



GREEN
CLIMATE
FUND

Progress Report on Accreditation

GCF/B.08/Inf. 02

7 October 2014

Meeting of the Board

14-17 October 2014

Bridgetown, Barbados

Agenda item 6 (a)

I. Introduction and Background

1. In decision B.07/02 of May 2014, the Board requested the Secretariat to elaborate, under the guidance of the Accreditation Committee and the Accreditation Panel, the following:
 - (a) Guidelines for the operationalization of a fit-for-purpose accreditation approach that matches the nature, scale and risks of proposed activities to the application of the initial fiduciary standards and interim environmental and social safeguards (ESS); and
 - (b) A work programme on complementarity and coherence with the accreditation systems and processes of other relevant funds, as well as relevant private sector associations, in consultation with the Private Sector Advisory Group (PSAG) and relevant stakeholders;
2. The Board further requested the Secretariat to issue a progress report by September on the above two items.
3. This Progress Report sets out the steps that have been taken in response to the above request.

II. Process followed

4. The Secretariat consulted with staff members and accreditation panel members from a number of existing funds and institutions to understand and capture any lessons learned from their experiences of applying an accreditation process, as well as to understand in detail how their accreditation requirements compare to those of the Fund. The following institutions were consulted: Adaptation Fund (Secretariat and Accreditation Panel members); Global Environment Facility (Secretariat); and EuropeAid Development and Co-operation Directorate-General (EU DEVCO) (European Commission).
5. The Secretariat consulted with the Fund's Accreditation Committee (Committee) and the accreditation experts¹ in order to share its thinking and the lessons learned from other funds and institutions, and to receive guidance and input from the Committee and accreditation experts. The Committee and accreditation experts had four and five virtual meetings, respectively, between 21 May 2014 and 23 September 2014 in which various iterations of the Board document were reflected on and revised.
6. The Secretariat also held consultations with civil society and private sector observers to share its evolving thinking and solicit views and inputs.

III. Progress made on guidelines for the operationalization of a fit-for-purpose accreditation approach

7. In assessing conformity of an applicant institution with the Fund's initial fiduciary standards, the proposed guidelines on the operationalization of a fit-for-purpose accreditation will take into account the nature of the proposed activities, the scale of intended activities, and the type of institution. In assessing the capacities of an applicant institution to conform with the

¹ The Accreditation Committee nominated the four senior international experts to the Accreditation Panel. One objection to endorsement from the Board was received for the reason that the endorsement should be for all six members of the Accreditation Panel. Two additional senior international experts are in the process of being recruited. The process of nomination of the Accreditation Panel of six senior international experts by the Accreditation Committee and the endorsement by the Board is on-going.

Fund's interim ESS, the proposed guidelines will consider the categories of environmental and social risk of proposed activities.

8. A Board document on guidelines for the operationalization of a fit-for-purpose accreditation approach was prepared as requested and will be shared with the Board members before 23 September 2014.

IV. Progress made on a work programme on complementarity and coherence

9. Emphasis was placed on the assessment, including a gap analysis, of institutions accredited by other relevant funds and in line with the Fund's objectives against the interim ESS and initial fiduciary standards with recommendations on their potential accreditation or fast-tracking. This assessment is proposed to form the first component of the work programme on complementarity and coherence.

10. Through consultations with the other relevant funds (e.g. Adaptation Fund, GEF and EU DEVCO), it was determined that they were unable to disclose to the Fund fiduciary and ESS information of their accredited entities without their prior approval. Therefore, while the assessment was requested by the Board to be conducted on the basis of institutions accredited by other relevant funds, the approach was selected to be conducted at the fund level by comparing the Fund's initial fiduciary standards and interim ESS to the fiduciary and environmental and social standards of the other relevant Funds. This assessment and gap analysis is summarised in a Board paper that will be shared with Board members by 23 September 2014.

11. An identification of relevant private sector international best practice fiduciary principles or standards and ESS, and an assessment of gaps against the Fund's initial fiduciary standards and interim ESS has been commenced by the Secretariat, under the guidance of the Accreditation Committee and accreditation experts, in consultation with the Private Sector Advisory Group (PSAG). The Fund's accreditation process intends to accredit, among other entities, Financial Institutions (FIs) engaged in providing financial products and services to the private sector and consumers who may request for a line of credit, enter into risk-sharing or coverage agreements, or enter into other types of financial arrangements with the Fund in order to provide financial support for projects or programmes of activities. The Board paper will be shared with Board members by 23 September 2014.

12. Additional components of the work programme will be developed to ensure that there is complementarity and coherence with the accreditation systems and processes of other funds on an ongoing basis.
