

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.