finance, both public and private, and at the international and national levels; and (ii) strengthening the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by: a) holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit temperature increase to 1.5 °C above pre-industrial levels, recognizing

¹ Decision B.07/06 and Decision B.09/05

that this would significantly reduce the risks and impacts of climate change; b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and c) making finance flows consistent with a pathway towards low emissions and climate-resilient development is another key goal.

8. To support the implementation of the Convention, Paris Agreement and above goals, developing countries require urgent, scaled up and accessible assistance to deliver their climate ambitions. To help deliver this, the GCF intends that future programming will be aligned with the priorities identified by developing countries in their nationally determined contributions (NDCs), adaptation communications (ACs), national adaptation plans (NAPs), Technology Needs Assessments (TNAs), Technology Plans (TPs) and other national climate strategies and plans, as updated periodically to build ambition toward delivering the Paris Agreement, and further implementation of the Convention. In the context of agreement on significant share of new multilateral funding for adaptation to flow through the GCF, it recognizes that it has a critical and distinctive contribution to make in scaling up financing for adaptation, and resilience, with a focus on those particularly vulnerable to climate change.

9. To support achievement of the global adaptation goal, the GCF will strengthen support to developing countries to develop national adaptation planning and use climate information to better understand long-term climate risks and adaptation needs. The GCF will also continue providing and facilitating efficient access to resources for activities relevant to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change in developing countries, to the extent consistent with the existing investment, results frameworks and funding windows and structures of the GCF, and collaborate with the UNFCCC and others to help conceptualize relevant investments.

10. GCF recognizes the imperative for greater urgency, more ambitious impact and scaled-up climate finance to realize these ambitions and seeks to build its programming over successive replenishment and Paris Agreement cycles, commensurate with developing countries evolving ambitions and needs. Given the scale of investment needed to implement developing countries NDCs and the Paris Agreement, the GCF will strive to use its resources, wherever possible, to catalyse both public and private sources of finance at the international and national levels towards mitigation and adaptation.

11. The GCF is uniquely positioned to play this role in the evolving climate finance landscape through its comparative advantages of being country-driven; operating through a collaborative and partnership-based business model; enabling countries and accredited entities (AEs) to choose from a flexible range of financing instruments offered by the GCF; being willing to take risks to unlock climate action and de-risk more conservative sources of finance; and balancing and optimizing synergies between mitigation and adaptation. These capabilities position GCF to serve as an accelerator and amplifier for climate action.

12. Through its operational framework on complementarity and coherence, the GCF will seek to drive cooperation between financing mechanisms to help countries navigate the climate finance landscape. Key pillars of this effort will include (i) complementing actors supporting the NDC update process (such as NDC Partnership) through translating national priorities into investment programmes; (ii) working to scale up successes and advance programming synergies with other climate funds (such as the Global Environment Facility and Adaptation Fund); (iii) utilizing opportunities for blending, parallel and sequenced finance to improve predictability of finance and impact; (iv) defining through guidance how GCF programming in specific sectors and geographies will complement other climate finance in a country-driven

manner (including the Climate Investment Funds, private investors and NAMA Facility); and (v) advancing knowledge collaboration to synthesize and broaden knowledge dissemination.²

III. Strategic objectives for 2020-2023

13. In implementing its long-term strategic vision over the 2020-2023 programming period, GCF will seek to meet or exceed its IRM outcomes and, building on its comparative advantages and risk appetite, strive toward the overall strategic objectives of delivering:

- (a) Greater mitigation and adaptation impact for developing countries compared with the initial resource mobilization (IRM) period while strengthening country ownership and capacity to identify, design and implement projects and programmes:
 - (i) Deliver portfolio-level mitigation and adaptation results that exceed portfolio IRM results;³ and
 - (ii) support developing countries in translating their NDCs, ACs, NAPs and long-term national strategies into transformational investment strategies and project pipelines informed by the goals in the Paris Agreement;
- (b) Balanced funding across mitigation and adaptation over time, as well as using minimum allocation floors as appropriate in allocating resources for adaptation, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States in line with the Governing Instrument, decisions of the Board⁴ and the Fund's IRM outcomes. The Board will aim for appropriate geographical balance:⁵
- (c) Scaled up funding for ambitious projects informed by countries' adaptation needs and mitigation potential, in line with their climate plans and strategies, recognising the urgency to achieve the goals of the Paris Agreement;
- (d) Significantly increased funding channelled through direct access entities (DAEs) relative to the IRM;⁶
- (e) Significantly increased portfolio level mobilization achieved through the GCF contributions to private sector projects under the PSF, relative to the IRM;⁷
- (f) Balanced GCF risk appetite across all results areas; and
- (g) Improved speed, predictability, simplified access, efficiency, effectiveness and transparency.

² Decision B.17/04

³ Portfolio IRM results: 460 million tonnes of carbon dioxide-equivalent reduced/avoided for each USD 1 billion invested in mitigation; and 166 million beneficiaries with increased resilience for each USD 1 billion invested in adaptation. Note that all cited IRM figures are based on the IRM portfolio as at 31 December 2019.

⁴ Including B.05/05 and B.06/06

⁵ IRM outcomes: (i) 54 per cent adaptation funding and 46 per cent mitigation funding in grant equivalents (GE); (ii) 69% (GE) of the adaptation allocation for countries particularly vulnerable, including SIDS, LDCs and African States; (iii) Funding allocated to projects in 105 developing countries: Africa, 35 per cent; Asia-Pacific, 40 per cent; Latin America and the Caribbean, 21 per cent; Eastern Europe, 4 per cent in GE; (iv) 19% (GE) allocated through the Private Sector Facility.

⁶ IRM baseline: 14 per cent of funding in nominal terms; 27 of 124 approved projects (21%)

⁷ IRM private sector co-financing was 1:3. Information on mobilized private finance will be compiled by the Secretariat when data becomes available through AE reporting. Portfolio-level mobilization of private finance for GCF-1 will initially be assessed in relation to the IRM private sector co-financing.

14. The GCF will approach the goals, as identified for each strategic objective, as setting a benchmark for performance on a learning basis. The GCF will review progress towards the goals annually with a view to updating them as needed.

IV. Strategic priorities for 2020-2023

4.1 Strengthening country ownership of programming

15. Developing countries are the primary partners of the GCF. The GCF 2020-2023 programming depends at its core on fully implementing and strengthening country ownership. It aims to do this by articulating a clear approach for countries to access the Fund, by empowering developing countries to identify, design and implement projects and programmes that support paradigm shift in the areas that will have the greatest climate impact, delivering results to build ambition toward long-term climate goals.

16. To this end, 2020-2023 GCF strategic programming will be oriented toward:

- (a) Strengthening developing countries' capacity to undertake transformational planning and programming, aligned with their NDCs, ACs, NAPs and other national climate strategies and incorporating broad based and inclusive stakeholder engagement;
- (b) Ensuring GCF programming capacity and pipeline development⁸ is guided by a country-driven prioritization of the most impactful investments for countries in their respective national and regional contexts, informed by areas of high mitigation potential and adaptation needs, especially for the most vulnerable people and communities, and long-term planning aligned with the Paris Agreement; and
- (c) Supporting national and regional DAEs to play a more prominent role in GCF programming and channel significantly more GCF funding.

17. For 2020–2023, key actions in this area of the GCF business model will include streamlining project development and programming processes:

- (a) **Re-focusing GCF country programming:** informed by GCF programming capacity and resources, national designated authorities (NDAs) and national implementing entities (NIEs) will be supported to prepare country programmes that will serve as a key tool to translate NDCs, ACs, NAPs and national climate strategies into country-driven investment programmes, identify the top priority projects ideas for each country or region, preferred AEs and how to structure and mobilize potential sources of finance. Country programmes will be used to inform programming at scale through identifying opportunities for multi-staged or regional programmatic approaches. They will also be actively used by the Secretariat to inform development of the GCF pipeline and guide project review, as well as inform the accreditation process;
- (b) **Improving predictability and accessibility of support through the Readiness and Preparatory Support Programme (Readiness Programme) and Project Preparation Facility (PPF):** the Readiness Programme and PPF will be deployed in a more streamlined way to help build lasting institutional capacity for transformational programming and convert promising project concepts into bankable investments. The GCF will allocate adequate and predictable resources for the Readiness Programme and

⁸ The total anticipated programming capacity of GCF for 2020-2023 is projected to be in the range of 200-260 new projects in total, or around 50-65 projects per year, depending on average project size and the depth of measures to improve operational efficiency. With measures to further simplify the simplified approval process (SAP), this could reach the higher end of the range and include 20-25 SAP projects per year.

PPF over 2020-2023⁹ to aid multi-year country planning, facilitate integrated readiness and PPF funding cycles and reduce transaction costs. The GCF will also seek to further simplify access by encouraging multi-year readiness proposals, providing clearer guidance and targeted support for application development, and accelerating approval and disbursement processes including through updating standard operating procedures and legal agreements. In line with the second phase of the Readiness Programme this work will continue to support, at the request of countries, capacity-building for NDAs and DAEs; inclusive stakeholder engagement; development of policies, regulations and enabling environments; science-informed, long-term strategies/planning; and NAP development and translation to investment pipelines; and

- (c) **Building the programming and implementation capabilities of national and regional DAEs:** the GCF will scale-up pre- and post-accreditation support for DAE institutional development, converting country priorities to concepts, project formulation/structuring and implementation. This includes support for the upgrade of DAE programming capabilities. Actions will include rolling out dedicated training programs for DAEs and onboarding for new DAEs; making available technical expert support throughout the project cycle; actively promoting collaboration between international AEs and DAEs to build programming and implementation capacity; supporting peer to peer learning between DAEs; and promoting locally led climate action and devolved financing approaches through DAEs.

4.2 Fostering a paradigm shifting portfolio

18. The ambition of GCF in developing its portfolio is to better respond to developing country needs, support them in realizing and raising ambition under the UNFCCC and Paris Agreement, and deliver greater paradigm-shifting mitigation and adaptation impact for the countries it serves. GCF 2020-2023 programming aims to respond to requests for improved predictability and a more proactive GCF role in supporting project design and guiding programming by clarifying how pipeline and portfolio development will be informed by the GCF strategic vision and objectives, as well as guidance from the UNFCCC and Paris Agreement.

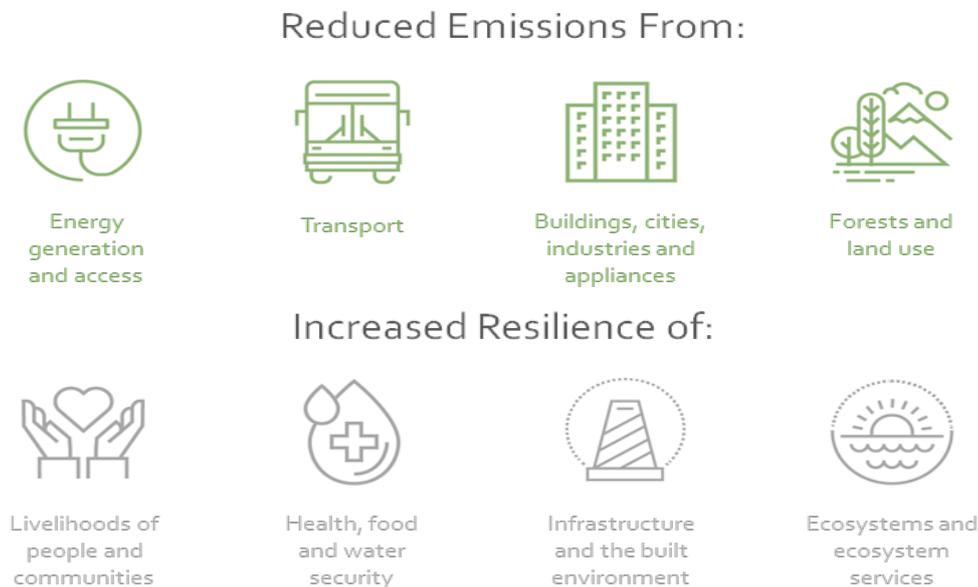
19. Building on the project and programme ideas and priorities identified by developing countries (as described in section 4.1), 2020-2023 GCF strategic programming will seek to:

- (a) Help developing countries and implementing partners design projects and programmes that support paradigm shift across eight mitigation and adaptation results areas, with a view to significantly improve the quality of projects at entry;
- (b) Promote projects and programmes with potential for innovation, replication, scale and financial sustainability (reflecting the components of paradigm shift), as well as projects which deliver integrated mitigation, adaptation and development benefits;
- (c) Show how the risk appetite of GCF differs from other climate multilateral funds, which is to take on risks that other funds/institutions are not able or willing to take, by increasing instances in which GCF takes educated risks – to support technology development and transfer, first loss positions or participation in higher risk tranches – to demonstrate the viability of innovative approaches and deliver scale; and
- (d) Reduce transaction costs and processing times, along with raising impact, by focusing stakeholders' efforts on the most promising project and programme ideas – whether small or large – aligned with the GCF investment criteria.

⁹ The Secretariat has projected the resourcing requirement for both programmes to be in the range of USD 480 million in further funding for 2020-2023, taking account of approved funding carried over from the IRM.

20. For 2020–2023, key actions in this area of the GCF business model will include:
- (a) **Issuing sectoral guidance for the GCF eight results areas:** in cooperation with its partners, the GCF will use lessons from programming and implementation to improve capability and project outcomes. The GCF will complete sectoral guidance¹⁰ and present them to the Board for its consideration and approval, to outline potential for high-impact interventions across each of its eight results areas (see figure 2). This will be illustrative and non-exhaustive, intended to guide stakeholders in designing projects and programmes with high potential for paradigm shift and advancing sectoral transformation, based on best available climate information and additionality of GCF finance. The guidance will also detail how GCF can complement other sources of climate finance and catalyse private investment. The sectoral guidance is being supported by expert communities of practice and will be refined through further consultations with countries and entities;

Figure 2: Eight GCF results areas



- (b) **Supporting project design and structuring:** based on experience and feedback from the IRM, the GCF will play a more proactive role in supporting the upstream project and programme design process to move promising project ideas identified by countries to concrete concepts and approved funding proposals. This will be done through facilitating strategic dialogue with countries and AEs, providing Readiness Programme/PPF grants or technical assistance, feedback through the internal project review process, assisting with structuring innovative investments, forging novel investment partnerships and drawing on global expertise;
- (c) **Strengthening the GCF investment framework:** the GCF will seek to urgently close remaining investment policy gaps in line with the 2020-2023 Board workplan through ongoing consideration of how to strengthen the eligibility criteria of the GCF, as part of the ongoing process to simplify and clarify project and programme eligibility and selection criteria and update the policies and procedures of the GCF, including:
- (i) A mapping document that identifies all elements related to project and programme eligibility and selection criteria included in previous decisions,

¹⁰ Decision B.17/08 and approved Work Programme of the Secretariat for 2018 and 2019.

- conditions imposed by the Board on funding proposals, and the Governing Instrument for the GCF¹¹;
- (ii) Policies on the review of the financial terms and conditions of GCF instruments and concessionality, incremental costs and full costs¹²;
 - (iii) Policy guidelines for programmatic approach¹³;
 - (iv) Guidance on the approach and scope for providing support to adaptation activities¹⁴;
 - (v) Steps to enhance the climate rationale of GCF-supported activities¹⁵.

Building on work to date, the Fund will also work on more clearly linking the investment framework and criteria and performance criteria under a revised and integrated results management framework with a view to ensure more coherent programming and performance management approaches. It will also continue to evolve more transparent, and consistent approaches to applying the GCF investment criteria by the Board;

- (d) **Collaborating on innovation and technology:** the GCF will strengthen collaboration with the Technology Mechanism of the UNFCCC, including the Climate Technology Centre and Network and other stakeholders, to promote technology development and transfer, innovation, incubation and acceleration. This includes identifying where GCF support can unblock bottlenecks in value-chains for technology innovation, diffusion and transfer at different stages of the technology cycle, including via deploying readiness to support national innovation systems and supporting local technology production;
- (e) **Building on the comparative advantage of the GCF of being country driven and deploying the full range of financial instruments at its disposal,** GCF will support countries working with accredited entities to choose from a flexible range of financing instruments offered by the GCF to accelerate climate action and enable greater access and impact. This will include exploring opportunities to diversify the application of non-grant instruments without compromising GCF grant financing, particularly for adaptation. The GCF will also explore new applications for results-based payments, insurance and investment in local currency instruments; and
- (f) **Reviewing deployment of requests for proposal (RFPs):** the GCF will undertake an overall review of RFPs and determine funding allocations for RFPs by the end of 2021. This will include learning from challenges and the successful deployment of RFPs during the IRM period, as well as considering new prospective concepts for RFPs with a focus on fostering innovation and scale, particularly for adaptation and technology incubation.

4.3 Catalysing private sector finance at scale

21. Contributing to making financial flows managed by the private sector consistent with a pathway towards low greenhouse gas emissions and climate resilient development is key to realizing the scale of resources – in the trillions – needed to implement developing countries’ NDCs, ACs, NAPs, TNAs, TPs, and other climate strategies. The GCF’s 2020-2023 programming will aim to more systematically and fully realize the potential of the GCF to mobilize resources

¹¹ Decision B.17/10 paragraph (b)

¹² Decision B.17/10 paragraph (c)(iv), paragraph (c)(i) and B.19/06 paragraph (d)(ii)

¹³ Decision B.14/07 paragraph (k)

¹⁴ Decision B.17/10 paragraph (c)(ii)

¹⁵ Decision B.19/06 paragraph (d)(i)

at scale, and support activities to increase the impact of investments, while encouraging a wider alignment of financial flows with countries' climate plans and strategies.

22. Complementing the overall programming approach in sections 4.1 and 4.2, for 2020-2023 the GCF private sector strategy will be developed, focusing on, inter alia:

- (a) Strengthening capacity among NDAs, AEs and local private sector partners to support private investments in climate activities, including supporting climate-oriented local financial systems, green banks, markets and institutions;
- (b) Enabling climate transformation in key sectors and regions in accordance with national objectives;
- (c) De-risking and addressing barriers, including currency fluctuation, to mobilize private sector resources at scale for climate investments in developing countries, including a greater role in supporting climate change adaptation; and
- (d) Consistency with guidelines for enhanced country ownership and country driven-ness, as well as ensuring a strong focus on local private sector actors, including through operational linkages between international and local actors.

23. For 2020–2023, key actions in this area of the GCF business model will include:

- (a) **Identifying and increasing private sector engagement potential across results areas:** GCF sectoral guidance will more specifically identify where there is potential for an increased private sector role and barriers to private sector participation;
- (b) **Strengthening engagement capacity, investment environments and climate-oriented financial systems:** the GCF will deploy readiness activities and promote knowledge exchange to support country-led efforts to: increase engagement with private sector actors, especially local private sector, in supporting planning, programming and investment design; formulate supportive policy/regulatory settings; and support development of the climate investment capabilities of national financial institutions; and consider ways to further align financial flows with countries' low greenhouse gas emissions and climate resilient development, building on the expectations included in the GCF's accreditation process, and exploring partnerships with long-term institutional investors;
- (c) **Structuring to mobilize private sector resources at scale:** GCF will undertake an assessment of the current portfolio in 2021 to evaluate the capacity of the existing structure, and how it is delivering through current financial instruments. This exercise will support the identification of strategic investment partners and build understanding of how partners can work through the flexible instruments and structuring of GCF to create de-risking vehicles and use blended finance to catalyse new private investment. It will also work on structuring options to attract larger institutional sources of capital through aggregation and securitization, and improve affordability of technologies;
- (d) **Supporting private sector engagement in all developing countries, including LDCs and SIDS:** the GCF will also consider recommendations made by the Private Sector Advisory Group (PSAG) to help build markets for climate action in LDCs and SIDS, focusing on market activation, enabling environments and facilitation of the aggregation of demand for mitigation and adaptation services;
- (e) **Enhancing the role of the private sector in adaptation:** the GCF will consider PSAG recommendations on engaging the private sector in adaptation action, by supporting adequate enabling environments, deploying blended finance to test innovative business models for climate-resilient products and services and promoting use of climate data to inform private-sector decision-making. PSAG will be engaged to support this work;

- (f) **Executing a private sector outreach plan:** the Secretariat will develop a private sector outreach plan to implement the private sector strategy, including targeted engagement with domestic private sector, communications and the GCF Private Investment for Climate Conference; and
- (g) **Staged development of the PSF modalities:** successful execution of the private sector strategy will require a staged development of modalities, starting with an accreditation strategy and readiness for private sector engagement. In 2021, the GCF will undertake the Board workplan review of PSF modalities and further evaluate options for additional PSF modalities.

4.4 Improving access to fund resources

24. GCF is fundamentally a partnerships institution, working for, through and with partners to deliver climate results. In this model, AEs¹⁶ are key to developing countries' access to GCF resources and delivery of impact. Successful 2020-2023 programming depends on countries and current and prospective AEs having clear expectations on the GCF approach to accreditation and re-accreditation, to calibrate the substantial investment made by all in this access modality and meaningfully reduce time required to access GCF resources.

25. To complement the GCF programming approach described in sections 4.1, 4.2 and 4.3, for 2020-2023 GCF will:

- (a) Continue to build its AE network by focusing on the value-addition of AEs to delivering developing countries' programming priorities and advancing GCF strategic objectives, including keeping a strategic focus on strengthening the role of DAEs in programming, as described in section 4.1; and
- (b) Seek to streamline and speed up access to GCF resources and reduce the lengthy timelines involved in the current accreditation process.

26. For 2020–2023, key actions in this area its business model will include:

- (a) **Adopting a more strategic approach to accreditation:** the GCF will undertake, as soon as possible, an analysis of the current AE portfolio to identify strengths and gaps in coverage and capabilities, informed by country programming needs, and present a revised accreditation framework with the aim to:
 - (i) Focus on selection of AEs that are best suited to support the objectives of the GCF and match the programming and project delivery capabilities needed to implement countries' programming priorities, and build capacity for improving wider investments in line with countries' climate plans and strategies and national circumstances, in alignment with GCF strategic objectives and policies, ensuring all countries have coverage and choice of AEs to support them;
 - (ii) Seek to increase the share of DAEs above the IRM level¹⁷, including by prioritizing accreditation of and capacity support for DAEs of countries which do not yet have a national or regional AE accredited;
 - (iii) Strive for sufficient coverage across regions, access modalities, accreditation sizes, risk categories and financial instruments, prioritizing identified gaps in the AE network in relation to geographical, sectoral and thematic coverage and

¹⁶ As at the end of the IRM, 95 AEs went through the accreditation process, an average of around 15 new AEs annually – of which 41 per cent had projects approved and 29 per cent had not engaged in any GCF programming.

¹⁷ IRM level: 59 per cent.

- financial instrument usage, in alignment with developing countries identified programming priorities and the GCF programming strategy;
- (iv) Accredit institutions which are ready to meet GCF standards and to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty, or can work through required conditions needed to finalize their accreditation; and
 - (v) Inform re-accreditation decisions with an examination of AEs performance in contributing to GCF programming results, considering IAEs contribution to building capacities of DAEs, and an assessment of the extent to which AEs overall portfolio of activities beyond those funded by the GCF has evolved towards low-emission and climate-resilient development pathways¹⁸.
- (b) **Streamlining the accreditation process and developing alternative accreditation modalities, including a project-specific assessment approach (PSAA)**, through completing Board consideration of the update of the GCF accreditation framework as part of the 2020-2023 Board workplan; and
 - (c) **Fostering climate mainstreaming across the GCF partnership network:** through active collaboration with AEs or entities seeking accreditation to mainstream climate considerations more broadly across their operations and portfolios to drive institutional transformation. This will build on the requirement for AEs to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty, including through their overall climate portfolio of activities as they work with GCF.

V. Operational and institutional priorities

27. Successful delivery of the GCF strategic vision, objectives and priorities for 2020-2023 is critically dependent on GCF taking steps to evolve its operating modalities and institutional capacity to successfully execute its programming strategy. Over the IRM period, the GCF built a unique operating model that has been shown to add value in the climate finance landscape. But the clear feedback is that the GCF must be able to respond with improved predictability, transparency, speed, efficiency and effectiveness to match the urgency of the climate challenge.

28. This section of the Strategic Plan sets out in brief key operational and institutional priorities for 2020-2023, as well as the institutional resourcing implications of implementing the 2020-2023 Strategic Plan. For 2020-2023, GCF will be guided by overall operational objectives to:

- (a) Programme 40 per cent of available resources by end 2021 and 95 per cent by end 2023;
- (b) Ensure resources are being deployed on the ground by having 90 per cent of the total GCF portfolio under implementation by end 2023;
- (c) Initiate the second GCF replenishment 30 months after the commencement of the first replenishment period;¹⁹

¹⁸ Decision B.11/10

¹⁹ In line with the updated Policy for Contributions approved under decision B.24/02.

- (d) Be fit to rapidly respond through swifter and simpler processes and more consistent and accessible funding processes;
- (e) Provide real-time information on portfolio, proposal and disbursement status through a transparent online platform;
- (f) Enhance stakeholder collaboration and engagement with impacted people and communities, in the context of the agreed roles of the NDA, country programming guidelines, recognizing the sovereign role of countries;²⁰ and
- (g) Attract, nurture and retain talent in GCF to support its strategy and operations and work in co-creation with countries and AEs to drive a paradigm shift.

5.1 Optimizing operations

5.1.1 Improving GCF processes

29. To efficiently and effectively execute 2020-2023 programming, the GCF will simplify and streamline its programming, review, approval and implementation processes through the following actions:

- (a) **Review GCF policies and frameworks**, as part of the 2020-2023 Board workplan, to better understand policy impacts, including resulting challenges or delays in implementation, gaps, and opportunities to simplify, streamline and harmonize policies. This will be key to realizing efficiency and effectiveness gains over the medium term;
- (b) **Continue to streamline programming and approval processes** to enable timely disbursement, and will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities, including by enhancing and **updating the simplified approval process (SAP)** as part of the 2020-2023 Board workplan;
- (c) **Identify operational bottlenecks** and examine the most effective ways to address these to speed up access, including through improved productivity, effective resourcing and/or further streamlining programming, approval and Secretariat implementation processes, modalities and timelines;
- (d) **Review ways towards improving functioning** of the independent units and panels and the interface between AEs and the Secretariat, and between the Secretariat, independent units, the independent TAP and the Accreditation Panel;
- (e) **The Board will consider, as part of its review of the Board's committees panels and groups**, as appropriate, the way they comply with their obligation to assist the Board in its decision-making and exercise any delegations of its authority, in a manner consistent with the Rules of Procedure, the Governing Instrument, and taking into account the relevant decisions of the Board;
- (f) **Establish a public online tracking platform and service standards** as soon as possible, to show real-time portfolio, pipeline and disbursement status and set expected turnaround times;
- (g) **Codify internal review processes** through the Secretariat's development of operations, programming and policy manuals as soon as possible, also improving consistency of application through development of review tools and more intensive staff training; and

²⁰ Decision B.08/10.

- (h) **Translate key operational documents** into six United Nations languages to ease language barriers to efficient engagement with the GCF²¹.

5.1.2 **Strengthening implementation, results and knowledge management**

30. With a rapidly growing portfolio, a top priority for GCF over 2020-2023 is to accelerate implementation, delivery of support and results on the ground through the following actions:

- (a) **Accelerate processes from approval to implementation and disbursement**, through measures including ensuring AEs have signed and effective accreditation master agreements to undertake programming; stabilizing GCF policies; examining policy barriers to implementation; increasing use of standard legal agreements; and earlier negotiation and execution of funded activity agreements where feasible;
- (b) **Implement an adaptive portfolio management approach**, by deploying digitized monitoring systems to provide early warning of needed course-corrections; and providing Secretariat implementation support to AEs, particularly DAEs, where needed;
- (c) **Update the GCF results management framework** as part of the 2020-2023 Board workplan, to ensure GCF can measure how its funded activities contribute to project, result area, portfolio and paradigm shift outcomes, in order to move from measurement of expected to actual results as the portfolio matures;
- (d) **Link systems for monitoring, reporting, evaluation and knowledge management**, through ensuring adequate budgeting for monitoring and evaluation, full and regular results reporting and performance evaluations and knowledge capture; and
- (e) **Build the GCF knowledge management capabilities to enable improved programming and implementation**, by capturing evidence-based results and lessons from implementation; and integrating global knowledge into GCF operations.

5.1.3 **Stakeholder collaboration and engagement with impacted people and communities**

31. Keeping at the forefront the GCF commitment to stakeholder engagement,²² taking account of impacts on peoples and communities most affected by climate change and recognizing their contribution to climate solutions, GCF will implement the following actions:

- (a) **Continue to advance best practice policies and standards on environment and social safeguards, indigenous peoples, gender and integrity** in ways that not only include safeguarding measures of “do no harm” but also improve environmental, social and gender outcomes, and generate critical co-benefits. GCF will work in collaboration with NDAs and AEs to build capacity, where needed, for implementation and monitoring;
- (b) **Promote gender mainstreaming** across its internal and external activities and programming, including working toward ensuring project proposals have gender assessment and action plans, as well as strengthening gender-mainstreaming and social inclusion capabilities among staff, partners and stakeholders;
- (c) **Enhance engagement with indigenous peoples** in line with the Indigenous Peoples Policy, including through establishing an Indigenous Peoples Advisory Group;

²¹ Observing paragraphs 33 and 34 of the rules of procedure of the Board with respect to the conduct of business of the Board and its committees, subcommittees, panels and working groups

²² Consistent with Decision B.08/10, best practice options for country coordination and multi-stakeholder engagement.

- (d) **Support broad-based and inclusive stakeholder participation in GCF activities**, including local communities and authorities, civil society, private sector, indigenous peoples and others, to ensure needs and concerns are put into local context;
- (e) **Review the implementation of the Information Disclosure Policy** per the 2020-2023 Board workplan, in light of the experience in the IRM and the latest information access standards of peer institutions, to maintain best practice for access to GCF information; and
- (f) **Strengthen outreach and communications**, including through Secretariat development of a partnerships strategy to guide GCF partnering outside of formal funding arrangements; a traditional and social media strategy to strengthen the GCF brand, and enhanced communication and reporting of results and performance for accountability.

5.2 Enhancing institutional capacity

32. Underpinning successful delivery of the 2020-2023 Strategic Plan are the institutional limbs of the GCF: Board, Secretariat, independent units and GCF committees, panels and groups. Over 2020-2023 GCF will take the following actions to consolidate its institutional capacities:

- (a) **Implement the Board's four-year workplan for 2020-2023.** This establishes a policy development, implementation, learning and review cycle which stages consideration of outstanding policy items and reviews in a sequence informed by time-sensitivity to programming and strategic priorities. The Co-Chairs have been requested to update the Board workplan upon adoption of the Strategic Plan for 2020-2023;
- (b) **Ensure predictable management of commitment authority**, by the Board setting at the last meeting of each year annual programming and disbursement targets for the following year, and Secretariat business planning in line with the above operational objectives;
- (c) **Clarify internal roles and responsibilities** and resolving inefficient duplications/overlaps, by refining the GCF internal control framework by mid-2021;
- (d) **Review the capabilities of the GCF**, in particular the Secretariat and independent Technical Advisory Panel, to deliver increased programming (regular and SAP projects) and implementation over 2020-2023 in line with the updated Strategic Plan;
- (e) **Strive to increase coverage of privileges and immunities** as foreseen in the Governing Instrument through all available channels, as a key step toward speeding up delivery of GCF resources, enhancing security for staff and the efficient and effective operations of the GCF;
- (f) **Pursue a human resources strategy to attract, nurture and retain talent**, fostering highly skilled professional groups with the capacity to execute the GCF mission and vision, and aligning staff deployment with evolving organizational needs;
- (g) **Advance as a digital organization** by seeking to improve key work processes through automation, and toward 2023 developing a strategy for constructing a virtual workspace for outposted staff and consultants;
- (h) **Assess needs and options for establishing a GCF regional presence** to be closer to the countries GCF serves and monitor portfolio implementation. The Secretariat will undertake a cost-benefit assessment of potential options, looking at specific operational bottlenecks, capacity gaps and experience with pilots to date, for the Board's consideration prior to the second performance review of the GCF; and

- (i) **Undertake ongoing resource mobilization efforts**, including seeking new contributors, updating policies to enable potential contributions from private and alternative sources, and building the scale and predictability of resource mobilization over time.

5.3 Aligning resources to achieve results

33. The successful realization of this holistic programming vision and improved results potential for 2020-2023 depends on adequate resourcing, including for the Readiness Programme, the PPF and administrative budget including staff count.
34. The Strategic Plan's value proposition is based on GCF remaining a lean organization that concertedly pursues efficiency improvements while growing its programming and implementation capacity to match the ambition of its strategic vision. The Secretariat will present resourcing implications of the Strategic Plan for 2020-2023 to the Budget Committee and subsequent consideration by the Board.
35. It is intended that annual work programmes over 2020-2023 will be aligned with the 2020-2023 Strategic Plan, the 2020-2023 Board workplan, as well as the integrated results management framework, to be approved by the Board.
36. Progress on the 2020-2023 Strategic Plan will be reported by the Secretariat at the first Board meeting of each year from 2021, including potential course corrections required and tracking of results, using a tracking tool aligned with the updated results management framework, to be finalized and approved by the Board.

VI. Conclusion

37. The 2020-2023 Strategic Plan sets out an ambitious programming and operational vision for the next phase of GCF, aiming high to match the urgency of climate change and positioning GCF to make a significant and ambitious contribution towards the goals of the UNFCCC and Paris Agreement. This ambitious vision and improved results potential are based on GCF being more than a financial pass-through entity: it is based on its serving developing countries as a convenor, capacity-builder and adviser through effective partnerships.
38. With a view to enhance delivery of the GCF strategic vision towards 2050, the second performance review of the GCF will incorporate a review of how effectively GCF programming and operations have evolved from the IRM period to deliver the vision, objectives and priorities in the Strategic Plan for 2020-2023, complemented by a Secretariat-led review of the GCF policy frameworks. This will in turn inform work to further assess opportunities for GCF strategic programming in the second replenishment period (GCF-2), taking account of needs identified in country programmes and an evidence-based understanding of GCF programming potential.
39. Findings of both the second performance review and strategic programming exercise will inform the Board's consideration of a further update to the Strategic Plan in 2023, covering objectives and priorities for 2024-27, with a view to this being in place before the commencement of GCF-2.

Glossary

AC	Adaptation Communication
AE	accredited entity
DAE	direct access entity
GCF	Green Climate Fund
GCF-1	Green Climate Fund's 2020-2023 programming period and replenishment cycle
IRM	initial resource mobilization period
LDCs	least developed countries
NAP	national adaptation plan
NDA	national designated authority
NDC	nationally determined contribution
NIE	national implementing entity
PPF	Project Preparation Facility
PSAG	Private Sector Advisory Group
PSF	Private Sector Facility
RFP	request for proposal
SIDS	small island developing States
TNA	Technology Needs Assessment
UNFCCC	United Nations Framework Convention on Climate Change

Annex VII: IEU's Annual Work Plan and Budget for 2021

1. This annex is organized as follows:
 - (a) Section 1.1 summarizes the IEU's key achievements for 2020.
 - (b) Section 1.2 presents the IEU's 2021 work plan.
 - (c) Section 1.3 presents the budget for the IEU for 2021.

1.1 IEU's achievements in 2020

2. By the end of the current year, the IEU will have accomplished all the tasks set out in its 2020 work plan and agenda (decision GCF/B.24/12/Rev.01). IEU's key achievements for the first half of 2020 are sourced from the IEU activity report submitted at B.25 (GCF/B.25/Inf.02):

- (a) **Producing high-quality evaluations (including evaluations completed and/or commenced during the reporting period)**
 - (i) **Rapid assessment of the Simplified Approval Process (SAP):** This assessment of SAP's effectiveness in providing easier access to the GCF found that approval time for SAP projects is on average only 34 days quicker than the GCF's regular approval processes (365 days versus 399 days). Also, half of the currently approved SAP portfolio is allocated to the Least Developed Countries (LDC) but not to Small Island Developing States (SIDS). A [2-page brief](#), and a [full report](#) with all findings and recommendations are available online.¹ The IEU held three webinars on the findings and recommendations with the GCF Board members and advisors, the Accreditation Panel of the GCF, members from civil society and private sector organizations as well as with the GCF Secretariat in May 2020.
 - (ii) **Independent synthesis of the GCF accreditation function:** This synthesis summarizes credible evidence on the effectiveness and efficiency of the accreditation function within the GCF (and also benchmarks it). The synthesis identifies challenges in the governance of the accreditation function (including for the Accreditation Committee and the Accreditation Panel) and makes recommendations for an accreditation strategy. It also offers some cautionary notes for the Project Specific Assessment Approach (PSAA). A [2-page brief](#), and the [full synthesis report](#) that has now been submitted to the GCF Board are available online.² The IEU held three webinars on the findings and recommendations with the GCF Board members and advisors, the Accreditation Panel of the GCF as well as the Secretariat and members of the civil society and private sector in June 2020.
 - (iii) **(Forthcoming) Independent evaluation of the relevance and effectiveness of GCF's investments in Small Island Developing States (SIDS):** This evaluation (i) examines the effectiveness of GCF investments in SIDS, (ii) assesses if the GCF business model is appropriate for fulfilling SIDS specific and urgent climate needs and, (iii) considers whether GCF financing for SIDS complements other climate finance delivery channels. A [2-page brief](#) of the evaluation and an [inception paper](#) are online.³ The final report is scheduled for B.27. The inception report was shared with the GCF Secretariat for comments in

¹ <https://ieu.greenclimate.fund/evaluations/sap>

² <https://ieu.greenclimate.fund/evaluations/accreditation>

³ <https://ieu.greenclimate.fund/evaluations/sids>

April 2020. The IEU has held webinars on the inception report, factual draft and emerging recommendations for the GCF Board members, advisors and the accredited entities, members of civil society and private sector organizations, as well as the GCF Secretariat in April, September and October 2020.

- (iv) **(Forthcoming) Independent evaluation of the adaptation approaches and portfolio of the GCF:** This evaluation examines the extent to which the GCF is, contributing to a paradigm shift in adaptation in developing countries. It reviews and systematically consolidates evidence from the climate finance landscape and evaluates the role, reliability, responsiveness and relevance of the GCF's portfolio. It aims to demonstrate how transformational adaptation can be conceived, funded, implemented and measured. Commencing in January 2020, the evaluation's report will be tabled at B.28 in 2021. A [2-page brief](#) of the evaluation and an [approach paper](#) is available online.⁴ The approach paper was shared with the GCF Secretariat for comments in June 2020. The IEU's evaluation team held webinars on the approach paper with GCF Board members and advisors, the GCF Secretariat and AEs, as well as members of civil society and private sector organizations in July 2020.
- (v) **(Forthcoming) The IEU's Learning-Oriented Real-Time Impact Assessment (LORTA) programme.** The LORTA programme aims to help GCF projects independently and credibly *measure* and attribute the impact of GCF's investments; identify who benefits, how much, why and under what circumstances. LORTA is a key multi-year programme is dedicated to helping projects build independent measurement and data systems so that the IEU will be able to report overall GCF impacts in a quantifiable, credible, verifiable way. LORTA is also part of IEU's advisory services. IEU recently published a [synthesis of its 2019 projects](#). The 2020 LORTA synthesis report discusses the programme's selection process, evaluation design and questions, lessons learned, and sample size and design issues. The LORTA team, in partnership with Conservation International, recently produced the [Sustainable Landscapes in Eastern Madagascar Baseline Household Survey Report](#), based on GCF project FP026 Sustainable Landscapes in Eastern Madagascar. The LORTA synthesis report, reports from two baseline studies and one end-line impact assessment will be submitted to the Board in 2021. A paper on learning from the LORTA program was also published in a special edition of the World Development Journal, a leading international development journal.⁵
- (b) **Advisory services, learning and capacity strengthening**
- (i) **LORTA advisory services and capacity building support:** In its third year, the LORTA programme continues to embed real-time impact evaluations into funded projects so GCF project task managers can access accurate data on the programme's quality. Due to COVID-19 concerns, a capacity-building LORTA design workshop scheduled for May is now scheduled for September/October and will be delivered on-line using virtual technologies. Eighty participants from 16 GCF-funded projects and 20 different countries are undertaking the workshop.
- (ii) **IEU Lunch Talks:** Despite COVID-19 preventing in-person lunch talks, the IEU continues to deliver this important advisory and outreach activity through

⁴ <https://ieugreenclimatefund/evaluations/adaptation>

⁵ https://ieugreenclimatefund/documents/977793/985626/Paper_-_Jo_Puri_et_al_-_Good_will_hunting_Challenges_of_theory-based_impact_evaluations_for_climate_investments_in_a_multilateral_setting.pdf/

virtual talks and on-line webinars. Post COVID-19, the IEU envisions virtual talks as a companion to its traditional lunch talks, offering a new learning opportunity for those unable to travel to Songdo. Lunch talks attract upwards of 40 people, mostly GCF staff, while IEU's virtual talks attract audiences of about 120.⁶

- (iii) **Engagement, learning and capacity building:** COVID-19 travel restrictions prevented IEU staff from attending key international events to give keynote addresses, participate in international discussions, or facilitate capacity building. IEU addressed this by using an array of video conferencing technologies to engage with partners and stakeholders and participate in learning and capacity building activities.
- (iv) **Webinars:** The IEU has conducted more than a dozen webinars this year. Audiences included representatives from the Secretariat, the IUs, the Board, the Accreditation Panel, civil society, the private sector, accredited entities, research organizations, and multilateral organizations. Webinars provided participants with an overview of the progress and/or findings of all current IEU evaluations.
- (v) **IEU side-events at GCF Board meetings:** At B.25 in Geneva, the IEU presented one side event aimed at policymakers and interested parties. The event provided an overview of key findings and recommendation from the IEU's assessment of the GCF's Environmental and Social Safeguard (ESS) and GCF's country ownership approach. The side event attracted members of civil society, private sector and AEs. For B.26, the IEU organized special webinars on the rapid assessment of the Simplified Approval Process (SAP) and the independent synthesis of the GCF accreditation function.
- (vi) **Develop and socialize the GCF evaluation policy:** At B.24 the Board confirmed that the evaluation policy is a GCF-wide policy that guides the Board, the Secretariat, the IEU, other independent units, accredited entities and national designated authorities/focal points. It also confirmed that the IEU and the Secretariat would jointly clarify and delineate the roles, responsibilities and accountabilities in the Evaluation Policy. The IEU fulfilled the Board's request to present a set of detailed guidelines for the operation of the unit for consideration by the Board at B.25. Based on advice from the Co-Chairs, the policy will be presented for discussion to the Board again later this year.⁷

(c) **Learning and building partnerships**

- (i) **Learning and partnerships:** The IEU takes its mandate to foster institutional learning within the GCF and enhance the knowledge capacity of stakeholders and national partners seriously. Communications, learning papers, and evidence reviews are all important tools in fulfilling this role. A few notable achievements include: a paper by IEU members was awarded the 'best paper' in the climate finance category at Climate 2020, an online conference organized by the Hamburg University of Applied Sciences; publication of a paper in the journal World Development; and completion of a paper on climate impact bonds for the Global Handbook of Impact Investing. Equally important is fostering partnerships with like-minded institutions to foster learning, exchange ideas and collaborate where possible on evaluation activities. The IEU established partnerships with Women Organizing for Change in Agriculture and Natural Resource Management and Busara Center for Behavioral Economics Inc.

⁶ <https://ieugreenclimate.fund/ieu-talks>

⁷ The policy has been presented to the Board previously at B.24.

- (ii) **Evidence reviews:** The IEU's evidence reviews are a systematic collation of global evidence on topics that are relevant to the GCF. Its compilation of evidence reviews is based on a protocol guided structured literature search. The reviews appraise the quality of evidence and illustrate the evidence base in an easy-to-understand manner such as through evidence gap maps. The IEU's work on evidence reviews in 2020 includes studies on climate change adaptation in developing countries and GCF climate finance flows across adaptation interventions and outcomes.⁸ The IEU is currently conducting evidence reviews on transformational change⁹, on private sector interventions in mitigation¹⁰, and on results-based payments.¹¹
- (d) **Communication and uptake**
- (i) **Overview of major communication and uptake products:** The IEU communications and uptake workstream produces a large volume and variety of material to help ensure uptake of the findings in the IEU's evaluations. A shortlist of these formats include final evaluation reports, evaluation executive summaries, evaluation approach papers, evaluation briefs, evidence trees, blogs, op-eds and articles in the mass media, social media platforms, side events at key fora, webinars, lunch talks, videos, website articles, and press releases, among others.
- More than 70 videos and video-related products are now available on the [IEU's YouTube page](#).¹² The IEU published three op-eds, and an article about the IEU and GCF appeared in the Korean media by the IEU. An interview with Dr. Puri, the Head of the IEU, was published in the Korean Herald.¹³ Other examples include publishing an [opinion piece](#) in online newspaper, Live Mint, [six blogs on online publishing platform, Medium.com](#), and an interview on the Global Landscape Forum discussion page.
- (ii) **IEU website analytics:** For the 12 months ending June 1, 2020, the IEU website had 34,960 visits. Of this figure, 83 per cent were new visitors. Visitors predominantly came from the US (18.60 per cent), South Korea (17.97 per cent), United Kingdom (5.87 per cent), Germany (5.59 per cent), and India (4.45 per cent). The IEU will increasingly develop its analytic capacity to track the IEU's digital outreach materials.
- (e) **Strengthening the IEU**
- (i) **Staffing:** Since the beginning of 2020, the IEU has recruited a Communications and Editing Associate and an IEU Executive Assistant to the Head of IEU. It is currently hiring an Impact Evaluation Associate and Team Assistant. The IEU has also recruited several interns to work in areas such as evidence reviews, communications and uptake, LORTA, accreditation synthesis, the DataLab and the BadLab (see below). The IEU is also looking to strengthen its foreign language capacity by hiring foreign language consultant editors skilled in French, Spanish and Arabic. The IEU is also looking to publish materials in Korean.
- (ii) **Establishment of the BaDLab:** The IEU has re-organized its DataLab to include the Behaviour and Design Lab (BaDLab). It applies insights from behavioural science to the IEU's evaluation work. Its objective is to assess how behavioural

⁸ <https://ieu.greenclimate.fund/er-adaptation>

⁹ <https://ieu.greenclimate.fund/evidence-review-on-transformational-change>

¹⁰ <https://ieu.greenclimate.fund/er-private-sector-investments-mitigation>

¹¹ <https://ieu.greenclimate.fund/er-results-based-payments>

¹² <https://www.youtube.com/channel/UC00Tb189SV7n3n4CzbwmXRg/>

¹³ <https://ieu.greenclimate.fund/news/new-private-investor-engagement-key-to-climate-resilient-world>

analysis and interventions can improve GCF procedures and projects by identifying common barriers to action by participants, looking at best practice in this field, and leveraging expertise through partnerships with leading actors.

- (iii) **Training and capacity-strengthening within the IEU:** In June, several IEU team members commenced a rigorous 10-week, part-time online course with the Busara Centre for Behavioural Economics. The course will build the IEU's understanding of how behaviour affects climate-related decisions and thus strengthen its evaluation work. The IEU team members also underwent a two-day training on qualitative and mixed methods for evidence synthesis. The IEU weekly team meeting regularly hosts informal training presentations. Topics covered include an introduction to the IEU BaDLab, an overview of the IEU style guide and final report template, and an introduction to the evidence review on adaptation.
 - (iv) **Embedding IEU data and communication focal points in evaluation teams:** Integrated within an evaluation, the focal points focus on real-time communication and data support, ranging from assistance with writing and editing reports, through to identifying key audiences, messages and mediums to ensure better uptake of evaluation findings.
 - (v) **A new micro-website:** The IEU micro-website is currently being upgraded. The new site will assist visitors better navigate the IEU's ever-growing stock of materials on climate change evaluations. It will also help IEU staff keep track of materials, information and documents relevant to their own IEU work, as well as providing them with an outlet to post blogs and articles.
 - (vi) **IEU Evaluation team meetings:** The IEU holds weekly evaluation meetings to mutually exchange views and discuss ongoing IEU evaluations, share experiences and discuss emerging findings and new evaluation techniques. These meetings strengthen the IEU's internal communication, learning and capacity-building. Importantly, the sharing of information leads to more insightful and fit-for-purpose evaluations.
- (f) An expenditure report for the IEU's budget is presented in Table 2. In August 2020, the IEU was 61 per cent committed & disbursed, while taking into account the commitments for the rest of the year. The IEU expects to be 85 per cent disbursed by the end of the year.

1.2 IEU's 2021 Work Plan

3. This section discusses the IEU's work plan for 2021. All activities are consistent with the IEU's approved three-year rolling work plan (see annex III).

IEU Objective I: Building and strengthening the IEU

4. **Staffing the IEU:** In 2021, the IEU will undertake five evaluations including the Second Performance Review (SPR) of the GCF, subject to the budget approval for the SPR at B.28 (see Table 6). This will represent an increased workload over previous years, especially in terms of data, synthesis, analysis, and management. In 2021, the IEU will add three additional positions in Songdo and will convert two consultant position to staff. As also presented to the Board at the end of 2021, the IEU is expected to have 22 staff members of varied experience and expertise. The IEU is also on track to stabilize team strength in the following two years.

5. The IEU will continue to be supported by short-term consultants and longer-term HQ based consultants. Short-term consultants provide thematic and sector expertise to IEU's

evaluations. Longer-term consultants are required to support the IEU's data-related needs. This has emerged as an essential part of making IEU evaluations robust and cutting edge. In 2021, the IEU will reduce the number of consultants by two and will have eight long-term consultants. Over time, this number will continue to reduce (see Table 5).

6. **Internal capacity development:** According to its mandate, the IEU is expected to push the frontiers of climate evaluation. This requires the IEU to build its own capacities which in turn equip the team with tools and methods to undertake capacity building externally. In 2021, this will comprise two key areas. Firstly, the IEU will develop a checklist for evaluations, quality assurance, and standard operating procedures. As the IEU team continues to mature, these checklists will serve an essential function for institutional memory and provide standards for IEU's own outputs. On a related note, subject to the adoption of GCF Evaluation Policy, the IEU expects to develop standards for GCF evaluations, based on the IEU's evaluation criteria outlined in the Board-approved TOR of the IEU. Secondly, the IEU will continue to build its own capacities through training in methods, communications, evaluations and science. While some training will be provided to individual members of the IEU, others will be provided to sub-teams or the entire team, depending on the needs and specialization. The IEU uses a train-the-trainer model for internal learning.

7. **Professional development of staff and staff travel:** All IEU team will be expected to attend international evaluation meetings, where their proposed presentations have been accepted. Also, members of the IEU will participate in panels and deliver lectures to international meetings and fora. This is important for the intellectual growth of the team. It allows the team to learn, inform and be informed by global developments in the climate space and interact and provide services to its key partners including independent evaluation offices of accredited entities. Staff travel is also expected for the evaluations the IEU undertakes (see below). However, in light of Covid-19, travel will only resume in 2021 when pandemic related travel guidelines allow. Accordingly, the travel budget is adjusted.

8. **Other costs: The IEU will be expected to pay third-party costs related to ICT, utilities & supplies, insurance, depreciation and security.** It is anticipated that, in the longer term, the IEU and the Secretariat will draw up a service agreement to reflect the costs and services provided to the IEU. One concern for the IEU is its lack of office space. This is exacerbated by the need for Covid-19 related social distancing. Currently, it is no longer possible to provide conducive working spaces with appropriate social distancing for IEU staff, HQ based consultants and interns. The IEU has requested the Secretariat's support in dealing with this.

9. **Team Culture:** In light of the global pandemic and increasing workloads faced by the team, the IEU has been careful to continue to support its team in the development of a culture that supports personal growth and provides a positive work environment. The staff of the IEU will be subject to the Code of Conduct of Staff, as stated in the TOR of the IEU.¹⁴ As stated in the three-year rolling workplan (Annex III), the IEU is building internal modularity and capacity to deal with routine events such as staff turnover, but also unexpected events such as a pandemic. Further to this, the IEU will include in its 2021 workplan a retreat for team building and other team requisites. The IEU will also follow the GCF guidelines, including those on procurement, HR and grievance. In addition, the IEU has expanded at a reasonable rate, which leads to the development of sustainable team culture.

IEU Objective II: Evaluations

10. As agreed in its three-year rolling work plan, the IEU will commence **five evaluations in 2021** and will deliver them in a phased manner for Board consideration. Importantly the IEU

¹⁴ Decision B.06/09 Annex III: Terms of reference of the Independent Evaluation Unit

will initiate the Second Performance Review in 2021, subject to the budget approval at B.28. The purpose of these evaluations will be to support the Board by providing it with credible evaluation evidence on the performance of the Fund and to ensure that the Fund is learning in real-time. The five evaluations include (i) independent evaluation of the effectiveness of the GCF investments in the LDCs, (ii) evaluation of the GCF Request for Proposal (RfP) pilot programmes, (iii) independent evaluation of the GCF approach to the private sector, and (iv) a continuation of its multi-year evaluation of project investments through the LORTA programme and (v) the first phase of the second performance review (SPR) of the GCF. The IEU will deliver these evaluations sequentially to the Board through 2021 and 2022. The key messages of the SPR will be delivered at the end of 2022 and the full report will be delivered in early 2023 so that it aligns with the end of GCF-1 period.

11. **An independent evaluation of the effectiveness of GCF investments in least developed countries (LDCs):** LDCs are responsible for small additions to the overall GHGs stock globally but experience disproportionate impacts of its consequences. The Governing Instrument (GI) of the GCF recognizes the urgent and immediate needs of particularly vulnerable countries, including the LDCs, and requests the Board to consider these needs in using minimum allocation floors. Among other activities, the GI further requests the GCF to finance technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries. The portfolio of the GCF in the LDCs (as of March 2020) was USD 1.5 billion, which is 26 per cent of the GCF global portfolio. Arguably, given its first project approval was in 2015, this portfolio can be expected to have reached maturity in terms of operation and scale since the first project approval in 2015. The evaluation will ask whether the GCF approaches and investments have been effective in reducing the vulnerability of local communities and their local livelihoods to the effects of climate change, and whether these impacts are likely to be sustained. In particular, the evaluation will take into account consider the effectiveness and efficiency of the GCF approaches and investments and identify the actual and likelihood of impacts on livelihoods and local communities.

12. This evaluation is part of a concerted effort by the IEU's aim to examine the relevance and effectiveness of GCF strategy and investments in vulnerable countries, including SIDS, LDCs and African states. An independent evaluation of the effectiveness of GCF investments in the SIDS is expected to be submitted to the Board in 2020. The evaluation will be delivered by the **end of 2021 and will be presented to the Board at the first meeting of 2022.**

13. **A rapid assessment of GCF Request for Proposal (RfP) programme:** In addition to the FP process, the GCF has developed two options for accessing the GCF: RfPs and the simplified approval process (SAP). A rapid assessment of the SAP was undertaken by the IEU and submitted to the Board at B.26. The RfP modality is a key access instrument, in particular to mobilize the private sector. The GCF has four RfPs so far (Mobilizing Funds for Scale (MFS); Results based payments (RBPs); Medium and small-scale enterprises (MSMEs) and Enhanced Direct Access (EDA)). In decision B.10/11, the Board noted that the use of RfPs is complementary and not a substitute for spontaneous FPs. According to the status of the GCF pipeline (B.24/Inf.05), of the USD 1.3 billion allocated for RfPs, USD 265 million had been allocated as of 31 August 2019. An independent and rapid assessment of this modality will examine the efficiency and effectiveness of the RfP programmes, including the four pilots. This evaluation will be delivered to the Board **in June 2021.**

14. **Independent evaluation of the GCF approach to private sector:** The GI provides that the GCF will, directly and indirectly, finance private sector mitigation and adaptation activities. It further requests the GCF to catalyze private finance at international and national levels. This is based on the premise that climate crisis cannot be addressed through public finance alone. Compared to other multilateral climate finance funds, the GCF has the most flexible financial instruments as well as a relatively large size. The GCF portfolio includes 26 private sector

projects (as of March 2020) with GCF financing of USD 1.9 billion. Learning from previous IEU evaluative and learning work has shown that the GCF continues to face challenges in attracting and involving the private sector, particularly in adaptation. In the area of mitigation, the GCF is a relatively small and modest actor. This evaluation will examine the approach of the GCF to involving and mobilizing the private sector. Considering the GCF investments made in GCF initial resource mobilization period as well as GCF-1, the evaluation will assess the relevance, effectiveness and efficiency of the approach of the GCF towards the private sector. This evaluation will be delivered **by the final Board meeting in 2021**.

15. **Learning-oriented real-time impact assessment (LORTA) programme:** In its fourth year, LORTA will continue to expand into areas and countries where the GCF has investments. The IEU is currently working with a total of 12 GCF projects to help them set up independent baselines and real-time measurement systems. Analyses of these data are being undertaken by project teams along with IEU experts. In 2021, the IEU will continue to work closely with its partners including the Secretariat and Accredited Entities and select another group of projects for LORTA related technical assistance and measurement support. To recap, LORTA aims to build capacity and mechanisms for measuring the causal impacts of GCF investments. This technical assistance program aims to support approved GCF projects build independent, high quality and useful baseline data, support real-time learning on the likelihood of impacts and measure the causal impact of GCF investments. LORTA provides the framework for evidence-based learning and knowledge at the project level. LORTA will produce three baseline reports and one impact evaluation report in 2021. The document 'synthesis' will also contain the designs for the overall projects. To support this work, IEU will also engage one econometrician and one impact evaluation specialist consultant.

16. **Second Performance Review of the Green Climate Fund:** Finally, but importantly, the IEU will launch the second performance review (SPR) of the GCF in 2021, subject to budget approval. The IEU has been mandated to undertake periodic performance assessment of the Fund. In 2019, the IEU delivered the first FPR of the GCF, which covered the initial resource mobilization period of the GCF and informed its first replenishment. In 2021, the IEU will initiate the SPR to independently assess GCF's performance during GCF-1 and to inform its second replenishment. The SPR will assess GCF's progress in delivering its mandate as set out in the GI and during its first replenishment period. In particular, it will examine the institutional architecture and performance; the quality of implementation and effectiveness and performance of the portfolio; cost-effectiveness of implementation, including an assessment of impact; coherence and complementarity of the GCF approach within the climate finance landscape and particularly the extent to which the GCF's investments and strategies incorporate gender considerations. It will also examine GCF's various financial instruments and modalities for their likely effectiveness and efficiency and constructively layout any gaps that may be addressed in the GCF's strategy. The evaluation will also be informed by a synthesis of previous IEU evaluations (including country ownership, the ESS evaluation, the independent review of SAP and the independent synthesis of the accreditation function as well as those undertaken in 2021) and global evidence reviews. Subject to budget approval at B.28, this large evaluation will launch in 2021 and will be completed, in line with the Board workplan, at the end of 2022.

IEU Objective III: Capacity building and advisory services

17. **Evidence reviews:** The IEU consolidates and summarizes existing knowledge on climate-related topics. These evidence reviews help the IEU to learn from the experience of other institutions and sectors. Such reviews typically include evidence gap maps and systematic reviews. Evidence reviews also contribute to building and delivering evaluation-based learning and capacity strengthening in the GCF by offering state-of-the-art overviews that reflect international best practice. The IEU has completed two evidence reviews to date: the first on the

effectiveness of forestry conservation interventions, and the second on climate change adaptation.

18. The IEU will undertake two evidence reviews in 2021. One will focus on the degree to which climate investments relating to both mitigation and adaptation projects have, intentionally or unintentionally, led to impacts that can be disaggregated along gender lines. The second review will focus on behavioural interventions and incentive schemes within environmental and development fields in developing countries. In 2021, the IEU will disseminate the findings of the three evidence reviews that were taking place in 2020: one on transformational change in the energy sector concerning behaviour change and public health; one on private sector investments in mitigation; and one on results-based payments.

19. **LORTA based advice is being provided in terms of designs, indicators, baseline data collection methods and analyses.** The IEU has hosted several capacity-building workshops for the measurement of GCF results and will continue to do this in 2021. The workshops have taken the form of customized trainings for AEs, project staff, GCF Secretariat and other global experts. The IEU will continue to develop cutting edge methods and papers to advance the frontiers of measurement of impact. In light of COVID-19, the IEU will focus on the development of online training modules that can be used to support capacity building. Also, the IEU will continue to engage with climate and evaluation communities through meetings, keynote lectures, attendance at workshops and seminars to push for the GCF and IEU agendas.

20. **Advice, delivery and methods papers:** A key requirement for the IEU is ensuring that it is exploring the state-of-the-art methods. In 2020, it is considering innovative methods in its evidence reviews for result-based payments, private sector and transformational change. In 2021 it will work on new methods papers, including on machine learning and on incorporating behavioural science methods into practice. The latter paper will look at ‘last-mile’ challenges by assessing how behavioural analysis and interventions can improve GCF procedures and projects, and how interventions can be structured to increase the likelihood that ‘intentions to act’ will be realized.

IEU Objective IV: Uptake, communications and partnerships

21. The IEU has been highly active not only in evaluations but also in producing learning papers and working papers. The IEU’s communication and uptake workstream will ensure that the IEU’s data and evidence rich evaluations, capacity building and learning works are packaged and disseminated in various ways to ensure effective outreach, engagement and uptake. For this, the workstream focuses on core processes: website development and management, design, editing and translations, event management, and engagement with GCF and other stakeholders.

22. In 2021, the IEU will further strengthen its outreach, communication and uptake practices. The IEU’s communications and uptake workstream acts as a knowledge broker between evaluators, the GCF ecosystem and the broader climate finance landscape. This workstream will enhance the IEU’s position through external events, virtual and in-person talk, building relationships with key actors, an upgraded website, development of content for easy uptake across a variety of platforms, IEU podcasts, video and social media channels, and engagement with a diverse set of partners. With the IEU’s role as an evidence, knowledge and learning manager and broker, the IEU will continue to engage with internationally well-renowned experts and further strengthen existing partnerships for its learning work and capacity building. The communication and uptake workstream will continue to support the IEU’s partnerships, engagement, publications and media relations. It will continue to produce monthly e-newsletters (*What’s New with the IEU?*), the IEU’s quarterly activity reports and its annual report.¹⁵

¹⁵ <https://ieu.greenclimate.fund/about-the-ieu/newsletter-and-annual-report>

1.3 IEU's Budget for 2021

23. **The IEU's overall budget for 2021 is presented in Table 1-1.** Output-based budgets (and excluding the budget for the SPR) are presented in Tables 1-2 to 1-5. The timeline for delivering its outputs is indicated in Table 3. The IEU's requested budget in 2021 represents a modest 5.9 per cent increase over its 2020 budget. Most of this increase is accounted for by an 8.1 per cent increase in cost of human resources. Consultant costs and other operating costs on the other hand are reducing significantly (14 per cent and 78 per cent respectively). The proposed increase is very modest considering the expansion of IEU's workload as the GCF's portfolio grows as well as the inflation rate for 2021. The cost of travel has decreased (assuming travel will not resume until part way through 2021), while there is a small increase in professional services (an increase of 4.0 per cent). There is more than a 14 per cent reduction in the IEU's consultancy budget. This budget is planned in two stages, with a core budget of USD 5.912 million and an additional budgetary request to be made in 2021. Considering the core budget, the increase in the IEU budget is 5.9 per cent over 2020.

24. **The IEU's overall proposed budget is modest compared to the overall programmatic budget of the GCF.** Assuming that the GCF commits an average of US \$ 2.5 billion annually, the IEU's budget represents 0.23 per cent of the overall annual programmatic budget of the GCF. It is also important to note that this is well within the proposed percentage that the United Nations Evaluation Group recommends for organizations, namely, that institutions aim to invest at least 1-2 per cent of their committed budgets annually.

25. Going forward, in 2022 and 2023, it is expected that the IEU's budget will increase. This is warranted because for several reasons: First, the GCF's portfolio is growing. This means that for every evaluation, the IEU's work is growing in a proportionate way (the 'width' of the evaluation is increasing). Indeed, as is best practice globally, evaluation office budgets are linked with the commitment and portfolio size of the GCF (see for example Table 3). Second, the IEU is young - most of its team has been with the IEU for less than two years and nearly half the team has been with the IEU for less than 12 months. The IEU has set itself a growth trajectory of three years, as noted in previous plans, and this will represent the third year of growth. It is assumed the IEU will stabilize its team size in 2022 (see Table 5). Third, the team size and budget are warranted for the workplan that has been requested and approved by the Board as part of IEU's approved rolling three-year workplan. The IEU is planning for five evaluations while also initiating the Second Performance Review of the GCF in 2021 (subject to budget approval at B.28), which is higher than the number it has delivered previously. Fourth, compared to other similar organizations, the IEU's budget remains the least compared to other independent evaluation offices (see for example Table 3).

26. It is important to note that in 2021, the IEU's overall budget contains a line on ICT and utilities that will contribute to an increase in the unit's operating cost budget. If the charge by the Secretariat were NOT included, the IEU budget will change only by 3.4%. The cost allocation to IEU is increased by USD 149K which is a 67% increase over the last year.¹⁶ The IEU is moving, as advised by the Board, from using consultants to work being undertaken by its Songdo team (a decrease by 14.2 per cent). As the IEU undertakes evaluations, it is clear that there will always be a need for outside expertise so that the IEU is able to stay on top of its practice and methods in different thematic areas. For the IEU's workplan to be delivered in a sustainable manner, the IEU needs to build the capacity of its team.

¹⁶ Of this increase, 48 per cent (USD 72K) relates to additional costs such as utilities, insurance and security, that were included as part of step wise approach to add additional cost elements to IUs' budgets. Approximately 14 per cent (USD 20K) of the increase relates to ICT costs due to a change in the IEU's staffing level, while the balance of 35 per cent (USD 52K) relates to increase in the ICT cost mainly due to increased ICT support, additional ICT tools and software and more precise ICT calculations for determining the usage and allocation of costs more appropriately to the IUs.

27. It is also important to note that the modest increase in staff costs (8.1 per cent) reflects increasing efforts towards building a cohesive team with a well-developed vision on roles and responsibilities. The IEU can now deploy its consultancies, that in early years provided the IEU with necessary flexibility and the possibility for experimentation, to a more structured and firm vision for the unit. In 2021 the IEU will aim to have 22 staff members (consisting of professional, research and administrative staff), interns and fewer consultants (see Table 5). These include four researcher/analyst positions (at the AS level), one implementation science analyst and one evaluation specialist (both at the IS2/3 level).

28. **Expenditure as of August 2020:** As Table 2 shows, as of 30 August 2020, the IEU committed and expended 61 per cent on its annual budget and expects to be 85 per cent spent by the end of the year after accounting for outages because of COVID-19. This indicates that the IEU's overall estimates of its needs are extremely well informed.

Table 1-1: The IEU's proposed budget for 2021 in United States dollars (USD)

Items	2020 budget	2021 budget	Increase (amount)	Increase (%)
Staff Costs				
Full-time Staff	2,649,897	3,015,569	365,672	13.8
Consultants	678,160	582,200	-95,960	-14.2
Sub-total	3,328,057	3,597,769	269,712	8.1
Travel				
General	375,228	218,915	-156,313	-41.7
Contractual services				
Legal and Professional Services	1,540,000	1,678,000	138,000	9.0
Other operating costs	117,000	47,000	-70,000	-59.8
Sub-total	1,657,000	1,725,000	68,000	4
Grand total (1)	5,360,285	5,541,684	181,399	3.4
Shared cost allocation (2)				
Shared cost allocation	221,700	370,889	149,189	67.3
Grand Total (1+2)	5,581,985	5,912,573	330,588	5.9

Table 1-2: IEU budget for 2021, Objective One (Evaluations) in USD

Evaluations	2,764,340
Full-time Staff	1,147,846
Consultants	198,880
Travel	87,614
Professional Services	1,308,000
Other Operating Costs	22,000

Table 1-3: IEU Output budget for 2021, Objective Two (Advisory services and capacity), in USD

Evidence based advisory services, learning and capacity strengthening	1,466,060
Full-time Staff	921,129
Consultants	194,020
Travel	60,911
Professional Services	290,000
Other Operating Costs	-

Table 1-4: IEU Output budget for 2021, Objective Three (Communications, Uptake and Partnerships), in USD

Communications, Uptake and partnerships	815,674
Full-time Staff	638,884
Consultants	143,400
Travel	33,390
Professional Services	-
Other Operating Costs	-

Table 1-5: IEU Output budget for 2021, Objective Four (Building the IEU), in USD

Building the IEU	876,498
Full-time Staff	307,710
Consultants	45,900
Travel	37,000
Professional Services	90,000
Other Operating Costs	395,888

Table 1-6: Secretariat Cost Allocation for 2021 (USD)

Description	Annual charge to the IEU
ICT	298,710
Utilities & supplies	36,115
Depreciation	24,379
International SOS	5,709
Directors and Officers Insurance/Kidnapping, Ransom and Extortion Insurance	5,975
Total	370,889

**Table 2: IEU's budget and spend for 2020 in United States dollars (USD)
(as of 30 August 2020)**

Items	2020 Budget (1)	Actual spent (2)	Committed amounts as of June 2020. (3)	Sub-total (4)= [2+3]	% [4] as a percenta ge of [1]	Remaining Budget [1-4]
Staff Costs						
Full-time Staff	2,649,897	1,366,211		1,366,211	52%	1,283,686
Consultants	678,160	482,680	359,566	842,246	124%	-164,086
Sub-total	3,328,057	1,848,891	359,566	2,208,457	66%	1,119,600
Travel	375,228	64,914	14,402	79,316	21%	295,912
Professional services						
Legal and professional services	1,540,000	235,018	778,999	1,014,159	66%	525,983
Operating Costs	338,700	99,563		99,563	29%	239,137
Sub-total	1,878,700	334,541	778,999	1,113,580	59%	765,120
Grand TOTAL	5,581,985	2,250,665	1,150,688	3,401,353	61%	2,180,632

Table 3: Annual budgets of other independent evaluation offices in 2020

	UNDP IEO	WFP IEO	GEF IEO	IFAD OEV	WBG IEG	GCF IEU
ANNUAL BUDGET (USD)	In 2020, USD 10.5 million	In 2020, USD 19.42 million	In 2020, USD 6.2 million	In 2020, USD 6.1 million	In 2020, USD 38.9 million	Proposed USD 5.77 million FY2021 (including secretariat's cost allocation).
BUDGET RELATED RULES	In total, the budget for the evaluation function should reach 1%. IEO budget should not be less than 0.2% of combined programmatic (core, non-core) resources.	The WFP has the target of allocating 0.8% of its total contribution income to the evaluation function.	It corresponds to 22% of the overall annual operational budget or 0.5% of the GEF's annual financial work plan (excludes monitoring).	It corresponds to 0.6% of program loans and grants and it is capped at 0.9%.	Determined on the basis of the World Bank work plan, at about 1% or below the Net Administrative BB Budget for all three institutions (WB, IFC, and MIGA).	0.23% of GCF's average programme budget.

Table 4: Time plan for deliverables, IEU budget and work plan for 2021

Activities	Main outputs	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
I. BUILD THE IEU													
1. IEU staffing	IEU recruitment completed												
2. Updated IEU reports	Engagement & final report												
3. Evaluation Guidelines and procedures	Guidelines and Procedures for approval												
II UNDERTAKE AND DELIVER HIGH-QUALITY EVALUATIONS TO THE GCF BOARD													
4. Relevance and Effectiveness of GCF investment in LDC	Engagement & final report												Report by end of 2021
4. Evaluation of Private Sector	Engagement & final report												Report by last Board meeting of 2021
5. Evaluation of GCF's Request for Proposal (RfP) approach	Engagement & final report						Report by June 2021 Synthesis by June 2021						
6. LORTA	Report from baseline data												
7. Second Performance Review of the GCF (subject to budget approval)	Launch, inception, initial work				Launch				Inception activities		Initial work		
III EVALUATION-BASED ADVISORY SERVICES, LEARNING & CAPACITY STRENGTHENING													
8. LORTA related advice	Tracking systems built				Workshop								
9 Capacity Building Advisory services	Behaviour Science/ Innovation hub												
10 Database development	GIS data and DataLab												
IV COMMUNICATIONS, BUILDING STRATEGIC PARTNERSHIPS AND ENGAGEMENT													
11. Evaluation findings uptake	Engagement & joint work												
12. IEU partnerships	Engagement & joint work												
13. IEU Communications	Strategy prepared												
14. Evidence review papers	Gendered impact/behavioural intervention												

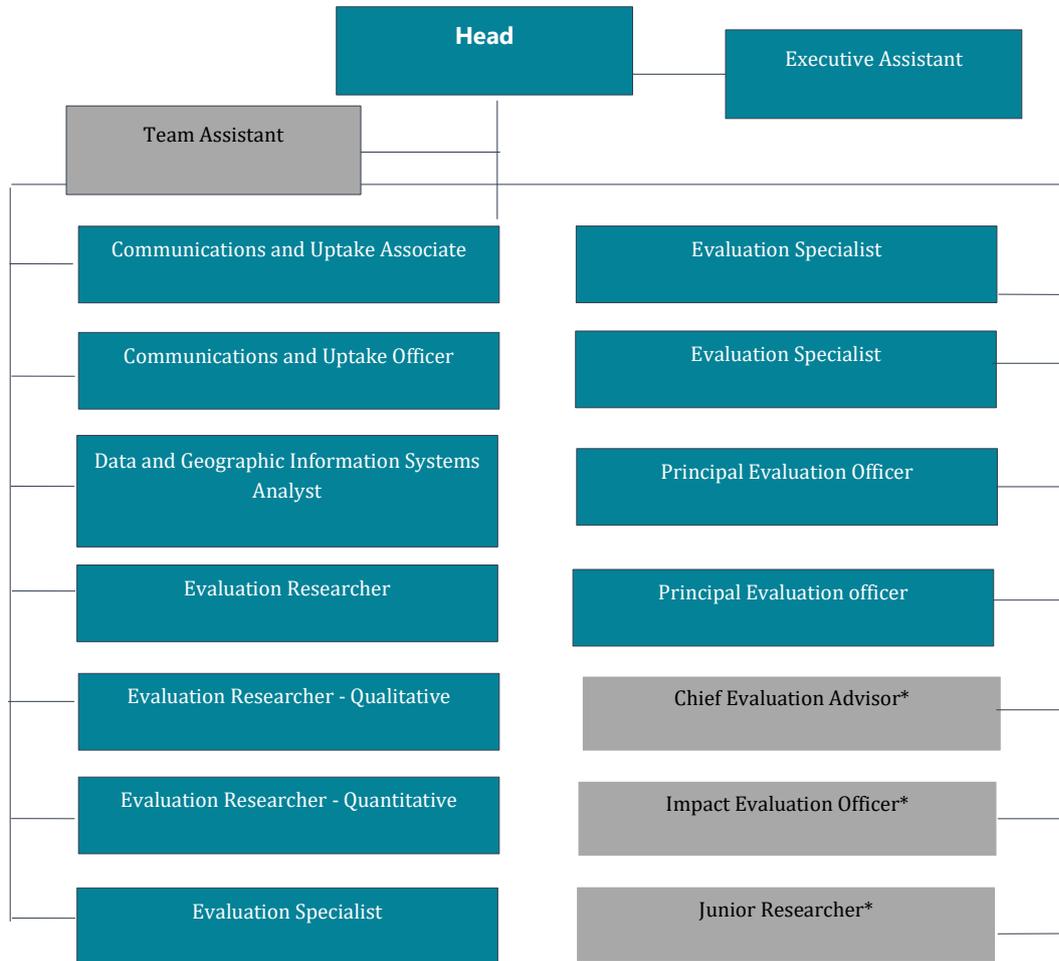
Table 5: IEU Approved and Proposed staffing schedule (2019-2022)

IEU	2019	2020	2021* (indicative)	2022* (indicative)
Staff (professional and administrative)	13	17	22	25
HQ Consultants	11	10	8	5
Interns	5	4-5	5	5

Table 6: Evaluations submitted by the IEU (2019-2020)

YEAR	EVALUATIONS SUBMITTED TO THE GCF BOARD	MANAGEMENT RESPONSES
2019	1. Independent assessment of the GCF's Results Framework system (B.22)	<ul style="list-style-type: none"> • Management response at B.22
	2. Independent evaluation of the GCF's Readiness and Preparatory Support Programme (B.22)	<ul style="list-style-type: none"> • Management response at B.22 • Readiness strategy presented at B.22
	3. The Forward-Looking performance review of the GCF (B.23)	<ul style="list-style-type: none"> • Management response at B.24
	4. Independent evaluation of the Country ownership of the GCF (B.24)	<ul style="list-style-type: none"> • Management response to be presented with the evaluation report
2020	1. Independent assessment of the Environmental and social safeguards system of the GCF (B.25)	<ul style="list-style-type: none"> • Management response to be presented with the evaluation report
	2. Learning oriented real-time impact assessment (Six baseline reports) (B.27)	
	3. An independent assessment of the GCF's adaptation related investments (B.28)	<ul style="list-style-type: none"> • B.28
	4. Independent evaluation of the relevance and effectiveness of the GCF in the small island developing states (SIDS) (B.27)	<ul style="list-style-type: none"> • B.27
	5. An independent synthesis of GCF's accreditation function (B.26)	<ul style="list-style-type: none"> • Management response to be presented with the evaluation report at B.26.
	6. Rapid assessment of the GCF's Simplified Approval Process (B.26).	<ul style="list-style-type: none"> • Management response to be presented with the evaluation report at B.26.

Figure 1: Organigram of IEU as of 1 October 2020



**Positions under recruitment/ vacant.*

Positions are in alphabetical order. In 2021, the following positions are expected: four researcher/analyst positions, implementation science analyst and evaluation specialist.

Annex VIII: Work Programme and Budget of the Independent Integrity Unit for 2021

I. Introduction

1. The Independent Integrity Unit (IIU) was established by the Board of the Green Climate Fund (GCF) under the authority of Article 69 of the Governing Instrument, with a detailed Terms of Reference (ToR).¹ The IIU commenced operations in November 2016 and has executed its mandate based on the work programmes and budgets approved by the Board from 2017 to 2020.
2. The IIU was created as an Independent Unit under the authority of the Board to provide integrity oversight on and support to the Secretariat in establishing safeguards that ensure accountability in the use of GCF resources. In line with its ToR, the vision of the Unit has therefore been to support the achievement of GCF objectives by working closely with the Secretariat in formulating strategies, policies, and activities to safeguard Fund resources and prevent the occurrence of integrity violations, and in investigating any violations that occur.
3. Following its first three-year term, the IIU has undertaken to evolve a progressive new three-year strategy for until 2022. The strategy development initiated in 2020 and will set a transparent vision for future achievements aligned with the Fund's business model and deriving from the Governing Instrument. It will seek long- and short-term goals whereby key actions are prioritised following a risk-based, incremental approach to ensure efficiency, effectiveness, and accountability of the Unit moving ahead.

II. Review of 2020 Work Programme and Achievements

4. The unexpected COVID-19 pandemic greatly impacted GCF operations and those of Counterparties. The necessary responses and imposed global restrictions severely limited the capabilities of the IIU to engage with relevant stakeholders and to effectively execute the planned activities reflected in its 2020 Work Programme. Risk assessment activities have been delayed and most capacity building or awareness raising initiatives have similarly been deferred to 2021, for implementation either through online or hybrid mechanisms. Infrastructure challenges still exist with some Counterparties and IIU partners; issues that are currently being considered by the Unit in the determination of the most effective modes of delivery.
5. Notably however, the IIU continued to deliver successfully on its mandate. Very early on at the onset of the public health crisis, the Unit initiated a Business Impact Analysis and developed a corresponding Business Continuity Plan. These documents were shared with the Secretariat for their incorporation. The IIU subsequently drafted a related COVID-19 Crisis Communication Plan that it actioned and regularly updates to enhance team connectivity and communication with stakeholders during emergency situations. Concurrently, the Unit continued with its investigative activities, provided integrity advisories, carried on with the development of the draft Administrative Remedies and Exclusions Policy, drafted the Investigations Standards, conducted evaluations of prospective Case Management Systems; and proceeded with its recruitment efforts.
6. Despite the unexpected impediments, the IIU continuously strived to implement its mandate. The details of such activities and consequent milestones are set out below:

¹ Available at

<https://iiu.greenclimate.fund/documents/1226411/1237082/Terms_of_Reference_of_the_Independent_Integrity_Unit.pdf/50c468f6-bc58-9e7f-0f5f-17834705a7fa>.

- (a) **Increased investigative response.** With an increase in GCF project disbursements and subsequent heightened risks of integrity violations such as financial loss and reputational damage and the continued receipt of various complaints of integrity violations and misconduct by staff, the IIU reinforced its efforts in ensuring the accountable use of GCF resources by applying both proactive and reactive responses. From January to July 2020, the IIU registered 22 new cases of which 13 involving staff misconduct, three project-related integrity violations, and 6 non-integrity violations. During the same period, the IIU completed its review of 13 cases following their respective assessments and investigations. Comparative IIU statistics on opened and closed cases for the seven-month period from January to July 2019 and 2020 are presented in Table 1 below:

Table 1. No. of Closed and Opened Cases for the Seven-Month Period of January-July 2019 and 2020

	2019	2020
Cases closed (including those carried over from previous periods)	2	13
New cases opened	28	22

- (b) **GCF Administrative Remedies and Exclusions Policy.** In 2020, the IIU made significant strides in completing the GCF Integrity Policy Framework by developing the proposed *Administrative Remedies and Exclusions Policy* following guidance from the Ethics and Audit Committee (EAC) of the Board and in close cooperation with the Secretariat, more specifically with the Office of General Counsel (OGC). The draft Policy aims to set out the principles and procedures to be followed in the administrative process by which the Fund determines whether to apply remedies, including exclusion or debarment, against parties alleged to have engaged in Prohibited Practices in connection with projects, programmes, and other activities funded by the GCF. With the projected increase in climate-financed projects and programmes, GCF has to ensure it has a robust system in place to effectively sanction integrity violations in all Fund-related activities. The absence of a formal administrative framework to resolve these cases and address integrity violations exposes the GCF to significant risks and may erode the trust from various stakeholders and donors. The draft Policy is under consultation and development and is scheduled to be presented to the Board for its consideration at its twenty-seventh meeting.
- (c) **Development of the Investigation Standards.** To ensure consistent, objective, and effective investigations aligned with international best practices, the IIU developed the *Investigation Standards* that define the principles and general procedures for investigations conducted by the IIU into reports or allegations of Prohibited Practices. Various GCF offices were invited for strategic consultations and the feedback received have been incorporated. The Standards were also benchmarked against international best practices of a wide network of peer organisations.
- (d) **Monitoring the implementation of integrity policies.** To fulfil the responsibilities of reporting to the Board on the implementation status of integrity policies on an annual basis, the IIU drafted its first reports on the implementation of the *Policy on Prohibited Practices* and the *Policy on the Protection of Whistleblowers and Witnesses*. The Unit engaged with different stakeholders to gather relevant data and solicited feedback from various Secretariat divisions to accurately assess the implementation status of said Policies. The reports aim to address the effectiveness of the Policies in achieving their respective goals and to recommend improvements for better implementation. The key elements of the reports include an assessment of measures taken by responsible parties to fulfil policy-defined goals, compliance with obligations stipulated in each of the Policies,

and the identification of areas for improvement. The reports will be presented to the Board as information documents at its twenty-seventh meeting.

- (e) **Integrity Advisories.** As an important tool to prevent and mitigate risks of Prohibited Practices in Fund-related activities, the IIU continued to provide advisories on integrity-related matters to the Secretariat. This include providing advisories to ensure the inclusion of integrity safeguards in contracts with Counterparties compliant with the GCF Integrity Policy Framework. In the period under review (January-July 2020), the IIU received a total of approximately 70 advisory requests and provided advisories on diverse matters such as compliance by Counterparties with GCF standards regarding money laundering and terrorist financing and Prohibited Practices in the context of GCF-funded projects and programmes, the application of screening against the United Nations Sanctions List, and investigation jurisdictions and arrangements between the GCF and Counterparties with respect to GCF-funded activities.
- (f) **Proactive integrity risk assessments.** As mandated in the Unit's Work Programme in 2020, the IIU developed a Proactive Integrity Review (PIR) methodology based on data-driven integrity risk assessments to conduct proactive oversight on GCF-funded projects and programmes. The PIR model of the IIU entails a two-tier approach of integrity risk assessment which will enable an intelligence-led selection of projects/programmes to review and also facilitate in-depth reviews of projects/programmes based on their risk ratings. During the reporting period, the Unit commenced a pilot review by conducting preliminary risk assessments on projects based on data provided by the Secretariat. In doing so, a set of objective integrity risk criteria was used which aligns with obligations defined by GCF integrity policies. However, limited capacities and global shutdown hampered efforts to further advance reviews as initially planned. As of August 2020, the conduct of reviews has been delayed while the IIU works to resolve varying views within the GCF on the Unit's access to data necessary to carry out the PIRs.
- (g) **Technical support and assistance for Accredited Entities.** In 2020, travel restrictions imposed by the COVID-19 pandemic resulted in the postponement of onsite capacity-building events initially set out in the 2020 Work Programme. Instead, the IIU continued to lead in concluding Memoranda of Understanding (MoU) with IIU counterparts of Accredited Entities to agree upon cooperation modalities. The MOUs cover areas ranging from information sharing to preventing Prohibited Practices in GCF projects, and modalities for potential joint investigations. By the end of 2020, IIU aims to conclude MoUs with approximately 30 Accredited Entities with effective Accreditation Master Agreements. During the remainder of 2020, to compensate for deferred events due to the ongoing public health crisis, the IIU will keep exploring various options for organising capacity-building events such as transitioning into a digital mode of delivery to advance engagements.
- (h) **Awareness-raising and training.** As part of its Fund-wide awareness-raising campaign on SEAH issues and to advance a sustained culture of integrity, the IIU participated in a series of training sessions organised by the Secretariat. The interactive training raised awareness on staff's reporting obligations through case studies and exercises to help assess reporting requirements, protections available for reporting such as anonymity and confidentiality, and the procedures that follow when cooperating with IIU investigations. Additionally, in collaboration with the Secretariat, the Unit actively participated and published entries in the GCF internal weekly newsletter raising awareness on IIU's mandate and the Fund's integrity policies.
- (i) **Communications.** In 2020, communications by the IIU adapted to the changing situation through active information response during the crisis, strategic messaging, and use of creative communication platforms available to the GCF. Targeted, engaging knowledge

products were developed while increasingly moving towards a digital delivery. The IIU also produced its first explainer video discussing Prohibited Practices.

- (j) **Budget Utilisation.** While achieving key milestones of its 2020 Work Programme, the IIU would have underspent its approved budget by 35%² projecting to year-end 2020 as a consequence of the deferral of a significant number of activities and the postponement of some staff recruitments considering restrictions in the current public health situation. Despite the extraordinary circumstances, the IIU remains on track and is expected to indicate better performance than in the previous year in terms of budget utilisation when it reported an under expenditure of 40%.³

III. Work Programme of the Independent Integrity Unit for 2021

7. Building on the work of previous years, the key priorities for 2021 are as follows:
- (a) Maximising impact and effectiveness of investigations;
 - (b) Integrity policy implementation guidance and oversight;
 - (c) Integrity risk assessment and Proactive Integrity Reviews;
 - (d) Capacity building technical assistance; and
 - (e) Awareness raising and communications.

3.1 Investigations

3.1.1 Maximising Impact and Effectiveness of Investigations

8. **Streamlining investigation processes and protocols.** To meet the increased demand for investigative response and complexity of the complaints reported to the IIU, it is important to streamline and expedite resolution of investigative matters by improving efficiency of investigation processes, applying prioritisation criteria, enhancing protocols, and deploying templates and standard forms.

9. Following the development of the Investigation Standards which define general principles and procedures for investigations, the IIU is expected to roll out a comprehensive Investigation Manual. The Manual aims to standardise detailed operating procedures and protocols to further guide and harmonise the investigation process throughout different cases investigated by the IIU. The Unit will also propose to align its Terms of Reference with new responsibilities and obligations introduced in approved integrity policies, the Investigation Standards, and the Investigation Manual.

10. The IIU will upgrade its complaint reporting system with new reporting channels which will be widely publicised among executing and implementing entities and communities in GCF project implementation sites. This forms as a feature of a new Case Management System (CMS) which integrates a 24/7 multilingual complaints intake hotline and will serve as IIU's primary platform to manage the investigations process including but not limited to complaint registration, eligibility check, case assignment, evidence-tracking, case reviews and approval, and case referral. The system's analytic capabilities and flexible reporting dashboard will also allow for

² As projected by the Division of Support Services (Finance) following an analysis of estimates for staff costing, travel, professional services, and operations costs of the IIU by year-end 2020.

³ As in GCF/B.25/Inf.10 *Independent Integrity Unit Annual Report 2019*. The IIU reported a budget utilisation rate of 60% for Budget Year 2019.

improved efficiencies by providing real-time access to case data and pertinent performance indicators.

11. **Prioritising high-risk and high-impact investigations.** The IIU's ToR⁴ provides that it will determine the priority of a case taking into account the monetary value of the integrity violation, media and other sensitivity, and relevance to possible financial and reputational risks. Following IIU's priority to maximise impact and effectiveness of its operations, the Unit will focus its investigative resources into cases which can address high systemic risks and financial and reputational exposure in GCF projects and programmes, and serious staff misconduct and workplace violations. Taking these into consideration, the IIU will identify criteria and define integrity risk assessment methodology for determining high-impact cases and develop a fast-track system for their resolution.

12. IIU will continue its close engagements and cooperation with internal operational divisions, key Secretariat offices, and external partners. To-date, the IIU has signed over 30 MOUs that have provided for collaborative platforms with other entities and partner organisations. In investigative matters, the IIU has made referrals to Accredited Entities including the UN Development Programme (UNDP), engaged with peer organisations such as the Global Fund to Fight AIDS, Tuberculosis, and Malaria on operational best practice discussions, partnered with the Conference of International Investigators (CII), and entered into an agreement with the Independent Redress Mechanism (IRM) of the GCF on cooperation and coordination during fact-finding inquiries and in handling retaliation claims. The IIU will also continue to invest in enhancing internal capacity for conducting project-related inquiries and complex financial investigations.

13. For this cycle, the IIU has requested additional staff positions for investigators. With increased awareness among staff and effective implementation of GCF integrity policies and proactive initiatives, the Unit anticipates an overall increase in reported cases. Similarly, increased disbursement is inextricably linked to an increase in reported cases. These relationships are evident in a comparative study of peer institutions that benchmarked disbursements versus complaints received between 2007 to 2019. The Asian Development Bank for instance took between 20 and 35 complaints per billion USD in disbursements every year for 12 straight years.⁵ Similarly, the Global Fund to Fight AIDS, Tuberculosis, and Malaria also reflects this upward trajectory.⁶ Notably, in 2018, both organisations started separate workplace complaints units and promoted them to staff. The reflected increase in that year suggests that increased awareness and visibility led to increased complaints, as it provided an avenue for remedy. One Global Fund integrity report suggests that the rises in their complaints received can be attributed to "a culture of speaking out" which transpired because of its awareness-raising activities.⁷

14. Between 2018 and 2019, the IIU investigative function was supported by two Junior Investigators, both at IS level 1. In late 2019 and early 2020, the IIU onboarded two additional senior staff to complement the investigative function, which has marked increased effectiveness in the conduct of its investigations. However, this current staffing complement is insufficient given the number of increasing cases and as benchmarked with comparable units in other organisations. The Association of Certified Fraud Examiners estimates that an organisation with

⁴ As in IIU ToR, paragraph 15(b): "Register all complaints and review them to determine whether they fall within the authority of the IIU (or require referral to another body), and determine the priority of a case with respect to other cases, taking into account the monetary value of the integrity violation, media and other sensitivity, and relevance to a possible financial risk and reputational risk. Where practical, the IIU will acknowledge receipt of all complaints".

⁵ Calculated based on Asian Development Bank Office of Anticorruption and Integrity statistics derived from the annual reports of 2007 to 2019, and disbursement details from the ADB 2011 and 2015 to 2019 Annual Reports.

⁶ Based on the Global Fund Ethics Office Annual Reports, the Global Fund OIG Annual Report benchmarked against the Global Fund Annual Financial Reports (2008-2019).

⁷ Office of the Inspector General 2014 Annual Report.

between 100 and 999 staff ought to have 10 in-house investigators at the minimum.⁸ With an estimated staff strength of 240, the GCF currently has four investigators.

15. If not aptly addressed, the current understaffing will likely lead to unfavourable results, such as delays in processing of complaints, unreasonable lead times in the conduct of investigations, disenchantment with GCF remedial mechanisms, and increased reliance on external entities to supplement investigation activities, which will entail a heavier burden on the IIU budget.

16. IIU anticipates that in the near term, the following additional key drivers will result in continued increased demand for investigative services:

- (a) As the Secretariat attempts to enhance the various internal grievance mechanisms, which will admittedly take time, the IIU will continue to receive and process the increase in workplace-related complaints, especially in light of the recent publicity surrounding these issues and the acknowledged institutional independence and impartiality of the IIU as an objective and honest referee on these issues;
- (b) IIU expects a more robust surfacing of related complaints given the roll-out of a comprehensive set of Board-approved and IIU-initiated policies, including the *Policy on the Prevention and Protection from SEAH* (decision B.23/16), *Policy on the Protection of Whistleblowers and Witnesses* (decision B-BM-2018/21), and the *Policy on Prohibited Practices* (decisions B.22/19 and B.23/08). Measures taken by the IIU to increase awareness, deploy training, and enhance internal communications will help guide and assure GCF Personnel to report matters to the right channels without fear of retaliation; and
- (c) IIU anticipates receiving more project-related cases as GCF increases project disbursements. Investigating Prohibited Practices in projects, including fraud and corruption allegations, require labour-intensive investigative work, complex financial forensics, and various other resource-extensive activities like audits, field missions, and engagement with external firms and partners. These types of cases also present heightened reputational risks to the GCF and demands immediate action by the IIU, since the allegations may surface in the public and be covered by media from various geographic locations.
- (d) In 2020, the IIU made significant strides in completing the GCF Integrity Policy Framework by developing the proposed *Administrative Remedies and Exclusions Policy* following guidance from the EAC and in close cooperation with the Secretariat, more specifically with the Office of General Counsel (OGC). The draft Policy aims to set out the principles and procedures to be followed in the administrative process by which the Fund determines whether to apply remedies, including exclusion or debarment, against parties alleged to have engaged in Prohibited Practices in connection with projects, programmes, and other activities funded by the GCF. With the projected increase in climate-financed projects and programmes, GCF must ensure it has a robust system in place to effectively sanction integrity violations in all Fund-related activities. The subsequent roll-out of this major policy will require increased investigative staffing to support the various activities.

17. Presented in annex IV to this document is the proposed IIU structure, which also reflects where in the Unit's organogram the envisaged additional positions will fall under. The additional investigator positions are intended to service the above-mentioned anticipated increase in the demand for investigative services.

⁸ See Association of Certified Fraud Examiners (2015), "Benchmarking Your In-House Fraud Investigation Team". Available at https://www.acfe.com/uploadedFiles/ACFE_Website/Content/documents/Benchmarking-Your-In-House-Fraud-Investigation-Team.pdf.

18. It is important to note that these figures reflect performance based on the current caseloads and investigative resources. The efficiency gains are a direct result of increased staffing capacity over the indicated periods. However, once the number of cases increase, particularly in more complex project cases, it can be expected that unless the IIU increases its investigative resources, the reflected numbers will begin to trend much less favourably. The utilisation rate of current investigative staff on misconduct cases is relatively high, and with anticipated increase of project cases, the IIU may not have the resources to adequately respond to raised concerns, potentially adding to the already strained situation.

19. **Enhancing investigative capacity in digital forensics and data analytics.** Digital forensics and data analytics are complimentary domains that transform data into comprehensible information and valuable insights. The capabilities allow the IIU to enhance the effectiveness of the investigative process by expediently analysing large volumes of data to discover relevant evidentiary items that would otherwise be missed. This transformative approach establishes relationships between disparate data sources; recovers information that has been purposefully or inadvertently obfuscated, modified, or deleted; and feeds information to integrity tools that identify those areas that may be more vulnerable to integrity violations. This application of forensics and analytic strategies bolsters the IIU's mandate by interjecting scope for the early detection of Prohibited Practices.

20. With the onboarding of staff with substantive experience in the conduct of complex digital forensic investigations and in the development of data analytic solutions, the IIU has embarked on its upskilling efforts to address the modern and dynamic data-driven landscape. The Unit has begun work on its needs-analysis and the establishment of an infrastructure that will interpret large datasets efficiently and cost effectively. The goal is to establish mechanisms that will help identify relevant information and determine the facts more expeditiously, leading to reduced lead times and more effective investigative responses.

21. In its related prevention work, the IIU intends to commence the development of an integrity due diligence platform designed to identify risk vectors and intervention opportunities. The platform is expected to handle both structured and unstructured data and derive information from various proprietary and open source datastores (e.g. databases, websites, social media outlets, etc.).

22. **Sharing insights and lessons learned from investigations.** The ToR⁹ of IIU provides that the Unit shall recommend improvements to policies, procedures, and controls to mitigate the opportunities for integrity violations in Fund-related activities, including activities implemented through implementing agencies and intermediaries. The IIU will endeavour to develop a feedback loop to the Fund's management and operational divisions to communicate gathered insights and lessons learned following conclusion of investigations. Apart from issuing recommendations, the IIU will also establish monitoring systems for post-investigative activities and implementation of its recommendations. The Unit's Investigation Standards and Investigation Manual will further reflect IIU's mandate to make recommendations to the Funds' management that are derived from its investigative findings consistent with the Conference of International Investigators' Uniform Principles and Guidelines for Investigations.

3.2 Prevention

⁹ As in IIU ToR, paragraph 15(h): *"In consultation with the Executive Director and other designated officials of the Fund, recommend improvements to policies, procedures, and controls to mitigate the opportunities for integrity violations in the Fund's activities, including activities implemented through implementing agencies and intermediaries, to ensure that all staff, external stakeholders, and implementing entities and intermediaries adhere to the highest integrity standards; and document all investigative findings and conclusions"*.

3.2.1 Integrity Policy Implementation Guidance and Oversight

23. **Implementation of the Administrative Remedies and Exclusions Policy.** With the anticipated approval by the Board of the Administrative Remedies and Exclusions Policy at its twenty-seventh meeting in November 2020 and to enable the implementation of the Policy, the IIU will lead in developing a set of policy implementation procedures and guidelines in collaboration with the Secretariat and under the guidance of the EAC. The Policy enables a comprehensive system for the application of corrective remedies in situations involving integrity violations by Counterparties. The procedural documents expected to be developed include Procedures for Integrity Enforcement, Criteria for Imposition of Administrative Remedies and Exclusions, Integrity Compliance Guidelines, and Negotiated Settlement Guidelines.

24. **Provision of advisories on the policy implementation.** The IIU will continue to provide policy advice and guidance regarding the interpretation and implementation of GCF Policies on Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT); the Protection of Whistleblowers and Witnesses; Prohibited Practices; the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment; and on specific Ethics and Conflicts of Interest. Advisories can be categorised as those related to:

- (a) Reporting and investigation of Wrongdoing;
- (b) Contracts with Counterparties on projects, accreditation, and services concerning integrity safeguard provisions;
- (c) Interpretation and application of integrity policies and procedures; and
- (d) Conflicts of interests for Board Members, Board-Appointed Officials, and External Members.

25. In 2021, the IIU will seek to upgrade and consolidate its advisories in an advanced case management and tracking system which will enable greater efficiency and effectiveness.

26. **Policy briefs.** To facilitate policy implementation, the IIU aims to produce both web- and print-based policy briefs and guidance notes which build on general best practices as well as case precedents. It is intended to help stakeholders better understand what is required by GCF integrity policies and how those requirements may be realised in day-to-day situations and operations. In 2021, the IIU will apply a generalised risk-based approach and focus on producing briefs according to integrity policy subject matters and various themes such as financial management fraud and different forms of harassment and abuse.

27. **Policy implementation monitoring.** Continuing from the first implementation reports drafted in 2020 on the Policies on Prohibited Practices and on the Protection of Whistleblowers and Witnesses, the IIU will monitor the implementation of each Policy by providing periodic implementation reports to the Board in 2021. The reports aim to assess measures taken to implement the policies and recommend improvements for better implementation.

28. **GCF Fiduciary Principles and Standards.** To incorporate integrity policy provisions adopted pursuant to and to fulfil Board decisions¹⁰ B.07/02, paragraph (b); B.14/01, paragraph

¹⁰ Decision B.07/02, paragraph(b): “Also decides to adopt the initial fiduciary principles and standards contained in Annex II to this document, and will conduct a review of these standards within three years”; Decision B.14/01, paragraph (f): “Further requests the Accreditation Committee in consultation with the Head of the Independent Integrity Unit to consider the best way to integrate such policies in the interim fiduciary standards, and present to the Board a proposal for its consideration as early as feasible in 2017 as a matter of urgency”; Decision B.BM-2018/21, paragraph (c): “Requests the Secretariat, in consultation with the Accreditation Committee and the Independent Integrity Unit, to revise the initial basic fiduciary standards (as adopted through decision B.07/02, paragraph (b)) to ensure that that Counterparties have effective whistleblower and witness protection and practices in place that are comparable to those set out in this Policy”; B.23/15, paragraph (b): “Reiterates its request (decision B.14/01, paragraph (f)) for the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to

(f); B.BM-2018/21, paragraph (c); B.23/15, paragraph (b); and B.23/16, paragraph (b)(i), the IIU will lead, in collaboration with the Secretariat and under the guidance of the EAC and the Accreditation Committee of the Board, in proposing and seeing through necessary updates in line with principles enshrined in the Governing Instrument. Board decision B.23/15, paragraph (b) mandates the Accreditation Committee, in consultation with the Head of the IIU, to present a proposal for an update to the Board as a matter of urgency in 2019. However, due to amendments in the Board's work programme, the updated Fiduciary Principles and Standards is now scheduled to be presented to the Board for its consideration and approval in 2021.

3.2.2 Integrity Risk Assessments and Proactive Integrity Reviews

29. **Establishment of integrity risk assessment tools.** Building on the Integrity Risk Assessment Framework (IRAF) introduced in 2020, the IIU will develop a transformative capability to identify, at as early a stage as possible in the funding cycle, which GCF-funded activities are most highly susceptible to integrity risks. Prior to the employment of PIRs as mitigating measures, the IIU will invest in targeting such interventions towards the most susceptible projects ranked by propensity to exhibit integrity violations, both in aggregate and broken down into constituent integrity risk types. To this end, the IIU will develop, inside its own secure virtual-private-cloud, a set of applications with which to support data-intensive integrity due-diligence workflows. Among such applications will be a red-flagging service, an integrity alerting system, a machine-learning studio capable of both training and serving integrity risk models, and other watchlists.

30. These applications will be built upon a foundation of data engineering work which will not only extract and encode integrity-related events from GCF operational documents and reports, but also push such events into both an automated alerting system and an integrity due diligence web application (IDD webapp). Wherever such events cannot be automatically encoded, the IDD webapp will enable manual red-flagging of GCF-funded activities by IIU Prevention staff, work which will be done as such events occur or are made known to the IIU during the ordinary course of integrity operations. In addition, to enable greater visibility within IIU prevention work, the IDD webapp will expose a graph-visualisation service to allow IIU staff to traverse relationships among projects, staff, Counterparties, documents, reports, disbursements, and other objects material to enabling an integrity-focused assessment of GCF-funded activities.

31. **Proactive Integrity Reviews.** The integrity risk tool described above will help determine which GCF-funded activities require further examination for Proactive Integrity Reviews including in-depth desktop reviews focusing on compliance with GCF integrity policies and books-and-records inspections on financial distribution outputs and milestones, and potential on-site integrity reviews. As demonstrated by peer organisations' similar reviews¹¹, the PIRs are intended to ensure that GCF funds are used for their intended purposes by proactively identifying vulnerabilities and major integrity risks in GCF operations and projects before they are escalated to integrity violations which trigger investigations. Once risks are identified, the IIU recommends measures to mitigate or remedy such risks including strengthening the capacities of Accredited Entities, Delivery Partners and other GCF Counterparties in order for them to effectively prevent, mitigate, and remedy Prohibited Practices in GCF-funded activities. As an effective proactive

integrate the Anti-Money Laundering and Countering the Financing of Terrorism Policy in the interim fiduciary standards and present to the Board a proposal for its consideration in 2019 as a matter of urgency"; Decision B.23/16 (b)(I): "(b) Requests the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best ways to update and amend as appropriate, the requirements placed on Accredited Entities in the Fund's relevant standards, safeguards, and policies so as to integrate the obligations set out in this Policy, including but not limited to the: (i) Initial Basic Fiduciary Standards pursuant to decision B.07/02, paragraph (b)".

¹¹ Endorsed by the Conference of International Investigators as international best practice. Other multilateral international organisations such as the European Investment Bank and the Asian Development Bank pioneered the model and successfully demonstrated its effectiveness in identifying integrity risks in projects early on.

prevention measure, PIRs are mandated by various GCF integrity policies¹² and in 2021, the IIU plans to conduct two PIR projects with a view to making recommendations for the better implementation of GCF-funded activities.

3.2.3 Capacity Building Technical Assistance

32. **Technical support for Accredited Entities.** The IIU will continue to support Counterparties in building their capacity to better deal with and address more effectively integrity issues when implementing GCF-funded activities. Capacity-building initiatives by the IIU include:

- (a) **E-learning tools.** In providing policy guidance and executing other activities in the 2021 Work Programme, the IIU will seek to expand its informational and technical resources to operate as responsively and efficiently as possible especially given expected travel constraints and limited in-person engagements. To give effect, the IIU will undertake to employ online tools such as webinars and develop a roster of experts to help engage more proactively with Accredited Entities. These learning exercises will be on a request basis and focus on providing technical support especially for Direct Access Entities in putting in place policies and procedures that enable compliance with GCF integrity standards in carrying out GCF projects and programmes.
- (b) **Peer learning alliance.** Continuing from 2020, the IIU will build cooperative expertise and practice-sharing alliances with counterpart integrity offices of Accredited Entities through a series of hybrid trainings and workshops. Additionally, the Unit will continue to promote peer learning among GCF Accredited Entities through the international Peer-to-Peer Learning Alliance (P2P-LA) on Climate Finance Integrity (CFI) led by the German cooperation agency, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The learning platform aims to enhance exchange of learning opportunities in climate finance integrity.
- (c) **Cooperation with Accredited Entity integrity offices.** The IIU will also continue to pursue collaborative arrangements with investigative offices of Counterparties such as through MoUs reflecting on investigative demands in GCF projects and programmes. These arrangements are an important part of establishing a system of referrals on investigative matters, information sharing, and conducting joint or parallel investigations with external parties. By the end of 2021, the IIU aims to advance negotiations of MoUs with approximately 70 Accredited Entities with effective Accreditation Master Agreements.

3.2.4 Awareness Raising and Communications

33. **Communications.** The IIU will continue to engage in a series of communication and visibility campaigns to support awareness raising on GCF integrity standards and sustain a culture of integrity across the Fund. Such activities include production of guidance materials and FAQs on integrity issues in multiple languages, and quarterly information campaigns highlighting certain themes on the GCF integrity policy framework through a mix of media including print, posters, explainer videos, and email newsletters.

34. **Crisis communications.** The Crisis Communication Plan that enabled the Unit to operate during the blanket COVID-19 special flexible working arrangement (while the IIU Business Continuity Plan is in effect) will be updated and implemented as necessary. Such plan will remain a standard feature of the Unit's communication strategy going into 2021 considering the

¹² Mandated by the Policy on Prohibited Practices, paragraph 11 and the Policy on the Protection of Whistleblowers and Witnesses, paragraph 10.

uncertainties of the public health situation. The IIU will also continue to engage with stakeholders through regular communication during the crisis.

35. **Cooperation with the international community.** In order to ensure that the IIU is at the frontier of relevant practice and that it benefits from initiatives undertaken by the international community, IIU will continue to actively participate in the communities of integrity offices from International Financial Institutions and Multilateral Development Banks including the Conference of International Investigators. IIU Personnel will also undergo training as necessary to ensure that they are up to date on developments on integrity policies and practices, necessary to enable their efficient and effective performance.

36. **Building synergies with GCF stakeholders.** To increase efficiency of its investigative activities, the IIU will further build on close cooperation with key administrative and operational divisions of the GCF and explore standardising and streamlining working arrangements. The IIU will also work in cooperation with the Independent Redress Mechanism (IRM) on retaliation investigations. In relation to external parties, the IIU will increase efforts to reach out to GCF beneficiary communities, civil society, and private sector stakeholders to achieve greater awareness of integrity functions and reporting channels.

IV. Budgetary Implications

37. The COVID-19 global health crisis served to interrupt the IIU's 2020 Work Programme. Although its investigative activities and recruitment efforts continued through the operational disruptions, the necessary curtailment of its in-person engagements affected the execution of its outreach and preventative mandate. The limited engagements and planned activities have conversely led to the underutilisation of the 2020 budget, but it has also inevitably affected the exponential increase in the 2021 Work Programme by the necessitated deferment of activities. Concomitantly, the IIU intends to onboard positions approved under the work programmes from previous years but have thus far not had a budgetary implication.

38. To accommodate the activities carried forward from 2020, and implement those already planned for the coming year, the IIU has pivoted its efforts to account for some of those limitations brought on by the pandemic. The Unit is exploring avenues to deliver content and support through available technical implementations. Moreover, the IIU is likewise developing a contingency plan on how its investigative activities may be accomplished remotely to address the challenges and realities of a COVID-constrained world.

39. A significant portion of the increase in the annual budget is attributed to staff costs. The IIU intends to commence the recruitment of those positions already approved by the Board in previous IIU work programmes but without financial commitments from previous yearly budgets. This is to align the staff complement with the growing demands of IIU operations. With near completion of the GCF Integrity Policy Framework, the IIU is responsible for overseeing and ensuring the implementation of these Policies. As GCF-funded activities also expand, IIU-mandated investigative work to handle reports and support its partners grows. Increased staff complement is essential to fulfilling these obligations as reflected in the Work Programme elaborated above.

40. As discussed above, the addition of investigator positions seeks to respond to increased demand for investigative activities, the projected trajectory of continued increase in complaints filed, the roll-out of new IIU-initiated policies (SEAH, Whistleblowing, Prohibited Practices, draft Administrative Remedies and Exclusions Policy) and, with the increase in disbursements, the anticipated growth of project-related allegations. The additional positions also align with comparable data from other organisations and benchmarked with other institutions. While IIU can alternatively pursue outsourcing such services to private firms, such an option: may present

a heavier impact on the budget in the long term; will not help build in-house capacity within IIU; may not help promote trust and confidence amongst staff in the integrity function; and may not be able to sufficiently address various other institutional considerations.

41. The reductions in travel and operating costs are expected as an outcome of COVID-19 uncertainties and restrictions. Operating costs include budgetary provisions for the following key items:

- (a) Organisation of outreach and capacity-building initiatives (webinars, hybrid trainings/workshops, and e-learning modules);
- (b) Supplementary subscriptions to specialised software/tools (such as Dow Jones Factiva, AML/CFT monitoring tool, and content management platforms for communications);
- (c) Maintenance of a case management system and complaints hotline; and
- (d) Development of infrastructure and integrity tools to support IIU operations (including developer and technical services, staging and production, integrity risk analytics, data hosting, and GIS analysis and hotspot mapping).

42. The annual budget also includes an allocation for shared costs as determined by the Secretariat. These costs include overhead charges for ICT services, general utility costs and supplies, applicable insurances, and depreciation.

43. The cost allocation to IIU is increased by USD 132K. Of this increase, 31% (USD 42K) relates to additional costs such as utilities, insurance, and security that were added as part of a step wise approach to add additional cost elements in the costs allocated to Independent Units. The 40% (USD 52K) of the increase relates to ICT costs due to change in the staffing level of the IIU, and the balance of 29% (USD 38K) relates to increase in the ICT costs mainly due to increased ICT support, additional ICT tools and software, and more sophistication in the ICT calculations that allowed determination of usage and allocation of costs more appropriately to the Independent Units.

Annex IX: Independent Integrity Unit Draft Budget for 2021

1. This Work Programme and Budget was submitted to and approved by the Ethics and Audit Committee.¹ Subsequently, the Budget Committee² also considered and approved the IIU budget for 2021. Below is a general overview of the 2021 budget:

Table 1. Draft Budget of the Independent Integrity Unit for 2021

		Approved Budget for 2020	Draft Budget for 2021	Increase (%)
1	Salaries and Consultants			
1.1	Full-Time Staff	1,867,398	2,299,390	23.1
1.2	Consultants	110,100	102,300	-7.1
	Sub-total: Salaries and Consultants (1)	1,977,498	2,401,690	21.5
2	Travel			
2.1	Travel	207,046	41,430	-80
	Sub-total: Travel (2)³	207,046	41,430	-80
3	Contractual Services			
3.1	Operating Costs	130,000	66,000	-49.2
3.2	Professional Services	130,000	-	-100
3.3	Brand Promotion	20,000	10,000	-50
3.4	Information Communication and Technology	95,000	66,600	-29.9
	Sub-total: Contractual Services (3)⁴	375,000	142,600	-62
	Total (1+2+3)	2,559,544	2,585,720	1
4	Shared Costs' Allocation			
4.1	Shared Costs' Allocation	78,500	210,673	168.4
	Sub-total: Shared Costs' Allocation (4)⁵	78,500	210,673	168.4
	Grand Total (1+2+3+4)	2,638,044	2,796,393	6

2. The following table elaborates on the expenditure framework by presenting the cost allocation per identified output:

¹ As presented in annex V to document GCF/B.27/08.

² As presented in annex VI to document GCF/B.27/08.

³ Estimated at 25 days of official travel for 6 staff members.

⁴ Includes costs associated with the development of risk assessment and due diligence tools, infrastructure design and implementation, and data hosting services. All purchases will be conducted according to GCF procurement rules.

⁵ Allocated shared costs with the Secretariat include ICT overhead charges, general utility costs and supplies, applicable insurances, and depreciation.



Table 2. Draft 2021 IIU Budget: Cost Allocation per Identified Output

Output	Output Description/ Budget Categories	Total Budgeted Amount	Budget Allocation (%)
1	Maximising Impact and Effectiveness of Investigations		
1.1	Full-Time Staff	740,825	
1.2	Consultants	18,840	
1.3	Travel	24,510	
1.4	Professional Services	-	
1.5	Other Operating Costs	20,000	
	Sub-total: Maximising Impact and Effectiveness of Investigations (1)	804,175	28.8
2	Integrity Policy Implementation Guidance and Oversight		
2.1	Full-Time Staff	521,690	
2.2	Consultants	9,240	
2.3	Travel	-	
2.4	Professional Services	-	
2.5	Other Operating Costs	5,000	
	Sub-total: Integrity Policy Implementation Guidance and Oversight (2)	535,930	19.2
3	Integrity Risk Assessment and Proactive Integrity Reviews		
3.1	Full-Time Staff	327,518	
3.2	Consultants	2,040	
3.3	Travel	-	
3.4	Professional Services	-	
3.5	Other Operating Costs	-	
	Sub-total: Integrity Risk Assessment and Proactive Integrity Reviews (3)	329,558	11.8
4	Capacity Building Technical Assistance		
4.1	Full-Time Staff	295,664	
4.2	Consultants	7,296	
4.3	Travel	-	
4.4	Professional Services	-	
4.5	Other Operating Costs	66,000	
	Sub-total: Capacity Building Technical Assistance (4)	368,960	13.2



Output	Output Description/ Budget Categories	Total Budgeted Amount	Budget Allocation (%)
5	Awareness Raising and Communications		
5.1	Full-Time Staff	211,809	
5.2	Consultants	27,162	
5.3	Travel	-	
5.4	Professional Services	-	
5.5	Other Operating Costs	10,000	
	Sub-total: Awareness Raising and Communications (5)	248,971	8.9
6	Operations Support Services		
6.1	Full-Time Staff	201,885	
6.2	Consultants	37,722	
6.3	Travel	16,920	
6.4	Professional Services	-	
6.5	Other Operating Costs	252,273	
	Sub-total: Awareness Raising and Communications (6)	508,800	18.2
	Grand Total (1+2+3+4+5+6)	2,796,393	

3. The table below further describes the expenditure framework with a breakdown of the budget into contingent and non-contingent costs:

Table 3. Draft 2021 IIU Budget: Contingent and Non-Contingent Costs

Cost Categories		Draft Budget for 2021	Budget Allocation (%)
	NON-CONTINGENT COSTS		
1	Salaries and Consultants		
1.1	Full-Time Staff	2,299,390	
1.2	Consultants	78,300	
	Sub-total: Salaries and Consultants (1)	2,377,690	
2	Contractual Services		
2.1	Operating Costs	66,000	
2.2	Professional Services	-	
2.3	Brand Promotion	10,000	
2.4	Information Communication and Technology	66,600	
	Sub-total: Contractual Services (2)	142,600	



Cost Categories		Draft Budget for 2021	Budget Allocation (%)
3	Shared Costs' Allocation		
3.1	Shared Costs' Allocation	210,673	
	Sub-total: Shared Costs' Allocation (3)	210,673	
A	TOTAL NON-CONTINGENT COSTS (1+2+3)	2,730,963	97.7
CONTINGENT COSTS			
4	Salaries and Consultants		
4.1	Full-Time Staff	-	
4.2	Consultants	24,000	
	Sub-total: Salaries and Consultants (4)⁶	24,000	
5	Travel		
5.1	Travel	41,430	
	Sub-total: Travel (5)⁷	41,430	
B	TOTAL CONTINGENT COSTS (3+4)	65,430	2.3
	Grand Total (A+B)	2,796,393	

⁶ Includes consultancy fees for external investigations and policy development.

⁷ All anticipated travel costs have been considered contingent due to uncertainties on whether and when travel restrictions will be lifted, and regular flight operations will resume. Taken into account are official missions related to investigations, possible staff engagements in international meetings and conferences, and participation at GCF Board Meetings.