

GREEN
CLIMATE
FUND

Consideration of Accreditation Proposals

GCF/B.09/04

6 March 2015

Meeting of the Board

24–26 March 2015

Songdo, Republic of Korea

Provisional agenda item 2*

* The agenda item number may change as the final sequence of items in the provisional agenda is confirmed by the Co-Chairs.

Recommended action by the Board

It is recommended that the Board:

- (a) Takes note of the information presented in document GCF/B.09/04 *Consideration of Accreditation Proposals*; and
- (b) Approves the draft decision presented in Annex I to this document.

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Consideration of Accreditation Proposals

I. General mandate

1. In decision B.08/02, paragraph (a), the Board recalled at its eighth meeting that all entities, including international, regional, national and subnational entities,¹ can apply for accreditation to the Green Climate Fund (the Fund).
2. The Board in decisions B.08/02, paragraph (d), and B.08/06, paragraph (b), requested the Secretariat to finalize the relevant accreditation application documents and open a call for submissions of accreditation applications from implementing entities and intermediaries within four weeks of the eighth meeting of the Board, and to use its best efforts to have applications ready for consideration and possible decision on accreditation by the Board at its ninth meeting.
3. The Board in decision B.08/03, paragraphs (e–g), agreed that the following entities are eligible to apply under the fast-track accreditation process:
 - (a) Global Environment Facility (GEF) ten existing Agencies² and Project Agencies,³ collectively known as GEF Partner Agencies,⁴ listed in decision B.08/03, Annex V, Table 1, and in full compliance with the GEF's minimum fiduciary standards and its minimum standards on environmental and social safeguards (ESS);
 - (b) Adaptation Fund (AF) national, regional and multilateral implementing entities, listed in decision B.08/03, Annex V, Tables 2–4, and in full compliance with the AF's fiduciary standards; and
 - (c) Directorate-General for Development and Cooperation – EuropeAid of the European Commission (EU DEVCO) National public-sector bodies or bodies governed by private law with a public-service mission and international organizations that have undergone EU institutional compliance assessments (six pillar assessments), listed in decision B.08/03, Annex V, Tables 5–6, and in full compliance with EU DEVCO's fiduciary standards.
4. In accordance with the same decision, the applying entity must address the gaps identified in this decision for the relevant fund(s) in their application for accreditation.
5. Furthermore, the Board in decision B.08/03, paragraph (i), recommended that those entities referred to in paragraphs (e–g) of the same decision apply for fast-track accreditation once the application process is open.

¹ Governing Instrument, paragraph 45.

² GEF Agency refers to any of the 10 institutions that were entitled to request and receive GEF resources directly from the GEF Trustee for the design and implementation of GEF-financed projects as of November 2010. Additional information may be found in GEF Council document GEF/C.39/7/Rev.2, available at http://www.thegef.org/gef/sites/thegef.org/files/documents/C.39.7.Rev_2_Broadening_the_GEF_Partnership.pdf.

³ GEF Project Agency refers to any of the institutions that the GEF has accredited to request and receive GEF resources directly from the GEF Trustee for the design and implementation of GEF-financed projects apart from the ten GEF Agencies. Additional information may be found in GEF Council document GEF/C.39/7/Rev.2, available at http://www.thegef.org/gef/sites/thegef.org/files/documents/C.39.7.Rev_2_Broadening_the_GEF_Partnership.pdf.

⁴ GEF Partner Agency: Any of the institutions eligible to request and receive GEF resources directly from the GEF Trustee for the design and implementation of GEF-financed projects. This category includes both the ten GEF Agencies and GEF Project Agencies. Additional information may be found in GEF Council document GEF/C.39/7/Rev.2, available at http://www.thegef.org/gef/sites/thegef.org/files/documents/C.39.7.Rev_2_Broadening_the_GEF_Partnership.pdf.

6. The Board in decision B.08/05, paragraph (c), invites institutions with a track record of engaging with the private sector, in particular those in areas that are relevant to the Fund's objectives, to apply for accreditation to the Fund.
7. The Board in decision B.08/06, paragraph (c), requested the Secretariat, recognizing that applications and supporting information will be initially submitted in English, to work on a way to allow for the submission of applications in other United Nations official languages with due consideration of the implications in terms of cost and complexity.
8. This document contains information on the operationalization of the accreditation process in its first cycle of accreditation and presents accreditation proposals based on the applications received to date for the Board's consideration.

II. Linkages with other documents

9. This document has actual or potential linkages with the following documents:
 - (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* (GCF/B.07/02);
 - (b) *Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach* (GCF/B.08/02);
 - (c) *Gender Policy and Action Plan* (GCF/B.09/10);
 - (d) *Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation* (GCF/B.08/03);
 - (e) *Relevant International Private Sector Best-Practice Fiduciary Principles and Standards and Environmental and Social Safeguards* (GCF/B.08/05);
 - (f) *Application Documents for Submissions of Applications for Accreditation* (GCF/B.08/06);
 - (g) *Policy on Fees for Accreditation* (GCF/B.08/04);
 - (h) *Legal and Formal Arrangements with Accredited Entities* (GCF/B.09/03);
 - (i) *Investment Framework* (GCF/B.07/06);
 - (j) *Initial Results Management Framework of the Fund* (GCF/B.07/04);
 - (k) *Further Development of the Initial Results Management Framework* (GCF/B.08/07);
 - (l) *Use of Other Financial Instruments* (GCF/B.08/12);
 - (m) *Private Sector Facility: Working with Local Private Entities, including Small and Medium-sized Enterprises* (GCF/B.09/12); and
 - (n) *Private Sector Facility: Potential Approaches to Mobilizing Funding at Scale* (GCF/B.09/11).

III. Background

10. Given the urgency and seriousness of climate change, the purpose of the Fund is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change.⁵ The Fund will contribute to the

⁵ Governing Instrument, paragraph 1.

achievement of the ultimate objective of the United Nations Framework Convention on Climate Change. In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries in order to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.⁶

11. The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.⁷

12. Access to Fund resources will be through national, regional and international implementing entities accredited by the Board. Recipient countries will determine the mode of access and both direct and international access modalities can be used simultaneously.⁸

13. An accreditation process has been developed in accordance with the Fund's guiding framework for accreditation as contained in Annex I to decision B.07/02.

14. The fit-for-purpose approach recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities. By enabling entities, including subnational, national and regional entities, to increase the scope of their activities as their capacity increases over time, should they wish to do so, the accreditation process will contribute to empowering developing countries.⁹

15. Climate change adaptation and mitigation projects and programmes undertaken by the Fund's accredited entities, including implementing entities and intermediaries, accredited to the Fund must be within the eight results areas of the Fund.¹⁰

IV. Accreditation and process

4.1 Process conception and development

16. The initial guiding framework for the Fund's accreditation process was adopted by the Board through decision B.07/02. The general objective of this guiding framework is to enable a coherent integration of the Fund's fiduciary principles and standards¹¹ and environmental and social safeguards¹² with the Fund's accreditation process and its related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it.

17. The Fund's accreditation process will be based on three main stages as follows:

- (a) Stage I: National designated authority (NDA) or focal point (FP) nomination for accreditation application (for entities applying under the direct access track) and institutional assessment and completeness check;
- (b) Stage II: Accreditation review and decision; and
- (c) Stage III: Final arrangements.

⁶ Governing Instrument, paragraph 2.

⁷ Governing Instrument, paragraph 31.

⁸ Governing Instrument, paragraph 45.

⁹ Annex I to decision B.08/03.

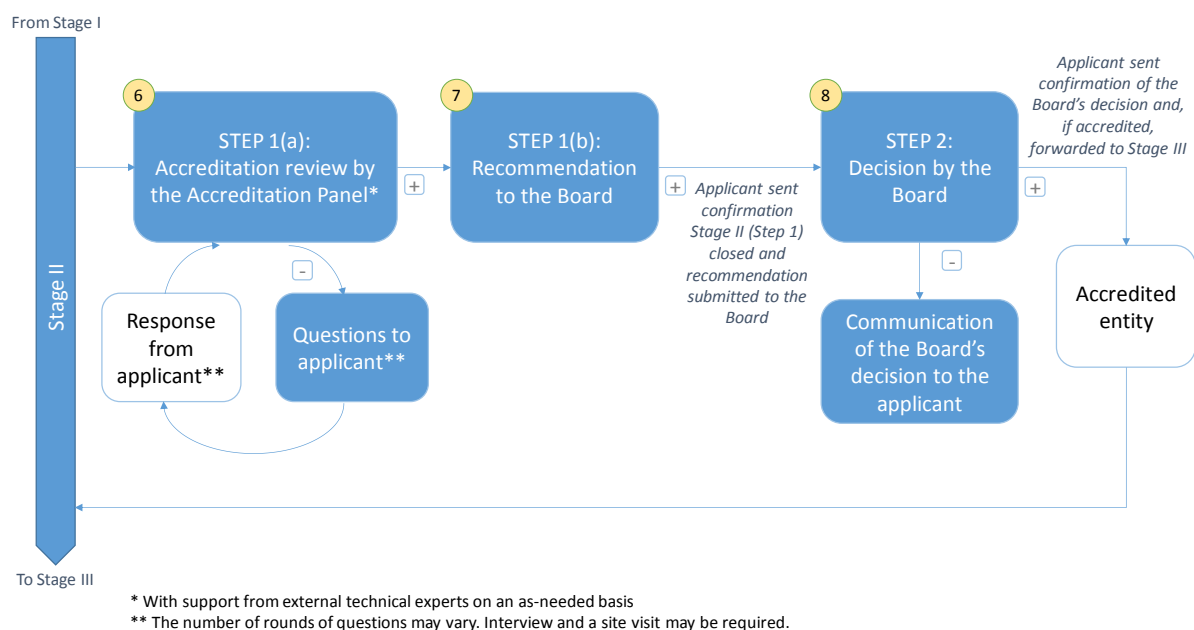
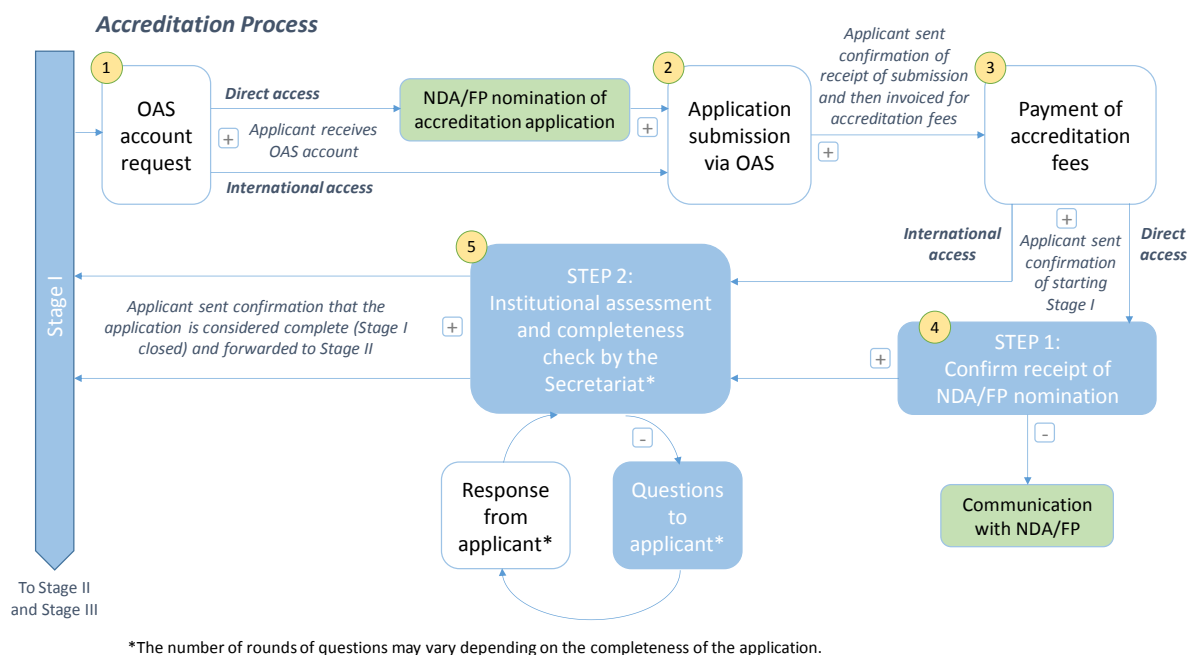
¹⁰ Document GCF/B.07/04.

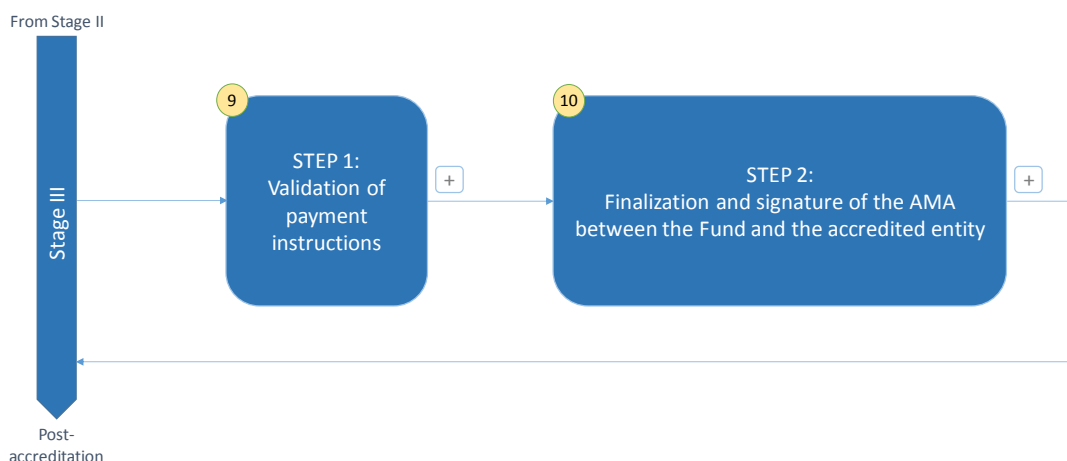
¹¹ Annex II to decision B.07/02.

¹² Annex III to decision B.07/02.

18. Decisions B.08/02, paragraph (d), and B.08/06, paragraph (b), requested the Secretariat to finalize the relevant accreditation application documents and to open a call for submissions of accreditation applications from implementing entities and intermediaries within four weeks of the eighth meeting of the Board, and to use its best efforts to have applications ready for consideration and possible decision on accreditation by the Board at its ninth meeting.

19. To implement this decision, the Secretariat has developed a process consistent with the guiding framework on accreditation, as per decision B.07/02, to receive and review applications as described in Figure 1 below. This process will ensure transparency and traceability for the applicants and the Board.





Post-accreditation Process

Project and programme funding proposal preparation, assessment and approval process as per the Fund's investment framework and results management framework

Abbreviations: AMA = accreditation master agreement, FP = focal point, NDA = national designated authority, OAS = Online Accreditation System

Figure 1: Accreditation process flow chart

20. In order to apply for accreditation to the Fund, an interested entity first requests for an Online Accreditation System (OAS)¹³ account that is unique to the entity.¹⁴ The OAS is a web-based portal through which entities submit documents in order to demonstrate that they have:
 - (a) Policies and procedures at the organizational level that meet the Fund's requirements regarding financial, environmental and social management; and
 - (b) A track record evidencing the implementation of those policies and procedures.
21. The applicant may apply under one of two tracks:¹⁵
 - (a) Direct access track (for subnational, national and regional applicant entities); or
 - (b) International access track (for international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions).
22. For institutions that apply under the direct access track, part of the accreditation application must be a nomination of the accreditation application from the NDA/FP.¹⁶ This step is not required for entities that apply under the international access track.
23. Following the submission of accreditation application by an applicant on the OAS, the applicant will receive an automated message from the system indicating that its application has

¹³ The OAS is available at <https://accreditation.gcfund.org>. The terms and conditions of its use, which may be amended from time to time, are available at http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Online_Accreditation_System_Terms_and_Conditions_v1.pdf. The OAS user's guide, which may be amended from time to time, is available at http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_OAS_User_s_Guide_v1.pdf.

¹⁴ Entities interested in applying for accreditation to the Fund may request an OAS account by following the instructions available at <http://www.gcfund.org/accreditation/applications.html>.

¹⁵ Decision B.07/02, Annex I. paragraph 27.

¹⁶ NDAs/FPs may use the template nomination letter for accreditation applications, which may be amended as required, available at http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Template_NDA_FP_nomination_letter_for_accreditation_v1.docx.

been submitted. The applicant will additionally be notified via e-mail by the Secretariat that the application has been submitted and that the applicant will be invoiced for accreditation fees to be paid in accordance with the Fund's policy on fees for accreditation to the Fund¹⁷ and the accreditation process, in particular Stage I (Step 2), Institutional assessment and completeness check; Stage II (Step 1), Accreditation review; and Stage II (Step 2), Board decision.

24. When an application enters into Stage I, the applicant will receive an automated message from the OAS indicating that Stage I has started. The applicant may also log into the OAS and view the status of its application.

25. Stage I (Step 2), Institutional assessment and completeness check, will ensure that applications are properly submitted with all the necessary information, and that they comply with criteria such as legal status and mandate, institutional track record and alignment with the Fund's objectives and guiding principles. This step will look at:¹⁸

- (a) **Legal status:** The applicant entity has full legal capacity within the relevant jurisdiction that enables it to undertake the intended activities to be financed by the Fund and to become an accredited entity of the Fund;
- (b) **Registration, permits and licenses:** The applicant entity possesses all necessary, relevant and applicable registrations, permits or licences in good standing from national and/or international regulators or oversight bodies;
- (c) **Track record:** The applicant entity exhibits a consistent and positive track record in the context of its own institutional mandate, as well as in areas relevant to the Fund's objectives and initial results areas;
- (d) **Institutional presence and relevant networks:** The applicant is able to demonstrate the potential for meaningful impact in one or more of the Fund's initial results areas, and has at its disposal networks of relevant institutions and experts at the regional and national levels, as appropriate; and
- (e) **Readiness:** The applicant entity is able to describe succinctly how it meets the Fund's initial basic fiduciary standards and applicable initial specialized fiduciary standards, as well as to demonstrate that it has the capacity and commitment to implement the Fund's interim ESS.

26. For the purposes of assisting reviewers during Stage I (Step 2), a checklist has been developed and integrated into the workflow of the OAS. The standardized checklist of approximately 180 questions has been created to match the application form which has been developed in accordance with document GCF/B.08/06 *Application Documents for Submissions of Applications for Accreditation* as per decision B.08/06 and accounting for the items listed in paragraph 25 above.

27. If an application is found to be incomplete (e.g. the application submitted does not contain all of the necessary information required) or the applicant is found not to comply with the criteria identified in paragraph 25 above, questions will be communicated to the applicant by the Secretariat and the application will be reopened in the OAS to allow the applicant to provide the information requested. The applicant will also receive an automated message from the OAS indicating that Stage I is on hold and that further information is required. Once the applicant entity resubmits its application, it will receive an automated message from the OAS indicating that Stage I is continued. The applicant may also log onto the OAS and view the status

¹⁷ Decision B.08/04.

¹⁸ Decision B.07/02, Annex I, paragraphs 29 and 30.

of its application. The number of rounds of questions may vary depending on the completeness of the application.

28. If and when an application is identified as complete in Stage I (i.e. Stage I is closed), the applicant will receive an automated message from the OAS indicating that Stage I is closed and, if any questions were raised, evidence for closure of the questions raised is provided. The application is then forwarded to Stage 2 for review by the Accreditation Panel (the Panel). The applicant may also log into the OAS and view the status of its application.

29. Stage II (Step 1), Accreditation review, conducted by the Panel and by external technical experts supporting the Panel on an as-needed basis, will ascertain whether applicant entities meet the Fund's standards.¹⁹

30. The fit-for-purpose approach as adopted by the Board in decision B.08/02 is applied in the accreditation review. The guidelines for the operationalization of the fit-for-purpose accreditation approach set out how the Fund's fiduciary standards and interim ESS will be assessed through a fit-for-purpose accreditation process, and also set out the criteria that entities need to meet in order to demonstrate compliance so as to be accredited to access the Fund's resources.

31. For the purposes of assisting the Panel during Stage II, a checklist has been developed and integrated into the workflow of the OAS. The standardized checklist of approximately 260 questions has been developed against the application form which has been developed in accordance with document GCF B.08/06 *Application Documents for Submissions of Applications for Accreditation* as per decision B.08/06, including the Fund's standards.

32. If further information or clarification is required from the applicant in order for the Panel to ascertain whether the applicant meets the Fund's standards, questions from the Panel will be communicated to the applicant via the Secretariat and the application will be reopened in the OAS in order to allow the applicant to provide the information requested. The applicant will also receive an automated message from the OAS indicating that Stage II is on hold and that further information is required. Once the applicant entity resubmits its application, it will receive an automated message from the OAS indicating that Stage II is continued. The applicant may also log onto the OAS and view the status of its application. The number of rounds of questions may vary depending on the information requested and on the comprehensiveness of the information required for the Panel to make its determination.

33. Once the Panel has finalized its review of an application and determined its recommendations, the applicant will receive an automated message from the OAS indicating that Stage II, Accreditation review, is closed and, if any questions were raised, evidence for closure of the questions raised is provided. The application is then forwarded to Stage II (Step 2) for the Board's consideration. The applicant may also log into the OAS and view the status of its application.

34. Stage II (Step 2), Decision, is the step at which the Board will consider the recommendations of the Panel and make a decision on whether the applicant can be granted accreditation and move on to Stage III for final validation and legal arrangements.

35. The applicant may, at any time, enter into the OAS and view the status of its application.

¹⁹ Decision B.07/02.

4.2 Process implementation and communication

36. In the four weeks following the eighth Board meeting held in October 2014, the Secretariat:

- (a) Published an introduction to the accreditation process;²⁰
- (b) Finalized, in consultation with the Panel:
 - (i) The relevant accreditation application documents, including the application form, which has been operationalized on the OAS;
 - (ii) Guidance to applicants regarding the accreditation application form²¹ and fast-track accreditation;²² and
 - (iii) The checklists used in Stage I and Stage II (Step 1) assessment and review processes, which have been integrated into the workflow of the OAS;
- (c) Opened a call for applications on 17 November 2014, in accordance with decisions B.08/02, paragraph (d), and B.08/06, paragraph (b);
- (d) Launched the OAS on 17 November 2014;
- (e) Communicated, via a letter from the Secretariat, to entities listed in decision B.08/03 may be eligible to apply under the fast-track accreditation process; and
- (f) Invited International Development Finance Club members and Equator Principles Financial Institutions²³ to apply for accreditation to the Fund, in accordance with decision B.08/05, paragraph (c).

37. The Secretariat consulted the GEF secretariat and Adaptation Fund Secretariat to benefit from lessons learned from their experiences and has taken these lessons into consideration in the operationalization of the Fund's accreditation process. In addition to the regular consultations, members of the GEF and Adaptation Fund secretariats and accreditation panels joined the Fund's Secretariat and Accreditation Panel, in-person or virtually, in the accreditation workshop hosted on 8 and 9 February 2015 at the Fund's headquarters. The purpose of this workshop was to share experiences and knowledge on each fund's accreditation processes.

38. The OAS,²⁴ through which applications for accreditation are submitted, has been developed and was successfully launched on 17 November 2014. At the same time, a call for submissions of accreditation applications was opened on the Fund's website. The OAS has been structured so as to adapt the requirements to the particular accreditation track (fast track or normal) that an applicant wishes to follow. Entities eligible for the fast track will have to submit only the documentation addressing the gaps identified between the institution under which they are accredited and those of the Fund.

²⁰ Green Climate Fund, "Accreditation to the Green Climate Fund", November 2014. Available at http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Accreditation_Introduction_November_2014_final.pdf.

²¹ Green Climate Fund, "Accreditation application form" (version 1.0). Available at http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Accreditation_Application_form_v1_with_examples_of_supporting_documents.pdf.

²² Green Climate Fund, "Fast-track accreditation to the Green Climate Fund" (version 1.0). Available at http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Completing_a_fast-track_accreditation_application_v1.pdf.

²³ The International Development Finance Club includes 23 members, the list of which is available at <https://www.idfc.org/Who-We-Are/members.aspx>. There are 79 Equator Principles Financial Institutions, available at <http://equator-principles.com/index.php/members-reporting>.

²⁴ The Green Climate Fund Online Accreditation System is available at <https://accreditation.gcfund.org/>.

39. The OAS, as a web-based platform, not only allows applicants located globally to submit their applications and supporting documents, but it also allows application reviewers in Stage I (Step 2), Institutional assessment and completeness check, and Stage II (Step 1), Accreditation review, to conduct their assessments and reviews in the workflow of the OAS. Reviewers, including those at the Secretariat and the Accreditation Panel, are based in different locations globally and often located remotely in relation to the Fund's headquarters, and as such, utilization of a web-based platform allows for the application and the results of the assessments and reviews to be housed in one central location. The OAS additionally allows for the retention of the application, assessment and review results, which may be required when the accreditation of an applicant is reviewed every five years as per the guiding framework on accreditation.²⁵

40. As a part of a growing and learning organization, the Secretariat, in consultation with the Panel, will review and revise its application form guidance and checklists, as required, in order to allow for the sharing of knowledge generated about the application process and the Fund's standards, as well as to improve the accreditation process.

4.3 Post-Board decision on accreditation

41. Following the Board's decision on accreditation, the accredited entity (including implementing entities and intermediaries) will enter into Stage III, which includes validation and registration of the accredited entity's payment instructions and the finalization and signing of the accreditation master agreement (AMA) between the Fund and the accredited entity. The AMA shall set out the general terms and conditions of the services to be rendered by the entity for the Fund under its accreditation.²⁶

42. After concluding Stages I to III of the accreditation process, the accredited entity can then submit funding proposals for projects and programmes to the Fund. Funding proposals will need to meet the Fund's requirements as detailed in its investment framework²⁷ and results management framework.²⁸ At the proposal review stage, it will be verified that the specific project or programme is consistent with the Fund's interim ESS, specifically performance standard areas 2–8, as applicable to the project/programme.²⁹ Upon the Board's approval of a specific project or programme activity, the Fund and the accredited entity would thereafter enter into a concise project confirmation, a form of which shall be attached to the AMA, which sets out the specifics of the approved project or programme activity.³⁰ The accredited entity will then be able to proceed with the implementation of the project or programme.

4.4 Timeline

43. In accordance with Annex I to decision B.08/03, it is expected that the accreditation process will generally be completed within six months of submission of all the required documentation. It is expected that the fast-track accreditation process will generally be completed within three months of submission of all the required documentation.

²⁵ Decision B.08/02 and document GCF/B.08/45, Annex I, paragraph 22.

²⁶ Document GCF/B.09/03 to be considered by the Board.

²⁷ Decision B.07/06 and document GCF/B.07/11, Annex VIX.

²⁸ Decision B.07/04.

²⁹ Decision B.08/02 and document GCF/B.08/45, Annex I, paragraph 14.

³⁰ Document GCF/B.09/03 to be considered by the Board.

44. Closing Stage I and Stage II may require the Secretariat and the Panel to seek clarification and additional information from applicants retrospectively regarding their:

- (a) Policies and procedures at the organizational level that meet the Fund's requirements regarding financial, environmental and social management; and
- (b) Track record evidencing the implementation of those policies and procedures.

During this process, some applicants may adjust the project/programme activity size,³¹ fiduciary function³² and category of environmental and social risk³³ that they wish to apply for. These situations may impact the targeted timeframe.

4.5 Future accreditation cycles

45. Following the first cycle of the accreditation assessment and review process, the Secretariat and the Panel will discuss the lessons learned from the accreditation process to date with a view to improving and refining the operationalization of the accreditation framework for future accreditation cycles.

46. As a part of a learning organization, the Secretariat, in consultation with the Panel, will document the experience and knowledge it has already acquired and that it will continue to acquire as it continues its work in the accreditation of entities to the Fund.

V. Recommendations for accreditation

47. As at 4 March 2015, OAS accounts have been issued to 63 entities. Since the opening of the call for applications for accreditation and the launch of the OAS on 17 November 2014, a total of 41 applications for accreditation have been submitted on the system.

48. The submitted applications received to date reflect diversity in the geographic representation, type of activities to be undertaken using the Fund's resources if accreditation is granted, and type of accreditation being sought (fiduciary function, environmental and social risk category, and project/programme activity size). Of the submitted applications, 9 are national public entities, 5 are regional public entities, 8 are private sector entities and 19 are international public or non-profit organizations.

49. Of the applications submitted, seven applicants concluded Stage I and Stage II (Step 1). At its first meeting in Songdo, Republic of Korea, from 10 to 13 February 2015, the Panel concluded its recommendations on these applicants, as contained in Annexes II to VIII.

³¹ Refers to the four size categories of micro, small, medium and large, as defined in Annex I to decision B.08/02.

³² Refers to the basic fiduciary standards and specialized fiduciary standards as per decision B.07/02 and the types of financial instruments the applicant intends to deploy as per decision B.08/12. The specialized fiduciary standard[s?] for grant award and/or funding allocation mechanisms allow for an accredited entity to use the Fund's resources to deploy grants. The criteria contained within the specialized fiduciary standards for on-lending and/or blending allows for an accredited entity to use the Fund's resources in order to deploy loans, equity and/or guarantees.

³³ Refers to the scaled, risk-based approach to the application of the Fund's environmental and social safeguards as per decision B.07/02.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.09/04 *Consideration of Accreditation Proposals*:

- (a) Takes note with appreciation of the in-depth assessment conducted by the Accreditation Panel contained within the relevant annexes for the following applicants:
 - (i) Applicant 001 (APL001), as contained in Annex II;
 - (ii) Applicant 002 (APL002), as contained in Annex III;
 - (iii) Applicant 003 (APL003), as contained in Annex IV;
 - (iv) Applicant 004 (APL004), as contained in Annex V;
 - (v) Applicant 005 (APL005), as contained in Annex VI;
 - (vi) Applicant 006 (APL006), as contained in Annex VII; and
 - (vii) Applicant 007 (APL007), as contained in Annex VIII.
- (b) Accredits APL001, APL002, APL003, APL004, APL005, APL006 and APL007, pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicant entities.

Annex II: Accreditation assessment of Applicant 001 (APL001)

I. Introduction

1. Applicant 001 (APL001) is a national entity located in a least developed country (LDC) in Africa whose 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 to 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. The applicant indicates that accreditation to the Green Climate Fund (the Fund) is an opportunity for it to continue developing and delivering climate change adaptation projects and programmes at the national and subnational levels, and in the process build its capacity as an organization to serve more regions.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 2 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded. The applicant has applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** Direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standard; and
 - (ii) Specialized fiduciary standard for project management;
- (e) **Environmental and social (E&S) risk category:** Minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as an accredited entity of the Adaptation Fund. Its application has been assessed against the Fund's standards by the Accreditation Panel (the Panel) in accordance with the requirements and gaps identified in decision B.08/03.

¹ As per Annex I to decision B.08/03, "micro" is defined as: "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per Annex I to decision B.07/02, 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".

4. The applicant has recently begun to formulate and implement adaptation projects, such as disaster risk reduction and flood protection, which may involve E&S risks to varying degrees and impacts of various forms.

5. In the implementation of these projects the applicant has demonstrated a substantial degree of competency and capacity to address the accreditation requirements of the Fund.

2.1 Fiduciary standards

2.1.1 Section 4.1: Basic fiduciary standard: Key administrative and financial capacities

6. As APL001 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the basic fiduciary standard concerning key administrative and financial capacities in Section 4.1 is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standard: Transparency and accountability

7. As an entity eligible for, and which applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.2 with the exception of Item 4.2.4, Investigation function, was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund.

8. The basic fiduciary standard concerning transparency and accountability in Section 4.2 for items other than Item 4.2.4 is considered to have been met by way of fast-track accreditation.

9. Regarding Item 4.2.4, the applicant in its application listed various methods by which the public can report cases of alleged/suspected fraud, corruption or other forms of misconduct for investigation on its website, thereby demonstrating a degree of compliance with the Standard. There have been no cases of an investigative nature reported over the past three years.

10. In order to ensure that the applicant meets the basic fiduciary standard concerning transparency and accountability fully, publication in a suitable form and location of a general-purpose “investigations guide” for the reporting and investigation of alleged or suspected fraudulent and corrupt practices, should be set as a condition to be undertaken by the applicant.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

11. As APL001 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 5.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the specialized fiduciary standard for project management in Section 5.1 is considered to have been met by way of fast-track accreditation.

12. It should be noted that the applicant in its application has, through its experience in managing a grant-funded project under the Adaptation Fund, established an initial track record and demonstrated the capacity to manage activities at a scale within the Fund’s micro size category.

2.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

13. The applicant did not apply for assessment against this standard at this time.

2.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

14. The applicant did not apply for assessment against this standard at this time.

2.2 Environmental and social safeguards

15. The applicant specializes in the production and dissemination of data and information on the environment and natural resources, which is obtained through monitoring. In addition, it carries out or supports environmental and social impact assessments, disaster management, early warning systems and capacity-building. These types of activities result typically in minimal or no adverse environmental and/or social impacts. In terms of track record, it is noted that the applicant has recently begun to formulate and implement adaptation projects at a scale within the Fund's micro size, which could be qualified as Category B (medium environmental and/or social risks and impacts).

16. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category C/Intermediation 3 (I-3)), which by definition, contain minimal to no environmental and/or social risks or impacts. The environmental and social management system (ESMS) required for Category C/I-3 is modest and simple, and will not need all of the ESMS elements required for higher risk categories. The required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

2.2.1 **Section 6.1: Policy**

17. Commensurate with the fit-for-purpose accreditation approach and the nature of Category C/I-3 as being minimal to no environmental and social risk, an E&S policy within an institutional ESMS is not required for the Category C/I-3 level of risk. However, the applicant has an E&S policy that includes:

- (a) Principles, objectives and standards to be implemented at the institutional level, as well as at the project/programme level;
- (b) The identification of the responsible person(s) for implementing the policy; and
- (c) An overview of the E&S management system processes.

18. Moreover, for projects and programmes funded by the Fund, the applicant has provided a written commitment to abide by the Fund's interim environmental and social safeguards (ESS) in their entirety in so far as it relates to the level of E&S risk for which they are applying.

2.2.2 **Section 6.2: Identification of risks and impacts**

19. The applicant has demonstrated practical experience in screening and assessing risks and impacts, and has the technical skills and competency to do this. The E&S policy includes the requirement to first screen activities in order to determine if they have the potential to result in risks or impacts and if so, to conduct an environmental and social impact assessment. The policy is being further elaborated by the development of a detailed risks and impacts screening/identification procedure. As required by the Fund's interim ESS for Category C/I-3, this procedure should include guidance to staff on how the results of the screening translate into categorizing projects/programmes consistent with the Fund's E&S risk categories.

2.2.3 **Section 6.3: Management programme**

20. The applicant's E&S policy includes a process for managing risks and impacts that are identified during the risks and impacts assessment process. In addition, the procedure on project management includes steps for managing E&S risks and impacts, developing monitoring indicators and then monitoring the results.

21. This demonstrates a greater degree of ESMS maturity than is required by the Fund's interim ESS for the level of E&S risk in accordance with Category C/I-3 that the applicant is seeking accreditation against.

2.2.4 **Section 6.4: Organizational capacity and competency**

22. The applicant has staff with technical competency in a variety of E&S areas. In addition, it has access to a pool of associate experts, which can be called upon as needed.

2.2.5 **Section 6.5: Monitoring and review**

23. In November 2014, the applicant developed a monitoring and evaluation guide, which codifies existing practice and is linked to its project management procedure.

2.2.6 **Section 6.6: External communications**

24. A transparency policy dated November 2014 is available on the applicant's website.

2.3 Gender

25. The applicant's E&S policy acknowledges gender equality as an overarching objective of the organization.

2.3.1 **Section 7.1: Demonstration of competencies, policies and procedures to implement the Green Climate Fund's gender policy**

26. The applicant's E&S policy includes addressing gender equity and women's rights. The applicant is developing a gender policy this year. Recently gender focal points have been designated amongst staff, who have attended various workshops on the application of gender equity.

2.3.2 **Section 7.2: Demonstration of experience with gender and climate change**

27. Given its state of maturity, the applicant demonstrates an ability to apply gender-sensitive approaches to the climate change adaptation programmes that it has undertaken.

III. **Conclusions and recommendation**

3.1 Conclusions

28. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the Panel concludes as follows in relation to the application:

- (a) The applicant has, in a number of areas, advanced its capacity and procedures beyond the type of activities (size and E&S risk) for which it seeks accreditation. Based on the applicant's track record and plans to strengthen capacity in fiduciary and E&S

- management, it shows the potential to play an even larger role in climate change financing activities in the LDC in which it is located and operates, as well as – by sharing its knowledge and experiences in developing and implementing climate change financing activities – being a catalyst for other national entities in the African region;
- (b) APL001 substantially meets the requirements of the Fund’s basic fiduciary standard and fully meets the requirements of the specialized fiduciary standard for project management. In order to fully meet the Fund’s basic fiduciary standard relating to the investigation function for the purpose of transparency and accountability (Item 4.2.4 of the application for accreditation), the applicant is required to further develop its existing standard, to the satisfaction of the Panel, in the manner described in paragraphs 28 (b)(i-iv) below. The applicant currently has adequate investigative capacities which it can leverage in order to develop a formal investigation policy, within a short time period, which fully meets the Fund’s standard related to the investigation function. The requirements are:
- (i) Publishing on its website terms of reference that outline the purpose, authority and accountability of the function;
 - (ii) Ensuring the functional independence of the responsible officer;
 - (iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during and after the investigation process; and
 - (iv) Defining a process for periodically reporting case trends;
- (c) The applicant fully meets the requirements of the Fund’s interim ESS in relation to the minimal to no E&S risk (Category C/I-3). For some items, the applicant demonstrates a greater degree of ESMS maturity than is required by the Fund’s interim ESS for Category C/I-3 for which the applicant is seeking accreditation. The Panel recognizes that an effective ESMS is a dynamic and continuous process which should be appropriate to the nature and scale of the project/programme being financed, and commensurate with the associated level of E&S risks and impacts. It is recommended that the applicant seeks to deepen its knowledge of the Fund’s interim ESS while further developing its ESMS in order to support a potential future application for accreditation against medium E&S risk level Category B/I-2; and
- (d) While the applicant’s E&S policy addresses gender equity and women’s rights, it does not have a separate gender policy. The applicant demonstrates an ability to apply gender-sensitive approaches to climate change adaptation programmes that it has undertaken. It is required that the applicant:
- (i) Develop a gender policy; and
 - (ii) Obtain the competencies required in order to implement the policy.

3.2 Recommendation on accreditation

29. The Panel recommends, for consideration by the Board, the applicant APL001 for accreditation as follows:

- (a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Micro;⁴
 - (ii) **Fiduciary functions:**⁵
 - 1) Basic fiduciary standard; and
 - 2) Specialized fiduciary standard for project management;
 - (iii) **Environmental and social risk category:** Minimal to no risk (Category C/I-3);⁶
 - (b) **Conditions:**
 - (i) The applicant shall meet the requirements indicated in paragraphs 28 (b) (i – iv) and 28 (d) (i – ii) above prior to the first disbursement of finance by the Fund for an approved project/programme to be undertaken by the applicant. The applicant will be required to submit to the Panel, through the Secretariat, information on how it has addressed the condition. The Panel will thereafter assess whether the condition has been met. This assessment will be communicated by the Secretariat, on behalf of the Panel, to the Board.
30. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 29 above, and agrees to the recommendation.

3.3 Additional remarks

31. The applicant is encouraged to seek readiness and preparatory support to assist it with:
- (a) Meeting the condition identified in paragraph 29 (b) (i) above; and
 - (b) Undertaking the recommendation in paragraph 28 (c) above.

⁴ As per Annex I to decision B.08/03, “micro” is defined as: “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme”.

⁵ Decision B.07/02.

⁶ As per Annex I to decision B.07/02, Category C is defined as 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”.

Annex III: Accreditation assessment of Applicant 002 (APL002)

I. Introduction

1. Applicant 002 (APL002) is a national entity and an environmental fund located in a developing country in Latin America and the Caribbean. Its mandate is to provide stable and long-term funding as well as to develop and implement innovative strategies for conservation and management of protected areas. Its partnerships at local, national, and international levels with donors have allowed it to address climate change issues such as deforestation and forest degradation as well as to develop climate change projects and programmes, particularly in the areas of environment, agriculture and livestock. Such activities also involve ecosystem services and livelihood enhancement. The applicant seeks accreditation to the Green Climate Fund (the Fund) in order to continue developing and implementing climate change projects and programmes related to, *inter alia*, ecosystems services (watershed conservation); strengthening protected areas in order to reduce risks from extreme climate events; fostering biodiversity conservation mechanisms so as to facilitate climate change adaptation and mitigation; mitigating land degradation and desertification through initiatives of afforestation and reforestation; and promoting agro-biodiversity as a means of supporting climate change adaptation initiatives.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded. The applicant has applied to be accredited for the following parameters under the Green Climate Fund's fit-for-purpose approach:

- (a) **Access modality:** Direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic Fiduciary Standard; and
 - (ii) Specialized fiduciary standard for project management;
- (e) **Environmental and social (E&S) risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as an accredited entity of the Adaptation Fund. Its application has been assessed against the Fund's standards by the

¹ As per Annex I to decision B.08/03, "micro" is defined as: maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per Annex I to decision B.07/02, 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".

Accreditation Panel (the Panel) in accordance with the requirements and gaps identified in decision B.08/03.

2.1 Fiduciary standards

2.1.1 **Section 4.1: Basic fiduciary Standard: Key administrative and financial capacities**

4. As APL002 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the basic fiduciary standard concerning key administrative and financial capacities in Section 4.1 is considered to have been met by way of fast-track accreditation. It is noted that, in recent years, the applicant has implemented appropriate managerial and administrative processes and procedures, which have been developed in cooperation with the international development agencies from which it has received substantial financial and technical support.

2.1.2 **Section 4.2: Basic fiduciary standard: Transparency and accountability**

5. As an entity eligible for, and which applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.2 with the exception of Item 4.2.4, Investigation function, was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund.

6. The basic fiduciary standard concerning Transparency and Accountability in Section 4.2 for items other than Item 4.2.4 is considered to have been met by way of fast-track accreditation.

7. Regarding Item 4.2.4, the applicant provided ample evidence of its investigation function, established in a formal policy. This policy explicitly covers the preventive actions that are undertaken, as well as the process by which to initiate and undertake investigations should irregularities be suspected. The policy is contained in the applicant's operations manual and is published on its website. The policy grants the Executive Director, or the Director of Finance and Administration, the authority, when justified, to establish an independent committee in order to investigate a particular case. The actions to be undertaken, based on the results of the investigation, are clearly outlined in the policy. The investigation process can be initiated by irregularities detected through normal internal control and audit activities or by direct reports made by individuals, which can be received in person or via a web application that issues an e-mail directly to an audit committee member. The instructions and appropriate forms through which to log a complaint are published on the applicant's website. The applicant does not, however, prepare periodic reports on case trends. It is recommended that the applicant include in its investigation policy a process for reporting on trends with regards to its investigation function.

2.1.3 **Section 5.1: Specialized fiduciary standard for project management**

8. As APL002 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 5.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the specialized fiduciary standard for project management in Section 5.1 is considered to have been met by way of fast-track accreditation.

9. It should be noted that the applicant has a successful track record in project implementation. In the past 20 years, the applicant has raised in excess of US\$150 million

through over 50 grant agreements. Most of the projects and programmes financed through these agreements fall within the following types: land use, forestry, REDD-plus⁴, enhancing livelihoods, and improving the resilience of ecosystems services. The applicant has developed many of its projects with financial and technical assistance from international, multilateral and bilateral institutions.

2.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

10. The applicant did not apply for assessment against this standard at this time.

2.1.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

11. The applicant did not apply for assessment against this standard at this time.

2.2 Environmental and social safeguards

12. APL002 specializes in projects related to the protection of forest areas, ecosystem services and livelihood enhancement. The applicant emphasizes public awareness programs and capacity building of the civil society, as its strategy for successful and sustainable project implementation.

13. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category C/Intermediation 3 (I-3)) which by definition contains minimal to no environmental and/or social risks or impacts. The environmental and social management system (ESMS) required for Category C/I-3 is modest and simple, and will not need all of the ESMS elements required for higher risk categories. The required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

2.2.1 Section 6.1: Policy

14. Commensurate with the fit-for-purpose accreditation approach and the nature of Category C/I-3 as being minimal to no environmental and social risk, an E&S policy within an institutional ESMS is not required for the Category C/I-3 level of risk. Nevertheless, the applicant issued its environmental and social safeguards (ESS) policy in early 2015. The policy establishes a responsible body for ensuring compliance with these guidelines. However, as this operational policy is new, little evidence on its implementation was available.

2.2.2 Section 6.2: Identification of risks and impacts

15. The applicant has demonstrated practical experience in screening and assessing risks and impacts, and has the technical skills and competency to do this. The E&S policy includes the requirement to first screen activities in order to determine if they have the potential to result in risks or impacts and if so, to conduct an environmental and social impact assessment. The applicant has experience in categorizing E&S risks under several international and national standards, depending on the source of project funding. The applicant provided project

⁴ In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

examples, which indicate that the organization is capable of screening projects and programmes against risk categories.

2.2.3 **Section 6.3: Management programme**

16. The applicant's E&S policy includes a process for managing risks and impacts that are identified during the risks and impacts assessment process. In addition, this policy establishes organizational responsibilities and steps for managing E&S risks and impacts, developing monitoring indicators and then monitoring the results.

2.2.4 **Section 6.4: Organizational capacity and competency**

17. The applicant's experience in implementing projects in close collaboration with international, multilateral and bilateral institutions has provided the knowledge base required for the successful implementation of its ESS policy. The applicant has over 15 years of experience in implementing projects that include ESS. Additionally, an important component of the recent international assistance received by the applicant has been invested in developing its institutional capacity.

2.2.5 **Section 6.5: Monitoring and review**

18. The applicant has established a new unit for project and programme environmental and social monitoring. The E&S reporting requirements are included in the applicant's operating procedures, however improvements in the applicant's compliance with these requirements are recommended, such that the reports are recorded in verifiable documents.

2.2.6 **Section 6.6: External Communications**

19. The applicant's external communication policy is contained in its operations manual and the policy is implemented via its website. The website has specific links through which suggestions and comments can be posted, and a specific link through which reports of violations to the applicant's code of ethics can be reported. APL002 has not received any communication, as yet, through this channel.

2.3 Gender

2.3.1 **Section 7.1: Demonstration of competencies, policies and procedures to implement the Green Climate Fund's gender policy**

20. The applicant has a documented gender policy. The applicant has an experienced gender specialist at their disposal who is responsible for assuring compliance with the applicant's gender policy.

2.3.2 **Section 7.2: Demonstration of experience with gender and climate change**

21. The applicant has demonstrated its commitment to applying its gender policy to the projects and programmes that it implements and executes; in each of the major project examples provided, gender issues are dealt with and opportunities to address gender inequity through project implementation are set as project goals.

III. Conclusions and recommendation

3.1 Conclusions

22. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the Panel concludes as follows in relation to the application:

- (a) The applicant has, in a number of areas, advanced its capacity and procedures beyond the type of activities (size and E&S risk) for which it seeks accreditation. Based on the applicant's track record and plans to strengthen capacity in the fiduciary and E&S management, it shows the potential to play an even larger role in climate change financing activities in the developing country in which it is located and operates, as well as – by sharing its knowledge and experiences in developing and implementing climate change financing activities – being a catalyst for other national entities in the Latin American and Caribbean region;
- (b) APL002 substantially meets the requirements of the Fund's basic fiduciary standard and fully meets the requirements of the specialized fiduciary standard for project management. The applicant currently has adequate investigative capacities which it can leverage in order to develop a formal investigation policy, within a short time period, which fully meets the Fund's standard related to the investigation function. In order to fully meet the Fund's basic fiduciary standard related to this function, for the purpose of transparency and accountability (Item 4.2.4 of the application for accreditation), the applicant is required to further develop its existing process for the periodic reporting of case trends related to the function in the manner described in paragraph 22 (b)(i) below. The requirement is:
 - (i) To define and implement a process for periodically reporting case trends. In order to enhance accountability and transparency, case trend reports and other information are made available to senior business management and relevant business functions to the extent possible;
- (c) The applicant fully meets the requirements of the Fund's interim ESS in relation to the minimal to no E&S risk (Category C/I-3). For some items, the applicant demonstrates a greater degree of ESMS maturity than is required by an applicant seeking accreditation against this category. The Panel recognizes that an effective ESMS is a dynamic and continuous process which should be appropriate to the nature and scale of the project/programme being financed, and commensurate with the associated level of E&S risks and impacts. It is recommended that the applicant should seek to deepen its knowledge of the Fund's interim ESS while further implementing its new ESS policy in order to support a potential future application for accreditation against medium E&S risk level Category B/I-2. It is additionally recommended that the applicant strengthen its E&S reporting function; and
- (d) The applicant has demonstrated that it has competencies, policies and procedures by which to implement its gender policy, and has demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

23. The Panel recommends, for consideration by the Board, the applicant, APL002, for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Size of an individual project or activity within a programme:** Micro;⁵
 - (ii) **Fiduciary functions:**⁶
 - 1) Basic Fiduciary Standard; and
 - 2) Specialized Fiduciary Standard for Project Management;
 - (iii) **Environmental and social risk category:** Minimal to no risk (Category C/I-3);⁷
- (b) **Conditions:**
- (i) The applicant shall meet the requirement indicated in paragraph 22 (b) (i) above prior to the first disbursement of finance by the Fund for an approved project/programme to be undertaken by the applicant. The applicant will be required to submit to the Panel, through the Secretariat, information on how it has addressed the condition. The Panel will thereafter assess whether the condition has been met. This assessment will be communicated by the Secretariat, on behalf of the Panel, to the Board.

24. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 23 above, and agrees to the recommendation.

3.3 Additional remarks

25. The applicant is encouraged to seek readiness and preparatory support to assist it with:
- (a) Meeting the condition identified in paragraph 23 (b)(i) above; and
 - (b) Undertaking the recommendations in paragraph 22 (c) above.

⁵ As per Annex I to decision B.08/03, “micro” is defined as: “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme”.

⁶ Decision B.07/02.

⁷ As per Annex I to decision B.07/02, Category C is defined as 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”.

Annex IV: Accreditation assessment of Applicant 003 (APL003)

I. Introduction

1. Applicant 003 (APL003) is a regional entity located in the Asia-Pacific region focused on climate change and environmental issues affecting the small island developing States (SIDS) in which it operates. The applicant supports action on climate change in the key areas of adaptation, mitigation, policy and science. Key activities include: assisting SIDS to integrate climate change considerations into national planning and development processes; supporting and building capacity at the national and subnational levels through technical training on meteorological services, cost benefit analyses, vulnerability assessments and monitoring and evaluation; providing support to coordinate integrated adaptation measures; and implementing mitigation activities such as renewable energy projects (solar and biomass). The applicant intends to build upon its current experience and to focus on integrated approaches to addressing climate change, disaster risks as well as ecosystem based adaptation projects and programmes in SIDS. By becoming accredited to the Green Climate Fund (the Fund), the applicant will apply any funds towards SIDS-focused adaptation and mitigation projects and programmes, as well as building national capacity in order to address climate change.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 16 January 2015. Stage I, Institutional assessment and completeness check, and Stage II (Step 1), Accreditation review, were concluded. The applicant has applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** Direct access, regional. The applicant received a national designated authority or focal point nomination for its accreditation application;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Small;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management;
- (e) **Environmental and social (E&S) risk category:** Minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as an accredited entity of the Adaptation Fund. Its application has been assessed against the Fund's standards by the Accreditation Panel (the Panel) in accordance with the requirements and gaps identified in decision B.08/03.

¹ As per Annex I to decision B.08/03, "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)".

² Decision B.07/02.

³ 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".

2.1 Fiduciary standards

4. The applicant has demonstrated:

- (a) Competencies in project/programme appraisal, monitoring and evaluation; and
- (b) Significant experience in managing disbursements, predominantly in the form of grants specific to the donor-funded projects/programmes, to beneficiaries primarily in the Asia-Pacific region.

5. The applicant's track record in the above areas, including activities that promote climate change adaptation and mitigation objectives, has been developed in cooperation with a wide range of international (multilateral and bilateral) funding institutions. Against this track record, the applicant intends to establish its own set of grant management guidelines by June 2015. This reflects the applicant's emerging role as an implementing entity applying its own standards to all of its projects and programmes rather than those of different donors on a project-by-project basis.

2.1.1 Section 4.1: Basic fiduciary standard: Key administrative and financial capacities

6. As APL003 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the basic fiduciary standard concerning key administrative and financial capacities in Section 4.1 is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standard: Transparency and accountability

7. As an entity eligible for, and which applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.2 with the exception of Item 4.2.4, Investigation function, was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund.

8. The basic fiduciary standard concerning transparency and accountability in Section 4.2 for items other than Item 4.2.4 is considered to have been met by way of fast-track accreditation.

9. Regarding Item 4.2.4, the applicant provided, in its application, evidence which indicates that it meets the requirements of the basic fiduciary standards related to the investigation function. An internal investigations role is assigned to the internal auditor who is responsible for identifying, and/or responding to, allegations of fraud within the organization. A fraud manual articulates the terms of reference and operational procedures for the investigation function and has been published on the applicant's website.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

10. As APL003 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 5.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the specialized fiduciary standard for project management in Section 5.1 is considered to have been met by way of fast-track accreditation.

2.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

11. The applicant did not apply for assessment against this standard at this time.
12. The applicant is formalizing its systems and processes that support the management of funding received from donors and other funds which will be allocated as grants, and the methods by which it ensures accountability and due diligence in the allocation and disbursement of those funds as grants to beneficiaries. In this context, the applicant is developing grant management guidelines.

2.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

13. The applicant did not apply for assessment against this standard at this time.

2.2 Environmental and social safeguards

14. The applicant has demonstrated its experience in implementing the environmental and social safeguard requirements of the donor institutions that fund various projects and programmes. As with plans to enhance its fiduciary capacity, the applicant is also in the process of strengthening its capacity in order to address environmental and social safeguards at the institutional level. The applicant has developed an environmental and social management system (ESMS) and states that it will continue to build its capacity to plan for, and manage, the environmental and social risks and impacts of its work, and to reflect this through future iterations of its ESMS document.

15. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category C/Intermediation 3 (I-3)) which, by definition, contain minimal to no environmental and/or social risks or impacts. The ESMS required for Category C/I-3 is modest and simple, and will not need all of the ESMS elements required for higher risk categories. The required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

16. The Panel recognizes that the applicant has a developing capacity to evolve into undertaking Category B/I-2 projects and programmes.

2.2.1 **Section 6.1: Policy**

17. Commensurate with the fit-for-purpose accreditation approach and with the nature of Category C/I-3 as being minimal to no environmental and social risk, an E&S policy within an institutional ESMS is not required for the Category C/I-3 level of risk. However, the applicant has developed an E&S policy, which sets out the principles and standards of E&S management in organizational decision-making, programming and project management.

2.2.2 **Section 6.2: Identification of risks and impacts**

18. The ESMS describes a process of screening projects, and where the screening processes have identified the relevant laws and/or performance standard areas in accordance with the Fund's interim environmental and social safeguards (ESS) triggered by the project, a further, more in-depth risk and impact assessment is undertaken in order to better understand the risks and potential impacts involved. The scope of the assessment undertaken is commensurate with the nature and scale of the risk or impact involved. The risk management plan is being introduced for new projects; however, the applicant has demonstrated experience with risk

identification using risk categories of donor agencies that fund its projects/programmes. The new risk management plan recognizes the need to address both national E&S legal requirements, as well as best practice, tailored performance standards and risk categories of different potential donors/funding sources.

2.2.3 Section 6.3: Management programme

19. Based on the assessments undertaken, the applicant's project team then identifies, and integrates into project design documentation, mitigation, avoidance (or other) activities and/or measures to be implemented through the project. The applicant's ESMS includes a plan to assign roles and responsibilities in order to manage and oversee E&S issues during the project cycle. The project risk management plan also indicates the need for each project to develop a management strategy so as to address risk issues commensurate with the project's risk profile.

2.2.4 Section 6.4: Organizational capacity and competency

20. The applicant has provided an organizational chart that defines the roles and responsibilities of different teams/positions. However, the organizational and staff capacity is still developing and the applicant is currently receiving technical assistance in order to strengthen organizational and staff capacity so as to ensure its ability to implement the E&S policy and procedures.

2.2.5 Section 6.5: Monitoring and review

21. The applicant is in the process of improving its monitoring and evaluation framework, so as to allow for better reporting on the delivery of outcomes. It is expected that monitoring will include E&S performance as the ESMS is further developed.

2.2.6 Section 6.6: External communications

22. The applicant has appropriate channels for external communication with partners, beneficiaries and stakeholders. It has instituted a time-bound process in order to manage feedback, mainly for inquiries/complaints related to procurement and claims of fraudulent behaviour. It has plans to enhance the scope of the process so as to include E&S inquiries/complaints.

2.3 Gender

23. The applicant has an established gender policy, which includes a strategy for the integration of gender dimensions into its activities. The applicant also shows evidence of applying a gender-sensitive approach to climate change adaptation projects and programmes. Capacity for gender is dispersed among different staff. However, the applicant has developed a plan for gender capacity development throughout the organization.

2.3.1 Section 7.1: Demonstration of competencies, policies and procedures to implement the Fund's gender policy

24. A gender policy is in place, and competency to implement this policy is demonstrated by the applicant. The applicant currently has a gender focal point.

2.3.2 Section 7.2: Demonstration of experience with gender and climate change

25. The applicant has demonstrated experience in applying gender-sensitive approaches to climate change adaptation programmes. For example, the applicant has made reducing gender inequity a project/programme goal, and provided evidence in order to demonstrate this.

III. Conclusions and recommendation

3.1 Conclusions

26. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the Panel concludes as follows in relation to the application:
- (a) The applicant has, in a number of areas, advanced its capacity and procedures beyond the type of activities (size and E&S risk) for which it seeks accreditation. Based on the applicant's track record and plans to strengthen capacity in the fiduciary and E&S management fields by June 2015, it shows considerable potential for playing an even larger role in climate change financing activities in the Asia-Pacific region and for the SIDS in which it is located and operates;
 - (b) APL003 fully meets the requirements of the Fund's basic fiduciary standard and fully meets the requirements of the specialized fiduciary standard for project management. The applicant did not apply for accreditation against the specialized fiduciary standard for grant award and/or funding allocation mechanisms, however, it already partially meets this standard. The applicant is developing its grant management guidelines to be applied at the institutional level, and these guidelines will be relevant should the applicant choose to apply for the specialized fiduciary standard for grant award and/or funding allocation mechanisms. It is recommended that the applicant continue with its plans to formalize, institutionalize and implement its grant management guidelines in order to support a potential future application for accreditation against the specialized fiduciary standard for grant award and/or funding allocation mechanisms;
 - (c) The applicant fully meets the requirements of the Fund's interim ESS in relation to the minimal to no E&S risk (Category C/I-3). For some items, the applicant demonstrates a greater degree of ESMS maturity than is required by the Fund's interim ESS for Category C/I-3 against which the applicant is seeking accreditation. The Panel recognizes that an effective ESMS is a dynamic and continuous process which should be appropriate to the nature and scale of the project/programme being financed, and commensurate with the associated level of E&S risks and impacts. It is recommended that the applicant seeks to deepen its knowledge of the Fund's interim ESS while further developing its ESMS in order to support a potential future application for accreditation against medium E&S risk level Category B/I-2;
 - (d) The applicant has demonstrated that it has competencies, policies and procedures by which to implement its gender policy, and has demonstrated that it has experience with gender and climate change; and
 - (e) The applicant is encouraged to proceed with plans to formalize and institutionalize both its grant management guidelines and its ESMS, including its E&S risk categorization system throughout the organization and across the full range of its expanding activities, as well as within its partner executing agencies and beneficiaries, acting as a catalyst for change in the region.

3.2 Recommendation on accreditation

27. The Panel recommends, for consideration by the Board, the applicant APL003 for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Small⁴ (including micro);
- (ii) **Fiduciary functions:**⁵
 - 1) Basic fiduciary standards; and
 - 2) Specialized fiduciary standard for project management
- (iii) **Environmental and social risk category:** Minimal to no risk (Category C/I-3);⁶

(b) **Conditions:**

None.

28. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 27 above, and agrees to the recommendation.

3.3 Additional remarks

29. The applicant is encouraged to seek readiness and preparatory support to assist it with: Undertaking the recommendations in paragraph 26 (b–c) above.

⁴ As per Annex I to decision B.08/03, “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”.

⁵ Decision B.07/02.

⁶ 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”.

Annex V: Accreditation assessment of Applicant 004 (APL004)

I. Introduction

1. Applicant 004 (APL004) is an impact investment fund¹ with almost 15 years' experience in small and medium-sized enterprises (SMEs)² that serve low-income communities in developing countries primarily in Africa and the Asia-Pacific region. The applicant has a successful track record in sourcing and executing equity investment opportunities in the clean energy, agriculture and health-care sectors, which provide environmental and livelihood impacts. The results of its activities overlap with the results areas and impacts of the Green Climate Fund (the Fund) in the areas of reducing carbon dioxide emissions from energy efficient products (appliances); improvements in the livelihoods of vulnerable populations through the provision of improved agricultural inputs, services and information; and increased access to health-care products and services that treat diseases and conditions related to the negative effects of climate change and emissions from polluting fuels. The applicant's activities, for example, include the distribution of: solar lanterns, solar home systems, smoke-free cook stoves (energy) and formal financial services, such as providing home improvement micro loans for low-income women and families in developing countries in Africa and the Asia-Pacific region. Leveraging its well-established track record investing in companies via equity and loan instruments, the applicant seeks accreditation to the Fund as an opportunity to further assist more people in the low-income communities in which it operates.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 15 January 2015. Stage I, Institutional assessment and completeness check, and Stage II (Step 1), Accreditation review, were concluded. The applicant has applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** Direct access, regional. The applicant received a national designated authority or focal point nomination for its accreditation application;
- (b) **Track:** Normal;
- (c) **Size of project/activity within a programme:** Micro³
- (d) **Fiduciary functions:**⁴
 - (i) Basic fiduciary standard;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending;

¹ The Global Impact Investing Network defines Impact Investments as "investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return". Available at <http://www.thegiin.org/cgi-bin/iowa/resources/about/index.html>.

² International Finance Corporation, "Interpretation note on small and medium enterprises and environmental and social risk management", 1 January 2012. Available at http://www.ifc.org/wps/wcm/connect/de7d92804a29ffe9ae04af8969adcc27/InterpretationNote_SME_2012.pdf?MOD=AJPERES. The applicant is considered an SME as per the definition contained in this document.

³ As per Annex I to decision B.08/03, "micro" is defined as: "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme".

⁴ Decision B.07/02.

- (e) **Environmental and social (E&S) risk category:** Minimal to no risk
(Category C/Intermediation 3 (I-3)).⁵

II. Accreditation assessment

3. The applicant is seeking accreditation to the Fund to expand its support for local companies that are in their initial stages of development in a several developing countries, primarily in Africa and the Asia-Pacific region. Examples of its targeted investment sectors, which present minimal to low environmental and social risks and/or impacts, include the distribution of solar lanterns, solar home systems, smoke-free cook stoves (energy) and formal financial services, such as providing home improvement micro loans for low-income women and families in developing countries in Africa and the Asia-Pacific region. The applicant has a well-established track record investing in companies via equity and loan instruments. The average investment per company, made by the applicant, is between US\$ 1 and 3 million. The applicant's application was assessed against the Fund's standards by the Accreditation Panel (the Panel) in accordance with the standards it has applied for accreditation since the applicant has applied under the normal track.

2.1 Fiduciary standards

2.1.1 Section 4.1: Basic fiduciary standard: Key administrative and financial capacities

4. The applicant has a well-established financial management system, which demonstrates and assures that the key administrative and financial capacities are in place. The applicant's approved investment portfolio has grown doubling from 2008 to almost US\$ 90 million in 2013. A management committee directs the management of the organization. To ensure that the applicant has appropriate management oversight and control over the companies in which it invests, regional offices that employ local talent have been established.

5. An investment committee, the members of which are appointed by the board of directors, oversees all of the applicant's investment activities.

6. This board of directors comprises several qualified members and maintains four committees of its board.

7. The applicant has a formal process to set both long-term and short-term objectives. The former are contained in a five-year plan that outlines the type of companies in which investments will be made, as well as the social and financial goals that need to be achieved. The latter are set and monitored based on specific investment reports for each company in which the applicant has an investment stake.

8. The applicant collects, tracks and analyses performance data from portfolio companies on a web-based, custom-built platform. Prior to the disbursement of funds with respect to any investment, the applicant works with portfolio companies in order to identify the appropriate financial, operational and social indicators and the frequency of reporting. Data is aggregated monthly and used by various staff members of the applicant, including the country directors, so as to track the progress of portfolio companies over time.

⁵ 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".

The applicant's external auditor certifies that the Generally Accepted Accounting Principles (GAAP) are adhered to, and the applicant recognizes losses in investment values when they are identified, in line with accounting best practices. The adherence to GAAP guarantees that periodic, complete, timely and accurate financial statements and information is available.

9. The applicant is a small organization with approximately 100 employees. Due to the specific nature of its activities – to evaluate, invest in and monitor investee company performance – the applicant's control framework has industry-specific characteristics. The applicant has an internal independent audit committee that oversees the investment process and ensures that the financial resources under management are properly used. This function is supported by the availability of quality accounting information and a well-developed investment and financial resource monitoring system. The audit committee ensures its independence by including in its composition some independent directors.

10. The external auditor has provided written confirmation that periodic external audits are performed in accordance with GAAP, and furthermore that the management letters provided by the applicant, and prepared by the external auditor, do not contain any material comments regarding the applicant's internal control.

11. Based on the information provided, it is assessed that the applicant fully meets the requirements of the basic fiduciary standard related to the key administrative and financial capacities.

2.1.2 **Section 4.2: Basic fiduciary standard: Transparency and accountability**

12. The applicant has a code of ethics that has been communicated throughout the organization, and which clearly defines the conduct expectations of organization from its employees.

13. The disclosure of potential conflict of interests is a best-practice component in the investment fund industry. Disclosure standards for staff are clearly defined in relation to potential or executed investments made by the applicant.

14. The applicant has functional investigation capabilities based on the initial due diligence process undertaken and on close monitoring of each investment. The applicant has been able, for example, to detect cases of financial mismanagement and unacceptable labour practices in the portfolio companies. However, to ensure that the applicant fully meets the basic fiduciary standard concerning transparency and accountability, the formalization of its investigation function should be set as a condition to be undertaken by the applicant. Given the monitoring tools and close follow-up of the portfolio companies, the applicant should have the capacity to formalize an investigation policy that fully reflects the investigation function requirements of the Fund's standard.

15. The applicant, as a part of the laws and regulations governing its establishment, is subject to clear requirements in terms of know your customer and anti-money laundering requirements. The extensive due diligence and monitoring efforts undertaken by the applicant with respect to the investee companies provide concrete evidence that the applicant has the policies, procedures and capacity in order to implement those requirements. In accordance with the requirements, the applicant, which receives a significant amount of its funding from charitable contributions, is required to follow exhaustive procedures in terms of ensuring that all charitable contributions come from legitimate sources.

2.1.3 **Section 5.1: Specialized fiduciary standard for project management**

16. In the case of this applicant, a “project” is defined as the identification of an investment opportunity, the due diligence process and the investment decision. The applicant’s project management skills in this respect are well established as demonstrated by its capacity to identify successful investment opportunities that lead to the achievement of the specified social impact and financial goals.

17. The applicant’s apparent project management success is based on its investment identification and due diligence processes. The applicant performs an initial research effort in order to identify potential investment opportunities, and, once identified, a decision is made regarding which opportunities to pursue. For those opportunities that are selected, an initial due diligence process is undertaken. Based on the results of the initial due diligence, if satisfactory, a preliminary investment memo is signed, a formal due diligence is performed, the investment committee reviews the results of the formal due diligence and makes a decision regarding the investment, and finally, if approved by the investment committee, the investment arrangement is legally formalized.

18. Based on the information provided, it is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for project management.

2.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

19. The applicant did not apply for assessment against this standard at this time.

2.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

20. The standard practice in the investment fund industry is that an investor (in this case, the Fund) invests resources directly in an entity (in this case, the applicant). The entity then invests the available resources in portfolio companies.

21. The applicant has established, well-defined and effective processes and procedures in order to identify investment opportunities, undertake the requisite due diligence and subsequently monitor the performance of the portfolio companies that have the potential to generate the expected financial as well as social returns.

22. The applicant has a track record of the effective management of charitable donations in terms of transparency in the use of funds, monitoring and reporting the results of the investments. Furthermore, the applicant has a successful track record of co-investing with major multilateral institutions.

23. The applicant has a specific policy regarding funds restricted to a particular purpose. In order to track the restricted funds and to ensure proper reporting, a specific process to control and monitor the use of such resources is in place. The main components of the applicant’s approach in this regard are:

- (a) A monthly review and report of compliance with restrictions;
- (b) A review of appropriate accounting; and
- (c) A quarterly donor (investor) report describing the use of the restricted funds.

24. Monthly post-investment control reports are also in place so as to monitor compliance by the investee company over time with the terms and conditions established in the investment agreement. The applicant has the required managerial tools in place to maintain updated information for every company in which it invests.

25. Based on the information provided, it is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for on-lending and/or blending with respect to loans and equity as financial instruments.

2.2 Environmental and social safeguards

26. The applicant demonstrates experience in implementing environmental and social safeguard (ESS) requirements across its investment activities in various projects and programmes. Even so, the applicant is continuing to strengthen its capacity to address potential E&S risks and impacts. It is undertaking investments in several portfolio companies and in activities with minimal E&S risk, such as providing home improvement micro loans for low-income women and families and distributing emissions-free cook stoves in developing countries in Africa and the Asia-Pacific region.

27. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category C/Intermediation 3 (I-3)), which, by definition, contains minimal to no environmental and/or social risks or impacts. The environmental and social management system (ESMS) required for Category C/I-3 is modest and simple, and will not need all of the ESMS elements required for higher risk categories. Required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

2.2.1 Section 6.1: Policy

28. Commensurate with the fit-for-purpose accreditation approach and with the nature of Category C/I-3 as being of minimal to no environmental and social risk, an E&S policy within an institutional ESMS is not required for the Category C/I-3 level of risk. The applicant is seeking accreditation against Category C/I-3, and while it is not required for this category, the applicant has a relatively new E&S policy which has been implemented in a recent activity and is planned to be implemented across all of its future investment activities.

2.2.2 Section 6.2: Identification of risks and impacts

29. The applicant provided a brief description of its environmental and social management system, which is underpinned by a detailed environmental and social checklist. The checklist was first put into use in 2014 and is fully consistent with the Fund's interim ESS. If high risks are identified during the due diligence process then external experts are retained in order to assist with evaluation. The applicant is in the process of formalizing written procedures, to support its ESMS, regarding the identification of risks and impacts.

30. The applicant provided several examples of due diligence reports for its climate change mitigation and adaptation investment activities, which demonstrate appropriate risk identification and categorization using its environmental and social checklist.

2.2.3 Section 6.3: Management Programme

31. The applicant assesses and tracks environmental and social risks during the due diligence visits and analyses of the investee company's adherence to appropriate laws. The environmental, social and governance due diligence is intended to uncover risks, identify potential risk mitigants and/or the lack thereof, as well as to evaluate areas for potential E&S and governance improvements. Upon completion of the due diligence, an action plan is developed outlining potential mitigation actions.

2.2.4 **Section 6.4: Organizational capacity and competency**

32. The applicant designates a person to be in charge of all E&S matters related to each investment and ensures that all members of the investment team have been trained adequately with regard to fulfilling the appropriate ESS requirements. The applicant provided an organizational chart showing the responsibilities for addressing E&S requirements. The entity is currently strengthening its organizational and staff capacity regarding its E&S policy and procedures across its investment activities.

2.2.5 **Section 6.5: Monitoring and review**

33. The monitoring and review of the investment activities is targeted at the review of the financial results and indicators, technical and construction-related issues, as well as social and environmental issues. It is undertaken on a monthly and quarterly basis and the data from the monitoring of the investment activities are submitted to the applicant by its portfolio companies and are assessed against its internal policies.

2.2.6 **Section 6.6: External communications**

34. The applicant has appropriate channels for external communication with its investment activity partners and also includes addresses and phone/fax numbers on its website for its headquarters and local offices so it is feasible for inquiries or complaints to be lodged. At present, the applicant has an ad hoc process for responding to such inquiries or complaints.

2.3 Gender

2.3.1 **Section 7.1: Demonstration of competencies, policies and procedures to implement the Green Climate Fund's gender policy**

35. While the applicant does not have a gender policy, it has elements contained within its existing and applied employment and ethics policies that address gender. A select number of portfolio managers will receive gender training, particularly as it relates to the impact of portfolio companies on women, within the next 6 to 12 months.

2.3.2 **Section 7.2: Demonstration of experience with gender and climate change**

36. The applicant provided, in its application, evidence that demonstrates gender-sensitive approaches to its climate change mitigation and adaptation-related investment activities. The applicant provided evidence of its investments that specifically target women in their objectives, such as emissions-free cook stoves in developing countries in Africa and the Asia-Pacific region as well as community-based micro solar projects and health-care projects for women. The applicant is also working with a non-governmental organization to prepare a study identifying the impacts of some of its portfolio companies on women.

III. **Conclusions and recommendation**

3.1 Conclusions

37. Following its assessment and noting that the applicant has applied under the normal track accreditation process, the Panel concludes as follows in relation to the application:

-
- (a) The applicant is a private sector SME that has a demonstrated track record in climate change mitigation and adaptation-related activities in developing countries, primarily in Africa and the Asia-Pacific region, through equity investments. As a potential private sector partner, a key feature is the potential to promote a transformative and paradigmatic shift in climate finance at the level of global climate funds through new business models. The applicant's activities and direction are aligned with the Fund's mission and objectives, allowing the Fund's resources to be channelled to a diversity of geographical regions and sectors defined in the applicant's strategic objectives;
- (b) APL004 substantially meets the requirements of the Fund's basic fiduciary standard, and fully meets the specialized fiduciary standard for project management and the specialized fiduciary standard for on-lending and/or blending for loans and equity. In order to fully meet the Fund's basic fiduciary standard, improvements relating to the investigation function for the purpose of transparency and accountability (Item 4.2.4 of the application for accreditation) are required as described in paragraphs 37 (b) (i – iv) below. The applicant currently has adequate investigative capacities which it can leverage in order to develop a formal investigation policy, within a short time period, which fully meets the Fund's standard related to the investigation function. The requirements are:
- (i) Publishing on its website, terms of reference that outline the purpose, authority and accountability of the function;
 - (ii) Ensuring the functional independence of the responsible officer;
 - (iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during and after the investigation process; and
 - (iv) Defining a process for periodically reporting case trends;
- (c) The applicant fully meets the requirements of the Fund's interim ESS in relation to the minimal to no E&S risk (Category C/I-3). For some items, the applicant demonstrates a greater degree of ESMS maturity than is required by the Fund's interim ESS for Category C/I-3 that the applicant is seeking accreditation against. The Panel recognizes that an effective ESMS is a dynamic and continuous process which should be appropriate to the nature and scale of the project/programme being financed, and commensurate with the associated level of E&S risks and impacts. It is recommended that the applicant seeks to deepen its knowledge of the Fund's interim ESS while further developing its relatively new ESMS processes in order to support a potential future application for accreditation against medium E&S risk level Category B/I-2. It is additionally recommended that the applicant strengthen its E&S reporting function; and
- (d) While the applicant has elements contained within its existing and applied employment and ethics policies that address gender, it does not have a gender policy. The applicant will be gaining competency through gender training received by its portfolio managers. The applicant has demonstrated that it has experience with gender and climate change. It is required that the applicant:
- (i) Develop a gender policy; and
 - (ii) Obtain the competencies required in order to implement the policy.

3.2 Recommendation on accreditation

38. The Panel recommends, for consideration by the Board, the applicant, APL004, for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Micro⁶
- (ii) **Fiduciary functions:**⁷
 - 1) Basic fiduciary standard;
 - 2) Specialized fiduciary standards for project management; and
 - 3) Specialized fiduciary standards for on-lending and/or blending (for loans and equity only);
- (iii) **Environmental and social risk category:** Minimal to no risk (Category C/I-3);⁸

(b) **Conditions:**

- (i) The applicant shall meet the requirements indicated in paragraphs 37 (b) (i – iv) and 37 (d) (i – ii) above prior to the first disbursement of finance by the Fund for an approved project/programme to be undertaken by the applicant. The applicant will be required to submit to the Panel, through the Secretariat, information on how it has addressed the condition. The Panel will thereafter assess whether the condition has been met. This assessment will be communicated by the Secretariat, on behalf of the Panel, to the Board.

39. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 38 above, and agrees to the recommendation.

3.3 Additional remarks

40. The applicant is already taking the steps required for:

- (a) Meeting the conditions identified in paragraph 38 (b) (i) above; and
- (b) Undertaking the recommendations in paragraph 37 (c) above.

⁶ As per Annex I to decision B.08/03, “micro” is defined as: “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme”.

⁷ Decision B.07/02.

⁸ As per Annex I to decision B.07/02, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex VI: Accreditation assessment of Applicant 005 (APL005)

I. Introduction

1. Applicant 005 (APL005) is an international organization whose main goal is to reduce poverty in the region in which it operates through environmentally sustainable growth. This goal is pursued through the provision of various forms of financial assistance to developing countries through loans, technical assistance, grants, guarantees and equity investments. The applicant works in many areas to address climate change, however its main focus and expertise are in the following subject matter: clean energy, sustainable transport and urban development, land use and forests for carbon sequestration, climate resilient development, as well as strengthening related policies, governance and institutions. If accredited, the applicant intends to deploy financial resources from the Green Climate Fund (the Fund) in public and private sector projects focused on mitigation (e.g. energy generation and access, energy efficiency, transport, buildings, cities, industries and appliances, land use/forestry, and institutional and regulatory systems); adaptation (e.g. enhancing livelihoods, health and well-being and food and water security, infrastructure and built environment, ecosystems and ecosystem services, climate information/ early warning systems, and awareness strengthening and climate risk reduction), and cross-cutting issues.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 3 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded. The applicant applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** International access;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Large¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending;
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).³

¹ As per Annex I to decision B.08/03, "large" is defined as: "total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per Annex I to decision B.07/02, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as an accredited entity of the Adaptation Fund. Its application has been assessed against the Fund's standards by the Accreditation Panel (the Panel) in accordance with the requirements and gaps identified in decision B.08/03.

2.1 Fiduciary standards

2.1.1 Section 4.1: Basic fiduciary standard: Key administrative and financial capacities

4. As APL005 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the basic fiduciary standard concerning key administrative and financial capacities in Section 4.1 is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standard: Transparency and accountability

5. As an entity eligible for, and which applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.2 with the exception of Item 4.2.4, Investigation function, was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund.

6. The basic fiduciary standard concerning transparency and accountability in Section 4.2 for items other than Item 4.2.4 is considered to have been met by way of fast-track accreditation.

7. Regarding Item 4.2.4, the applicant provided, in its application, evidence which indicates that it meets the requirements of the basic fiduciary standards related to the investigation function. Investigations of alleged/suspected fraud and corruption are handled by a specific office that applies its own guidelines for investigations. Annual reports providing detailed information on cases that have been investigated or are under investigation are published on the applicant's website.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

8. As APL005 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 5.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the specialized fiduciary standard for project management in Section 5.1 is considered to have been met by way of fast-track accreditation.

2.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

9. The applicant is a well-established organization with nearly five decades of experience in providing development finance and execution of funding allocation to developing countries. Although it does not operate a competitive grant award scheme, the applicant has a mature set of procedures and standards for the allocation of funds for various types of development projects with different financing modalities, ranging from grants and concessional loans to trust funds.

10. The applicant has provided evidence that it has a track record in implementing its procedures and standards for the allocation of funds. Projects undertaken by the applicant are identified in partnership with governments of developing countries. The applicant has active arrangements with partners for concessional loans and grants. The total financing envelope under these arrangements is in the range of billions of United States dollars. In addition, the applicant is administering a large number of trust funds with total commitments in billions of United States dollars.

11. Based on the information provided, it is assessed that the grant award mechanism implemented by the applicant is transparent with formally documented procedures for assessing grant proposals. Potential grant funding proposals are identified in partnership with the developing country governments of the countries in which the applicant operates, and are then assessed by a group including senior management. The grant award decisions are taken by appropriate authorized and competent parties in the organization. The applicant monitors the implementation of funded programme activities, undertakes site visits, and supports beneficiaries through counselling and advice.

12. All grants or loans provided by the applicant are subject to the applicant's anti-corruption policy, which prohibits all forms of corrupt practices. The applicant also has the right to investigate all projects that it has financed in the case of credible complaints of corruption during the implementation of the project, including the right to inspect and audit the accounts of the project and the relevant executing agency.

13. Based on the information provided, it is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms.

2.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

14. The applicant has an operations manual for its financing operations, which details policies and operational procedures for official, commercial and other concessional co-financing activities.

15. Based on the information provided, it is assessed that the applicant has a strong track record, experience and capacities for on-lending and blending with resources from international or multilateral sources. The on-lending experience is extensive, with clients covering a large number of public and private sector institutions in the developing countries in which it is active. A significant portion of the applicant's outstanding loans (in the range of several billion United States dollars) have been made to the public sector (government agencies of developing countries) with the rest comprising loans to private sector enterprises, financial institutions and non-sovereign public sector entities. The cumulative direct value-added official and commercial co-financing spanning decades is in the range of several billion United States dollars in thousands of projects, of which the majority were for technical assistance projects and several hundred were for investment projects.

16. The applicant has experience in undertaking equity investments, with a portfolio of multiple investments for which the total is in the range of hundreds of millions of United States dollars.

17. The applicant also provides guarantees as credit enhancements for eligible projects to cover risks that the project and its commercial co-financing partners cannot easily absorb or manage on their own. Guarantees have been provided for infrastructure projects, financial institutions, capital markets and trade finance.

18. The applicant administers resources for some global funds, which address climate change, food security and disaster relief/reconstruction. In addition, it administers co-financing on a project-specific basis.
19. The applicant conducts financial due diligence during project assessment, and has an extensive and systematic review process during the project implementation phase involving the recipient government, project sponsor and its own staff.
20. The applicant monitors both individual loans and portfolio performance on a quarterly basis, and has a systematic review process in order to identify implementation issues and to correct them as necessary. More detailed project-specific reviews are undertaken by teams at the applicant's headquarters responsible for project implementation, supplemented by follow-up actions by resident missions.
21. The applicant has committees in place, which oversee asset liability and risk management activities. Minutes of meetings from the committees were deemed to be confidential and were therefore not provided as a part of the application for accreditation. However, in all other respects, the applicant has provided evidence of having a robust financial management system.
22. Based on the information provided, it is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for on-lending and/or blending with respect to the financial instruments loans, equity and guarantees.

2.2 Environmental and social safeguards

23. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category A/Intermediation 1 (I-1)). Entities that desire to undertake Category A/I-1 or lower risk (Category B/I-2 and Category C/I-3) type projects/programmes will be required to have an environmental and social management system (ESMS)⁴ that is mature and documented, with a proven track record of managing these types of projects/programmes, and the full support of senior management. Required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.
24. The applicant demonstrates a mature institutional capacity to anticipate and manage environmental and social safeguard (ESS) issues.

2.2.1 Section 6.1: Policy

25. The applicant has a well-developed environmental and social safeguard policy, which is supplemented by a series of manuals and sourcebooks to guide implementation. The safeguard policy statement consists of three safeguards covering environment, involuntary resettlement and indigenous people. Each of the safeguards contains policy principles that are considered consistent with the Fund's interim ESS. It also has related policies in respect of core labour standards, public communications and accountability.

⁴ An ESMS is a set of management processes and procedures that allow an organization to identify, analyse, control and reduce the adverse environmental and social impacts of its activities and maximize any potential environmental and social benefits in a consistent way, and to improve the environmental and social standing of the organization and its activities over time. Refer to decision B.07/02 for more details.

2.2.2 Section 6.2: Identification of risks and impacts

26. The applicant's E&S policy and operational procedures guide technical staff in identifying risks and impacts through screening and assessment processes. The risk categories under the applicant's process are for Categories A - C and financial intermediaries. The applicant utilizes clear procedures and tools for risk categorization, and the approval involves multiple reviews by different parts of the organization. Project categorization uses specific criteria for environment, involuntary resettlement and indigenous peoples; and forms to assist project staff in identifying risks, and obtaining endorsement and approvals from different units in the organization. The applicant has provided documentation showing an extensive track-record for implementing projects under risk Categories A - C.

2.2.3 Section 6.3: Management programme

27. Environmental and social safeguards are managed through clearly established procedures. The applicant operates a formal mechanism in order to manage environmental and social risks, and assigns responsibilities to borrowers (for assessments), and the applicant's relevant units for due diligence as well as monitoring of progress and compliance with the applicant's safeguard policies. Safeguard monitoring reports are prepared for individual projects, and are available publically through the entity's website. The applicant also demonstrates that it has a safeguards compliance review mechanism that is followed from the project concept phase to implementation.

2.2.4 Section 6.4: Organizational capacity and competency

28. The applicant has over 100 technically trained environmental and social safeguard staff, at both the applicant's headquarters and in its national offices. The applicant has also provided evidence of continuing capacity-building to improve staff capacity on all of the environmental and social issues. The training courses offered are intended not only to introduce the applicant's safeguard policies, but also to cover specific topics on biodiversity in project design, involuntary resettlement planning and management as well as ensuring environmental management during the construction of projects.

2.2.5 Section 6.5: Monitoring and review

29. The applicant has a mature mechanism for the monitoring of projects and safeguards implementation, including through an internal portfolio performance monitoring system. There is an advisory system within the project monitoring system that notifies management of compliance issues with safeguards covenants. Monitoring data from individual projects is collated and analysed by each operational department. Performance on safeguards implementation is routinely reviewed by the management and reported to the President, the highest authority of the organization. Safeguard monitoring reports are prepared for individual projects, and are publically available through the applicant's website.

2.2.6 Section 6.6: External communications

30. The applicant also demonstrates a functioning external communication system, and inquiries, complaints or issues are registered and duly responded to. A project complaints tracking system has been set up, based on the applicant's accountability mechanism policy. The applicant has a public communications policy and operations manual that guide institutional efforts on transparency, disclosure, and exchange of information.

2.3 Gender

31. The applicant has a mature gender policy, and has developed an operational plan for gender equality and women's empowerment that provides an operational road map for implementing the applicant's gender policy.

2.3.1 Section 7.1: Demonstration of competencies, policies and procedures to implement the Green Climate Fund's gender policy

32. The applicant has a gender policy and has provided evidence of its competency to implement it. It has gender experts working at its headquarters as well as in its national offices. A community of gender specialists has also been established across departments, and plays an active role in promoting gender mainstreaming in the applicant's operations and knowledge exchange.

2.3.2 Section 7.2: Demonstration of experience with gender and climate change

33. The applicant has demonstrated experience in applying gender approaches, including in climate change programmes. It has also demonstrated the application of its gender policies in various infrastructure projects.

III. Conclusions and recommendation

3.1 Conclusions

34. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the Panel concludes as follows in relation to the application:

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standard, specialized fiduciary standard for project management, specialized fiduciary standard for grant award and/or funding allocation mechanisms, and specialized fiduciary standard for on-lending and/or blending;
- (b) APL005 fully meets the requirements of the Fund's interim ESS in relation to the high E&S risk (Category A/I-1); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, and has demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

35. The Panel recommends, for consideration by the Board, the applicant APL005 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Size of an individual project or activity within a programme:** Large⁵ (including micro, small, and medium);
 - (ii) **Fiduciary functions:**⁶
 - 1) Basic fiduciary standard;
 - 2) Specialized fiduciary standard for project management;
 - 3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - 4) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees);
 - (iii) **Environmental and social risk category:** High risk (Category A/I-1)⁷ (including lower risk (Category B/I-2 and Category C/I-3));
- (b) **Conditions:**
- None.

36. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 35 above, and agrees to the recommendation.

⁵ As per Annex I to decision B.08/03, “large” is defined as: total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme”.

⁶ Decision B.07/02.

⁷ As per Annex I to decision B.07/02, Category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and Intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.



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Annex VII: Accreditation assessment of Applicant 006 (APL006)

I. Introduction

1. Applicant 006 (APL006) is an international organization that works together with its partners in developing countries in order to identify projects/programmes which promote sustainable development. With a development mandate that receives funding from both public and private sector organizations, the applicant's activities largely focus on climate change adaptation and mitigation activities. These activities include improving water supply, securing food provision, increasing energy efficiency, employing renewable energies and others. The applicant's climate finance activities include a range of financial instruments, including grants, loans, equity and guarantees. Building on its existing knowledge, experience and tools, the applicant seeks accreditation to the Green Climate Fund (the Fund) in order to develop projects and programmes, including the targeted mobilization of private finance through risk mitigation mechanisms, and the setting up of project development facilities and structured investment funds. The applicant seeks accreditation in order to expand and develop additional adaptation projects and programmes focused on ecosystem-based adaptation, natural hazard early warning systems, climate risk insurances as well as urban flood protection infrastructure.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded. The applicant applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** International access;
- (b) **Track:** Fast-track under the Directorate-General for Development and Cooperation – EuropeAid of the European Commission (EU DEVCO);
- (c) **Size of project/activity within a programme:** Large;⁸
- (d) **Fiduciary functions:**⁹
 - (i) Basic fiduciary standard;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
 - (iv) Specialized fiduciary standard for on-lending and/or blending;
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).¹⁰

⁸ As per Annex I to decision B.08/03, "large" is defined as: "total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme".

⁹ Decision B.07/02.

¹⁰ As per Annex I to decision B.07/02, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as an EU DEVCO entity. Its application has been assessed against the Fund's standards by the Accreditation Panel (the Panel) in accordance with the requirements and gaps identified in decision B.08/03.

2.1 Fiduciary standards

2.1.1 Section 4.1: Basic fiduciary standard: Key administrative and financial capacities

4. As APL006 is eligible for, and applied under, the fast-track accreditation process as an EU DEVCO entity, Section 4.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the basic fiduciary standard concerning key administrative and financial capacities in Section 4.1 is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standard: Transparency and accountability

5. As an entity eligible for, and which applied under, the fast-track accreditation process as an EU DEVCO entity, Section 4.2 with the exception of Item 4.2.5, Anti-money laundering and anti-terrorist financing policies, was not identified, as per decision B.08/03, as a gap to be addressed in the application for accreditation to the Fund.

6. The basic fiduciary standard concerning transparency and accountability in Section 4.2 for items other than Item 4.2.5 is considered to have been met by way of the fast-track accreditation.

7. Regarding Item 4.2.5, the applicant provided its related policies and also provided its policy related to know your customer (KYC) due diligence and its mechanisms to trace/monitor electronic transfer/wiring of funds. The applicant utilizes standard software to analyze all transactions automatically. The applicant also provided sample copies of their reports on KYC due diligence.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

8. Project preparation, appraisal, as well as monitoring and evaluation guidelines and procedures are mature and well established across the applicant's operations. APL006 undertakes a detailed and comprehensive assessment of the types of risks that it faces during the project identification and appraisal stages. It examines various aspects of the proposed projects, including technical, financial, economic, legal, environmental, social and climate change aspects. This practice has resulted in a good track record for the applicant, as further evidenced by a sample of project appraisals undertaken in the past three years.

9. The financial statements provided demonstrate that financial inputs and outputs are properly accounted for, reported, and administered transparently in accordance with prevailing regulations and laws, and with due accountability. The documented practice of recording project objectives, outcomes and key performance indicators is in-line with its procedures and guidelines as well as being appropriate for large-scale projects.

10. The applicant has a strong capacity to oversee project performance during implementation and operations and the risks that might arise, to regularly assess project expenditures, as well as to monitor and identify opportunities for improving project

performance against its budget and timelines. Furthermore, the applicant provided sufficient information on project monitoring and quality control processes.

2.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

11. As APL006 is eligible for, and applied under, the fast-track accreditation process as an EU DEVCO entity, Section 5.2 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the specialized fiduciary standard for grant award and/or funding allocation mechanisms in Section 5.2 is considered to have been met by way of fast-track accreditation.

2.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

12. The applicant provides on-lending or blended finance by raising capital funds and blending them with international donor funds. The funds that it raised on the capital markets are generally repayable by the project sponsor or promoter. By contrast, international donor funds are typically non-repayable and are used as a concessional/subsidy element to adjust the financing conditions within a particular blending/on-lending financing operation to the specific project needs. The need for international subsidy funds is assessed for each project as part of the project appraisal and is stipulated in the programme proposal to the international financial partner along with other assessment criteria.

13. The applicant has well-documented on-lending and blending policies, guidelines on on-lending and blending due diligence, and due diligence reports.

14. APL0006 provided detailed information on its project portfolio and recent projects. The project portfolio demonstrates sourcing from a number of international and multilateral funders and the use of various financing instruments, such as loans, equity and guarantees.

15. The financial management system, including development of the risk management strategies and preparation of the annual financial reports, is robust and well established. The applicant has a procedure in place in order to check whether its funds are channeled transparently and used effectively. Independent auditors regularly conduct audits of the funds to ensure compliance with the contractual agreements.

16. With the objective of providing transparency of information, the applicant publishes aggregated data for ongoing projects on its website.

2.2 Environmental and social safeguards

17. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category A/Intermediation 1 (I-1)). Entities that desire to undertake Category A/I-1 or lower risk (Category B/I-2 and Category C/I-3) type projects/programmes will be required to have an environmental and social management system (ESMS)¹¹ that is mature and documented, with a proven track record of managing these types of projects/programmes, and the full support of senior management. Required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

¹¹ An ESMS is a set of management processes and procedures that allow an organization to identify, analyse, control and reduce the adverse environmental and social impacts of its activities and maximize any potential environmental and social benefits in a consistent way and to improve the environmental and social standing of the organization and its activities over time. Refer to decision B.07/02 for more details.

18. The applicant demonstrates a mature institutional capacity to anticipate and manage environmental and social safeguard (ESS) issues.

2.2.1 **Section 6.1: Policy**

19. The applicant has a mature and comprehensive E&S policy that was endorsed by its executive board and which governs all of its operations and activities.

20. ALP006 additionally has sustainability guidelines at the institutional level, which are specific to its development-related activities. The institution-level guidelines, including a sustainability mission statement, sustainability principles and an overview of the sustainability management system.

2.2.2 **Section 6.2: Identification of risks and impacts**

21. The applicant's practices of identifying E&S risks and impacts for its activities is in line with its E&S and climate appraisal guidelines.

22. APL006 applies a checklist approach to project appraisal and the identification of E&S risks and impacts. The checklist is considered to be consistent with the requirements of the Fund's interim ESS. The applicant presented several examples of climate change mitigation project activities, which demonstrated that the guidelines addressing E&S risk and impact identification are implemented, projects are appropriately screened and their E&S risks are categorized against the E&S risk criteria through the use of the applicant's checklist.

2.2.3 **Section 6.3: Management programme**

23. The applicant has established an institutional management programme in order to track and manage risks that have been identified during the preparation and appraisal of projects. The structure and procedures related to the management programme are contained within the sustainability guidelines applied to the institutional level and related to the applicant's development activities.

2.2.4 **Section 6.4: Organizational capacity and competency**

24. The applicant possesses a strong organizational capacity and competency in environmental and climate change related activities. The responsibility for the applicant's sustainability management systems across the institution lies with the Chief Executive Officer, who is supported operationally by an officer specific to environment and sustainability institutionally. Specific to the applicant's development activities, the applicant has a core group of staff that is headed by a sustainability officer and which includes E&S experts who have technical competency in the areas required by the Fund's interim ESS.

2.2.5 **Section 6.5: Monitoring and review**

25. The applicant maintains monitoring and review procedures for ESS both at the institutional and project levels. At the project level, procedures on the regular supervision and monitoring of development financing activities are applied. Based on environmental and social impact assessments for individual projects, protection and offsetting measures are defined and an overall monitoring programme is developed for each project.

2.2.6 **Section 6.6: External communications**

26. As a part of quality management at the institutional level, the applicant has established an in-house complaints management system that meets best practice standards for banks and service enterprises. The system defines principles, processes and quality standards, monitors compliance with these standards and offers support on resolving complaints. Individual complaints are handled on a decentralized level.

2.3 Gender

2.3.1 **Section 7.1: Demonstration of competencies, policies and procedures to implement the Green Climate Fund's gender policy**

27. To regulate gender-related issues across its operations, the applicant implemented an institutional gender strategy in 2005, which is periodically updated. The strategy provides for measuring the impact of the applicant's financial cooperation measures on improving gender equality. The gender strategy is supported by a policy that incorporates human rights, standards and principles, including gender, in programme proposals. The applicant also applies a gender equality guideline in order to identify the extent to which a project pursues the objective of promoting equality and women's rights. The applicant employs a gender specialist that is responsible for updating gender-related policies and procedures, as well as for providing training to personnel who conduct the analysis of gender specific issues within the project preparation and development processes.

2.3.2 **Section 7.2: Demonstration of experience with gender and climate change**

28. Evidence of the implementation of the applicant's gender policy was provided through a number of illustrative examples of climate change mitigation and adaptation projects in the areas of energy efficiency, renewable energy, agriculture and infrastructure, which contained specific references to women and men as project beneficiaries. The benefits include terms of employment, receipt of loans, including micro credit, as well as improving livelihoods.

III. **Conclusions and recommendation**

3.1 Conclusions

29. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the Panel concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the Fund's Basic fiduciary standard, Specialized fiduciary standard for project management, Specialized fiduciary standard for grant award and/or funding allocation mechanisms, and Specialized fiduciary standard for on-lending and/or blending;
- (b) The applicant fully meets the requirements of the Fund's interim ESS in relation to the high E&S risk (Category A/I-1); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures to implement its gender policy, and has demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

30. The Panel recommends, for consideration by the Board, the applicant (APL006) for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Large¹² (including micro, small, and medium);
- (ii) **Fiduciary functions:**¹³
 - 1) Basic fiduciary standard;
 - 2) Specialized fiduciary standard for project management;
 - 3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - 4) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees);
- (iii) **Environmental and social risk category:** High risk (Category A/I-1)¹⁴ (including lower risk (Category B/I-2 and Category C/I-3));

(b) **Conditions:**

None.

31. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 30 above, and agrees to the recommendation.

¹² As per Annex I to decision B.08/03, “large” is defined as: total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme”.

¹³ Decision B.07/02.

¹⁴ As per Annex I to decision B.07/02, Category A is defined as as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and Intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

Annex VIII: Accreditation assessment of Applicant 007 (APL007)

I. Introduction

1. Applicant 007 (APL007) is an international organization with a strong global presence and mandate concentrated on development, with a focus on sustainable development, climate change and disaster resilience, and governance. The applicant works in partnership with entities, such as national governments, United Nations agencies, civil society organizations, and development banks, in order to support the coordinated delivery of financing to achieve transformational impact in the areas of mitigation and adaptation. Its work in adaptation covers all developing countries in all regions and includes a strong portfolio in least developed countries, small island developing States and African States. Adaptation activities include integrated climate change strategies, national adaptation plans, national planning and budgeting frameworks; cross-sectoral climate-resilient livelihoods; climate-resilient integrated water resource and coastal management; ecosystem-based adaptation; and climate-resilient energy and infrastructure. In mitigation, the applicant supports developing countries in order to create enabling environments for investment in mitigation technologies and land-uses at scale, with activities in: low-carbon energy access solutions (rural mini-grids, bio-energy and green charcoal supply chains), grid-connected renewables, energy efficient buildings and appliances, and reducing emissions from deforestation and forest degradation. Bringing with it, its experience in climate change mitigation and adaptation programming and its on-the-ground presence in developing countries, the applicant seeks accreditation to the Green Climate Fund (the Fund).

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 23 December 2014. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded. The applicant applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** International access;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standard; and
 - (ii) Specialized fiduciary standard for project management;
- (e) **Environmental and social (E&S) risk category:** Medium risk (Category B/Intermediation 2 (I-2)).³

¹ As per Annex I to decision B.08/03, "medium" is defined as: "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per Annex I to decision B.07/02, 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".

II. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as an accredited entity of the Adaptation Fund. Its application has been assessed against the Fund's standards by the Accreditation Panel (the Panel) in accordance with the requirements and gaps identified in decision B.08/03.

2.1 Fiduciary standards

2.1.1 Section 4.1: Basic fiduciary standard: Key administrative and financial capacities

4. As APL007 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the basic fiduciary standard concerning key administrative and financial capacities in Section 4.1 is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standard: Transparency and accountability

5. As an entity eligible for, and which applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 4.2 with the exception of Item 4.2.4, Investigation function, was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund.

6. The basic fiduciary standard concerning transparency and accountability in Section 4.2 for items other than Item 4.2.4 is considered to have been met by way of fast-track accreditation.

7. Regarding Item 4.2.4, the investigation function was assessed and found to fully meet the requirements under the standard. The applicant has a comprehensive process by which to address cases of an investigative nature with expert support provided centrally across the wide reach of the institution. Where compliance reviews have been undertaken by the central compliance unit, a corporate administrator decides on any potential corrective actions that may be required. Its investigation procedures are in place and the related information is publicly available on its website.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

8. As APL007 is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund-accredited entity, Section 5.1 was not identified, as per decision B.08/03, as a gap to be addressed by the applicant in its application for accreditation to the Fund. Therefore, the specialized fiduciary standard for project management in Section 5.1 is considered to have been met by way of fast-track accreditation. Its investigation procedures are in place and the related information is publicly available on its website.

9. It is noted that the applicant is well recognised for its project management capacity and its project involvement in many countries worldwide.

2.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

10. The applicant did not apply for assessment against this standard at this time.

2.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

11. The applicant did not apply for assessment against this standard at this time.

2.2 **Environmental and social safeguards**

12. The applicant indicated in its application that it is applying for assessment against the environmental and social risk (Category B/Intermediation 2 (I-2)). Entities that desire to undertake Category B/I-2 or lower risk (Category C/I-3) type projects/programmes are required to have an environmental and social management system (ESMS)⁴ and documented, with a proven track record of managing these types of projects/programmes, and the full support of senior management. The required elements of the institutional ESMS are requested in Items 6.1 to 6.6 of the application.

13. The applicant has over-arching E&S policies and principles, including well-developed E&S standards. The E&S standards include project-level standards substantively consistent and comparatively stringent with the Fund's interim environmental and social safeguards (ESS). The applicant further states that it will not support activities that do not comply with national law and obligations under international law.

14. The Panel recognizes that while the applicant is applying for Category B/I-2, it has further developed its institutional policies and procedures in relation to managing higher risk projects and programmes (Category A/I-1). As the applicant develops its ESS experience, it might consider at a future date to seek accreditation against Category A/I-1.

15. Regarding awareness of the public, development of the policies and procedures of the applicant has benefited greatly from a public comment period. A portal on the website is available for the public to view information on previous and future consultation opportunities related to E&S policy and standards.

16. All of the key policy documents are also available publically on its website.

2.2.1 **Section 6.1: Policy**

17. A comprehensive E&S policy is in place and is implemented through processes and procedures. The policy is periodically revised and is approved by senior management prior to being implemented. It is widely communicated throughout the institution.

2.2.2 **Section 6.2: Identification of risks and impacts**

18. The applicant has a social and environmental screening procedure in order to guide staff in the identification of the E&S risks and impacts of projects, determine the potential level of significance of such risks and impacts, assign an overall risk category to the project, and recommend appropriate assessment and management measures. The procedure defines high, moderate or low as social and environmental risk categories. While these categories are not exactly identical to the Fund's scaled risk-based categories, they are comparable. The applicant is able to identify risks and impacts in respect of the Fund's interim ESS.

⁴ An ESMS is a set of management processes and procedures that allow an organization to identify, analyze, control and reduce the adverse environmental and social impacts of its activities and maximize any potential environmental and social benefits in a consistent way and to improve the environmental and social standing of the organization and its activities over time. Refer to decision B.07/02 for more details.

2.2.3 Section 6.3: Management programme

19. The applicant has a comprehensive institutional process for managing mitigation measures and actions. It has a substantial project pipeline track record. It provides online project documentation on its website and on the websites of its national offices, including fact sheets and budgets.

2.2.4 Section 6.4: Organizational capacity and competency

20. The applicant has a large number of staff with technical competencies across the environmental and social disciplines. It has the capacity to address all matters pertaining to the Fund's interim ESS, including technical experts that can be drawn on in order to ensure the application of the diverse and comprehensive E&S policy. All of the applicants' offices are required to ensure that essential functions related to the implementation of the ESS (including oversight and support) are embedded in the terms of reference and work plans for units and individuals that have a role to play. The applicant has a support programme with trained focal points, which provides support to all its offices (in and out of country) in order to ensure the successful implementation of its E&S requirements. In this regard it demonstrates its capacity to leverage skills in order to fully manage its ESMS.

2.2.5 Section 6.5: Monitoring and review

21. While the E&S policy and related procedures clarify specific roles and responsibilities for implementation, accountability for its implementation falls under the applicant's internal umbrella control framework. This includes the delegation of authority. This framework clearly defines staff member roles so as to facilitate the achievement of its goals and provides accountability for its activities, including compliance with applicable internal policies.

2.2.6 Section 6.6: External communications

22. The external communications function is managed by a focal point in the centralized project support function and is responsible for supporting national-level grievance redress processes through advice, and by maintaining a database of effective dispute resolution professionals. Moreover, the support function provides a corporate window for receiving requests and conducts the dispute resolution process when it cannot be done impartially and/or effectively at the national level. Finally, the support function also liaises with a compliance unit, which oversees compliance at a corporate level.

2.3 Gender

23. The applicant has a well-developed gender strategy. Gender equality and the empowerment of women are at the heart of its development mandate. It recognizes gender mainstreaming as an important way of ensuring the success and sustainability of climate projects and policies.

2.3.1 Section 7.1: Demonstration of competencies, policies and procedures to implement the Green Climate Fund's gender policy

24. The applicant has a documented strategy, which provides detailed guidance for all of its business units on how to operationalize this commitment. Moreover it has identified strategic entry points in order to ensure that a gender mainstreaming is implemented across all aspects of its strategic plan.

2.3.2 Section 7.2: Demonstration of experience with gender and climate change

25. The applicant has fully demonstrated its experience and track record in its gender-based financing initiatives and publishes information thereon, which is readily accessible on its website.

III. Conclusions and recommendation

3.1 Conclusions

26. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the Panel concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standard and Specialized fiduciary standard for project management;
- (b) The applicant fully meets the requirements of the Fund's interim ESS in relation to the medium E&S risk (Category B/I-2). The applicant demonstrates a greater degree of ESMS maturity than is required by the Fund's interim ESS for Category B/I-2 against which the applicant is seeking accreditation. Building its experience in implementing higher risk projects and programmes, APL007 may, in the future, seek accreditation against the high E&S risk (Category A/I-1); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures by which to implement its gender policy, and has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

27. The Panel recommends, for consideration by the Board, the applicant (APL007) for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Medium⁵ (including micro and small);
 - (ii) **Fiduciary functions:**⁶
 - 1) Basic fiduciary standard; and
 - 2) Specialized fiduciary standard for project management;
 - (iii) **Environmental and social risk category:** Medium risk (Category B/I-2)⁷ (including lower risk (Category C/I-3));

⁵ As per Annex I to decision B.08/03, "Medium" is defined as: maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme".

⁶ Decision B.07/02.

⁷ As per Annex I to decision B.07/02, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number

(b) **Conditions:**

None.

28. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 27 above, and agrees to the recommendation.

of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.