

Annex VI: Accreditation assessment of applicant 109 (APL109)

I. Introduction

1. Applicant 109 (APL109), the Moroccan Agency for Sustainable Energy S.A., or Masen for short, is a national direct access, state owned limited company based in Morocco. The applicant intends to contribute to a competitive renewable energy sector in Morocco by leading development programmes of integrated renewable energy projects, particularly in solar, wind and hydro technologies, as well as other new technologies such as green hydrogen. It aims to ensure the development and implementation of Moroccan national renewable energy projects and commits to making optimal use of renewable resources at national, regional and international scales.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 14 May 2016. Accreditation fees were received from the applicant on 30 August 2016, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 23 February 2020 and the applicant was progressed to the stage II (step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Morocco;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** large;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) 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)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied and was assessed by the Secretariat during stage I under the normal track accreditation process in accordance with the GCF policies and standards below:

- (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);

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “large” is defined as “total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above US\$ 250 million for an individual project or an activity within a programme.”

² Decision B.07/02.

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

- (b) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);
- (c) “Interim Policy on Prohibited Practices” (exhibit A of the accreditation master agreement considered in decision B.12/31);
- (d) “Policy on Prohibited Practices” (decision B.22/19);
- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (h) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (i) “Gender Policy and Action Plan” (decision B.09/11); and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was created in 2010 under Moroccan law (ref. 57-09 and 37-16) to implement Morocco’s energy strategy. The applicant is registered as a limited company, fully owned by the State, under the Certificate of Registry, with the main activity of implementing programmes for the development of integrated projects and the production of electricity from renewable energies.

5. The applicant has confirmed that Masen is a private limited company with an independent legal personality, which makes it a separate legal entity with legal capacity to enter into agreements on its own behalf without the need to obtain authorization from the State, as stipulated in the founding law of Masen.

2.2 Institutional presence and relevant networks

6. The applicant plays a central role in Morocco’s renewable energy sector. It coordinates various stakeholders (e.g. governments, international financial institutions, private sector and civil society) to strengthen its project pipelines for the development of renewable installations in the country. It is strongly committed to the achievement of Morocco’s nationally determined contributions (NDCs) under the Paris Agreement and aligns its projects up to 2030 with Morocco’s NDCs. It aims to support the country in securing 52 per cent of the national energy mix from renewable sources by 2030 by creating an additional 3,000 megawatts (MW) of clean electricity generation capacity by 2020 and a further 6,000 MW by 2030 in Morocco.

7. In addition, in line with Morocco’s climate strategy and vision to establish a common approach for sustainable development in Africa, the applicant has signed memorandums of understanding with 14 African countries and contributes to developing on-grid and off-grid renewable energy projects; developing technical skills needed for renewable energy technologies; and raising awareness and sharing knowledge for South–South cooperation and inclusive growth in Africa. It commits to an effective and sustainable implementation of the African development strategy.

8. The accreditation scope the applicant is seeking is complimentary to those of the GCF direct access accredited entities as the applicant plans to contribute with mitigation-oriented,

large-scale, environmental and social risk category A/I-1 projects/programmes. With GCF resources, the applicant aims to mobilize more finance from both public and private sector investors for innovative renewable energy projects. In addition, the applicant intends to reduce the overall financing costs and tariffs through the deployment of GCF resources as concessional loans and equity. In order to advance the objectives of GCF, the applicant intends to undertake the following projects that are aligned with the Morocco GCF Country Programme (under development by the national designated authority):

- (a) Solar project Noor PV II, aiming to produce electricity from solar photovoltaics (PV), with an aggregate capacity of 800 to 1000 MW spread out in several solar PV power plants; and
- (b) Hybrid Projects, consisting of a renewable (solar and/or wind) plants with storage (electrical, thermal or hydro). The projects are based on an innovative technological configuration that can combine several renewable technologies.
- (c) Several wind projects under development.

2.3 Track record

9. With a mission to support Morocco to develop and lead national renewable energy programmes, the applicant has contributed to the country's energy strategy and implemented energy projects for the diversification of the energy supply, facilitation and optimization of energy access, rationalization of energy consumption and protection of the environment through clean energy. In addition, the applicant manages the development of renewable technologies in Morocco and develops solar thermal and solar photovoltaic technologies, onshore wind, hydroelectric dams and pumped storage hydroelectric technologies for integration into renewable energy projects.

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

- (a) USD 840 million (loans and equity) for a 160 MW Noor Ouarzazate I solar power project;
- (b) USD 1.09 billion (loans and equity) for a 200 MW Noor Ouarzazate II solar power project;
- (c) USD 850 million (loans and equity) for a 150 MW Noor Ouarzazate III solar power project;
- (d) USD 210 million (loans and equity) for a 170 MW Noor PVI solar power project;
- (e) USD 790 million (loans and equity) for an 800 MW Noor Midelt I solar project; and
- (f) A 120 MW repowering project of the Koudia Al Baida wind farm.

11. The applicant has experience with projects/programmes related to the following GCF results areas:

- (a) Mitigation: reduced emissions from:
 - (i) Energy generation and access.

III. Stage II accreditation review assessment

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

standards identified in paragraph 3 above, except for paragraph 3(c) as that policy was no longer valid and superseded by that in paragraph 3(d) and except for paragraph 3(i) which was superseded by that in paragraph 3(j), both at the time the application entered stage II (step 1).

13. 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

14. The applicant was created in 2010 as the Moroccan Agency for Solar Energy, or Masen for short. In its first few years of existence, it established and documented policies, procedures and structures related to its operations, including the administrative and financial capabilities. These were sufficient for the entity at that time when it had less than fifty staff. In October 2016, Masen received an increased legislative mandate and changed its name to become Moroccan Agency for Sustainable Energy, and in July 2018 its corporate structure has been reformed. Its abbreviation of Masen stayed the same. The applicant is a central player in the promotion and realization of renewable energies such as solar, wind and hydro.

15. The applicant's policies, procedures and structures have evolved over the last decade and are built upon the extensive experience acquired in its first ten years of operations. Since its restructuring in July 2018, the applicant has accelerated the development, strengthening and documentation of its financial and administrative capacities required for the new mandate and its larger organization that now consists of a staff of around two hundred. In doing so the applicant is cognizant of the need to meet the GCF basic fiduciary standards on key administrative and financial capacities.

16. The governance structure of Masen was modified in July 2018 and the applicant now has a single Board of Directors with some ten members representing the shareholders and key players in the energy field. The applicant updated its Governance Manual to reflect the current situation. The Audit Committee mandate was expanded and renamed the Audit and Risk Committee. It has been meeting regularly since January 2020.

17. The applicant's business planning is based on the national objective to have Morocco's energy mix to reach 52 per cent renewable energy by 2030. Specifically, the aim of Masen is to develop an additional clean electricity production capacity of 3,000 MW by 2020 and 6,000 MW by 2030. There are detailed and systematic midterm and annual plans to reach this goal, and these plans contain metrics that are monitored. The applicant's annual financial statements are prepared on the basis of the Moroccan Accounting Standards. They are audited by one of the large international accounting firms. The financial statements for the year ended 31 December 2019 received an unqualified opinion, as was the case for those of prior years. The applicant uses a commercially available Enterprise Resource Planning (ERP) software package. The ERP package and related processes, including the security considerations, are subject to an annual audit by the external auditor.

18. The applicant management systems, including procedures relating to payments and disbursements, banking transactions and related controls, have been documented in a comprehensive manner. This documentation is the basis for its ISO 9001:2015 certification. The applicant upgraded the documentation to reflect the restructuring. The AP has examined the documentation of critical processes and notes that the ISO re-certification process ensures that the documentation remains up to date.

19. The applicant's Internal Audit has an adequate mandate. It is independent, reports to the Audit and Risk Committee, and prepares annual audit plans. The function is also responsible for investigations. However, the function has never had sufficient staff and has issued on

average no more than one internal audit report per year. This weakness has been recently raised by the Audit and Risk Committee. Three additional staff member have joined the Internal Audit function one more staff is expected in 2021. This provides the ability of Internal Audit to meet the responsibilities contained in its charter but the sufficiency of the output of Internal Audit remains to be demonstrated by results.

20. The applicant's internal control framework is demonstrated by its Governance Manual. There is adequate segregation of duties demonstrated in the ISO documentation. The updating of the Governance Manual and the ISO documentation was carried out in late 2020.

21. The financial controls over the energy generation projects are robust. This includes evaluating, identifying, monitoring and mitigating project risks. At the corporate level, a risk management and compliance roadmap are in place and are scheduled to be conceptualized by mid-2021. The conception, together with its implementation, would address the gap of not having a corporate risk management activity.

22. The applicant's system for procurement meets the GCF basic fiduciary standard on key administrative and financial capacities in relation to procurement. The procurement principles of the applicant are codified in the document "Market Regulation", which is the equivalent of a transparent and fair procurement policy. The provisions are consistent with the procurement regulations of the Moroccan Government and with international practice. For projects involving international donors, the agreements may allow the procedures of the donors to be used. The applicant makes use of e-tendering, which is an online platform for bid submission by suppliers. There are extensive rules and procedures covering all aspects of procurement, including procedures for the resolution of complaints, and these were updated in the latter half of 2020. Examples were provided of different procurements and demonstrated that rules, regulations and controls associated with the procurement policy were adhered to. Nevertheless, a second line of defense for procurement is missing but is expected to be put in place with the introduction of the risk and compliance function.

23. The energy projects of the applicants are carried out by Special Purpose Companies (SPCs) that follow the same procurement regulations. The applicant oversees, assesses and reviews the procurement procedures of these SPCs by appointing Lender Technical Advisors (LTAs) who monitor each step of the energy projects and regularly report on them. Examples of the terms of reference for the LTAs that were provided contain the responsibilities of these advisors regarding procurement.

24. The President Director General of Masen provided an Action Plan in August 2020 to the AP with a commitment to complete the various documentation and improvements by specific dates spread out over a year. The applicant was generally on track to implement the action plan when the AP examined the outputs as at the end of April 2021. While the action plan is under implementation, the applicant continues its operations under the overall strong and existing procedures. The completion and implementation of the Action Plan ensures that Masen's procedures are consistent with the GCF basic fiduciary standards on key administrative and financial capacities.

25. 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 (reflected in the corresponding conditions of accreditation in section 4.2) are identified in paragraphs 19, 21, 22 and 24 and relate to:

- (a) Not executing the internal audit plan approved by the Audit and Risk Committee;
- (b) The need to demonstrate the effectiveness of Internal Audit by way of a conclusion by the Audit and Risk Committee and by way of an external review as envisaged by Chapter IX of the Internal Audit Charter;

- (c) The need to continue developing corporate risk management procedures, put them in place and execute them; and
- (d) The need for defining and executing a second line of defence over the corporate procurement function.

3.1.2. Basic fiduciary standards: transparency and accountability

26. The applicant has had an adequate Code of Ethics for many years. It includes provisions related to conflicts of interest and how these situations need to be resolved. The applicant has drafted an updated Code of Ethics in April 2021 as part of its effort to put into place a risk management and compliance function. Based on feedback of the Accreditation Panel the applicant agreed to include financial disclosure aspects; specify the duties and responsibilities of oversight by the Audit and Risk Committee that provides oversight to the Code of Ethics and have it formally approved. As part of this effort, the applicant intends extend the existing provisions of “code of good conduct” or listing of the ethics elements to which their corporate counterparts and applicable project partners are already held accountable to. This would meet the requirement of the GCF basic fiduciary standard on transparency and accountability.

27. The applicant has an anti-fraud policy, which it intends to update by the end of July 2021 in accordance with the Action Plan from the President Director General. The applicant intends to incorporate the requirements of the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses and the GCF Policy on Prohibited Practices. Until this is put in place, there are gaps relating to the aforementioned GCF policies and standards.

28. The investigative function is under the responsibility of the Head of Internal Audit. Procedures to be used to investigate violations against the Code of Ethics, fraud and corruption have recently been approved. However, its implementation needs to be demonstrated. A couple of investigations took place over the last few years, but since the Internal Audit was insufficiently resourced for many years, it is difficult to judge whether all allegations were sufficiently documented and investigated. As stated above, the applicant has taken steps to make appropriate resources available to Internal Audit. The sufficiency of the investigation activity needs to be demonstrated.

29. In accordance with the Action Plan from the President Director General, the applicant updated its anti-money laundering policy in March 2021 which is in line with the GCF AML/CFT Policy. This policy needs to be formally approved. The applicant has stated that related procedures will include the existing procedures on how to monitor electronic transfers in the framework of the policy. Although the applicant’s policy was only recently updated, its current AML/CFT practices are robust and in line with most GCF requirements. The applicant knows its counterparties who are co-investors. They are identified and subject to competitive bidding and are extensively vetted through due diligence processes. Significant suppliers are equally subject to an extensive review.

30. The AP finds that the applicant’s policies, procedures and capacity, supported by evidence of a track record, partially meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses,⁴ the GCF Policy on Prohibited Practices⁵ and the GCF AML/CFT Policy.⁶ The relevant gaps (reflected in the corresponding conditions of accreditation in section 4.2) are identified in paragraphs 26 through 29 and relate to the applicant:

⁴ Decision B.21/25 and annex II thereto.

⁵ Decision B.22/19 and annex XIV thereto.

⁶ Decision B.18/10 and annex XIV thereto.

- (a) Making the relevant Code of Ethics provisions applicable to third parties, and updating its anti-fraud policy and procedures (including the whistleblower procedures);
- (b) Having the Code of Ethics and its policy against money laundering and financing terrorism formally approved;
- (c) Demonstrating that there are adequate resources for the investigative function; and
- (d) Conducting the required investigations.

3.1.3. Specialized fiduciary standard for project management

31. The applicant's main projects to date focus on the development of solar power plants. These are large projects and incorporate state-of-the-art technology. The applicant has multiple roles in realizing these projects, including:

- (a) It identifies the power plant to be built and initiates the subsequent steps;
- (b) It identifies an SPC that will construct and operate the power plant under a public-private-partnership;
- (c) It arranges financing from commercial and development lenders backed up by government guarantees;
- (d) It participates as a shareholder of the SPC in the projects;
- (e) It provides the needed infrastructure to the projects such as water, roads and security by way of a service agreement; and
- (f) It provides land for the projects.

32. The applicant has provided detailed descriptions of the management procedures and processes for the various phases of its projects. For example, the Project Identification, Preparation and Appraisal document covers the initial phases of the projects. The Masen Solar Plant Monitoring and Evaluation document describes the Masen process and methodology when overseeing the implementation of integrated solar projects. Reporting templates are included in the appendices to the document.

33. With regard to monitoring, an SPC is established for each group of solar plants to be created. Masen has so far taken a 25 per cent equity share. The SPC monitors the construction, the environmental and social aspects and the financing, and provides consolidated reporting to the shareholders. The projects are further monitored by three external reviewers: the LTA (Lender Technical Advisor), the independent engineer and the external auditor. The detailed monitoring processes are documented by the applicant through ISO-style descriptions and flowcharts demonstrating clearly who is responsible for what activities, and this includes quality assurance and authorizing tasks.

34. The construction tasks of the solar power plants are based on detailed contracts, and the outputs and schedules are established well before the construction work starts. The subsequent operations of the plant are similarly well defined before the start of the project. With this structure, monitoring and the provision of technical support is critical, but there is less need for an evaluation during the construction process. Post-evaluations are done by the donors and lenders. With a GCF-funded project/programme, the donors and lenders would continue to manage evaluations since any GCF funding would be blended with funds from other donors and made available to the SPC. The applicant has recently established a procedure for the independent evaluation of projects. The applicant has provided examples of its project preparation and appraisal documents that were prepared in cooperation with the donors. These are complete and exhaustive documents as one would expect for projects that involve hundreds of millions of dollars. The funding proposal, at the appraisal stage, covers in a comprehensive manner, the technical, financial, economic and legal aspects as well as possible

environmental, social and climate change aspects, and relevant assessments thereof. Key performance indicators with baselines and targets are incorporated into the project design.

35. The applicant and the consortium of lenders uses an LTA to perform the initial due diligence for a project, monitor the construction period, supervise and evaluate the completion tests under the power purchase agreement and sometimes monitor the operations. It is a strong, independent and continuous review function that provides and updates risk assessments. The LTA typically reports monthly based on a desk review and quarterly based on a site visit. The applicant also makes use of independent engineers where required, and the financial statements of the project are audited by an external auditor. The AP examined pro forma contracts with the LTA, engineers and external auditors and the reports issued related to the projects. The evaluation of the applicant's projects is typically initiated by the development lenders, and these reports can be found on their websites and were examined by the AP.

36. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for project management.

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

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

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

38. All the energy generation projects of the applicant involve on-lending and blending. Thus, the related policies, procedures and practices are those already discussed under section 3.1.3 above. Project documents, monitoring and activities are all the same as for project management, including the preparation and approval systems. The applicant creates an SPC for each power plant to be developed as well as a funding plan that has consisted of a 25 per cent equity tranche provided by the applicant, and a blending of loans and grants mainly from multilateral organizations. Each SPC has its own financial management and treasury function. The creation of an SPC is part of project development and is subject to risk appraisals and due diligence procedures.

39. A typical applicant's energy project is financed by several private and development lenders. The applicant arranges the financing structures, and these become part of the project proposal and legal documentation. Development lenders such as the African Development Bank, Agence Française de Développement, the Clean Technology Fund of the World Bank, the European Investment Bank, KfW Development Bank and commercial banks are typical lenders for a solar plant. The applicant arranges the on-lending and blending of the funding to the project. Such arrangements are the norm, and all the project procedures described above are utilized. The applicant announces its projects awards through press releases. It provides the cost per kWh of electricity, which is the most meaningful metric.

40. The investment policy starts with the identification of an energy generation project that contributes to the national objective to have Morocco's energy to reach 52 per cent renewable energy by 2030. A project plan, including a financial plan is developed and a SPC is created in which the applicant takes a percentage equity share and the private developers selected through a tender process contribute the remainder of the capital. The applicant also arranges the required debt financing and required guarantees from the government, international donors, banks and the capital market through its capital subsidiary or by direct on-lending.

41. Financial risks are carried by each SPC and evaluated at the outset by the project finance team and approved by the project director and the Finance and Administration Director. Hence

there is an extensive segregation of duties in both the treasury and in the risk analysis and subsequently the monitoring thereof. The risks evaluated include the asset liability aspects such as interest, exchange, liquidity and counterparty risks. The risk procedures were updated in late 2020 as part of updating the applicant's ISO documentation. These risks are monitored throughout the project development and subsequent operation of the energy generation facility. The project information is disclosed through the websites of the international funding partners.

42. The AP examined extensive documentation on each of the aspects in the previous paragraphs related to on-lending and blending for loans and equity.

43. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for on-lending and/or blending for loans and equity.

3.2 Environmental and social safeguards

3.2.1 Environmental and Social Policy

44. The applicant first adopted its Environmental and Social Safeguard Policy (ESSP) in 2015. It was updated by the applicant in 2018 to make it consistent with international standards, in particular the GCF Environmental and Social Policy and interim environmental and social safeguard (ESS) standards. The policy reflects the applicant's commitment to sustainable development based on domestic and international standards. The ESSP, which has been disseminated widely to the staff and stakeholders of the applicant, states that the applicant undertakes a sustainable development approach not only by setting targets for compliance with international environmental and social standards, but also by contributing to the socioeconomic development of local areas through integrated projects. The implementation of the ESSP is the responsibility of the Environmental and Social Management Unit.

45. Among other things, the applicant ensures the following through its policy and the procedures it has adopted:

- (a) Identify and assess the environmental and social impacts and risks associated with each stage of the projects;
- (b) Avoid or, if avoidance is not possible, minimize, mitigate, and compensate for adverse impacts on the environment and on affected communities; and
- (c) Ensure the effective management and monitoring of these impacts during and after implementation.

46. The ESSP incorporates nine Performance Standards to guide implementation based on domestic law and international standards required by international multilateral and bilateral institutions. These include the Performance Standards 1–8 of the International Finance Corporation.

47. The AP finds that the applicant's environmental and social management system (ESMS), codified in the ESSP, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category A/I-1 projects/programmes with respect to Performance Standards 1–8.

3.2.2 Identification of E&S risks and impacts

48. The applicant's E&S risk and impacts assessment system is laid down in the document note Project Categorization and Performance Standards. The risk identification system is codified through the applicant's Environmental and Social Safeguarding Procedure Manual. The

applicant conducts studies at three levels – scoping through a Framework Environmental and Social Impacts Assessment (FESIA); a more specific study that the developer of a power plant undertakes called the Specific Environment and Social Impacts Assessment (SESIA); and a study for associated infrastructure called the environmental and social impact assessment (ESIA). These prequalification studies allow the applicant to classify projects according to three E&S risk categories (A, B or C), which are aligned with GCF E&S risk categories – high risk (category A/I-1) (including lower risk (category B/I-2⁷ and category C/I-3⁸) based on potential negative environmental and social impacts.

49. It should be noted that the applicant treats all projects as Category A/I-1 so that they will conform to the highest E&S standards. The applicant submitted a list of seven renewable energy projects in the solar energy sector, all of which are classified as E&S risk Category A/I-1. It also submitted several project documents to illustrate track record, including the SESIA reports of three Noor solar projects (I, II, and III), which are also all classified as Category A.

50. 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 A/I-1 projects/programmes with respect to Performance Standards 1–8.

3.2.3. Environmental and social management programme

51. Environmental and social impacts are managed through the environmental and social management plan (ESMP), which is the main tool of the applicant in managing mitigation measures for these impacts. The ESMP is codified in the applicant’s Environmental and Social Safeguarding Procedure Manual, which has put into place a compliance review system to ensure the ESMP is implemented.

52. The ESMP identifies the procedures and action plans, including the Land Acquisition Procedure (LAP) and Social Development Plan (SDP), in terms of environmental and social monitoring and follow-up measures to be put in place and applied throughout the project. It also summarizes the mitigation and compensation measures to be carried out by the developer during the construction and operation phases of the project.

53. The applicant submitted the ESMP of the Noor I, II and III projects. The AP reviewed these plans and consider them adequate and consistent with the ESSP. The AP also reviewed audit reports of the effectiveness of the ESMS of the applicant.

54. The AP finds that the applicant’s management programme, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category A/I-1 projects/programmes with respect to Performance Standards 1–8.

3.2.4. Monitoring and review

⁷ 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.”

⁸ 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.”

55. The applicant's ESSP provides for procedures for monitoring and reviewing the management of mitigation measures in line with the ESMP of a project. A compliance review of the environmental and social plans is carried out regularly, focusing on how mitigation and compensation measures are implemented. This monitoring system is codified in the applicant's Environmental and Social Safeguarding Procedure Manual.

56. From the beginning of the construction and operation phases, the applicant monitors the implementation of the E&S mitigation and compensation measures provided in the ESMP specific to each project cycle phase, particularly through: (a) an audit of written reports from the developer used for reporting mitigation measures; and (b) on-site verification. The AP reviewed several of these reports as well as external audit reports commissioned by the applicant.

57. 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 maximum E&S risk category A/I-1 projects/programmes with respect to Performance Standards 1-8.

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

58. The applicant's Environmental and Social Safeguarding Procedure Manual provides for the norms and procedures followed to ensure the disclosure of information and stakeholder engagement in project development and implementation. The main tool is the Stakeholder Engagement Plan (SEP) that is required for all projects. The SEP mandates an information and dialogue process dedicated to receiving and addressing external communications. Mailboxes are installed at the entrance of project sites. A "Contact us" link on the applicant's website is also designed to receive external communications. All these channels can receive complaints and grievances, which must be resolved within 30 days of receipt. The AP reviewed inquiries and complaints, mostly employment related, that have been filed under this system. Included in this review is how the applicant addressed the issues raised.

59. The applicant has updated its Information Disclosure Policy (IDP), basing it on the Information Disclosure Policy of the GCF. The objective is to ensure that stakeholders receive all the information they need in a simple and understandable language so that they can understand the benefits of the project and understand how mitigation and compensation have been considered and planned in such a way as to minimize the potential negative impacts that the project may have. Among other things, the IDP conforms with the 120-day notice requirement. The applicant provided a sample of E&S assessment documents for its Noor Solar projects, which were disclosed for public consultations in line with the E&S information disclosure requirement of the GCF Information Disclosure Policy for E&S category A/I-1 projects/programmes.

60. The applicant has established the Masen Independent Grievance Redress Mechanism as its independent grievance redress mechanism (GRM). The GRM is institutional and managed from its headquarters through the Sustainable Development of Territories Department. This Department is independent from operations and will manage the GRM. The applicant also established project-level GRM and requires executing entities to have GRMs as well.

61. The AP finds that the applicant's system of external communications, consultations, information disclosure and GRMs 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 maximum E&S risk category A/I-1 projects/programmes with respect to Performance Standards 1-8.

3.2.6. Organizational capacity and competency

62. The implementation of the applicant's E&S policy is the responsibility of the Environmental and Social Management Unit. The unit is involved at strategic and operational levels and interacts with other units to ensure proper assessment of impacts and their mitigation. The team has seven permanent members, is led by full-time Environmental and Social specialists and other sustainable development of the territories and HSSE staff. If necessary, the applicant hires consultants specialized in environmental and/or social issues. The applicant provided CVs of its staff, including a sample of their work in form of reports and evidence of E&S training received by the applicant's key personnel.

63. 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 maximum E&S risk category A/I-1 projects/programmes with respect to Performance Standards 1–8.

3.3 Gender

64. The applicant's Gender Policy was adopted recently in 2020 and is based on the Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the Sustainable Development Goals, the Paris Agreement and the ratified International Labour Organization's Core Conventions. It is also guided by Moroccan Law, which prohibits discrimination on the basis of gender.

65. The applicant's adopted Gender Policy contains the following eight principles:

- (a) Adoption of international law and domestic law as its basis;
- (b) Equal opportunity for men and women to participate in decision-making;
- (c) Particular attention paid to the environmental and social impacts on vulnerable people, including women;
- (d) Equal opportunity of men and women for jobs and training;
- (e) Gender-sensitive approach to the management of environmental and social impacts that takes into account the rights and interests of women and girls;
- (f) Capture of both men's and women's views and concerns, if necessary through separate forums or engagements, during the stakeholder engagement process, with the consultation process ensuring that women's perspectives are obtained and their interests factored into all projects' aspects;
- (g) Promotion and provision of safe and healthy working conditions to both men and women, taking into account the inherent risks and specific classes of hazards in the work areas, including physical, chemical, biological and radiological hazards, and specific threats to women; and
- (h) Inclusion of gender aspects in the assessment of land and natural resources use and consideration of women's roles in the management and use of these resources.

66. The applicant's Gender Policy mandates the application of several tools and procedures so it can be implemented effectively. Among other things, it requires the use of gender analysis using a checklist of gender factors that help raise awareness. It has also adopted corporate-level metrics to quantify the benefits and gender-related project/programme level indicators, including on anti-discrimination and on climate change and gender linkages. Finally, gender considerations have been integrated into the various processes and actions required by the applicant: FESIA, SESIA, ESIA, ESMP, SDP and LAP.

67. The applicant provided evidence on how the Noor solar energy project benefited women. It also provided evidence of education- and livelihood-related activities supported by the applicant that benefited women in its project areas. Finally, the applicant has a strategic partnership with Women in Sustainability, Environment and Renewable Energy to jointly establish an internship programme for women to gain hands-on experience in its operations.

68. The AP finds that the applicant's gender policy, procedures and capacities, supported by evidence of its track record, fully meet the Updated Gender Policy.

IV. Conclusions and recommendation

4.1 Conclusions

69. The AP concludes, following its assessment of the application against the standards of GCF in accordance with the accreditation requirements identified in paragraph 12 above, the following:

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistleblowers and Witnesses,⁹ the GCF Policy on Prohibited Practices,¹⁰ and the GCF AML/CFT Policy. The policies and procedures for corporate risk management are under development. The implementation thereof, including developing a second line of defence for corporate procurement and the sufficiency of internal audit reviews in accordance to its annual plan and its Charter, need to be demonstrated by the Audit and Risk Committee and an external review. The applicant is upgrading its policies and practices related to transparency and accountability to make them consistent with the GCF Policy on the Protection of Whistleblowers and Witnesses, and the GCF Policy on Prohibited Practices, and this is expected to be done by the end of July 2021. Thereafter, the application of such policies needs to be demonstrated. The above gaps are reflected in paragraphs 19, 21, 22, 24 and 26–29 above and addressed in the corresponding conditions of accreditation in section 4.2;
- (b) The applicant fully meets the specialized fiduciary standard for project management and specialized fiduciary standard for on-lending and/or blending for loans and equity;
- (c) The applicant 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 high E&S risk (Category A/I-1); and
- (d) The applicant has demonstrated that it has a policy, procedures and competencies to implement its gender policy, which is found to be consistent with the Updated Gender Policy, and has demonstrated that it has experience in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

70. The AP recommends, for consideration by the Board, applicant APL109 for accreditation as follows:

- (a) **Accreditation type:**

⁹ Decision B.21/25 and annex II thereto.

¹⁰ Decision B.22/19 and annex XIV thereto.

- (i) **Maximum size of an individual project or activity within a programme:** large (including micro,¹¹ small¹² and medium¹³);
- (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:** high risk (category A/I-1) (including lower risk (category B/intermediation 2 (I-2)¹⁴ and category C/intermediation 3 (I-3)¹⁵);
- (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 first disbursement by GCF for the first executed funded activity agreement for a project/programme to be undertaken by the applicant:
1. Provision by the applicant of evidence that the applicant has achieved the majority of the milestones contained in the Action Plan dated 05 February 2021 for the applicant to meet the requirements of the GCF basic fiduciary standards, including those related to:
 - a. Deploying a corporate risk management system and compliance system, such as that outlined in its road map and which is a deliverable of the consultant firm the applicant has engaged for such definition;
 - b. Completing a policy and procedures related to transparency and accountability, including whistleblowing and investigative procedures; and

¹¹ 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 GCF, of up to and including US\$ 10 million for an individual project or an activity within a programme.”

¹² As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme.”

¹³ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme.”

¹⁴ 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.”

¹⁵ 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.”

- c. Formally approving the policies relating to: transparency and accountability, anti-money laundering and the Code of Ethics, and
- (ii) Conditions to be met within two (2) years of the first disbursement by GCF for the first executed funded activity agreement for a project/programme to be undertaken by the applicant:
 1. Provision by the applicant of a report from an independent external body such as a consulting firm or an accounting firm and minutes from the Audit and Risk Committee that demonstrates the effective functioning in accordance with the applicant's approved policies and standards of the following:
 - a. The compliance and risk management function;
 - b. The Internal Audit; and
 - c. The function for investigations into wrongdoings, including complaints raised in relation to the applicant's Code of Ethics, the Code of Good Conduct, the policy against money laundering and terrorist financing and the whistleblower procedures.

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

4.1 Remarks

72. The applicant is already taking steps to meet the conditions identified in paragraph 70(b)(i) above.