

## Annex VII: Re-accreditation assessment of Centre de Suivi Ecologique (RAPL001)

### I. Introduction

1. Centre de Suivi Ecologique (CSE) is a national direct access entity located in Senegal. Its core activities include environmental monitoring, natural resources management and conducting environmental impact assessments. It has built partnerships at the local (subnational) and national levels, as well as with international donors, in order to develop climate change projects and programmes, particularly in the areas of environment, agriculture and livestock. One of its key activities has been improving the access of vulnerable populations and local stakeholders to information required in order to strengthen their resilience to and build capacity to adapt to climate change variability and impacts, such as droughts and desertification. Other activities include conducting economic analyses for areas that are particularly vulnerable to climate change and natural risks, thereby allowing for better adaptation project selection.

2. CSE was accredited by the Board on 26 March 2015 in decision B.09/07, paragraph (b), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of GCF:

- (a) **Access modality:** direct access, national. The accredited entity (AE) received a national designated authority or focal point nomination for its accreditation application from Senegal;
- (b) **Track:** fast track under the Adaptation Fund (AF);
- (c) **Maximum size of an individual project or activity within a programme:** micro;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (category C).<sup>3</sup>

3. CSE signed its accreditation master agreement (AMA) with GCF on 24 October 2015, which became effective on 28 March 2016. With the AMA having become effective, the AE's first accreditation term is from 28 March 2016 to 27 March 2021. Due to the coronavirus disease 19 (COVID-19) pandemic and in line with decision B.26/01, paragraph (h), the AE requested, and was issued, an extension in the deadline to submit its re-accreditation application to GCF from 27 December 2020 to 27 March 2021. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 25 March 2021. Accreditation fees were received from the applicant at the time of its initial accreditation application to GCF, during which the AE sought but had not been recommended for accreditation for the same criteria that it is seeking in its current upgrade application. Thus, the stage I institutional assessment and completeness check was launched following receipt of the application. Stage I was completed on 8 August

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

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

<sup>3</sup> As per annex I to decision B.07/02, 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."

2021 and the AE was progressed to the stage II (step 1) accreditation review by the AP, which has been concluded with the publication of this assessment.

4. The AE applied for an upgrade in its accreditation scope at the same time as its re-accreditation application for the following parameters under the fit-for-purpose accreditation approach of GCF. The changes as compared to its accreditation scope during the first accreditation term are below:

- (a) **Access modality:** direct access, national. The national designated authority or focal point nomination from Senegal for the AE's first accreditation term remains in effect for the re-accreditation application;
- (b) **Track:** fast track under the AF;
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>4</sup>
- (d) **Fiduciary functions:** no change; and
- (e) **Maximum environmental and social risk category:** medium risk (category B).<sup>5</sup>

## II. Stage I institutional assessment and completeness check

5. The AE was eligible for, and applied under, the fast track re-accreditation process as an AF entity. Its application has been assessed by the Secretariat during stage I in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06, B.12/30, B.14/09, B.15/09, B.17/13, B.18/05, B.19/14, B.22/09, B.23/13, B.24/11, B.26/01, B.29/05 and B.30/05, and in accordance with the GCF policies and standards to the extent applicable to accreditation below:

- (a) "Updated Strategic Plan for the Green Climate Fund: 2020–2023" (decision B.27/06);
- (b) "Matters related to the accreditation framework" and "Consideration of accreditation proposals, including consideration of the reaccreditation deadline" regarding the reaccreditation process (decisions B.24/13, para. (a), and B.26/01, para. (h), respectively);
- (c) "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);
- (d) "Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach" (decision B.08/02);
- (e) "Policy on Prohibited Practices" (decision B.22/19);
- (f) "Anti-Money Laundering and Countering the Financing of Terrorism Policy" (AML/CFT Policy) (decision B.18/10);
- (g) "Policy on the Protection of Whistleblowers and Witnesses" (decision B.BM-2018/21);

<sup>4</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 GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

<sup>5</sup> As per the Environmental and Social Policy adopted in decision B.19/10, category B is defined as "Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures," and intermediation 3 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 impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented."

- (h) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (i) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

6. Based on the discussions with the Secretariat on the AE’s performance during the first accreditation term, the AE suspended its upgrade application for the accreditation scope indicated in paragraph 4 above until (i) the relevant track record is available; and (ii) improvement of performance of its approved GCF project “Increasing the resilience of ecosystems and communities through the restoration of the productive bases of salinized lands” (FP003) is demonstrated.

## 2.1 Legal status, registration, permits and licences

7. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that there had been no change in its legal status or licences to operate since the original accreditation application.

8. As indicated in paragraph 3 above, the AE and GCF entered into the AMA for the AE’s first accreditation term from 28 March 2016 (date of AMA effectiveness) to 27 March 2021. With the deadline for the re-accreditation application submission having been extended until the end of the accreditation term at the request of the AE, the AE’s accreditation term has lapsed as of 27 March 2021 since its re-accreditation application was submitted at the end of the first accreditation term. As the AE has sought re-accreditation prior to the end of its first accreditation term, it shall remain designated as an AE during the period between its first and, if re-accredited and having a signed and effective amended and restated AMA, second accreditation terms.

9. Once re-accredited, the AE’s AMA would need to be amended and restated to account for the re-accreditation decision and any conditions of re-accreditation based on the AP’s assessment of the AE against the GCF standards and policies listed in paragraph 31 below, as well as reflect the GCF policies and standards adopted by the Board that have become effective since the agreement between the GCF and the AE of the AMA for its first accreditation term.

10. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on amending and restating the AMA to account for new GCF policies that have become effective after the agreement between GCF and AE of the AMA for the first accreditation term and that it will put in the necessary resources to review the draft amended and restated AMA.

## 2.2 Accredited entity performance in contributing to GCF programming results

### 2.2.1. Approved GCF projects under implementation and national designated authority participatory monitoring

11. Implementation experience under the funded activities portfolio is limited as there is only project - FP003, and which entered into effectiveness in February 2020 and received its first disbursement in May 2020. Implementation thus far has focused on project start-up activities, albeit with some delays due to the coronavirus pandemic.

12. **CSE as a delivery partner for the GCF Readiness and Preparatory Support Programme (Readiness Programme):** In addition to its role as an AE, CSE is a delivery

partner for the Readiness Programme. The implementation of the readiness portfolio is generally satisfactory, though the portfolio is characterized by time extensions. Seven out of eight grants have received extensions due to delays related to procurement processes, implementation delays, revision of reports to meet compliance and/or quality standards, etc. In several instances, CSE has required extensive guidance from the Secretariat on the legal terms and conditions of the readiness grants under their purview. Three readiness grants have also received blanket six-month COVID-19 no-cost extensions.

13. Overall, across both the funded activity and readiness portfolios, CSE has had difficulties in meeting reporting timelines stipulated in the funding agreements. Under the funded activity, the first annual progress reports (APR) for FP003 was submitted in 2021, with a delay of two months. The inception report, due by August 2020, was submitted in April 2021, that is with a delay of eight months.

14. The quality of reporting under the readiness portfolio is generally satisfactory, however reporting by the AE is often delayed, with 90 per cent of reports submitted late. Interim progress reports, completion reports and audited financial statements have an average delay of 10 months. Approximately half of the reports (48 per cent) have been submitted with significant delays of over 60 days.

#### 2.2.2. **Inclusion of the work programme in the country programme, concept notes, funding proposals and Project Preparation Facility requests**

15. **Country programme/entity work programme:** Per the current Country Programming guidelines, only accredited regional direct access entities and international access entities are to develop an entity work programme. As a national direct access entity, the CSE engagement plan with GCF is incorporated in Senegal's country programme.

16. CSE's expertise is well aligned with four of six of the axes that Senegal's country programme is formulated around, namely (i) strengthening resilience of vulnerable communities; (ii) resilience of infrastructure, habitats and natural ecosystems; (iii) sustainable land use and forest management; and (iv) capacity-building on the institutional framework. The country also wants to leverage the entity's experience to improve engagement of local communities in climate action.

17. The first of the two direct access accredited entities from Senegal, CSE remains an important contributor to the action on climate, and the country plans, through the Readiness Programme to build up the entity's capacity in the areas of monitoring and evaluation and of project development.

18. The planned engagement for CSE covers the GCF result areas of forest and land use, health, food and water security, livelihoods of people and communities, and ecosystems and ecosystem services.

19. The country programme presented to GCF in 2019 included two projects to be submitted by CSE focusing on agroforestry and resilience of coastal communities. The country will update its nationally determined contribution (NDC) by 2022 and plans to identify additional projects CSE will develop and submit to GCF in the upcoming second replenishment period of the GCF.

20. The current CSE pipeline includes five projects at various stages of the project cycle. The pipeline is made up of one SAP funding proposal, two concept notes and two simplified approval process (SAP) concept notes. These projects are all themed around smart agroforestry and communities' resilience. The entity has also submitted a Project Preparation Facility (PPF) proposal for eco-agricultural business solutions for Senegal model forests.

21. **Concept notes/funding proposals:** CSE currently has five projects in the pipeline: one funding proposal and four concept notes. The five projects focus primarily on the result areas of

forests and land use; livelihoods of people and communities; health, food, and water security; and ecosystems and ecosystem services. The main project interventions across these result areas concentrate on increasing resilience of farming systems through, for example, agroforestry systems, diversifying farming and cropping systems, and strong community participation and ownership. All projects use grants as a financial mechanism with co-financing available amounting up to approximately USD 300,000 in one project, with the other projects having no or minor co-financing.

22. The original concept notes showed innovative ideas in general, but lacked overall quality in project structure, narrative, climate rationale and design, and required additional resubmissions and support. The response time in addressing Secretariat reviews has been significant. Several of the projects have shown good progress after being resubmitted, but additional rounds of reviews were still required. PPF has been used in some cases and proven very effective and supportive for CSE.

### **2.2.3. Risk flags incurred by the projects, accredited entity or country during the first accreditation term**

23. Despite progress on the design and structure on some of the concept notes, the response time from GCF review to resubmission has remained significant, averaging close to two years. More targeted support from GCF on a more frequent basis would facilitate CSE's resubmission and update of the concept notes and funding proposals.

24. There is no change reported on the minimal environmental and social risks and impacts (category C) as identified during approval and arising from the implementation of the only approved funding proposal (FP003) by the AE. While a preliminary environmental and social management plan (ESMP) has been prepared, the AE has reported that it will update the ESMP prior to the start of the works. No grievance has been received yet and the AE, together with the executing entity, will work on establishing a project-level grievance mechanism. Field missions have been undertaken to engage in consultations and dialogue with its stakeholders and to identify their key roles during project implementation.

25. The project the AE submitted was approved with a condition precedent to second disbursement on gender which is "Delivery to GCF by the accredited entity of a gender assessment and a project-specific gender action plan". This renders the project gender-blind and continues to be so until the documents are submitted and implementation of the gender action plan actually starts. The submission is expected, as per the latest APR, prior to second disbursement. Providing an assessment without demonstrated intervention is therefore a challenge.

## **2.3 Overall portfolio of activities of the accredited entity beyond those funded by GCF**

26. As per the Strategic Plan for the GCF 2020–2023 (2020–2023 Strategic Plan), the re-accreditation process, and the monitoring and accountability framework, the Secretariat and the AP are requested to provide an assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

27. The AE provided the following information in its re-accreditation application with regard to guiding questions in the GCF methodology for establishing a baseline of greenhouse gas (GHG) emissions and climate resilience for the portfolio of AEs:<sup>6</sup>
- (a) Guiding question 1: Has the AE established policies or commitments in the short, medium or long-term regarding investment in climate change projects?
    - (i) The AE supports the State of Senegal in the operationalization of its policies and strategies on climate change. In addition, CSE is an active member of the Senegalese National Climate Change Committee. As such, CSE staff contribute to the elaboration and execution of national policies including its national communications, national adaptation programme of action, NDC, national adaptation plan, etc. The AE has provided its Strategic Plan for 2020–2024, which includes the provision of vulnerability assessment services and its partnership with GCF; and
    - (ii) The AE confirmed that it has not invested in any fossil fuel portfolio and does not intend to. Accordingly, the current portfolio of the AE does not have carbon-intensive projects;
  - (b) Guiding question 2: Does the AE receive resources from third parties for the financing of climate projects?
    - (i) Twenty-seven projects out a total of 32 in the CSE project portfolio are climate-related, representing 84.3 per cent of the portfolio in number and 96 per cent (USD 19,157,259) of the portfolio in financial value. One project funded by the GCF, consisting of the restoration of salinized lands, corresponds to a 40.82 per cent share in the overall project portfolio; and
    - (ii) The AE also provided specific information at the project level, including the number of beneficiaries (individuals) whose resilience to climate change has been improved through CSE-supported projects; the extent of adoption of climate-resilient technologies/practices in climate-related projects across the portfolio; area of ecosystems/natural assets that have been made more resilient to climate change in climate-related projects across the portfolio; and hectares receiving investment for climate-resilient agriculture management practices in climate-related projects across the portfolio;
  - (c) Guiding question 3: Does the AE calculate and reduce its GHG emissions?
    - (i) Regarding experience with calculating and tracking the GHG emissions of its portfolio, the AE does not have an institutional-level carbon footprint available. The CSE indicated that such provision can be included when updating its environmental and social policy. The AE reported no experience with calculating and tracking GHG emissions in its portfolio; and
    - (ii) At the project level, the AE is involved with several projects which are deploying GHG measurement and mitigation, including soil carbon sequestration, carbon biogeochemical modelling, and estimation of above and below-ground carbon through various periods including past, present and future. Supporting documents were made available, including GHG calculations for the “Upscaling ‘Naatangué’ integrated family and village farms for a resilient agriculture” project, which involves resilient agriculture in Senegal.
  - (d) Guiding question 4: Does the AE evaluate the climate risks of its portfolio?

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<sup>6</sup> Document GCF/B.28/11/Add.02.

- (i) The AE indicated that 32 per cent of its portfolio (equivalent to 10 projects) currently has investments in climate change vulnerability assessments. During project development, CSE carries out an assessment of the risks and impacts of climate change under the risk management section of the project proposals. These same risks are assessed during the implementation of the project and are reported in the periodic reports (annual, semi-annual); and
  - (ii) Also, the AE has provided its Strategic Plan for 2020–2024, which briefly mentions opportunities relating to the provision of vulnerability assessment services by the AE as well as its partnership with GCF;
- (e) Guiding question 5: What are the main sectors of activity of the AE?
- (i) The AE indicated that the main sectors in which it has invested in climate change are health, agriculture and fisheries;
- (f) Guiding question 6: Is the AE investing in mitigation projects/operations?
- (i) CSE has indicated in its application for its first accreditation term the intention to pursue both mitigation and adaptation projects. Currently, 100 per cent of its portfolio focuses on climate change adaptation, and CSE has no plans to invest in mitigation projects/operations; and
- (g) Guiding question 7: Is the AE investing in adaptation projects/operations?
- (i) The AE provided information on the amount of investments in climate-resilient projects; also, it has indicated that 100 per cent of its portfolio is related to climate change adaptation. Approximately 26,000 people have benefited from climate resilience initiatives funded by CSE through 27 projects.
28. Based on the information presented by the AE and analysed as part of the re-accreditation assessment, the AP notes the following:
- (a) The past five years have seen the AE grow in stature and gradually become a reference in Senegal known for financing adaptation solutions as a national direct access entity whose strategy to address climate change is embedded in Senegal’s country programme;
  - (b) The strategic plan of the AE aligns with the GCF mandate and objectives and the 2020–2023 Strategic Plan to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty;
  - (c) As stated under guiding question 1 above, the AE has never been involved in fossil fuel financing in the past; and
  - (d) As stated under guiding question 2 above, climate change projects make up 96 per cent of the current funding portfolio of the AE.
29. The AP concludes that CSE aligns with the GCF mandate and objectives and with the 2020–2023 Strategic Plan. The CSE is a direct access entity from a least developed country and its areas of expertise and capabilities are mostly in the adaptation column, as is confirmed by the nature of its project pipeline. As a national direct access entity, its strategy to address climate change is embedded in Senegal’s country programme. The AP encourages the AE to establish a climate change policy for its portfolio, including principles and guidance on the assessment of the risks and impacts of climate change at the institutional level.
30. The AP considers that the evidence provided for the first accreditation term demonstrates the continuous positive trend of developing climate change adaptation, mitigation and cross-cutting activities. Both the strategy and the trend of activities are aligned with the GCF mandate and objectives.

### III. Stage II re-accreditation review assessment

31. At the time of the AP's assessment during stage II (step 1), the AE was undergoing the re-accreditation process with the AF, and its previous (second) accreditation term was from 31 March 2015 to 30 March 2020. While the AE is eligible for, and applied under, the fast-track accreditation process as an AF entity, it did not meet the prerequisite of confirming accreditation to AF prior to the AP's assessment. As such, its application has been assessed by the AP during stage II (step 1) against the standards of GCF to the extent applicable to accreditation under the normal track against:

- (a) The policies and standards of GCF identified in paragraph 5 (a)–(j) above; and
- (b) “Revised Environmental and Social Policy” (decision B.BM-2021/18).

32. As part of this assessment, the AP consulted the AE's website and third-party websites to complement the information provided in the application.

#### 3.1 Fiduciary standards

33. Basic fiduciary standards: key administrative and financial capacities

34. CSE did not have any conditions with regard to the basic fiduciary standards on key administrative and financial capacities recommended by the AP for the first accreditation term.

35. CSE's key administrative and financial capacities have evolved during its first accreditation term, with concerted efforts carried out by the management and staff of CSE with the support of the Readiness Programme to strengthen policies and procedures to meet the GCF accreditation standards related to fiduciary standards.

36. During the first accreditation term, no major governance or structural changes have occurred, and CSE's recent annual financial statements have received unqualified audit opinions. CSE renewed its engagement with its incumbent external audit firm.

37. The AE's Audit Committee has not met periodically according to its charter, and when it has met, it has focused on approving the AE's audited financial statements with less attention paid to internal audit and risk management. The AE has indicated that its Audit Committee plans to meet more regularly in future to take up its mandate to oversee CSE's independent internal audit function and to ensure the function operates to internationally accepted standards.

38. Concerning internal audit, in 2019 CSE introduced, with General Assembly (CSE Board) approval, an Internal Audit Charter and Internal Audit Manual that meet GCF standards. For more than five years, the AE has engaged the services of a consultant internal controller who produces value-adding reports and recommendations to management and the Board. However, the internal controller's work and reports, whilst accepted and used by management, are not independent internal audit reports and contain disclaimers in relation to international internal auditing standards. Implementing the Internal Audit Charter, including producing and approving annual internal audit plans and tracking the implementation of internal audit recommendations, will enable the AE to address this issue and demonstrate a clear link between policy and practice and establish a track record in this area.

39. During the accreditation period, a key governance enhancement and initiative was the introduction of a fit-for-purpose Code of Ethics and an Ethics Committee.

40. CSE's policy/procedure on risk management was reviewed and found to need strengthening to meet GCF fiduciary standards for risk assessment and risk management. In particular, the AE did not provide an institutional risk register to demonstrate its policy implementation.

41. The AE revised its procurement policies and procedures in 2019 and shared documentation to demonstrate its track record in project procurement in line with the GCF basic fiduciary standards on key administrative and financial capacities.

42. The AP finds that the AE's policies, procedures and capacity partially meet the basic fiduciary standards on key administrative and financial capacities. Furthermore, the AP finds that the AE's track record is insufficient. The relevant gaps are identified in paragraphs 36, 37 and 39 and are reflected by the corresponding conditions for re-accreditation in section 4.2.

### 3.1.1. Basic fiduciary standards: transparency and accountability

43. CSE has fulfilled and closed conditions with regard to the basic fiduciary standards on transparency and accountability recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.<sup>7</sup>

44. Regarding ethics, disclosure of conflicts of interest and preventing financial mismanagement, since accreditation CSE has introduced an ethics code and its Preventing and Combating Fraud and Corruption Policy, modelled on international best practice. The policy includes sections on whistleblowing, and the AE's website has a link to the policy and displays the email address for reporting suspected fraud and corruption.

45. The AE shared examples that demonstrate that policies are applied in practice to consultants, contractors and other relevant parties associated directly or indirectly with its general operations. Notwithstanding this, the AP noted that the Code of Ethics and Preventing and Combating Fraud and Corruption Policy, as they are currently written, only apply to employees. Key policies are appended to contracts, and the AE has indicated that it will ensure policies reflect best practice in this respect when they are reviewed and revised in the near future. In addition, the AE indicated to the AP that it has imminent plans to provide further awareness training to staff and stakeholders.

46. The AE's new Code of Ethics and recently chartered Ethics Committee are important initiatives and signs of CSE's maturing governance capacity and compliance. The AE indicated that the Ethics Committee met in December 2021, and the AP noted the AE's proactive steps to ensure meaningful implementation of this important policy and process.

47. Concerning disclosure of conflicts of interest, the AE's policy is robust; however, in terms of implementation, the AE was not able to share completed annual disclosure forms for General Assembly members and staff.

48. In its policy on Preventing and Combating Fraud and Corruption, CSE lists various methods by which the public can report cases of alleged/suspected fraud, corruption or other forms of misconduct. The full policy, which is available on the AE's website also includes information on the investigation process. Extracting and highlighting information from the policy on the investigation process to inform potential whistleblowers is highly encouraged by the AP.

49. Regarding CSE's investigative function, its internal audit function, according to its charter, is independently responsible for investigations. Because the AE has not received any recent reports of suspected fraud or wrongdoing, investigations have not taken place during its first accreditation period. The AE's policies and processes are in line with the GCF basic fiduciary standards on transparency and accountability related to the investigation function, and the AE is positioned to respond to and investigate any cases that may arise.

50. CSE's policies now include an Anti-Money Laundering and Counter Terrorism Financing Policy, which includes counterparty due diligence procedures. The AE shared examples of due diligence conducted on executing entities and indicated that its bankers are relied upon when it

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<sup>7</sup> Document GCF/B.15/16.

comes to tracing and monitoring electronic transfers to counterparties. The AE is establishing a track record in implementing its relatively new policy by conducting due diligence on all counterparties.

51. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the basic fiduciary standards on transparency and accountability, and to the extent applicable to accreditation, the GCF Policy on Prohibited Practices,<sup>8</sup> the GCF Policy on the Protection of Whistle-blowers and Witnesses,<sup>9</sup> and the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy.<sup>10</sup>

### 3.1.2. **Specialized fiduciary standard for project management**

52. CSE did not have any conditions with regard to specialized fiduciary standards for project management recommended by the AP for the first accreditation term.

53. In light of the AE's project management track record over the past five years, highlighted by the Secretariat in section 2.3 in particular in relation to reporting timeliness and quality, the AP reviewed several key areas of project management.

54. The AE is still establishing a track record in implementing GCF projects. FP003 commenced in 2020 and is now in its post-inception phase. In addition, several readiness support grants are underway.

55. The AP noted that CSE is taking initiatives to improve project management, including recently updating its project cycle management manual and promoting the professional development of technical staff in project management theory and practice. In addition, the AP noted further steps that the AE is taking in developing a communications and knowledge management plan for its current GCF project that will ensure disclosure of project evaluation reports and project results on its institutional website.

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

### 3.1.3. **Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

57. The AE did not apply for accreditation for this standard at this time.

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

58. The AE did not apply for accreditation for this standard at this time.

## 3.2 Environmental and social safeguards

59. CSE did not have any conditions with regard to the GCF interim environmental and social safeguards (ESS) standards recommended by the AP for the first accreditation term.

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

60. The CSE applied for re-accreditation against the minimal to low E&S risk category (category C), which, by definition, contains minimal to no environmental and/or social risks or

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<sup>8</sup> Decision B.22/19 and annex XIV thereto.

<sup>9</sup> Decision B.BM-2018/21 and annex I thereto.

<sup>10</sup> Decision B.18/10 and annex XIV thereto.

impacts. Commensurate with the fit-for-purpose accreditation approach and the nature of category C E&S risk, an E&S policy within an institutional environmental and social management system is not required for the category C level of risk. However, CSE does have an E&S policy, which has been adopted by its senior management in November 2014. CSE's E&S policy includes principles, objectives and standards to be implemented at the institutional level as well as at the project/programme level, safeguards, a project screening tool, and provisions on monitoring and reporting.

61. The CSE E&S policy covers 15 principles, including performance standards (PS) 1–8 plus others such as (i) equitable and equal access to natural resources and national data; (ii) viability of the action; (iii) climate change, (iv) soil conservation, (v) health, public safety and working conditions, (vi) human rights and (vii) sexual equality and women's empowerment. Regarding PS 7 (Indigenous People), CSE has integrated a principle related to local populations, which includes indigenous people, into its E&S manual (section 4.8 on principle 8 – local populations).

62. The Environment Assessment and Management Unit is responsible for the implementation of the E&S policy under the supervision of the Technical Director.

63. For projects and programmes funded by GCF, the AE has provided evidence on its track record consistent with the GCF interim ESS standards in their entirety insofar as it relates to the level of E&S risk they applied for.

64. The current portfolio of CSE does not contain carbon-intensive projects, and its current project portfolio is considered to be 96 per cent climate-related. The AE also confirmed that it has not invested in any fossil fuel portfolio since its accreditation by GCF.

65. The AP finds that the AE's environmental and social management system (ESMS), comprising the environmental and social policy and supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8.

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

66. Regarding E&S procedures, the AE has set up a framework for risk assessment and risk management at all stages of its project cycle. Guidelines, processes and procedures are described in CSE's E&S Policy Implementation Manual,<sup>11</sup> which was made effective in November 2017 and is available on the CSE website. This document provides for a process of screening projects against PS 1–8, categorizing, consulting with stakeholders managing projects throughout its life cycle. It also includes a checklist to screen prospective investment opportunities against the risk classifications of the International Finance Corporation PS. The AE's E&S assessment process demonstrates a greater degree of ESMS maturity than is required by the GCF interim ESS for the level of E&S risk in accordance with Category C that the AE is seeking re-accreditation for.

67. Suitable evidence relating to the E&S risks and impact identification has been provided, including a sample of environmental assessment and risk management reports for the Project to Support Local Small-Scale Irrigation (PAPIL). PAPIL is category C and aims at the development of lands starting from small-scale interventions to control of surface waters, with a view to ensuring food safety, in the regions of Fatick, Kédougou, Kolda and Tambacounda in Senegal.

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<sup>11</sup> Refer to <<http://docplayer.net/173834487-Cse-environmental-and-social-policy-implementation-manual.html>>.

68. The CSE has also provided evidence of its staff's technical skills and competency to perform assessments and risk management. The staff has the required capacities to conduct environmental impact assessment activities and implement/monitor the ESMP, in compliance with the criteria defined in Senegal's Environment Code.

69. The AP finds that the AE's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8.

### 3.2.3. Environmental and social management programme

70. The AE's E&S policy includes the description of the process for managing E&S risks and impacts that are identified during the risks and impacts assessment process.

71. The AE has established a project cycle management process with clear provisions on risk management, risk assessment and management of projects. The AE provided its operational manual titled CSE Adaptive Management of the Project Cycle (2014), which is currently being updated. The procedure on project management includes steps for managing E&S risks and impacts, developing monitoring indicators, and monitoring results.

72. The AE provided a sample of four (4) risk categorization reports as well as a monitoring table for the implementation of the E&S policy for E&S risk category B/I-2 in line with PS 1–8. The sample reports related to the following projects: (i) Climate Smart Agriculture to Promote Green Growth in Senegal, submitted by the Ministry of Agriculture and Rural Equipment; (ii) Upscaling "Naatangue" integrated family and village farms for a resilient agriculture; (iii) Strengthening Resilience to the Impacts of Climate Change; and (iv) Typha Combustible Construction West Africa. The AE's track record demonstrates a greater degree of ESMS maturity than is required by the GCF interim ESS for the level of E&S risk in accordance with category C that the AE is seeking accreditation against.

73. The AP finds that the AE's E&S management programme, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8.

### 3.2.4. Monitoring and review

74. Monitoring and review of projects with respect to E&S requirements is guided by CSE's Project Cycle Management Manual, which contains a monitoring and evaluation (M&E) framework. A system to monitor E&S performance in projects and programmes is in place.

75. The AE provided a sample project report with M&E results ('PAPIL project M&E final report'), which contains provisions for mitigation measures and related improvements at project level. The AE organizes regular field missions, including interviews with communities, extensions, local government units and local project staff, to ensure that relevant risk mitigation measures are implemented.

76. The AE provided a project performance report, including information on E&S, under risk category B. It has also provided two AE-wide biannual progress reports covering E&S matters since 2018.

77. The AE informed the AP that an external audit is planned after at least five years of operation of the ESMS; the first is scheduled for January 2022 and should lead to an update of the ESMS.

78. The AP finds that the AE's system of E&S-related monitoring and review fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the

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

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

79. The AE provided a stand-alone procedure on information disclosure, including principles, standards, exceptions, language, timeframe for responses, and implementation. This “Procedure for disclosure of information” is consistent with and sufficient to meet the GCF Information Disclosure Policy requirements for E&S risk categories B and C.

80. The CSE-Grievance Mechanism was established in 2017 as part of CSE’s Quality Management System. The CSE-Grievance Mechanism targets complaints relating to environmental and social harms as well as the partners’ satisfaction with the services provided by CSE. Therefore, any person, community or local government unit or partner wishing to complain about harms or prejudice arising from activities within the framework of projects or programmes executed by CSE can submit a claim to the Complaint Resolution Staff (CRS). The CSE-Grievance Mechanism is executed by the CRS, which consists of the coordinator of the CSE’s major programme “Environmental Assessment and Risk Management” and the quality manager. The AE has not yet appointed an independent observer of its CSE- Grievance Mechanism – however, the AE provided clarifications that the Direction de l’Environnement et des Etablissements Classés, a Senegalese governmental agency, can receive any complaint or grievance resulting from project or programme activities executed or implemented by CSE.

81. With regard to the CSE’s GRM, the AE has published its operational procedures on its website (both in French and in English) and it includes an outline of the complaints handling mechanism, timeframes and departments involved in the process. CSE has not received any complaints during its first accreditation period. It might be linked to the fact that there was no project-specific GRM implemented to date. The AE aims to include a GRM in its FP003 project funded by GCF and in any new GCF project/programme.

82. The AP finds that the AE’s system of external communications, consultations, information disclosure and GRM, supported by evidence of its track record, partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8. The relevant gaps identified in paragraphs 79 and 80 are reflected by the corresponding conditions for re-accreditation in section 4.2.

### 3.2.6. Organizational capacity and competency

83. The CSE organizational chart has been provided as well as the database of staff and focal points responsible for E&S matters. The structure indicates that the Environmental Assessment and Risk Management Program Coordinator has been appointed by the E&S Safeguard Focal Points and reports to the Technical Directorate under the General Management.

84. The AE indicated that there are eight designated permanent staff involved in the implementation of E&S requirements. Evidence that E&S staff are knowledgeable about PS 1–8, can screen and categorize funding proposals, and manage E&S risks and impacts throughout the project cycle has been provided. Therefore, the AE has competency within its structures to undertake the tasks associated with an ESMS dealing with minimal to no E&S risk (Category C).

85. The AP finds that the AE’s organizational capacity and competence to implement the ESMS, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8.

### 3.3 Gender

86. CSE has fulfilled and closed conditions with regard to gender recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.<sup>12</sup>

87. The AE adopted the first version of its Gender Policy in 2015, following a study on the gender gaps to be addressed. Since July 2020, it has an updated institutional-level Gender Policy in place. The Gender Policy and related commitments are set within the framework of the National Strategy for Gender Equity and Equality, which is the Government of Senegal's main instrument for the integration of gender issues into the country's development priorities. The Gender Policy is also consistent with international benchmarks on gender, such as the Convention on the Elimination of All Forms of Discrimination against Women, the United Nations Framework Convention on Climate Change, the Universal Declaration of Human Rights, the Declaration of the Heads of the State of the African Union for Gender Equality in Africa and the Sustainable Development Goals.

88. The newly adopted Gender Policy focuses on three main areas: governance, capacity-building and communication. Its key objectives are to: (a) introduce gender mainstreaming into the vision, policies, strategic directions and activities of CSE; (b) promote and develop the institutionalization of gender in the procedures and practices of the AE's different major programmes and service units; (c) ensure that the specific needs of women and men are identified and considered in the development, implementation, monitoring and evaluation of projects and programmes; and (d) put in place mechanisms to reduce gender disparities and inequalities among stakeholders, targeted beneficiaries and partners in the implementation of activities. The Gender Policy includes guidance on gender mainstreaming, comprising processes and tools for monitoring various phases of project preparation, appraisal and monitoring, including gender-disaggregated indicators.

89. The AE's E&S policy also acknowledges gender equality as an overarching objective of the organization and includes a section on equity and women rights with guidance on how to address gender-related risks. Furthermore, the AE also provides a non-discrimination policy statement guaranteeing equal rights, treatment and remuneration for the staff (men and women) and a declaration of commitment to gender equity and the development of its gender capacities.

90. The Gender Policy provides guidance for assessing gender impacts and improving gender performance at the project/programme level as well as at the institutional level. In addition, a guide was developed including process and procedures for the implementation of the gender-responsive approach at project/programme level, including through gender action plans.

91. Regarding the current organizational structure, the AE provided a decision by senior management, dating from February 2021, which approved the creation of a specialized gender unit in CSE's organizational structure. The gender unit was charged with the implementation and monitoring of the gender policy, including in relation to CSE's partnerships. The AE also provided information on the three members of its staff with competencies and responsibilities related to implementing the gender policy, including their respective CVs. Gender focal points have been designated amongst staff and they have attended various workshops on the application of gender equity. The AP concludes that the AE has suitable competencies and is currently in a position to implement the CSE Gender Policy.

92. The AE provided its updated track records in relation to the implementation of the Gender Policy, which included a gender assessment and action plan in the funding proposal submitted under the SAP titled "Upscaling 'Naatanguée' integrated family and village farms for a

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<sup>12</sup> Document GCF/B.15/16.

resilient agriculture” in Senegal, which is under GCF review, and two project assessment reports for the AF-funded resilience-building project in Senegal. The AP concludes that the AE demonstrates its ability to apply gender-sensitive approaches to climate change adaptation projects.

93. Examples of the AE’s gender-relevant knowledge products developed and disseminated to its staff and recipients/borrowers/clients have been provided, including workshop reports.
94. The AP finds that the AE’s gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the updated GCF Gender Policy to the extent applicable to accreditation.

## IV. Conclusions and recommendation

### 4.1 Conclusions

95. Following its assessment, the Secretariat concludes the following in relation to the application with respect to the potential to continue in the role of an AE and to support the mandate and objectives of GCF: the AE can continue to contribute to GCF in implementing its Updated Strategic Plan for 2020–2023 with respect to:

- (a) The alignment of the AE’s GCF portfolio and pipeline with the climate-related national priorities identified in Senegal’s country programme;
- (b) Enabling country ownership through the AE’s ability to channel GCF funding under the national direct access modality;
- (c) Contribution to the adaptation and mitigation balance in the GCF portfolio since the AE has the ability to implement adaptation projects; and
- (d) Supporting diversity in GCF result areas such as health, food and water security and livelihoods of people and communities.

96. Following its assessment, the AP concludes the following in relation to the application with respect to the AE’s ability to meet the GCF accreditation standards it is seeking re-accreditation and an upgrade in accreditation scope for:

- (a) The AE partially meets the requirements of the GCF basic fiduciary standards on key administrative and financial capacities and meets the GCF basic fiduciary standards on transparency and accountability, and to the extent applicable to accreditation, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy and the specialized fiduciary standard for project management. The relevant gaps in relation to basic fiduciary standards for key administrative and financial capacities are related to the functioning of the AE’s Audit Committee and independent internal audit function, as well as risk assessment and management, and are identified in paragraphs 36, 37 and 39. Said gaps are addressed by corresponding conditions in section 4.2 below;
- (b) The AE partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards in relation to minimal to no E&S risk (category C). The gaps relate to (i) appointing an independent observer to the GRM; and (ii) ensuring that a fully independent GRM will be established at the project-level, and are identified in paragraphs 79 and 80; and
- (c) The AE 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 to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change.

## 4.2 Recommendation on re-accreditation

97. The AP recommends, for consideration by the Board, CSE for re-accreditation for its second term as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** micro;
  - (ii) **Fiduciary functions:**
    - (1) Basic fiduciary standards; and
    - (2) Specialized fiduciary standard for project management; and
  - (iii) **Maximum environmental and social risk category:** minimal to no risk (category C<sup>13</sup>); and
- (b) **Conditions:** the AE 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 by the AE prior to the execution of the amended and restated AMA during stage III of the re-accreditation process:
    - (1) Delivery to GCF of evidence that an independent internal audit function, as described in the AE's Internal Audit Charter and Internal Audit Manual, has been operationalized, including:
      - a. An internal audit plan for 2022 approved by the Audit Committee; and
      - b. A report prepared for and reviewed by the AE's management and its Audit Committee on the status of implementation of the internal control recommendations issued by the Internal Controller up to 31 December 2021;
  - (ii) Condition to be met by the AE prior to the effectiveness of the amended and restated AMA during stage III of the re-accreditation process:
    - (1) Delivery to GCF of evidence that the AE has enacted an update to its institutional-level grievance redress mechanism (GRM) policy to create the position of an independent observer to the AE's institutional-level GRM;
  - (iii) Conditions to be met by the AE not later than 12 months after the date of the Board decision to re-accredit the AE:
    - (1) Delivery to GCF of (a) a revised Risk Management Policy and Procedure, which shall include procedures for assessing and managing risk; and (b) an up-to-date, institutional risk register in line with such policy or procedure; and

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<sup>13</sup> As per the Revised Environmental and Social Policy adopted in decision B.BM-2021/18, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts."

- (2) Delivery to GCF of the approved minutes of one Audit Committee meeting conducted in accordance with the Audit Committee Charter, which shall include the review by the Audit Committee of the AE's institutional-level risk register; and
- (iv) Condition to be met by the AE prior to the submission of the first funding proposal to the Board during the second accreditation term:
  - (1) Delivery to GCF of evidence of the establishment and operationalization of the project-level GRM for FP003.

98. The AE has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 96 above, and agrees to the recommendation.

### 4.3 Remarks

99. The AE's General Assembly and Audit Committee are encouraged to ensure clarity and amend its governance documents according to good practice to provide for a maximum tenure period for its external auditors (between five and seven years), with annual renewals within that period subject to documented performance.

100. The AE is already in the process of implementing a schedule for key policy reviews and revisions and in the process of rolling out further training for staff in fraud awareness, prevention and management. In addition, the AE is already taking steps to ensure stakeholders have summary information on how the AE's policies and processes operate in practice, by providing additional, accessible information on its website on its whistleblowing process, including anonymous reporting, whistle-blower protection and the investigation process that follows a report.

101. The AP encourages the AE to commission a fraud risk assessment and develop an action plan – either by its internal audit unit or another competent external body.

102. The AE is taking steps to ensure that all General Assembly members and staff complete annual conflict of interest disclosure statements as per the AE's policy.

103. The AE is already taking steps to develop a communication strategy and plan for its current GCF-funded project FP003, including optimizing the use of its website and other websites for communicating project results. It is also developing a knowledge management system.

104. The AE should continue developing its ESMS in order to support a potential future application for accreditation against medium E&S risk level (category B).