

## Annex VIII: Accreditation assessment of applicant 111 (APL111)

### I. Introduction

1. Applicant 111 (APL111), the Korea International Cooperation Agency (KOICA), is a national direct access entity based in the Republic of Korea. The applicant aims to contribute to the promotion of international cooperation by performing various projects to expand relationships and mutual exchanges between the Government of the Republic of Korea and developing countries. It also aims to assist in the economic and social development of such countries. The applicant focuses on all development sectors, including education, health, governance, agriculture and rural development, water, energy, transportation, urban development, climate change, gender equity and human rights.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 24 July 2018. Accreditation fees were received from the applicant on 29 November 2018, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 10 July 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 the Republic of Korea;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (category B).<sup>3</sup>

### II. Stage I institutional assessment and completeness check

3. The applicant 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:

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<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme.”

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

<sup>3</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures,” 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.”

- (a) “Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund’s Fiduciary Principles and Standards and Environmental and Social Safeguards” (decision B.07/02);
- (b) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);
- (c) “Interim Policy on Prohibited Practices” (exhibit A of the accreditation master agreement considered in decision B.12/31);
- (d) “Policy on Prohibited Practices” (decision B.22/19);
- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Environmental and Social 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 founded as a government agency in 1991 under the Korea International Cooperation Agency Act No. 4313.

## 2.2 Institutional presence and relevant networks

5. The applicant has a strong global presence with 323 projects implemented in 117 countries, with a focus on developing projects in the least developed countries and small island developing States in the Asia-Pacific region. As a government agency responsible for ensuring the efficiency and effectiveness of the Republic of Korea’s official development assistance and grant aid programmes with its partner countries, the applicant plays an active and critical role in the implementation of the Government’s Country Partnership Strategies.

6. Based on the direction of the strategies, the applicant has implemented official development assistance in the form of grant aid in 24 priority countries identified by the Government, which include 11 countries in Asia, 7 in Africa, 2 in the Middle East and Central Asia and 4 in Latin America. It closely collaborates with national governments in partner countries and promotes partnerships with private sector entities to contribute to the global development agenda.

7. The Republic of Korea has yet to submit a country programme to GCF. The national designated authority envisages that the applicant, if accredited to GCF, has the potential to leverage co-financing through grant aid programmes in adaptation projects. In the absence of the Republic of Korea’s programming priorities with GCF, the applicant, as per its mandate, implements the Government’s grant aid programmes and shares with GCF the objectives of helping to meet the Sustainable Development Goals and the goals of the Paris Agreement.

8. Based on its extensive project experience in developing countries, KOICA has the potential to develop and deliver climate change projects, particularly in adaptation. The

Government of the Republic of Korea also expects KOICA to utilize its overseas development assistance grant financing to co-finance projects with multilateral development banks and/or commercial banks.

9. Although there is a direct access entity from the Republic of Korea accredited with GCF, the Korea Development Bank, the number of projects in which the bank can participate is limited within its accreditation scope owing to its focus on loans through commercial projects. The national designated authority's expectation is that KOICA will be able to develop and propose a wide range of non-commercial projects in developing countries.

10. The applicant is strongly committed to the realization of the nationally determined contributions of the Republic of Korea. In order to assist the country to meet its objectives, the applicant has established its mid-term climate change strategy (2016–2020) and the mid-term action plan for climate action (2019–2021). The applicant aims to focus on:

- (a) Expanding climate action in its foreign aid projects;
- (b) Upgrading a project management system to enhance its environmental impact management;
- (c) Expanding domestic and international partnerships; and
- (d) Increasing blended finance for climate action;

11. In order to advance the objectives of GCF, the applicant intends to:

- (a) Fully comply with GCF policies and strategies and guarantee quality control of the implementation of mitigation and adaptation projects funded by GCF;
- (b) Design innovative low-emission and climate-resilient projects and programmes to drive paradigm shift impact in developing countries, such as e-mobility projects in countries of the Association of Southeast Asian Nations, smart city projects in small island developing States in the Pacific; and waste disposal projects in Central Asia;
- (c) Encourage private sector participation in GCF-funded activities, such as the application of innovative ideas and climate technologies derived from the private sector and promotion of private investments; and
- (d) Continue its close relationship with national governments in partner countries and consult their national designated authorities to develop demand-driven climate projects.

## 2.3 Track record

12. The applicant has strongly committed itself to meeting the Sustainable Development Goals in the Republic of Korea's partner countries and leading inclusive partnerships for the global development agenda. In order to contribute to meeting the Paris Agreement objectives, it has established mid-term strategies for water, energy, transport and technology for the systematic promotion of official development assistance programmes. In addition, the applicant promotes sustainable agriculture and rural development projects as a response to climate change and adaptation efforts. Furthermore, the applicant supports rural communities for the spread of eco-friendly farming and the improvement of systems and policies for effective utilization of forest and marine resources.

13. Following its mandate, KOICA's current climate change portfolio is about USD 390 million. The types of project under this portfolio cover a wide range of support in greenhouse gas emission reduction and adaptation, with the emphasis on adaptation projects. About 70 per cent of total project costs are being used in the following 24 priority partner countries for development cooperation, most of which are located in the Asia-Pacific region:

- (a) Asia: Bangladesh, Cambodia, Indonesia, Lao People's Democratic Republic, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka and Viet Nam;
  - (b) Central Asia: Azerbaijan, Mongolia and Uzbekistan;
  - (c) Africa: Ethiopia, Ghana, Mozambique, Rwanda, Senegal, Uganda and United Republic of Tanzania; and
  - (d) Latin America: Bolivia (Plurinational State of), Colombia, Paraguay and Peru.
14. The applicant's track record in financing sustainable development and climate change related projects to date includes the following:
- (a) The Saemaul Undong Project of Sustainable Agriculture and Rural Development in Myanmar;
  - (b) The Project for Climate Resilience and Inclusive Green Growth for Poor Rural Communities, MIMAROPA Region in the Philippines;
  - (c) The Project for Establishment of Photovoltaic Power Plant in Galapagos-Santa Cruz Island in Ecuador; and
  - (d) The Project for the Energy Efficiency Improvement in Electric Distribution and Pilot AMR/Billing System in Iraq
15. The applicant also co-financed a number of GCF-funded projects through its official development assistance grants, including the following:
- (a) FP001: Building the resilience of wetlands in the province of Datem del Marañón, Peru;
  - (b) FP071: Scaling up energy efficiency for industrial enterprises in Vietnam; and
  - (c) FP087: Building livelihood resilience to climate change in the upper basins of Guatemala's highlands.

### III. Stage II accreditation review assessment

16. 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 GCF policies and standards identified in paragraph 3 above.
17. As part of this assessment, the AP consulted 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

18. The applicant is an organization affiliated to the Ministry of Foreign Affairs of the Republic of Korea, governed in accordance with the stipulations of the Korea International Cooperation Agency Act and managed by the provisions of its articles of association. The main governance body is the Board of Directors, which is chaired by the applicant's President, and conformed by 4 executive directors and 10 external directors. The external directors include officers from specific ministries and non-government affiliated expert professionals. The applicant's President is nominated by the President of the Republic of Korea following the recommendation of the Ministry of Foreign Affairs; the applicant's President then nominates the four executive directors and the relevant ministries nominate the non-executive directors. The governance responsibilities of the Board are supported by the Internal Auditor, who is nominated by the country's President, and by the Ethics Committee. The applicant provided

thorough descriptions, and supporting documentation, of the terms of reference, rules of the appointment and termination, and roles and responsibilities of the components of its governance structure. The applicant's executive management is the responsibility of its President, supported by the four executive directors. The responsibilities, and departments under management, of each Executive Director are clearly defined. The applicant's organizational structure is designed by geographical regions and support units. Finally, an independent evaluation office, reporting to the President, is established. The AP concludes that the applicant has an adequate governance and organizational structure for the appropriate management of its headquarter operations and the operations of its 44 country offices.

19. The applicant provided copies of its planning documents and budgets that demonstrate the appropriateness of its planning and budgeting policies and procedures. The applicant provided a copy of its strategic plan, which is structured to provide reasonable assurance of an effective transition from planning to execution. The main sections of the strategic plan are composed of a definition of strategic objectives and action plans for the execution of the intended activities and achievement of the planned results. The long-term plan provides the required guidance for the preparation of annual business plans and budgets. The applicant's long-term plan, annual plans and budgets are approved by its Board of Directors and approved by the Ministry of Foreign Affairs. The planning and budgeting process, in addition to the final approval by the Ministry of Foreign Affairs, provide assurance of proper alignment of the applicant's long- and short-term plans with its mission as a foreign cooperation agency.

20. According to the 2019 Independent Auditor's Report the applicant prepares its financial statements in compliance with the accounting rules for public institutions and quasi-governmental agencies, which are based on the Korean International Financial Reporting Standards. However, it should be noted that these two accounting standards are not equivalent; the Accounting Rules have precedence and the Korean International Financial Reporting Standards are used for accounting transactions for which the Accounting Rules do not provide guidance.

21. The applicant's financial and accounting management system provides proper support for the administration of accounting and budgeting, both at headquarters and in the overseas offices. Relevant to the management of the applicant's global network of offices is this system's capacity regarding automated accounting for budget allocation, control, expenditure and settlement. The system provides management information reporting classified in three categories of reports: budget management; financial management; and overseas offices financial management.

22. The applicant's payment and disbursement system is regulated by applicable guidance contained in the applicant's accounting manual, its internal control regulations and its budget management system. All disbursements are logged in the budget management system and approved by the designated authorized officer of the requesting department. All payments are reviewed by the financial accounting department to ensure compliance with the delegated authorization amounts and registration in the budget system. The financial accounting department executes payments once it is satisfied that all requirements have been properly satisfied. To provide assurance of the correct application of the payments and disbursement guidelines the audit department undertakes periodic reviews of the system.

23. The applicant is not required, by national regulations, to establish an Audit Committee; in place of such a committee an independent Auditor is appointed. The Auditor is appointed by the country's President following the recommendation of the Ministry of Finance. The Auditor acts independently from the applicant's management and executive team. Furthermore, the professional qualifications and independence of the Auditor are ensured by the selection, nomination and appointment process undertaken.

24. The applicant provided copies of relevant regulations and procedure manuals that document the internal audit unit's terms of reference. These regulations and documents provide an appropriate framework for the internal audit function. The pertinent guidance documents establish internal audit procedures that provide reasonable assurance of appropriate execution of internal audit functions, in accordance with recognized standards. The internal audit department reports to the Auditor and the regulatory requirements, as well as the internal audit guidelines, provide for the required independence and framework for appropriate discharge of internal audit responsibilities. The internal audit department regularly communicates its findings through reports and presentations to the Board of Directors, management, staff and stakeholders. The applicant is subject to annual parliamentary audits and audits by the Board of Audit and Inspection; these audits further strengthen the oversight of the applicant's operations and provide information useful in the evaluation of the quality of the internal audit unit's reviews.

25. The applicant appoints external audit firms for one-year terms, in accordance with the terms of reference defined in the applicant's articles of association. The external audit firms perform their audits based on external audit standards applicable in the Republic of Korea. The applicant is further subject to annual audits by the Board of Audit and Inspection and audits, when required, by the Ministry of Foreign Affairs and the National Assembly. These audits are regulated by relevant national laws and regulations that ensure independence and access to the required financial records and documentation.

26. The applicant's internal control guidance documents and the legal framework that regulates its activities contain the necessary elements for the development of an internal control framework that meets the requirements of the GCF basic fiduciary standards regarding key administrative and financial capacities. The applicant, in response to the AP's comments, developed its internal control regulation (version 1 draft). This regulation is expected to be finalized and approved by June 2021. Although the applicant has not yet implemented its revised internal control regulations, other elements of its organizational structure (for example its Ethical Operation Committee and its fraud and bribery prevention systems) establish an appropriate organizational control environment.

27. The applicant demonstrated its organizational capacities to identify, mitigate and control risks. As evidence of such capacities the applicant provided a copy of its anti-bribery management system's certificate of compliance with Korean Standard A International Organization for Standardization 37001:2016 and a copy of its guidelines for identifying, mitigating and managing corruption risks. These internal control capacities are implemented, both at the head office and at the country office level, to manage such risks in the implementation of the international development cooperation projects it executes. Additionally, it is important to note that the applicant's organizational structure provides for appropriate segregation of duties. Functions are separated according to activities that require checks and balances and/or independence.

28. The applicant's procurement policy and guidelines are contained in the Ministry of Foreign Affairs' Instruction for the Enforcement of Programs of Korea International Cooperation Agency and in its internal regulations for procurement and contracts in international cooperation projects. The procurement guidelines provide specific guidance and contract requirements for different types of goods and services procured. The applicant undertakes the majority of procurement activities required for the projects it executes; however, for specific projects where the applicant outsources the procurement tasks it has relied, based on memorandums of understanding, on the United Nations Office for Project Services. The electronic procurement system used by the applicant provides reliable online access to procurement records. In procurement undertakings that involve a bidding process the outcomes of the process are also accessible in a transparent manner to all interested parties. As evidence of compliance with international procurement standards the applicant notes that a



minor fraction of its foreign cooperation projects involve procurement that includes conditions related to country of origin of goods and services. The applicant has an established procurement dispute resolution process that is managed by a specialized committee established to ensure proper resolution of procurement disputes. Evidence, in the form of resolutions of the Dispute Resolution Committee, was provided for two cases where procurement disputes arose.

29. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of track record, partially meet the GCF basic fiduciary standards on key administrative and financial capacities. The relevant gap is identified in paragraph 25 above and is reflected by the corresponding condition of accreditation in section 4.2 below.

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

30. The applicant's ethics framework is guided by both internal and national regulations. The applicant's code of ethics, applicable to officers and employees, is based on Article 8 of the national Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission. Additionally, the applicant has implemented an organizational code of integrity and codes of integrity specifically applicable to the following individuals: i) members of the Executive Board and high-level officers; ii) all employees, except those mentioned in the previous point; and iii) all employees when performing duties related to procurement. The applicant emphasizes appropriate communication of its ethical standards to all relevant parties. As evidence of the applicant's communication efforts its website contains the Ethics Charter and the pledges of integrity. The oversight of the ethics framework is delegated to the Ethics Committee and the ethics sub-committees established by the applicant. The Ethics Committee and the sub-committees are functioning oversight bodies with clearly defined terms of reference and operational guidelines.

31. The applicant's code of ethics includes mandatory financial disclosure requirements. Specifically, the relevant section of the code of ethics titled "Refrainment from Interested Duties" defines the situations in which an officer or employee must present a formal disclosure of relevant information to avoid perceived, potential or real situations of conflict of interest. The formal disclosure is made using a pre-established template and must include relevant supporting documentation. The main situations defined that require disclosure are: i) when an employee has interests in counterparts that are directly related to their professional duties; ii) situations where the relatives of executives and employees (referring to relatives under Article 767 of the Civil Act) are related to their duties; and iii) situations where a corporation or organization in which employees served the two previous years are related to their duties. The applicant's code of ethics provides specific and appropriate guidance for the management of conflict of interest situations. As a practical example, the applicant provided a description of the reasons for excluding a committee member from participating in an agenda point of the Evaluation Committee. As defined in the applicant's technical evaluation guidelines, the reasons for exclusion refer mainly to conflict of interest situations.

32. The applicant's financial mismanagement prevention framework is defined by internal policies, guidelines and standards, as well as the obligation to comply with relevant national regulations related to the prevention of financial mismanagement and engagement in prohibited practices. The applicant's codes of ethics and conduct, whistle-blower protection policy, anti-corruption guidelines and the oversight of the internal audit department, as well as the provisions of the national Act on Anti-Corruption and the Establishment and Operation of the Anti-Corruption and Civil Rights Commission, contain the required guidance for effective prevention of financial mismanagement. However, the definition and prevention of prohibited practices provided by the applicant's current framework need to be broadened in scope (to include practices such as collusion, obstruction and harassment) to comply with the GCF Policy on Prohibited Practices. The applicant has demonstrated throughout its accreditation

application that the appropriate tone of zero tolerance to fraud, financial mismanagement and other forms of malpractice is set by its governing bodies and senior management, supported by the provision of a copy of the statement issued by top management related to zero tolerance for prohibited practices. The applicant has established mechanisms to receive complaints related to prohibited practices such as the clean reporting centre which has established communication channels through which complaints are received. Complaints can also be placed through the website of the national Anti-Corruption and Civil Rights Commission.<sup>4</sup>

33. The applicant's whistle-blower protection policy contains the required guidance for placing complaints, processing cases and ensuring the protection of whistle-blowers (including procedures for avoiding retaliation). The applicant's policy was updated in 2017 and is compliant with the regulations and procedures regarding the protection of whistle-blowers established by the national Anti-Corruption and Civil Rights Commission (ACRC). The applicant's whistle-blower protection policy complies with the requirements of the GCF Policy on the Protection of Whistleblowers and Witnesses; the applicant confirmed that it will cooperate fully under the terms of the GCF policy.

34. It is important to note the efforts undertaken by the applicant to establish policies, guidelines and procedures which promote an organizational culture that is conducive to fairness, accountability and full transparency across the organization's activities and operations. A summary of the applicant's ethics management system can be found on its website.<sup>5</sup>

35. The applicant's regulations assign the authority and responsibility to undertake investigations to the Auditor and the Audit Office, thus ensuring independence of this function. The terms of reference and operational procedures for investigations are contained in the applicant's audit guidance documents, its operating guidelines for processing public interest complaints, its whistle-blower policy and the whistle-blower policy of ACRC. The applicant, as mandated by its whistle-blower policy, established a public interest report centre (as part of the internal audit unit's organizational structure), which is responsible for receiving complaints and establishing the completeness and validity of the complaint. If a complaint is deemed valid it is investigated following established audit procedures and the outcome of the investigation is reported to the appropriate parties for determination of further action required. Investigation cases are processed and recorded as public interest reports, following the procedure for record-keeping of public interest reports. The applicant provided a sample report from ACRC of complaints received and investigated and those resulting in a determination that an ethics violation was incurred. This sample report provides evidence that the record-keeping of investigation cases is appropriate and the applicant, following the guidance of the ACRC reports, includes case trends in the audit reports that are reported to the relevant parties (as noted by the applicant "results of audits are regularly reported to higher ministries and boards in accordance with relevant regulations").

36. The applicant currently does not have an implemented anti-money-laundering and countering the financing of terrorism (AML/CFT) policy. The current focus of the applicant's evaluations is at the overall country risk level but does not address AML/CFT risks explicitly. The AML/CFT risk of the applicant's operating environment, in view of its well-recognized funding sources and focus on international development cooperation, can be considered a low-risk environment. However, the AML/CFT risk increases for activities that involve contracting project execution with private sector entities and with government agencies that serve as executing entities. The applicant has recognized the benefit of developing and implementing its AML-policy to manage and mitigate AML/CFT risks in the projects it undertakes and has provided a draft AML/CFT policy (expected to be approved and implemented by June of 2021) which satisfies the GCF basic fiduciary standards on transparency and accountability and the

<sup>4</sup> Available at <http://www.acrc.go.kr/en/index.do>.

<sup>5</sup> Available at [http://www.koica.go.kr/koica\\_en/3401/subview.do](http://www.koica.go.kr/koica_en/3401/subview.do).



requirements of the GCF AML/CFT Policy. It is important to highlight that the applicant must include AML/CFT as a prohibited practice in its prohibited practices policy.

37. The AP finds that the applicant's policies, procedures and capacity, supported by the evidence of track record, partially 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. The relevant gaps are identified in paragraphs 31 and 35 above and are reflected by the corresponding conditions of accreditation in section 4.2 below.

### 3.1.3. Specialized fiduciary standard for project management

38. The applicant's project preparation and appraisal policies are appropriate for the undertaking of its mission as an international cooperation agency. The applicant's project management guidance documents establish the operational procedures for project identification and project selection. Potential projects are identified through the country offices, in consultation with the partner country, taking into consideration the potential project's impact on the applicant's objectives related to the development strategy of the partner country, the Sustainable Development Goals and the objectives of the applicant's strategic and annual plans. Project proposals are reviewed at headquarters by a review committee that will determine (based on pre-established criteria) whether the project proposal is viable. The results of the committee's evaluation are communicated to the country office.

39. For viable projects, the country office undertakes a preliminary analysis of the project proposal, aided (if necessary) by external specialized experts, and develops a proposed execution plan that is submitted to headquarters. This plan is evaluated by a project committee that decides whether the project is to be presented to the Project Approval Committee, which is composed of both internal and external members, for final decision regarding approval. The Vice-President for Project Strategy chairs the committee meeting. This committee meets at least once a year and all approved projects are presented to the Ministry of Foreign Affairs for final review and budgetary approval.

40. It is important to note that the department responsible for a selected project is required to prepare a project concept paper that assesses project implementation conditions, stakeholder impact and risk management, as well as sectoral feasibility, including an analysis of the technical, economic, social, cultural and environmental aspects of the project. The project concept paper is submitted for evaluation to the independent Evaluation Office.

41. The applicant has a proven project management document that provides appropriate guidance for the establishment of project objectives and baselines for performance evaluation. The applicant's project management documentation includes guidance specific to quality assurance and the establishment of project objectives, expected outcomes, key performance indicators and baselines.

42. To enhance project implementation the applicant established a Technical Assistance Group as part of its project quality assurance system. The group, which has representatives from relevant departments, undertakes a joint review of project implementation. The applicant provided documentation of the group's comments and communication of observations on quality to the units responsible for implementing the project.

43. The applicant's project management policies and operational documentation provide an appropriate framework and guidance for the oversight and control of projects during the implementation stage. Furthermore, the project examples assessed by the AP demonstrate the applicant's capacity to exercise effective project oversight and control. The applicant's Integrated Project Management System and the Project Management Manual included in the

system support project implementation control by integrating project information used to exercise effective oversight.

44. To enhance its project management procedures the applicant indicated that it will improve the project closure guidance that is currently included in its project management documentation. Specifically, the applicant will require that a detailed project closure report be prepared, which will include a description of project results and outcomes, lessons learned and experiences that can be adopted as best practices for future project implementation. The applicant does not make project completion reports publicly available; however, final project evaluation reports, which include project outcomes and results, are publicly available.<sup>6</sup>

45. The applicant's guidelines for project evaluation and for evaluation management provide a clear framework for project monitoring and evaluation. To further enhance its project monitoring capacities the applicant recently implemented its annual project monitoring, evaluation and feedback guidelines. These provide a clear definition of the roles of the departments that cooperate in the project monitoring efforts, which include the country offices, and, at the headquarters level, the regional teams and the country programme team. The country offices assist in performing quarterly monitoring and evaluation exercises on their project portfolio and reporting their findings to headquarters. The country programme team, which is independent of the project origination team (country office), is responsible for analysing the monitoring reports and proposing any corrective actions that may be required. If risks requiring mitigation actions that exceed the decision authority of the country office become apparent during a monitoring exercise, a workshop is organized at the headquarters level to address the risk and establish appropriate mitigation actions.

46. The applicant makes final project evaluations publicly available through its website; however, it does not publish any other evaluation reports or annual monitoring reports. The applicant is committed to fully complying with the GCF report publication requirements. Given the applicant's commitment, and the operational web-based platform for report publication it already has in place,<sup>7</sup> the applicant has demonstrated its capacity to publish project reports.

47. The guidelines mentioned above, in paragraph 44, for project evaluation and for evaluation management include the applicant's policy for independent project evaluation, which establishes the evaluation criteria, objectives and content of the project evaluation exercises and reports. Furthermore, partnership, impartiality, objectivity, transparency and credibility are defined as guiding principles for project evaluation. The evaluation department is a staff unit in the applicant's organizational structure; it reports directly to the applicant's President and is completely independent of the units responsible for the projects subject to evaluation. In cases where the applicant engages the services of third-party experts to undertake evaluation exercises, appropriate terms of reference are developed. The applicant provided an example of the terms of reference for a third-party independent evaluation, which demonstrate appropriate definition of the requirements and outputs of the evaluation exercise. In addition to the evaluation exercises performed by the applicant, an examination of the applicant's performance is carried out by the Board of Audit and Inspection. Finally, as mentioned above, the applicant publishes evaluation reports on its website.

48. The applicant's annual project monitoring, evaluation and feedback guidelines and the mandate of the technical assistance group provide the framework for appropriate identification, in a timely manner, of project implementation problems, as well as the required guidelines for design and execution of remedial actions. The annual project monitoring, evaluation and feedback guidelines provide adequate definitions of responsibilities and actions, as well as the required separation of duties, for an adequate and independent project-at-risk system. The country programme team, which is independent of project implementation teams, reviews the

<sup>6</sup> See <[http://www.koica.go.kr/koica\\_en/3496/subview.do](http://www.koica.go.kr/koica_en/3496/subview.do)>.

<sup>7</sup> See <[http://www.koica.go.kr/koica\\_en/3496/subview.do](http://www.koica.go.kr/koica_en/3496/subview.do)>.

quarterly and annual project reports prepared by the country offices, and takes action to promote proper mitigation of any project risks identified.

49. 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**

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

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

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

## **3.2 Environmental and social safeguards**

### **3.2.1. Environmental and social policy**

52. The applicant adopted in 2013 and updated in 2017 the Guideline for Implementation of Environmental and Social Safeguards. It has communicated this policy to other agencies and partner agencies in its home country as well as the countries in which it operates.

53. The guideline states that the applicant complies with global norms and standards, including the Organisation for Economic Co-operation and Development (OECD) Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence,<sup>8</sup> which was adopted on 28 June 2012 and revised by the OECD Council on 6 April 2016, the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action,<sup>9</sup> and the Sustainable Development Goals. It also has a section specifically on GCF where the applicant commits to striving to comply with all GCF policies. Finally, the guideline states that it will comply with the laws of the host country. In the course of this assessment, the applicant amended the guideline to explicitly state that it has adopted the International Finance Corporation Performance Standards (PS) 1–8.

54. The AP finds that the applicant's E&S management system, comprising the Guideline for Implementation of Environmental and Social Safeguards, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and interim GCF environmental and social safeguards (ESS) standards for maximum E&S risk category B projects/programmes with respect to PS 1–8.

### **3.2.2. Identification of environmental and social risks and impacts**

55. The applicant has adopted and implemented an E&S risk assessment in three stages of project development: (1) risk avoidance activities at the policy level and activities of ensuring conformance of a project with the applicant's major policies (during the project identification stage); (2) determination of E&S risk categories of a project (during the project preparation stage); and (3) description of the follow-up actions depending on the result of risk categorization (during the project preparation stage). It also submitted summaries of its

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<sup>8</sup> See

<[http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/ecg\(2016\)3](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=tad/ecg(2016)3)>.

<sup>9</sup> See <<https://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>>.

standards and procedures related to E&S risk categories (A, B and C) consistent with the GCF E&S risk definitions, the contents of the screening form it used, and how it conducts E&S reviews by project type. In the course of this assessment, the applicant updated its risk assessment procedure to require environmental/social impact assessment for E&S risk category A and B projects and to prepare and adopt an environmental and social management plan for both risk categories.

56. The applicant provided examples of projects where it applied its risk assessment procedure, including summaries of how it used screening templates and forms to classify projects and how these were reviewed. Project documents from the Plurinational State of Bolivia, Bangladesh, Senegal, the Lao People's Democratic Republic and Ecuador were provided, with the last two – a small hydropower generation plant and an urban development project, respectively – being E&S risk category B projects.

57. 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 interim GCF ESS standards for maximum E&S risk category B/1–2 projects/programmes with respect to PS 1–8.

### 3.2.3. Environmental and social management programme

58. The applicant has a management programme in place to manage mitigation measures and actions based on the risks it has identified in developing and designing projects. These are incorporated into an environmental and social management plan that enumerates the potential negative environmental and social impacts of projects and lists measures that reduces those impacts, which are described as hazards.

59. The applicant regularly commissions external experts to review its projects and programmes following the OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence and other guidelines. Summaries in English of those assessments and reviews, with recommendations on how to improve implementation and address issues encountered, were provided. Project documents from the Lao People's Democratic Republic and Rwanda provide evidence on the track record of the applicant in implementing its environmental and social management programme.

60. The AP finds that the applicant's environmental and social management programme, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and interim GCF ESS standards for maximum E&S risk category B projects/programmes with respect to PS 1–8.

### 3.2.4. Monitoring and review

61. The applicant has an institutional culture of monitoring and review for effectiveness, including on its implementation of its E&S policies. This is included in its Guideline for Implementation of Environmental and Social Safeguards, and is led by the Office of Assessment and Evaluation, which manages independent evaluations of the applicant's policies, programmes and projects. In conducting these evaluations, the applicant follows the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence<sup>10</sup>.

62. The applicant provided summaries/excerpts of internal and independent E&S monitoring reports and reviews of several projects from Cambodia, Senegal, Viet Nam and Zimbabwe. These include country partnership strategy projects and infrastructure (including

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<sup>10</sup> Available at <<https://www.oecd.org/trade/topics/export-credits/environmental-and-social-due-diligence/>>.

water supply) projects. The applicant also provided English summaries of E&S evaluation reports, including one from Morocco on the establishment of an automobile training institute submitted to senior management and how this is reviewed through an evaluation and deliberation committee.

63. 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 interim GCF ESS standards for maximum E&S risk category B projects/programmes with respect to PS 1–8.

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

64. The applicant provided its Guideline on Treatment of Civil Petitions, which is based on the national law of the Republic of Korea. This guideline and the related law is mainly applicable to domestic petitions. However, the applicant has accepted petitions from foreign citizens affected by its projects. In the course of this assessment, the applicant enhanced the scope of the civil petitions procedure to accommodate E&S complaints from the public, including persons affected by the project, to align it with the requirements of the GCF Environmental and Social Policy and PS 1.

65. The applicant will receive ESS-related complaints through an “ESS petition email”. Its treatment procedure would follow the guideline for the treatment of civil petitions for KOICA-funded projects. The applicant provided annex 2 to its civil petition procedure, which states that the applicant will appoint an external panel to serve as its institutional-level independent grievance redress mechanism (GRM). This external panel will provide an independent oversight of the applicant's GRM. The applicant has not yet appointed such a panel. However, the applicant would be required to identify the composition of the external panel, including its competency, with the submission of its first funding proposal to GCF.

66. In the course of this assessment, the applicant updated its Guideline for Implementation of Environmental and Social Safeguards, particularly with respect to disclosing E&S information for category B projects to conform to the E&S information requirement of the GCF Information Disclosure Policy, including the duration and language requirements. The applicant provided evidence of its track record on E&S disclosure and consultation for projects/programmes that it has financed.

67. The AP finds that the applicant's system of external communications, consultations, information disclosure and GRM partially meets the GCF Environmental and Social Policy, interim GCF ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category B projects/programmes with respect to PS 1–8. The relevant gap is identified in paragraph 65 above and is reflected by the corresponding condition of accreditation in section 4.2 below.

### 3.2.6. Organizational capacity and competency

68. The applicant assigns the responsibility of ensuring compliance for the implementation of Environmental and Social Safeguards to its Committee for International Development Cooperation, Public Administration Team and Climate Change and Environment Team. Execution of the policy is the responsibility of designated officers for environment and for gender as well as regional and country offices.

69. The applicant provided background information on the professional qualifications of the Director and Managers of the Climate Change and Environmental Team and specialists who are assigned to implement the guideline. The applicant also submitted documentation of



capacity-building and training activities directed at mainstreaming E&S standards in its operations.

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

### 3.3 Gender

71. The applicant's gender policy is embedded in the following: (a) regulation on promoting gender equality and enhancing capacity for women; (b) mid-term strategy and implementation scheme for gender equality; (c) guideline for KOICA staff to mainstream gender equality; and (d) regulation on promoting gender equality and enhancing capacity for women. These define the general standard (basic principles, rules and procedures) for mainstreaming gender equality throughout the implementation of the applicant's projects, which integrates principles of gender equality into the institutions and activities of the applicant's aid programmes.

72. The overall goal of the applicant's gender mainstreaming is to promote gender equality and to contribute to the realization of women's empowerment in developing countries by reflecting the goal of gender equality in foreign aid grant projects.

73. The gender mainstreaming tools used by the applicant include: implementation of gender impact analysis; building and utilization of sex-disaggregated statistics; development and operation of gender mainstreaming education programmes by target group; development and implementation of gender mainstreaming guidelines; and preparation of gender-responsive budget and account sheets. Gender markers, screening and checklists are also used.

74. The applicant submitted a list of projects that prioritize women as beneficiaries, some of which have gender and climate aspects. It also provided examples of water supply and sanitation and health care projects it has implemented in Timor-Leste, Uzbekistan, the Sudan, Afghanistan, Côte d'Ivoire, Senegal and Sri Lanka. These projects have strong gender components and are also related to climate change.

75. 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

76. The AP concludes, following its assessment of the application against GCF standards in accordance with the accreditation requirements identified in paragraph 3 above:

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy; and meets the GCF Policy on the Protection of Whistleblowers and Witnesses. In order to fully meet the basic fiduciary standards the applicant must implement its draft internal control regulation; to meet the Policy on Prohibited Practices the applicant must develop and implement a prohibited practices policy consistent with the requirements of the GCF Policy on Prohibited Practices; and to meet the AML/CFT Policy the applicant must implement its draft AML-CFT policy. The aforementioned gaps are described in paragraphs 32 and 36 above and addressed by the corresponding condition of accreditation in section 4.2 below;

- (b) The applicant meets the requirements of the specialized fiduciary standard for project management;
- (c) The applicant partially meets the GCF Environmental and Social Policy, the interim GCF ESS standards and the GCF Information Disclosure Policy on disclosure of E&S information in relation to a medium E&S risk (category B). The applicant has not identified the composition, including the qualifications and experience, of the external panel to be appointed to oversee its GRM. The aforementioned gaps are described in paragraph 65 above and addressed by the corresponding condition of accreditation in section 4.2 below; and
- (d) 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

77. The AP recommends, for consideration by the Board, applicant APL111 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or activity within a programme:** small (including micro);
  - (ii) **Fiduciary functions:**
    1. Basic fiduciary standards; and
    2. Specialized fiduciary standard for project management; and
  - (iii) **Maximum environmental and social risk category:** medium risk (category B) (including lower risk (category C<sup>11</sup>)).
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes. The conditions are as follows:
  - (i) Conditions to be met prior to the effectiveness of the accreditation master agreement during Stage III of the accreditation process:
    1. Provision of evidence by the applicant that its Executive Board has approved its internal control regulations, which shall be substantially consistent with the draft internal control regulations reviewed by the AP;
    2. Provision by the applicant of its prohibited practices policy, approved by its Executive Board, which shall include all practices defined as prohibited practices in the GCF Policy on Prohibited Practices; and

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

3. Provision of evidence by the applicant that its Executive Board has approved its AML/CFT policy, which shall be substantially consistent with the draft AML/CFT policy reviewed by the AP; and
- (ii) Condition to be met with the submission of the first funding proposal to GCF:
1. Provision by the applicant of the composition and competency of the external panel appointed to oversee the applicant's independent GRM.
78. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 77 above, and agrees to the recommendation.

### 4.3 Remarks

79. The AP recommends that the applicant consider updating the know-your-customer questionnaires, currently used as part of the process for registering suppliers in the national procurement system, in order to enhance compliance with article 5 of its draft AML-CFT policy.