

## 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;<sup>1</sup>
  - (d) **Fiduciary functions:**<sup>2</sup>
    - (i) Basic fiduciary standards; and
    - (ii) Specialized fiduciary standard for project management; and
  - (e) **Maximum environmental and social risk category:** minimal to no risk (Category C).<sup>3</sup>

### 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);

<sup>1</sup> 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”.

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

<sup>3</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category 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),<sup>4</sup> 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.

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<sup>4</sup> Refer to <[https://ntnc.org.np/sites/default/files/doc\\_page/NTNC-Information%20Disclosure%2C%20Grievance%20Redressal%20and%20Conflict%20of%20Interest.pdf](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)).<sup>5</sup>

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

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<sup>5</sup> 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](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.