



GREEN
CLIMATE
FUND

Consideration of Accreditation Proposals

GCF/B.10/03

25 June 2015

Meeting of the Board

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Provisional Agenda item 8*

* The agenda item number will be determined when 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) Take note of the information presented in document GCF/B.10/03 *Consideration of Accreditation Proposals*; and
- (b) Approve 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, can apply for accreditation to the Green Climate Fund (the Fund).
2. The Board in decision B.09/07, paragraph (f), having approved seven applications for accreditation at the ninth meeting of the Board, requested the Secretariat to use best efforts to have additional applications ready for consideration and possible decision on accreditation by the Board at its tenth meeting.
3. This document presents accreditation proposals based on the applications received up to 31 May 2015 for consideration by the Board. It also provides an update on the status of applications as a whole and follows up on previous Board decisions. A description of the accreditation process is contained in Annex II.

II. Linkages with other documents

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

- (p) *Further accreditation of National, Regional, Private Sector Entities (Progress report)* (GCF/B.10/Inf.12);¹ and
- (q) *Initial monitoring and accountability framework for accredited entities (Progress report)* (GCF/B.10/Inf.11).²

III. Follow-up on previous Board decisions

3.1.1 Country ownership and national and regional entities

5. In accordance with decision B.09/07, paragraph (c), the Secretariat informed the national designated authorities (NDAs) and focal points of the entities accredited during the ninth meeting of the Board as per decision B.09/07, paragraph (b).

6. Additionally, the Secretariat has started to implement decision B.09/07, paragraph (e), in coordination with NDAs and focal points. An initial action was undertaken on 29 April 2015 by inviting them to nominate national and regional entities that are operating at scale to apply for accreditation to the Fund.

7. The Secretariat, at the time of informing all entities accredited at the ninth Board meeting of their accreditation (by letter on 14 April 2015), indicated that the Board encourages them to make contact with the NDA or focal point when they intend to operate outside the country(countries) that nominated them, in accordance with decision B.09/07, paragraph (c).

8. The Secretariat has also paid special attention to the priority needs of developing countries, and facilitated readiness support to national and regional entities during the application process upon request and when the need was identified, in accordance with decision B.09/07, paragraph (d). This has been addressed by providing guidance and support to the direct access entities throughout the application process. The Secretariat facilitated virtual meetings with national and regional entities in order to provide clarification on questions and requests for information during the review of applications by the Secretariat and the Accreditation Panel (AP).

3.1.2 Types of entities and funding allocation

9. The Board, in decision B.08/02, paragraph (f), requested the Secretariat to prepare a document on additional guidelines of the Fund with regard to non-multilateral international entities, in particular their role with respect to the Fund's objectives and modalities.

10. It is to be recalled that the existing framework for accreditation allows for the accreditation of all entities, including non-multilateral international entities. This is reiterated in decision B.07/02 and its annexes, which establish the Fund's accreditation framework, and in decision B.08/02, paragraph (a), where the Board recalled that all entities, including international, regional, national and subnational entities can apply for accreditation to the Fund.

11. Moreover, the Board in decision B.09/07, paragraph (g), requested the Secretariat to aim to achieve a balance of diversity in the list of entities considered for accreditation at the meeting of the Board, between direct access entities, including some operating at scale, private entities and international entities.

12. In this context, the Board may wish to ensure that the Fund does maintain a balance between entities under the direct access and international access modalities.

¹ To be presented to the Board at its tenth meeting.

² To be presented to the Board at its tenth meeting.

3.1.3 Publication of assessment materials

13. The Secretariat, in accordance with decision B.09/07, paragraph (i), has published on its website, as a part of its operations manual, the documents related to the assessment of accreditation applications, such as standardized checklists for reviewers to use during the Stage I institutional assessment and completeness check, and the Stage II (Step 1) accreditation review.³

IV. Recommendations for accreditation

14. Of the 48 applications submitted (excluding the seven entities accredited at the ninth meeting of the Board), 13 applicants concluded Stage I and Stage II (Step 1). At its second meeting in Songdo, Republic of Korea, from 26 to 30 May 2015, the AP concluded its recommendations on these applicants, as contained in Annexes III–XV to this document.

15. The applicants for consideration are three national public entities, two regional public entities applying under direct access, two private sector entities and six international public or non-profit organizations.

16. The majority of these applicants have been found to be able to operate across a broad scope of activities, often at scale: medium⁴ and large⁵ projects or activities within a programme; use of resources to on-lend, blend, undertake equity investments and provide guarantees; and medium (Category B/Intermediation 2 (I2))⁶ and high (Category A/I1)⁷ environmental and social risk levels. The fit-for-purpose approach has provided flexibility in which to match applicant objectives and capacity on the one hand and the Fund's objectives and requirements on the other.

17. In four cases, the applicants fully meet the Fund's accreditation requirements relevant to the scope of their applications. In all other cases, there are either minor or major gaps with the Fund's requirements.

18. In cases where the applicant partially meets the Fund's accreditation requirements, the AP provides recommendations for these applicants on how to address the minor gaps by

³ The Stage I checklist is available at <http://www.gcfund.org/fileadmin/00_customer/documents/Operations/GCF_Check_List_Stage_I_Secretariat.pdf>.

The Stage II checklist is available at <http://www.gcfund.org/fileadmin/00_customer/documents/Operations/GCF_Check_List_Stage_II_Accreditation_Review.pdf>.

⁴ As per Annex I to document GCF/B.08/45, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme".

⁵ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme".

⁶ As per Annex I to document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

⁷ As per Annex I to document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

improving or further developing their policies, procedures and competencies, for which technical support could be sought from the Fund.

19. In cases where the differences between the Fund's accreditation requirements and the attributes of the entity are substantial, the AP proposes accreditation with conditions, often combined with a recommendation that the entity seek technical support in order to correct for the differences before first disbursement can take place. Such conditions have been proposed predominantly in the following areas where there are major gaps:

- (a) Fiduciary:
 - (i) Absence of a full investigation function;
- (b) Environmental and social safeguards:
 - (i) Environmental and social policies that have been only recently codified; and/or
 - (ii) Limited experience of the applicant in both environmental and social risk identification as well as categorization;
- (c) Gender:
 - (i) Shortcomings in gender policy, either in the form of not being stand-alone or where elements of a gender policy are contained within various operational policies; and/or
 - (ii) Limited competencies to take gender into consideration at the project level.

20. In summary, the AP thus recommends all 13 entities being presented in this document as contained in Annexes III to XIV for which Stage II (Step 1) has been completed, be accredited, with conditions in some cases. The AP additionally provides recommendations, for which the entities may wish to seek technical support in order to assist in addressing the aforementioned recommendations and/or conditions.

V. Status of Entities

5.1 Status of applications

21. In decision B.07/02, paragraph (o) the Board requested the Secretariat to report on the status of applications for accreditation. Accordingly, since the opening of the call for applications for accreditation on 17 November 2014 and up to 31 May 2015, 95 entities have been issued accounts for the Online Accreditation System (OAS),⁸ the web-based portal through which applicants submit their applications for accreditation. In addition, a total of 55 applications for accreditation have been submitted through the OAS.

22. The submitted applications received to date reflect considerable 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), and whether from the public or private sectors. Of the 55 submitted applications, 14 are national public entities, 4 are regional public entities, 12 are private sector entities and 25 are international public or non-profit organizations, the distribution of application received as at 31 May 2015 is shown in Figure 1.

⁸ The OAS is available at <<https://accreditation.gcfund.org>>.

23. These 55 entities are at various stages of review:
- (a) Seven entities have been accredited by the Board at its ninth meeting;
 - (b) Thirteen are recommended for accreditation at its tenth meeting;
 - (c) Two have completed Stage 1 and are being reviewed in Stage II (Step 1), including one direct access and one international access entity; and
 - (d) Thirty-six applications are still in various levels of completing Stage I (institutional assessment and completeness check).
24. In terms of process, if an application is found to be incomplete during Stage I, questions raised regarding the application will be communicated by the Secretariat to the applicant and the application will be reopened in the OAS so as to allow the applicant to provide the information requested. The number of rounds of questions may vary depending on the completeness of the application and the applicant's responsiveness to the Secretariat's questions.
25. Applications may proceed to Stage II (Step 1), accreditation review, conducted by the AP, after they have submitted all information required to close Stage I.
26. With respect to the time frame, the Secretariat and the AP use their best efforts in aiming to have fast-track and normal applications reviewed within three and six months, respectively, in accordance with Annex I to document GCF/B.08/45 and Annex II to document GCF/B.08/45.

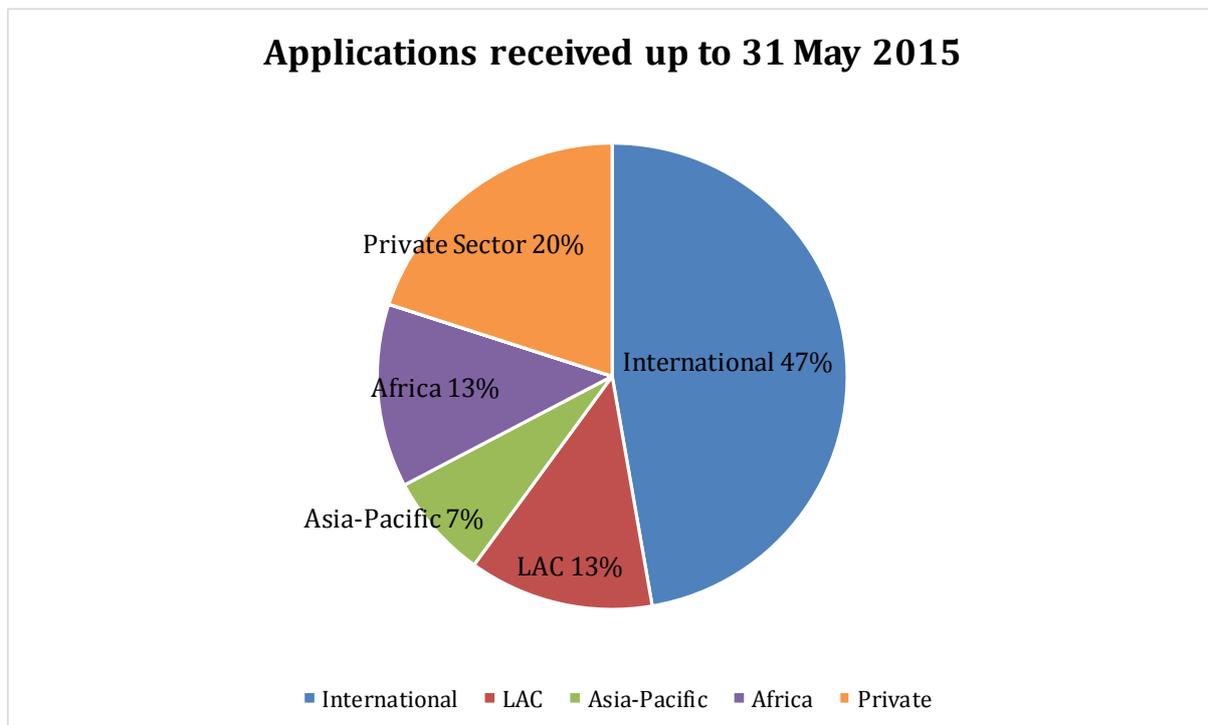


Figure 1: Accreditation applications received (as at 31 May 2015)

5.2 Status of accredited entities

27. The Board accredited its first entities at its ninth meeting in decision B.09/07. The seven entities accredited demonstrate a variety of accreditation types through the application of the fit-for-purpose approach, and reflect a geographical and an institutional balance as far as possible within a small number of cases.

28. When officially notifying the first accredited entities of their accreditation to the Fund, the Secretariat encouraged the entities to make contact with their national designated authority (NDA) or focal point (FP) when they intend to operate outside the country or countries that nominated them, in line with decision B.09/07, paragraph (c). The Secretariat also sent letters to NDAs and FPs notifying them of the first entities accredited by the Fund, and indicated that those entities would make contact with them in the event that they intended to operate with the Fund's resources in their countries.⁹

29. Details of entities accredited by the Fund to date have been published on the Fund's website, including the names of entities, their contact details and accreditation type, including conditions, where applicable.

30. The development of an accreditation master agreement is underway. Entities accredited at the ninth meeting of the Board will be consulted in this process. Under the legal arrangements, accredited entities undertake at all times to comply with the Fund's fiduciary principles and standards, environmental and social safeguards and gender policy for which they have been accredited against. The accredited entities will also at all times comply with their own policies and procedures that allow them to comply with the Fund's standards that they have been accredited for.

31. Climate change adaptation and mitigation projects and programmes undertaken by the Fund's accredited entities, including implementing entities and intermediaries, must be within the eight results areas of the Fund.¹⁰ It is expected that the first projects and programmes will be submitted to the Board at its eleventh meeting, in accordance with the guidance received from the Conference of the Parties of the United Nations Framework Convention on Climate Change.¹¹

32. In addition, the Secretariat has followed up with entities that were accredited with conditions, as well as those given recommendations where applicable, by the Board at its ninth meeting. These entities have made significant progress in closing the gaps that were identified by the AP in its assessment of their applications.

⁹ Information on accredited entities is available at <<http://www.gcfund.org/operations/accreditation/accredited-entities.html>>.

¹⁰ Document GCF/B.07/04.

¹¹ Decision 7/CP.20, paragraph 7.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.10/03 *Consideration of Accreditation Proposals*:

- (a) Takes note with appreciation of the in-depth assessment conducted by the Accreditation Panel (AP) contained within the relevant annexes for the following applicants:
 - (i) Applicant 008 (APL008), as contained in Annex III;
 - (ii) Applicant 009 (APL009), as contained in Annex IV;
 - (iii) Applicant 010 (APL010), as contained in Annex V;
 - (iv) Applicant 011 (APL011), as contained in Annex VI;
 - (v) Applicant 012 (APL012), as contained in Annex VII;
 - (vi) Applicant 013 (APL013), as contained in Annex VIII;
 - (vii) Applicant 014 (APL014), as contained in Annex IX;
 - (viii) Applicant 015 (APL015), as contained in Annex X;
 - (ix) Applicant 016 (APL016), as contained in Annex XI;
 - (x) Applicant 017 (APL017), as contained in Annex XII;
 - (xi) Applicant 018 (APL018), as contained in Annex XIII;
 - (xii) Applicant 019 (APL019), as contained in Annex XIV; and
 - (xiii) Applicant 020 (APL020), as contained in Annex XV;
- (b) Accredits APL008, APL009, APL010, APL011, APL012, APL013, APL014, APL015, APL016, APL017, APL018, APL019 and APL020 pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund (the Fund), and subject to, and in accordance with, the assessment by the AP contained in the relevant annexes for each of the applicant entities;
- (c) Takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in Annex XVI;
- (d) Decides that those referred to in Annex XVI are also eligible to apply under the fast-track accreditation process for the Fund's standards in accordance with decision B.08/03, paragraph (e), for Global Environment Facility (GEF) agencies, decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund (AF), and decision B.08/03, paragraph (g) for entities under the Directorate-General for Development and Cooperation – EuropeAid of the European Commission (EU DEVCO);
- (e) Also decides that, pursuant to decision B.09/07, paragraph (g), the Secretariat and Accreditation Panel shall prioritize the review of applications for accreditation received from subnational, national, regional and private entities in order to aim to achieve a balance of diversity in the list of entities being considered for accreditation by the Board;
- (f) Further decides that the Fund will maintain a balance between entities under the direct access and international access modalities; and
- (g) Decides that accredited entities that applied under the international access modality will be required to report annually to the Fund on technical assistance delivered to national



designated authorities, focal points and national and regional entities in its countries of operation, including on actual and measurable results, and the number of national and regional entities operating at scale that applied for accreditation with the Fund as a result of their support.

Annex II: Accreditation process

1. 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.¹ 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.²
2. 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.³
3. 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.⁴
4. An accreditation process has been developed in accordance with the Fund's guiding framework for accreditation, as contained in Annex I to document GCF/B.07/11, and is applied with a fit-for-purpose approach.⁵
5. The initial guiding framework for the Fund's accreditation process was adopted by the Board in decision B.07/02. The general objective of this guiding framework is to enable a coherent integration of the Fund's fiduciary principles and standards⁶ and environmental and social safeguards⁷ with the Fund's accreditation process and its related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it.
6. The Fund's accreditation process is based on three main stages as follows:
 - (a) Stage I: National designated authority or focal point 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.
7. 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. To implement this decision, the Secretariat 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 2. This process ensures transparency and traceability for the applicants and the Board.

¹ Governing Instrument, paragraph 1.

² Governing Instrument, paragraph 2.

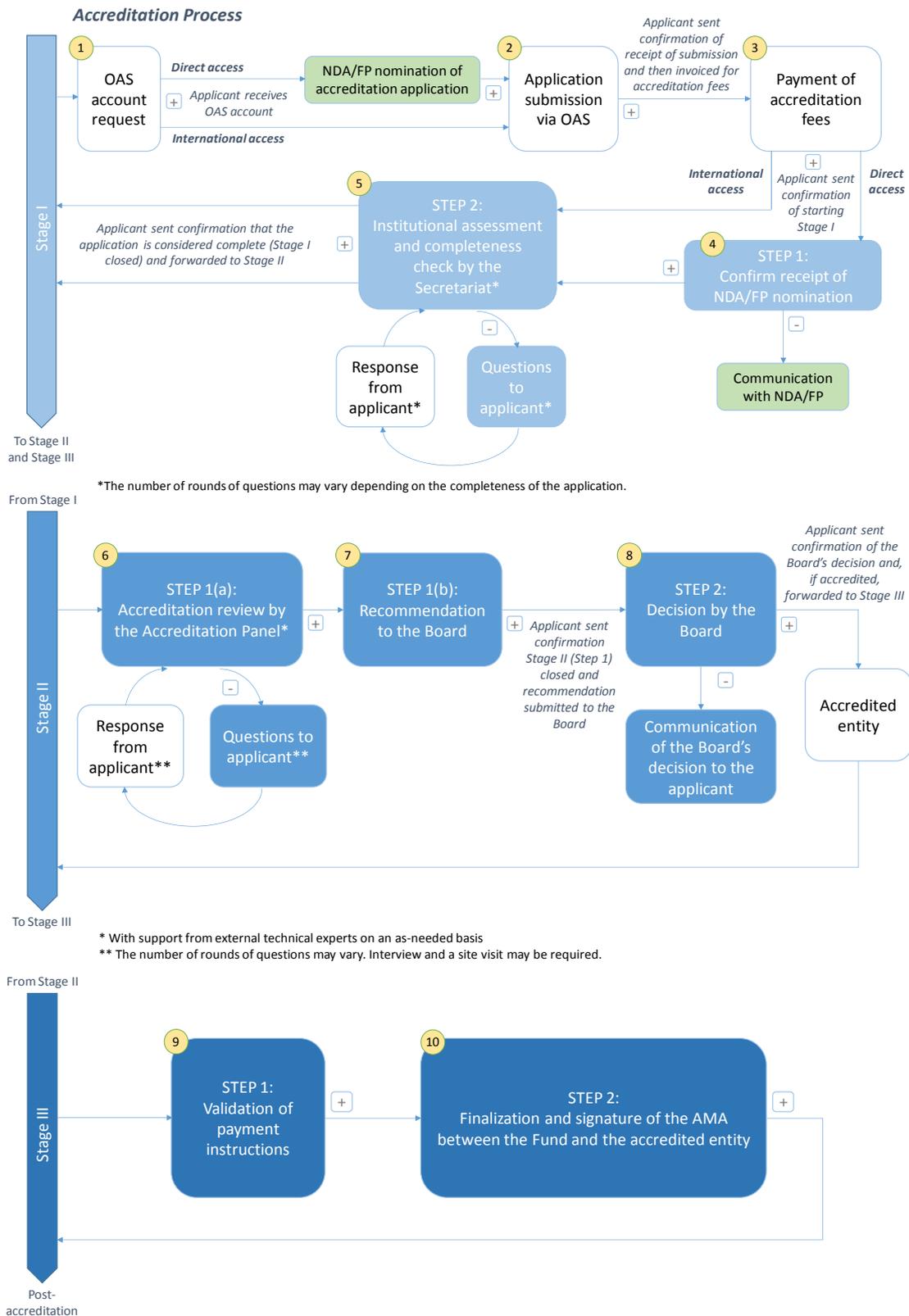
³ Governing Instrument, paragraph 31.

⁴ Governing Instrument, paragraph 45.

⁵ Annex I to document GCF/B.08/45.

⁶ Annex II to document GCF/B.07/11.

⁷ Annex III to document GCF/B.07/11.



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 2: Accreditation process flow char

Annex III: Accreditation assessment of Applicant 008 (APL008)

I. Introduction

1. Applicant 008 (APL008) is a national entity and an environmental fund located in a developing country in Africa. It was established with a mandate of being a sustainable source of funding for the development and implementation of environmentally sustainable development projects and programmes in partnership with both public and private sector organizations. The applicant was officially established in 2001, and began operations in 2011. The results of its activities overlap with the results areas of the Green Climate Fund (the Fund) in the areas of natural resource management, green technology and low carbon development, nature based tourism, and capacity-building. Building on its experience, the applicant seeks accreditation to the Fund in order to maximize the impact of its climate change and mitigation projects and programmes it implements whilst promoting social and economic benefits.

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 the Stage II (Step 1), Accreditation review, were concluded in June 2015. 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:** Normal track;
- (c) **Size of project/activity within a programme:** Micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (e) **Environmental and social (E&S) risk category:** Medium risk (Category B/Intermediation 2 (I-2)).³

II. Accreditation assessment

3. The applicant has been assessed against the Fund's standards by the Accreditation Panel (AP).

¹ As per Annex I to document GCF/B.08/45, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

4. As a part of this assessment, the AP has consulted the applicant's website and third-party websites to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. The applicant has, in its formative years, worked towards establishing a governance and oversight structure to a standard that would facilitate the scaling up of its activities. While developing this structure, the applicant has taken on board lessons learned and continues to work on gaps that have been identified as a result of its operations. In this respect, it has recognized the necessity for an internal audit function and recently procured the services of an internationally recognized auditing firm to provide this function on an outsourced basis. The applicant is also implementing a new information technology system in order to address gaps in its control framework, and confirmation of its successful implementation should be reported to the Fund once its functionality is fully operational.

6. The financial statements of the applicant are audited annually and prepared in accordance with accepted international financial reporting standards.

7. The entity has a procurement policy in the form of procedural guidelines, which it is in the process of redrafting for alignment across its operations. Moreover, this document intends to achieve alignment with national laws.

8. Furthermore, it is noted that the entity's sustainability is limited by the extent of its initial capitalization and the extent to which progress is made on accessing sources of revenue to sustain its operations. This has been recognized by the applicant and steps to address this have been included as part of its five-year strategic plan.

9. APL008 partially meets the Fund's basic fiduciary standards related to key administrative and financial capacities, and where gaps exist the process to close them is at an advanced stage of completion.

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

10. The applicant fully meets the basic fiduciary standards with respect to transparency and accountability. It has both a code of ethics and disclosure of interest policy and these have been communicated to its staff. APL008 also has a complaints mechanism transparently visible on its website and, based on feedback from the applicant, no complaints have been received via this portal. The complaints portal would benefit from terms of reference and clarity on how the complaint would be escalated within the organization.

11. It has provided information on three instances of potentially fraudulent acts and corrective actions have been implemented in these cases. The establishment of the internal audit function should be leveraged so as to identify gaps and recommend the preventative measures to employ to avoid their potential future occurrence.

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

12. APL008 substantially meets the Fund's requirement for the specialized fiduciary standard on project management. It has detailed policies, procedures and processes to provide for a direct project management role, which involves the management of a project from inception to completion. However, implementation of a project management function across a

large portfolio of relatively small grants is impaired due to a lack of human resources, and measures to address the gap are being tested.

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

13. The applicant has a transparent procedure for awarding grants and has provided some information on its website in this regard. Internally, it has developed a template for screening proposals, which are processed by management and referred to a panel of technical experts for review and recommendation to the Board. APL008, however, does not have a stand-alone grant policy and procedure, but the relevant information is contained in its operations manual and other documents. The applicant would benefit from the development of a single document to clearly delineate this part of its operations.

14. It should be noted that the applicant additionally has developed a fiduciary standard for its grantees.

15. APL008 is assessed in respect of its procedures to directly manage grants, and is found to substantially meet the standard.

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

16. The applicant did not apply for assessment against this standard at this time. However, it has commenced on a process of on-lending with a local bank and is piloting this approach. The scope of the lessons learnt should ideally encompass this programme for potential future accreditation against this standard.

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

17. APL008 is a young institution with its environmental and social safeguards (ESS) experience just developing. Many of its policies have been recently put in place, and capacity to implement them will be evident in the coming years. The applicant is introducing new models for financing environmental conservation and enterprises, but most projects funded/financed by the applicant have no or minimal environmental risks.

18. The applicant only partially meets the requirement on E&S policy in relation to medium E&S risk Category B/I-2. It has a new E&S policy that was approved in late 2014, but this is still being implemented within the institution and operationalized in projects conducted with its partner organizations. The policy shows consistency with the Fund's ESS, and provides a comprehensive approach to E&S risks and impacts. Prior to having an E&S policy, APL008 followed the national laws and regulations on environmental management within the country that it operates in; this policy mainly addresses environmental assessments and an official environmental clearance certificate for certain types of projects. The applicant has no track record of implementing projects with medium risk characteristics.

19. Commensurate with the fit-for-purpose accreditation approach and the nature of Category C/I-3 as being of minimal to no environmental and social risk, an E&S policy within an institutional environmental and social management system is not required for the Category C/I-3 level of risk. The applicant, however, does have an E&S policy that includes overall E&S policy principles, four safeguards, a project screening tool, and provisions on monitoring and reporting. The applicant meets this requirement in relation to minimal to no E&S risk Category C/I-3.

2.2.2 Section 6.2: Identification of risks and impacts

20. The applicant partially meets the Fund's ESS with respect to this requirement in relation to medium E&S risk Category B/I-2, but fully meets the requirement with respect to minimal to no E&S risk Category C/I-3. The new E&S policy provides guidelines for screening and categorization of projects. The guidelines have been tested internally, but since APL008 has not yet funded a medium E&S risk level project, it has no experience with E&S impact assessments or in developing mitigation measures for medium level projects. The project documentation it provided indicates that projects are small in size and fall under minimal to no E&S risk Category C/I-3 in accordance with the Fund's ESS. It is recommended that the applicant institutionalizes the screening guidelines and builds experience in screening and categorizing the projects that it considers for funding. The applicant should seek assistance from experts or external parties in order to develop capacity to ensure that the projects they fund have minimal or no E&S risks.

2.2.3 Section 6.3: Management programme

21. The applicant partially meets the Fund's ESS with respect to this requirement for a management programme in the context of medium E&S risk Category B/I-2, however, it fully meets the requirement with respect to minimal to no E&S risk Category C/I-3. In the last two years, APL008 has developed new manuals and frameworks to address E&S issues. However, as the applicant only has experience in funding or implementing projects with minimal or no E&S risk thus far, it is unable to offer evidence of a functioning programme for managing higher E&S risk projects throughout the project cycle.

2.2.4 Section 6.4: Organizational capacity and competency

22. The applicant does not meet this requirement in relation to medium E&S risk Category B/I-2, but does meet it for minimal to no E&S risk Category C/I-3. It is a young and relatively small organization, with limited staff. Although it has assigned responsibility for environmental and social safeguards, it has not filled all positions that are required in order to ensure that the required environmental and social policy is implemented. APL008 is recommended to fill the positions related to E&S with competent staff, and to pursue its plans to develop the organization's E&S capacity to implement the new E&S policy.

2.2.5 Section 6.5: Monitoring and review

23. The applicant partially meets this requirement in relation to medium E&S risk Category B/I-2. Monitoring and review of projects is guided by APL008's operational manual and a monitoring and evaluation (M&E) framework as well as the new E&S policy. Project M&E reports that have been assessed indicate a need for consistency in the reporting format, and lack of experience with medium E&S risk level projects is again noted. However, it is noted that the applicant has recruited an M&E officer, whose remit includes monitoring and review of E&S performance. This is deemed sufficient for projects with minimal to no E&S risks and impacts, and APL008 is found to meet this requirement in the context of this category. It is recommended that the applicant consistently implements the monitoring and review procedures set out in its policies and procedures.

2.2.6 Section 6.6: External communications

24. The applicant meets the requirement for external communications in relation to medium E&S risk Category B/I-2. It has established a communications policy, a complaints and

feedback procedure, as well as a disclosure policy. The applicant has submitted a log of queries and complaints received to date, which indicates that the mechanism is operational.

2.3 Gender

25. The applicant has experience with gender considerations in climate change projects, although its policy/charter has only been recently formalized. For a young institution, its gender programme is still being developed, but progress in this area is recognized. APL008 has provided evidence of project experience where women are key beneficiaries or engaged in projects in a meaningful manner. Given the recent adoption of the charter, the applicant still needs to include the principles of the charter in its procedures.

III. Conclusions and recommendation

3.1 Conclusions

26. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant partially meets the requirements of the Fund's basic fiduciary standards and substantially meets the requirements for the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms. In order to fully meet the requirements of the Fund's basic fiduciary standards, the applicant is required to:
 - (i) Undertake an initial internal audit of its operations. The items to be addressed in the internal audit should include:
 1. A sample review of three grant awards, including contractual arrangements for risk, assessed against its procedures;
 2. Confirmation that its procurement practice complies with national law; and
 3. A review of the new information technology control framework;
 - (ii) Submit the internal audit plan for the next financial year, 2016;
 - (iii) Submit internal audit reports annually for three consecutive financial years starting with the financial year 2016;
 - (iv) Submit the revised procurement policy and procedures. In order to fully meet the requirements of the Fund's specialized fiduciary standard for grant award and/or funding allocation mechanisms, the applicant is required to:
 - (v) Publish information on its grant award mechanism and process on its website;
- (b) It is recommended that the applicant continues to develop its grant mechanism, including the compilation of a process and procedure manual that incorporates all the mechanism's elements.
- (c) The applicant does not fully meet the requirements of the Fund's interim ESS in relation to the medium E&S risk Category B/I-2 against which the applicant is seeking accreditation. However, it does fully meet the requirements for minimal to no E&S risk Category C/I-3. It is recommended that the applicant seeks to deepen its knowledge of the Fund's interim ESS while further developing its E&S management system in order to support a potential future upgrade of its accreditation for medium E&S risk level Category B/I-2; and

- (d) APL008 meets the gender requirements, with both a new gender policy and experience in taking into account gender considerations in climate change projects. It is recommended that the applicant includes the principles of its new gender charter in its internal procedures manuals.

3.2 Recommendation on accreditation

27. The AP recommends, for consideration by the Board, the applicant (APL008) for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Size of an individual project or activity within a programme:** Micro;
 - (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 2. Specialized fiduciary standard for project management; and
 - 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
 - (iii) **Environmental and social risk category:** Minimal to no risk (Category C/I-3);⁴
- (b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions listed below. The AP will thereafter assess whether the conditions have been met to the satisfaction of the Fund. This assessment for information purposes will be communicated by the Secretariat, on behalf of the AP, to the Board.
- (i) The applicant shall meet the requirements indicated in paragraph 26 (a) (i, ii, iv and v) above prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant; and
 - (ii) The applicant shall meet the requirements indicated in paragraph 26 (a) (iii) on an annual basis for the three consecutive years, starting with the financial year 2016. This condition is not required to be met prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant.

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:
- (a) Meeting the conditions identified in paragraph 27 (b) above; and
 - (b) Undertaking the recommendations in paragraph 26 (b)–(d) above.

⁴ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex IV: Accreditation assessment of Applicant 009 (APL009)

I. Introduction

1. Applicant 009 (APL009) is a national entity, specifically a public sector ministry, located in a least developed country in Africa which is responsible for environment, climate change and natural resources management at the local and national levels. The applicant, in partnership with national stakeholders, has a strategy in place to support national development goals, particularly in green growth, climate resilience, and the sustainable management and consumption of natural resources. The applicant's goal is to provide solutions to the environmental and resource challenges faced, including the imbalance between population and natural resources that has serious impacts on sectors such as agriculture, energy, infrastructure, land, water resources and forestry, in achieving national long-term sustainable development. Currently, the applicant has a climate change project portfolio of approximately US\$ 120 million, which includes activities such as reducing vulnerability to extreme climate and weather events through the implementation of relevant priority adaptation measures. Accreditation to the Green Climate Fund (the Fund) will be an opportunity for the applicant to continue to drive sustainable development and green growth as envisaged in its national strategies and to scale up its climate change projects and programmes, but also will also be a platform for it to support other developing countries in developing and implementing their national climate change strategies.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 18 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in May 2015. 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:** 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:** Medium risk (Category B/Intermediation 2 (I-2)).³

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

² Decision B.07/02.

³ As per Annex I to document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

3. The applicant is eligible for, and applied under, 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 (AP) in accordance with the requirements and gaps identified in decision B.08/03.

4. As a part of this assessment, the AP has consulted the applicant's website and third-party websites to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, has been met by way of fast-track accreditation.

7. Regarding item 4.2.4, the applicant provided information regarding the national public sector legal framework that regulates its internal audit function, the investigation of financial mismanagement, the public procurement processes and the sanction mechanisms to be imposed in cases of financial mismanagement. Additionally, it provided information regarding the results of internal audits and procurement reviews so as to demonstrate the application of the framework. The applicant provided information that confirms the presence of a framework for the review and assurance of proper financial management at the national level, as well as its application at the applicant's level. However, this does not demonstrate that the Fund's fiduciary standard concerning transparency and accountability has been fully met by the applicant.

8. The applicant's investigation function is mainly performed by its internal audit department and only partially complies with the Fund's standard in the following aspects:

- (a) The public availability of the terms of reference of its audit functions;
- (b) The presence of an independent internal audit function;
- (c) The presence of an audit committee at the applicant level, mandated by its national law;
- (d) The availability of a legal framework with a clear procedure for managing incidents once detected by the internal audit function; and
- (e) A clear procedure for applying sanctions when wrongdoing is demonstrated;

9. However, the audit function does not provide a clear procedure for receiving and managing complaints and there is no procedure in place for periodically reporting investigation case trends (i.e. distinct from periodic audit reports).

2.1.3 Section 5.1: Specialized fiduciary standard for project management

10. As per paragraph 3 above, the specialized fiduciary standard for project management 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.

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

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

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

13. The applicant is guided by the country's overarching E&S laws in which it is located; these are further supplemented by legislation covering specific sectors and guidelines for environmental assessments. The guidelines, having been institutionalized for almost a decade, have facilitated the establishment of the current environmental and social management system (ESMS). The ESMS encompasses:

- (a) Project impact assessments;
- (b) Public consultation; and
- (c) Monitoring and evaluation of a project over its life cycle.

14. Moreover, as evidence of implementing these laws and guidelines, the applicant provided information on its work with a number of international financing institutions on projects that covered aspects contained in the subsequent sections 2.2.2 to 2.2.6 below.

15. These laws are found to be partially aligned with the Fund's environmental and social safeguards (ESS). However, in order to determine the gaps at the project level (performance standards 2-8), if any, an equivalence assessment of the country's legal framework would have to be undertaken. It is recommended that the applicant consider undertaking such an assessment with respect to projects and programmes funded by the Fund in order to further the development and application of ESS within the country.

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

16. The applicant, as required by law, undertakes an environmental impact assessment (EIA) process for all projects regardless of the risk category, before authorization for its implementation is obtained. The EIA process assesses environmental and socioeconomic risks and impacts. The applicant demonstrated experience in assessing a range of risk categories.

2.2.3 **Section 6.3: Management programme**

17. APL009 has an agency within its organization that was established by law to oversee the implementation of policy. It oversees the EIA process which includes, where relevant, mitigation plans supplemented by an environmental management plan.

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

18. The applicant, given the cross-cutting nature of its projects, has an agency within its organization to coordinate the capacity and competency for implementation. For large and complex projects, a unit that is resourced with skills and competencies drawn from other public sector entities and departments is formed to manage the project. This process has been successfully applied in projects, but resource constraints are recognized as a risk, given the

mobility of suitably qualified staff. This qualification, however, does not detract from the applicant meeting the Fund's ESS for this item.

2.2.5 **Section 6.5: Monitoring and review**

19. It has various cross-cutting review structures spanning public sector entities and departments and is also mandated to report on such reviews by law. Monitoring and review forms an integral part of the applicant's EIA process and covers the project life cycle, including the operational and decommissioning phases where applicable. Moreover, the process anticipates a dual project monitoring role by the developer of the project and the affiliated agency or decentralized authority.

2.2.6 **Section 6.6: External communications**

20. The applicant holds public hearings in the EIA process and also has a comprehensive website that facilitates the communication of its activities. The website has a mechanism through which the public can make contact and a central secretariat to assign actionable items to the responsible person.

2.3 Gender

21. APL009 has a national constitution that states its commitment to ensuring equal rights. Moreover, a gender monitoring office ensures that fundamental principles are adhered to by way of its monitoring and supervision role. The principles of gender equality have also been codified in laws relating to land tenure amongst others. Gender considerations form part of the key development indicators of departments and ministries.

22. The applicant provided information on gender-related competencies, and examples of projects and research where it jointly worked with other entities, including civil society, in furthering gender parity. Furthermore, gender-based priorities are evidenced and resourced where the promotion of gender and family matters are entrenched at the ministerial level.

III. **Conclusions and recommendation**

3.1 Conclusions

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

- (a) The applicant substantially meets the requirements of the Fund's basic fiduciary standards and specialized fiduciary standard for project management. In order to fully meet the Fund's basic fiduciary standards, 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 below:
 - (i) Publishing on its website, the instructions and appropriate forms through which to log a complaint;
 - (ii) Preparing quarterly reports on case trends and maintaining a formal record of all complaints received; and
 - (iii) Submitting a report of the incidents recorded to its Office of the Ombudsman for investigation on a monthly basis;

- (b) The applicant partially meets the requirements of the Fund's interim ESS in relation to the medium E&S risk Category B/I-2. In its assessment, the AP judges that whereas the entity has a wide-ranging ESMS (performance standard 1), it has limited experience in applying the full scope of project-specific performance standards 2 to 8. The applicant is recommended to consider undertaking an equivalence assessment of the country's legal framework with respect to the Fund's project-specific performance standards 2 to 8, which would apply to projects and programmes funded by the Fund. The applicant is required to:
- (i) Use external support, including from co-financiers, acceptable to the Fund, to help to prepare projects or programmes that invoke any of performance standards 2 to 8;
- (c) The applicant has demonstrated that it has policies, procedures and competencies, which are found to be consistent with the Fund's gender policy, and has also demonstrated that it has experience with gender consideration in the context of climate change activities.

3.2 Recommendation on accreditation

24. The AP recommends, for consideration by the Board, the applicant (APL009) for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Size of an individual project or activity within a programme:** Small (including micro);
- (ii) **Fiduciary functions:**
1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management;
- (iii) **Environmental and social risk category:** Medium risk (Category B/I-2) (including lower risk (Category C/I-3)⁴);
- (b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated for information purposes by the Secretariat, on behalf of the AP, to the Board.
- (i) The applicant shall meet the requirements indicated in paragraph 23(a) (i)–(iii) above prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant;
- (ii) The applicant shall meet the requirement in paragraph 23(b) (i) in respect of any project/programme funded by the Fund that invokes any of performance standards 2-8 until a mid-term review during the five-year accreditation period is undertaken for the purposes of determining the applicant's competency in meeting the Fund's ESS at the project level.

⁴ As per Annex I to document GCF/B.07/11, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

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

3.3 Additional remarks

26. The applicant may wish to seek readiness and preparatory support to assist it with:
- (a) Meeting the conditions identified in paragraph 24 (b) above.
 - (b) Undertaking the recommendation made in paragraph 23 (b) above. The outcome of this assessment could rule out the necessity for the condition contained in paragraph 24 (b) (ii).

Annex V: Accreditation assessment of Applicant 010 (APL010)

I. Introduction

1. Applicant 010 (APL010) is a national financial institution with a total balance sheet of over US\$ 40 billion located in a developing country in the Asia-Pacific region. It has the mandate of promoting sustainable agriculture and rural development through innovative, sustainable and equitable agriculture and rural prosperity by providing financial and technical support. It has built partnerships with other national entities, financial institutions and non-governmental organizations in order to implement innovative ideas through loans, guarantees, blended finance and other structures in the areas of agriculture, natural resources management, fisheries, rural livelihood improvement, renewable energy and micro finance among others. Almost one-third of its cumulative disbursements are related to climate change adaptation and mitigation activities. The applicant seeks accreditation to the Green Climate Fund (the Fund) in order to continue implementing its climate change adaptation and mitigation projects and programmes, which are well aligned with the Fund's results areas, particularly food and water security, forestry and landscape management, enhancing livelihoods and ecosystem services. Leveraging its long-standing partnerships and experience, APL010 intends to undertake low-emissions and climate-resilient sustainable development that reduces the impacts of climate change.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 11 February 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in June 2015. It 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:** Large;¹
- (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; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees);
- (e) **Environmental and social (E&S) risk category:** Medium risk (Category B/Intermediation 2 (I-2)).³

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number

II. Accreditation assessment

3. The applicant is eligible for and applied under, 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 (AP) in accordance with the requirements and gaps identified in decision B.08/03.

4. As part of this assessment, the AP has consulted the applicant's website, third-party websites and an international organization that the applicant has collaborated with over many years to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, has been met by way of fast-track accreditation.

7. Regarding item 4.2.4, the applicant provided evidence in support of its investigation function, for which there are three channels of reporting. In the first instance, it has accepted the national legal framework for reporting and managing the process associated with investigations. This is a well-structured and resourced mechanism, the information on which is fully detailed on its website and fully meets the Fund's standards. Secondly, there is an internal channel which is contained in the staff rules and provides for an internal disciplinary process. Finally, the website also provides for receiving and tracking complaints.

8. The applicant has provided information in respect of cases reported and actions taken.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

9. As per paragraph 3 above, the specialized fiduciary standard for project management 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 mechanism

10. The applicant, an Apex institution,⁴ has significant grant operations across a diverse set of sectors and demonstrates knowledge and innovation in this area of its operations. Its grant schemes are transparently published on its website. Moreover, its product offering spans a variety of instruments with a wide reach.

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

⁴ According to the Consultative Group to Assist the Poor (CGAP), an Apex institution is defined as "a second tier or wholesale organisation that channels (grants, loans, guarantees) to multiple institutions in a single country or region. Funding may be provided with or without supporting technical services." Available at <https://www.cgap.org/sites/default/files/CGAP-Donor-Brief-Apex-Institutions-in-Microfinance-Jul-2002.pdf>.

11. In addition to the diversity mentioned above, APL010 has a well-established track record for grant awards under dedicated programmes that have been designed in conjunction with international development financing institutions (DFIs). This programmatic approach has produced meaningful results and the capacity thus developed can be leveraged for its effectiveness and broad impact.

12. These programmes and associated procedures have been structured with sustainability in mind. Significant engagement and involvement of communities is maintained during the implementation of the projects supported under these programmes. Systems and processes for awarding grants are defined per programme and include, amongst others, results frameworks, procurement procedures, reporting and monitoring and responsibilities. Moreover, the applicant has a technical assistance capacity that further supplements its activities.

13. Information in respect of the programme and the role of the applicant is publically displayed at the project site and project progress is reported within communities via local structures.

14. For components of the programme that have a large concentration of projects, dedicated implementing units are established in order to supplement the monitoring and implementation. Evaluations, including ex-post evaluations are undertaken so as to ensure that projects are sustainably maintained. In order to ensure good governance, external audits on the use of funds form a key component of the fiduciary oversight.

15. Grants for programmes are not managed in isolation, but as part of a blended portfolio of loans and grants. The grants provided under these programmes are leveraged for their effectiveness in support of structuring projects where funds are most needed. Eligibility criteria include an assessment of affordability as a means of reducing risk within a well-defined programme.

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

16. The applicant has a substantial balance sheet, which, in addition to its proven track record in managing its resources, provides support for its lending programme that includes commercial paper and bond issuance. APL010's audited financial statements are published annually and its financial metrics have provided for an 'AAA' national rating by an internationally recognized rating agency.

17. The applicant has a significant track record in respect of on-lending and blending of a size that it is seeking accreditation for. The approach for its operations with DFIs has been an integrated one where a sustainable financial model is derived by integrating sources and financing types, and the sharing of risk. Here the emphasis is also on a programmatic approach. Sound financial principles, including credit quality, a balanced portfolio approach and good governance characterize the operations of these programmes. Evidence regarding the applicant's good standing with DFIs has been provided and verified by the AP.

18. In operationalizing the programmes, the applicant's processes include the selection of project executing agencies which are chosen for their ability to implement projects and a sound financial track record evidenced by audit reports.

19. The applicant has a number of board and management committees with well-defined roles and responsibilities and includes an investment committee, a risk management committee, an audit committee, and an asset and liability committee. These committees meet frequently and are guided by the policies and procedures documented for their purpose. Ongoing activities in respect of programmes are published on a quarterly basis on the applicant's website and are reported in its annual financial statements.

20. APL010 has, at a macro level a significant number of policies and procedures that govern its operations. Its loan policy is significantly detailed and provides for credit risk assessments of its counterparts and covers all products in its portfolio.

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

21. The applicant is in the process of preparing an environmental and social safeguards (ESS) policy which provides for an environmental and social management system (ESMS) that includes processes for:

- (a) The identification of impacts and risks of projects;
- (b) Monitoring and reporting; and
- (c) Community engagement and participation.

22. APL010 intends to submit its newly drafted policy to its board for consideration and approval at its next meeting. The policy will apply to projects and programmes where resources from DFIs and other multilateral sources such as the Fund are applied. The applicant has recently acquired some experience in applying E&S principles to programmes implemented with DFIs. These programmes are ring-fenced with specific E&S and fiduciary guidelines. The draft policy, when approved by the applicant's board, will fully meet the Fund's ESS. In addition to addressing the Fund's ESS, the policy also addresses issues related to gender equity and access, as well as equity and the protection of human rights. In preparing its policy and reflecting on its future implementation, the applicant has recognized the capacity constraints it may encounter and to this end, the policy provides for resources to support its implementation on a cost-recovery basis.

2.2.2 Section 6.2: Identification of risks and impacts

23. The policy provides for an assessment of E&S risks and impacts of the applicant's operations. It also provides for a categorization of projects and programmes based on the scale, nature and severity of E&S risks and impacts that may arise from its operations.

2.2.3 Section 6.3: Management programme

24. The policy provides for a management programme that will ensure that environmental management plans are prepared and employed in managing mitigation measures and actions stemming from the E&S risk and impact identification process, and unanticipated impacts.

2.2.4 Section 6.4: Organizational capacity and competency

25. The applicant has competency within its structures to undertake the tasks associated with an ESMS, though given the extent of its operations this is limited. Having recognized this gap, APL010 is, in collaboration with a DFI, in the process of developing a detailed capacity-building programme which includes the development of ESS procedures. Moreover, in addition to its existing ESS competencies, it has drafted a job description for an environmental officer who will oversee, at a strategic level, the applicant's ESS responsibilities as envisaged by the draft policy.

2.2.5 **Section 6.5: Monitoring and review**

26. The policy will require that executing agencies establish monitoring procedures to review progress and compliance with the E&S obligations of the applicant's operations, in addition to outlining the role of the applicant in supervising the executing entities. Monitoring and evaluation of mitigation measures and actions is addressed in the policy.

2.2.6 **Section 6.6: External communications**

27. The policy proposes a disclosure and consultative process as anticipated in the standard and in this regard it has a significant track record in disseminating information both on its website and at the sites of the executing entities in which it has funded projects. Additionally, project results are substantially detailed in its annual results reports and it produces information booklets and brochures for distribution to the general public. The applicant's website contains a significant amount of information in respect of its operations and also provides for external communications both for general contact and for grievances.

2.3 Gender

28. The applicant is preparing a gender policy in addition to including gender equity as a standard in its ESMS. This innovative approach codifies a gender approach in the environmental and social impact assessment for medium E&S risk projects. The standard encompasses that women and men are treated equitably, receive comparable benefits and do not suffer disproportionately from operations that the applicant implements. The applicant has demonstrated a track record of supervising gender specific projects and has the in-house competencies.

29. APL010 has demonstrated a track record of gender specific programmes that have been targeted to remove gender barriers and for purposes of climate change adaptation. The applicant provided evidence of facilitating the social and financial empowerment of women in the projects that it has implemented.

III. **Conclusions and recommendation**

3.1 Conclusions

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

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards, 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 for loans and guarantees;
- (b) Having drafted an E&S policy, which is pending approval by its board, and having worked towards codifying procedures under its programmes with DFIs, the applicant substantially meets the requirements of the Fund's interim ESS in relation to the medium E&S risk Category B/1-2. It is required that the applicant's board:
 - (i) Approve the environmental and social safeguards policy, and communicate the policy and procedures within the organization as well as to its executing entities.
- (c) The applicant has demonstrated that it has competencies in the implementation of a gender policy in addition to demonstrating the ability to apply gender-sensitive

approaches to climate change adaptation projects and programmes. It is required that the applicant:

- (i) Develop a gender policy in line with the Fund's gender policy to be applied in projects and programmes funded by the Fund.

3.2 Recommendation on accreditation

31. The AP recommends, for consideration by the Board, the applicant (APL010) for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);

- (ii) **Fiduciary functions:**

1. Basic fiduciary standards;
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:** Medium risk (Category B/I-2) (including lower risk (Category C/I-3)⁵);

(b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition. The AP will thereafter assess whether the condition has been met. This assessment will be communicated for information purposes by the Secretariat, on behalf of the AP, to the Board. The condition is:

- (i) The applicant shall meet the requirements indicated in paragraph 30 (b) (i) and (c) (i) above prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant.

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

3.3 Additional remarks

33. The applicant is encouraged to seek readiness and preparatory support to assist it with:

- (a) Meeting the conditions identified in paragraph 31 (b) above.

⁵ As per Annex I to document GCF/B.07/11, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

Annex VI: Accreditation assessment of Applicant 011 (APL011)

I. Introduction

1. Applicant 011 (APL011) is a regional financial institution established in the late 1960s, located in the Latin American and Caribbean regions and focuses on the promotion of sustainable development and green economies in over 15 countries in the region through supporting the technical and financial structuring of projects. It offers a wide variety of financial products and services, including loans, equity and guarantees. The applicant's partnerships with public and private sector organizations have allowed it to play an active role in the promotion of projects and programmes that generate environmental benefits and to address climate change impacts. Over US\$ 800 million has been invested in green energy and greenhouse gas emissions mitigation projects. Such projects have focused on energy efficiency, renewable energy solutions, sustainable transport and climate change adaptation through disaster risk reduction and ecosystem services. APL011 seeks accreditation to the Green Climate Fund in order to continue developing climate change projects and programmes together with its partners that will reduce the impacts of climate change in its region.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 March 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded at the end of May 2015. 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 three national designated authorities or focal points nominations for its accreditation application;
- (b) **Track:** Fast-track under the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Large;¹
- (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 (for loans, equity and guarantees);
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).³

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

3. The applicant is eligible for, and applied under, 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 (AP) in accordance with the requirements and gaps identified in decision B.08/03.

4. As a part of this assessment, the AP has consulted the applicant's website and Standards & Poor's credit rating of the applicant as additional sources of information to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, has been met by way of fast-track accreditation.

7. Regarding item 4.2.4, the applicant is assessed to meet the Fund's basic fiduciary standards in this respect. APL011 provided a set of guidelines for ethical behaviour, and procedures to handle complaints/inquiries regarding possible ethics cases. It also provided evidence of cases that have been processed and closed in the past three years. The guidelines and contact mechanism are available to all employees through the entity's intranet, and contact information for filing complaints with its ethics committee of management is available on the entity's website. In cases where the complaints are related to projects that the applicant participates in or that are related to financial mismanagement, the ethics committee will refer the case to another committee formed by four high ranking officers who will analyse the case and recommend a course of action to the entity's Executive President.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

8. As per paragraph 3 above, the specialized fiduciary standard for project management 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 has emphasized that it is seeking accreditation for grant awards and/or funding allocation mechanisms to further enhance its capacity to provide technical assistance on climate change matters in its region of operation. APL011 states that it is limited in its ability to maintain a physical presence in every country of the region; therefore, it considers technical assistance funding as a viable mechanism by which to enhance the scope and impact of its climate change efforts. The strategy proposed is to provide support for the enhancement of climate change expertise at the local level through national capacity-building.

10. Within the context of the applicant's strategy, grants are defined as a funding allocation mechanism that will provide resources in order to fund technical assistance initiatives. The applicant has well-established and transparent processes for evaluating, selecting and awarding technical assistance funding based on the capacity-building needs of the particular countries within its region.

11. In order to ensure efficient management of the technical assistance funds, the applicant has established a dedicated unit to manage all technical assistance fund awards. The process to assess, select, award and monitor technical assistance funding is defined in the applicant's manual for managing special funds and in its guidelines for preparing and undertaking technical cooperation operations. The policies in place clearly define activities eligible for technical assistance, clear selection processes and criteria, levels of authorization required for disbursement and eligible expenses (items subject to funding).

12. Taking into consideration the applicant's emphasis on funding allocation mechanisms for technical assistance, it complies with the Fund's 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**

13. The applicant has over 25 years of experience of working with international sources of funds for on-lending and blending.

14. It has investment grade credit ratings from the three major global rating agencies, which highlight the applicant's sound financial position.

15. The applicant has contributed over US\$ 800 million to green energy and the mitigation of greenhouse gas emission projects, and financing for other green projects. These projects were funded mainly through loans, however technical assistance funding, concessional loans and equity instruments were also utilized as funding mechanisms.

16. APL011's credit manual provides guidance on effective credit management policies. It includes guidance on credit origination (including due-diligence assessment), monitoring and evaluation, and problem loan management. The quality of the applicant's loan portfolio management guidelines is evidenced by an external credit rating report, which highlights the quality of its loan portfolio.

17. Considering its controls, management practices and experience with on lending and blending operations, the applicant meets the Fund's specialized fiduciary standard for on-lending and/or blending related to loans, equity and guarantees.

2.2 Environmental and social safeguards

2.2.6 **Section 6.1: Policy**

18. The applicant has considerable experience with environmental and social safeguards (ESS) implementation across a wide spectrum of projects and E&S risk categories. Its overarching environmental policy is well established, while technical guidelines continue to be strengthened and updated. It established an environmental strategy in 2007, which describes the guiding axis, principles, methodologies and objectives of the applicant's environmental activities. The strategy describes 14 ESS, which are in line with the Fund's ESS, except for some aspects of performance standard 2 on labour and working conditions. The applicant provided substantial documentation demonstrating its experience in various aspects of project-specific performance standards 2 to 8 in the projects which it finances.

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

19. APL011's operations are guided by an environmental and social management system (ESMS) that is supported by an E&S risk matrix and a geographical information system utilized from the very early stages of project origination. The E&S matrix accommodates the characteristics of the proposed project as well as the sensitivity of the environment (physical and social) in which it is located. Whereas the geographical information system is a tool that assists in the identification of sensitive or vulnerable geographic areas. The applicant's E&S risk categorization system is comparable to that used by Fund. APL011 presented a brief paper comparing its risk categorization system with that used by the Fund. The applicant has also presented documentation related to its projects showing different risk categories (from low to high), evidencing its significant experience in managing projects with different E&S risk characteristics.

2.2.8 **Section 6.3: Management programme**

20. The applicant's E&S strategy document has been elaborated in a set of guidelines and manuals that ensure sound practices from project origination to ex-post evaluation. The guidelines also ensure that executing entities provide the necessary human resource and budget allocations to implement E&S mitigation plans. The guidelines also call for the incorporation of contractual conditions in loan agreements. Project documentation demonstrates the application of the system, including project E&S reports and environmental audit reports.

21. However, there is a new draft guideline (consolidated blueprint on E&S) that has not been finalized nor approved. This is expected to take place by October 2015. The applicant needs to ensure the finalization of the guideline, approval of the consolidated blueprint and its institutionalization in the organization and its executing entities.

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

22. The applicant's E&S management system is handled by its environment and climate change division, the director of which reports to senior management (Executive President). The division is divided into three units, with one unit (with seven officers) being responsible for ensuring that environmental and social safeguards are adhered to. While the other units are in charge of green business programmes (forestry and biodiversity) and climate change programmes (adaptation and mitigation). A manual that describes the operational modality of the division was provided. The curricula vitae provided for technical staff indicate sound competency in this field.

23. APL011 has commenced a capacity-building programme for its staff, located in various offices, with the Global Environment Facility (GEF), which covers ESS as well as gender mainstreaming. The schedule for the training courses was provided, showing that courses are planned for 2015, 2016 and 2017, to cover all of the GEF's Minimum Standards on Environmental and Social Safeguards topics.

2.2.10 **Section 6.5: Monitoring and review**

24. The applicant's guidelines and manuals establish a continuum of actions for the monitoring and review of E&S risk and impact management. At the formalization stage, the applicant ensures that loan agreements clearly state the executing entity's obligations for E&S mitigation and monitoring. One obligation is for the executing entity to engage external experts/auditors in order to verify compliance with requirements established in the project's E&S studies or documents, licences and loan agreements. At the project implementation phase

(administration and disbursement phase), verification of E&S compliance is conducted through field visits, which result in a technical criteria document that highlights findings to be followed up by the executing entity. Samples of reports were provided as evidence that the monitoring and review system is functioning.

25. For the GEF projects, the applicant has indicated that it will apply a GEF project management manual, which describes a results-based management approach and a performance measurement framework to be applied to projects prior to completion. The framework is intended to improve decision-making, transparency and accountability. For each project, performance indicators are developed to measure the achievement of outputs, outcomes and targets. Quarterly or biannual reports, as well as mid-term and final evaluation reports are to be publicized on the applicant's website. Additionally, the applicant has stated that its GEF portfolio will undergo an external audit in order to determine the applicant's compliance to GEF ESS requirements as well as its own. As no GEF projects have been implemented, there were no audit reports submitted for this assessment.

26. The project documentation indicates some inconsistency, however, in the practice of monitoring and follow-up of actual environmental impacts and risks. It is expected that the new consolidated blueprint will play an important role in strengthening the applicant's ESMS and performance.

2.2.11 Section 6.6: External communications

27. The applicant has set up a grievance and complaint response mechanism for GEF projects, and an ethics committee to receive complaints and reports on possible fraud activities or acts of corruption related to projects from other sources (non-GEF). The method for contacting the applicant regarding any such complaints or grievances is provided on the applicant's website.

2.3 Gender

28. The applicant has recently published guidelines on gender equity that follow up on a gender agenda from 2013. APL011 has established a gender affairs committee comprising senior officers, and has assigned an executive to be responsible for implementing and mainstreaming the strategy, and monitoring and reporting on gender outcomes. It also has a gender action plan that provides a preliminary framework for mainstreaming gender into its operations. The applicant does, however, lack a track-record on gender and climate change, and is encouraged to build up its project and programme experience in line with its guidelines and action plan.

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 AP concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards, 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 for loans, equity and guarantees. The applicant's current investigations structure could be enhanced by the implementation of

a formal independent investigations function that integrates the investigative functions currently undertaken by the ethics committee and the special committee that investigates cases of financial mismanagement;

- (b) APL011 substantially meets the requirements of the Fund's interim ESS in relation to high E&S risk Category A/I-1. The applicant is recommended to ensure that the project-specific performance standard 2 is fully aligned with the Fund's ESS when it is applied in projects, and to strengthen its monitoring and review of E&S risks and impacts, as part of its ESMS. The applicant is required to:
 - (i) Approve by senior management the consolidated blueprint for E&S management and to communicate the blueprint within the organization and to its executing entities;
 - (c) The applicant has demonstrated that it has policies, procedures and competencies which are found to be consistent with the Fund's gender policy.

3.2 Recommendation on accreditation

30. The AP recommends, for consideration by the Board, the applicant (APL011) for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 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) (including lower risk (Category B/I-2⁴ and Category C/I-3⁵));
- (b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition. The AP will thereafter assess whether the condition has been met. This assessment will be communicated for information purposes by the Secretariat, on behalf of the AP, to the Board. The condition is:

⁴ As per Annex I to document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

⁵ As per Annex I to document GCF/B.07/11, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

- (i) The applicant shall meet the requirements indicated in paragraph 29 (b) (i) above prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant.

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.

3.3 Additional remarks

32. The applicant is encouraged to seek readiness and preparatory support to assist it with:
- (a) Meeting the conditions identified in paragraph 30 (b) (i) above; and
 - (b) Undertaking the recommendation in paragraph 29 (b) above.

Annex VII: Accreditation assessment of Applicant 012 (APL012)

I. Introduction

1. Applicant 012 (APL012) is a regional entity whose work is focused on small island developing States in the Caribbean and on improving the region's framework for and activities that address climate change. Key activities that the applicant engages in with its member states include raising awareness on climate change, building capacity to analyse climate change impacts across various sectors, and identifying adaptation and mitigation opportunities; developing and implementing mitigation and adaptation projects in the region; and providing policy advice and support during events such as the international climate change negotiations. The applicant has built strong relationships with institutions across the region and internationally in order to deliver effective solutions and projects. Over the next five years, it will manage climate change projects and programmes in the region of almost US\$ 50 million, including in areas that they already have experience in: early warning systems, water and energy security, agriculture and food security, resilient health-care facilities, climate-resilient buildings, and ecosystem-based adaptation. APL012 seeks accreditation to the Green Climate Fund (the Fund) to undertake and scale up both mitigation and adaptation projects across the region in order to drive a paradigm shift in the region's development patterns.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 26 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in June 2015. 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 track;
- (c) **Size of project/activity within a programme:** Small;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (e) **Environmental and social (E&S) risk category:** Minimal to no risk (Category C/Intermediation 3 (I-3)).³

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

² Decision B.07/02.

³ As per Annex I to document GCF/B.07/11, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

II. Accreditation assessment

3. The applicant has been assessed against the Fund's standards by the Accreditation Panel (AP).
4. As a part of this assessment, the AP has consulted the applicant's website and third-party websites to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. The applicant is a small organization with approximately 45 employees. It has an established financial management system commensurate with the scale of its historical activities and modalities of engagement with partners. In anticipation of accreditation to the Fund and recognizing that certain gaps exist in its internal control framework, it has already embarked on a process to fill these gaps.
6. The organization is funded by some of its member states, as well as by international (multilateral and bilateral) organizations and is supervised by a board of governors. It further sustains its operations with fee income realized from its project management role. In addition, its board recently established operational committees.
7. The applicant provided its business plan for 2013-2018, and its financial manual to demonstrate that it has a consistent and formal process by which to set financial objectives and to ensure that the chosen objectives support and align with the mission of the organization.
8. APL012's financial statements have been prepared and audited in accordance with internationally accepted accounting practices. The management letters and reports prepared by the external auditor recommended that the applicant strengthen its internal control framework.
9. In accordance with an external audit recommendation, an audit committee of the applicant's board has been established and includes three independent members in its composition. The audit committee has stated that it would provide a report on its work by the organization's next board meeting.
10. The applicant does not have an internal audit function with a track record of being implemented, however, an internal audit charter and terms of reference for the internal audit committee have recently been approved by its board. Moreover, a contractual agreement with an internationally recognized entity for providing internal audit services has been established.

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

11. The ethics provisions of the applicant's organization are regulated by the staff code of conduct that has been communicated throughout the organization, and which clearly defines the conduct expected of the organization and its employees. This code of conduct is supported by the declaration of the conflict of interest. The only currently functioning committee of the board is the finance committee, however, this will be addressed at the applicant's next board meeting, at which it is intended to establish an ethics committee.
12. The applicant maintains a complaints portal on its website and provides for complaints of a general nature as well as for project-related complaints. It has a well-structured complaints procedure with a terms of reference and provides for the registering of a complaint.

13. APL012 is in the process of establishing a “know-your-customer” mechanism to trace electronic transfers as part of the applicant’s anti-money laundering and anti-terrorist financing procedure.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

14. In addition to the gaps mentioned in paragraph 5 above, the applicant has undertaken an extensive exercise to codify its practices in respect of existing project management practices undertaken. Moreover, these practices have been aligned and cross-referenced to other project-related procedures and manuals. Although these codified procedures are recent, the experience and historical practices over the last decade substantially mirror what is contained in these documents.

15. The applicant has a strong track record as further evidenced by a sample of project appraisals undertaken in the past three years, including activities that promote climate change adaptation and mitigation objectives developed in cooperation with a wide range of multilateral and bilateral funding institutions.

16. Financial resources for projects with partners have been ring-fenced and accounted for separately in accordance with international standards.

17. Based on the information provided, it is assessed that the current documented practice of project preparation, appraisal, monitoring and quality review is appropriate for the small-scale project size that the applicant is applying for, and has been documented noting the applicant’s aspirations for growth.

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

18. The applicant allocates its resources based on a transparent system where proposals are received and assessed on an ongoing basis. This process is regulated by project-specific management procedures, including grants provided for technical assistance at the project preparation stage in conjunction with the project development process.

19. The decisions on grant allocation are taken by authorized parties in the organization and grant disbursement is regulated by the organization’s project due diligence procedures. The payments are undertaken in accordance with the grant contract agreements and are closely monitored by the project management function and donor organizations.

20. The applicant has developed a stand-alone grant framework together with a partner organization that meets the Fund’s standard where specific calls for proposals are anticipated for specific climate-related activities. The grant allocation procedure contains provisions for calls for proposals, criteria for exclusion, eligibility, selection and awards, as well as procurement procedures. This reflects the applicant’s emerging role as an implementing entity applying its own standards to all of its projects and programmes rather than applying those of different donors on a project-by-project basis.

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

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

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

22. The applicant indicated in its application that it is applying for assessment against the minimal to low E&S risk (Category C/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 relatively simple, and will not need to include all of the ESMS elements required for higher risk categories. While the applicant applied for Category C/I-3, its ESMS and E&S policy are commensurate with the medium E&S risk Category B/I-2, as further detailed in the sections below. Moreover, the applicant has provided information on its track record with regard to the number of successfully developed and implemented projects categorized as having a medium E&S risk level.

23. APL012 developed and codified a comprehensive ESMS, which is fully aligned with the requirements of the Fund's environmental and social safeguards (ESS) for Category B/I-2. The new E&S standards and policy within the applicant's ESMS have recently been approved. This policy is an update of the existing policies and practices that the applicant has already applied in projects and programmes. Given its regional status the applicant recognizes that there may be differences in the country level requirements and the Fund's standards, but it would apply the latter to projects and programmes funded by the Fund and this has been reflected in its E&S policy.

24. The E&S policy contains the provisions for E&S risk categorization that is consistent with the Fund's interim ESS, as well as provisions for the management programme, organizational competence, monitoring and review, stakeholder engagement, grievance mechanism and gender equality.

2.2.2 Section 6.2: Identification of risks and impacts

25. The applicant's ESMS includes an assessment process that is commensurate with the E&S risk and the scale of the project it would be financing. It provides for a process of categorization, stakeholder consultation and management of the projects throughout its life cycle. The applicant's processes for identifying E&S risks and impacts are fully aligned with the requirements of the Fund's ESS with respect to medium E&S risk Category B/I-2.

2.2.3 Section 6.3: Management programme

26. The recently approved E&S policy contains provisions for mitigation and performance improvement measures, and actions that address the identified E&S risks and impacts of the project. While the E&S policy codifies existing practices, projects have not yet been started or implemented using the new policy since its approval. The applicant has presented a strong track record on undertaking E&S assessments with respect to the medium E&S risk projects that it already undertakes prior to the approval of its E&S policy.

2.2.4 Section 6.4: Organizational capacity and competency

27. The applicant has demonstrated a strong organizational capacity and competency with regard to E&S aspects. It provided information on the qualifications of the staff members who will facilitate the implementation of the ESMS. The records provide evidence that the designated E&S specialists have significant experience, skills and knowledge in developing and assessing the projects of a medium E&S risk category. These resources will further supplement the well-documented standards and policy of the applicant. This fully meets the requirements of the Fund's ESS with respect to medium E&S risk Category B/I-2.

2.2.5 Section 6.5: Monitoring and review

28. APL012 works with national authorities to monitor project impacts and projects are subject to the monitoring and review process outlined in the E&S policy. The specific scope and schedule of monitoring and inspections would be prepared for the specific project in accordance with the E&S policy. This fully meets the requirements of the Fund's ESS with respect to medium E&S risk Category B/I-2.

2.2.6 Section 6.6: External communications

29. The applicant has a well-developed website that contains a significant amount of information on the projects it developed, as well as on the environmental and social risk assessment tools it has applied. In addition, the site provides contact information for the general public. Moreover, provision is made for complaints from the public regarding projects and other matters. This fully meets the requirements of the Fund's ESS with respect to medium E&S risk (Category B/I-2).

2.3 Gender

30. APL012 is in the process of developing its gender policy and has provided its outline of the same. Some competence in gender-related aspects has been gained through conducting projects and programmes that target women among other beneficiaries. However, capacity-building assistance following the approval of the gender policy is recommended. The applicant appears to intend to incorporate gender and climate change issues in its project assessment processes.

III. Conclusions and recommendation

3.1 Conclusions

31. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant partially meets the requirements of the Fund's basic fiduciary standards and fully meets the requirements for the specialized fiduciary standard for project management and specialized fiduciary standard for grant award and/or funding allocation mechanisms. In order to fully meet the requirements of the Fund's basic fiduciary standards, the applicant is required to:
 - (i) Adopt, through its audit committee, the audit charter as its frame of reference;
 - (ii) Submit its internal audit plan for the next financial year, 2016;
 - (iii) Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016; and
 - (iv) Establish a "know-your-customer" procedure as part of its anti-money laundering and anti-terrorist financing procedure;
- (b) APL012 may wish to institutionalize the grant award procedure developed with one of its partner institutions;
- (c) The applicant fully meets the requirements of the Fund's interim ESS in relation to minimal to no E&S risk Category C/I-3, which it applied for, as well as the medium E&S risk Category B/I-2;

- (d) APL012 has demonstrated experience in climate change projects that take gender aspects into account, however, it should further work on developing its gender policy and strengthening its competencies in gender-related issues. The applicant is required to:
- (i) Adopt a gender policy consistent with the Fund's gender policy to be applied in projects and programmes funded by the Fund.

3.2 Recommendation on accreditation

32. The AP recommends, for consideration by the Board, the applicant (APL012) for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Size of an individual project or activity within a programme:** Small (including micro);
- (ii) **Fiduciary functions:**
1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management; and
 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (iii) **Environmental and social risk category:** Medium risk (Category B/I-2)⁴ (including lower risk Category C/I-3).
- (b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated for information purposes by the Secretariat, on behalf of the AP, to the Board. The conditions are:
- (i) The applicant shall meet the requirements indicated in paragraph 31(a) (i, ii and iv) and 31(d) (i) above prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant; and
- (ii) The applicant shall meet the requirements indicated in paragraph 31(a) (iii) on an annual basis for three consecutive years, starting with the financial year 2016. This condition is not required to be met prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant.

33. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 32 above, and agrees to the recommendation.

⁴ As per Annex I to document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

3.3 Additional remarks

34. The applicant is encouraged to seek readiness and preparatory support to assist it with:
- (a) Meeting the conditions identified in paragraph 32 (b) above; and
 - (b) Undertaking the recommendations in paragraph 31 (b) above.

Annex VIII: Accreditation assessment of Applicant 013 (APL013)

I. Introduction

1. Applicant 013 (APL013) is a regional entity established through a public-private partnership to serve Africa, particularly providing financing solutions to address infrastructural needs in the region. With the view of achieving its mandate, the applicant has established strategic partnerships with other regional financial institutions that also prioritize development and the financial impact of their investments. The applicant has an investment portfolio worth about US\$ 2 billion, and a track record of making climate change adaptation and mitigation investments that enhance livelihoods through renewable energy generation (e.g. hydropower and wind), sustainable transport and low-emissions projects, by employing equity and loans. Leveraging its well-established partnerships and successful track record in the African region, the applicant seeks accreditation to the Fund in order to continue, through instruments such as loans, equity and guarantees, to implement projects that address the region's infrastructural gaps whilst promoting low-emission and climate-resilient development pathways.

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

- (a) **Access modality:** International access;
- (b) **Track:** Normal track
- (c) **Size of project/activity within a programme:** Large;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity, and guarantees);
- (e) **Environmental and social (E&S) risk category:** High risk
Category A/Intermediation 1 (I-1).³

II. Accreditation assessment

3. The applicant has been assessed against the Fund's standards by the Accreditation Panel (AP).

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

4. As a part of this assessment, the AP consulted the applicant's website and a variety of reliable, robust third-party websites as part of the assessment process.

2.1 Fiduciary standards

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

5. The applicant's executive management committee is responsible for assessing its financial performance and financial risk. This oversight is operationalized through subcommittees of management, such as the asset and liability committee, risk committee, valuation committee and investment committee.

6. APL013's audit and compliance committee of its board oversees the internal audit function, thus ensuring independence and effective execution of the internal audit responsibilities, which are operationalized in documented audit plans.

7. The applicant demonstrated that it has a reliable financial reporting function, which is supported by the required technological platform. It prepares yearly financial statements in accordance with the International Financial Reporting Standards. In addition to the appropriate preparation of required financial statements, the applicant has a system of management reports that ensure the availability of information for effective decision-making.

8. It demonstrated that it has a mature internal control system. Furthermore, it has implemented board-sanctioned policies and operating procedures to ensure that operations are carried out efficiently, and that inherent risks are mitigated effectively. The applicant's internal control framework relies on clearly established responsibilities assigned to divisional and departmental managers, and on the oversight responsibilities of the risk management department and the internal audit department.

9. The applicant has a documented procurement manual, which governs its internal procurement practices and procurement in respect of projects where it is agreed that the applicant's procurement processes will be used. Controls are in place to provide assurance that the procurement function has appropriate oversight.

10. APL013 has a well-defined payment and disbursement system to ensure that appropriate controls are in place. These controls are based on a suitable segregation of functions and are supported by the required technology.

11. The applicant's code of ethics establishes the professional conduct expected of all staff members, including the disclosure of conflicts of interest.

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

12. Regarding the applicant's investigation function, its chief internal auditor reports periodically to the audit and compliance committee and to the chief executive officer on key control issues, including fraud risks. The investigation function is adequate for receiving and processing internal complaints, however no mechanisms are in place to receive third-party complaints.

13. Furthermore, there is an ethics phone line, which is independently operated by a large international audit firm, to enable the applicant's staff to report any form of misconduct, which is subsequently investigated by executive management.

14. The applicant has an approved anti-money laundering and countering financing of terrorism policy (AML/CFT policy). This policy mandates that "know-your-customer" (KYC) due

diligence be undertaken for all the applicant's executing entities. The KYC questionnaire is standardized and included in the AML/CFT policy. The applicant does not execute electronic payments on behalf of third parties, nor does it accept deposits from the public, and this significantly reduces potential AML/CFT risks.

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

15. APL013 applies a structured and effective project management process for all the projects in which it invests. Its project approval process includes an initial eligibility assessment, a preliminary investment proposal and a final investment proposal. The final investment proposal is reviewed and approved by the risk committee.

16. The applicant's investment committee monitors and evaluates project performance periodically, based on standardized reports that include assessments of the projects' key performance indicators, compliance with the financing agreement covenants, risk factors, mitigation actions and key follow-up items.

17. The applicant engages independent external technical advisers for both project assessment, and monitoring and evaluation (M&E).

18. To ensure that project M&E activities are appropriately prioritized, the applicant's risk management unit manages a project risk rating mechanism. This mechanism assigns a watch status or downgrades the rating of projects, where necessary.

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 applicant's capacity for managing on-lending and/or blending activities is validated by its successful issuance of securities in the international Eurodollar market. The successful completion of the approval, registration and issuance process, and furthermore the market acceptance of these securities (as demonstrated by investor demand) provide external validation of the adequacy of the applicant's financial management capacity.

21. APL013 received an international investment grade credit rating from a leading international rating agency for both the applicant's general credit risk and for the risk specific to the securities that it issued in the international financial markets.

22. The applicant has demonstrated a strong on-lending track record. It has secured credit facilities in excess of US\$ 1 billion from both development finance institutions (DFIs) and global commercial banks. The applicant's on-lending framework and capacity consists of incorporating the applicable requirements of the credit facilities into its robust and detailed project identification, appraisal and monitoring processes.

23. Its on lending and/or blending effectiveness is supported by the structured approach to project assessment and approval previously described. Project approval by the investment committee provides clear guidelines for on-lending and/or blending activities for loans and equity investments.

24. The applicant's credit risk policy provides guidance for the entire investment process, including origination, technical assistance, appropriate financial structure, appropriate funding sources (including debt and/or equity) and final approval. Compliance with the applicant's credit risk guidelines is ensured by the required investment committee approval.

25. APL013 has financed projects that are aligned with the Fund's objectives, such as renewable energy projects including a hydroelectric power plant and a wind power farm. In these projects the applicant demonstrated its ability to finance jointly with both private banks and DFIs.

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

26. The applicant has, over the past two years, systematically implemented an environmental and social management system (ESMS), which is strategically derived from its overarching environmental and social policy. The policy's key principles are typical of a private sector organization that invests across a diverse set of infrastructure asset classes.

27. Over the course of implementing its ESMS, the applicant has worked with external experts and an international development finance institution to develop and codify its policies and procedures, the process of which culminated in approval by its board of its policy and ESMS in the first quarter of 2015.

28. APL013 has a policy and manual that guides its environmental and social safeguards (ESS) approach. While both documents were recently board-approved, the principles of the policy have been piloted over the past year and were subjected to an audit based on key performance indicators. With the implementation of the policy, the applicant intends to adhere to international standards and international best practice in the assessment and management of E&S risks. The policy is being implemented under the guidance of its risk department at an executive level.

29. The key principles of the policy have been developed to:

- (a) Reflect the applicant's stated intent in respect of its management of E&S risk. This recognizes the necessity to identify, manage, monitor and mitigate, on an ongoing basis, E&S risks across all areas of its business activities;
- (b) Accommodate flexibility where the applicant is a lender participating in project finance transactions; and
- (c) Require its E&S standards to apply from the commencement of its participation in the project or provide for an adoption of its E&S standards over time where the project's financing structure (e.g. equity or project development) and project necessitates this approach.

30. This fit-for-purpose approach described above has been considered the most effective tool by which to facilitate the applicant's participation in markets where E&S standards are in various stages of development. Moreover, it has ensured that the governance structure used to affect the desired ESS outcome is firmly entrenched in its processes. The applicant has recognized that its sphere of influence in respect of E&S standards may differ from project to project and its level of participation; therefore, to mitigate E&S risk, it has codified a structured and pragmatic approach.

31. The applicant's policy also provides for an exclusion list.

2.2.2 Section 6.2: Identification of risks and impacts

32. The applicant's standards in respect of the identification of risks and impacts fully meets the Fund's ESS and in order to establish this practice, the applicant's E&S risk identification, assessment and management has been integrated and codified into its entire investment

process from feasibility phase to exit. Implementation of the policy is the responsibility of the risk department at an executive level.

33. Moreover, the applicant has acquired a tool for the E&S risk categorization of projects, which includes detailed guidelines for the identification and categorization of E&S risks and impacts. The applicant fully meets the Fund's ESS in this regard.

2.2.3 **Section 6.3: Management programme**

34. APL013 has recognized that E&S risk identification in the early due diligence phase is key to ensuring that management of E&S risks and impacts are adequately provided for in its management programme. For all high E&S risk Category A/I-1 projects, the assistance of an external expert is mandatory. The applicant's ESS is a reportable item in all its investment committee decisions and the applicant has codified the management of E&S risk in all stages of project development and/or project operations. Training material has been developed and the ESMS procedures and processes have been communicated to its entire staff.

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

35. The applicant's executive risk officer (ESMS manager) maintains responsibility for the organization's adherence to its policy and ESMS. A suitably qualified ESMS officer is responsible for the day-to-day implementation of its ESMS. The ESMS manager takes the lead on matters relating to planning, implementation, developing, educating, training and liaising with internal and external stakeholders. In addition to its in-house competency, the applicant will, for all high E&S risk Category A/I-1 projects, employ the services of an external expert to assist with the implementation of the ESMS process as envisaged in its manual.

2.2.5 **Section 6.5: Monitoring and review**

36. APL013 has codified the monitoring and reporting mechanism in great detail in its ESMS, and the roles and responsibilities involved are sufficiently documented with clear requirements for site visits, including the designation of the persons concerned. It has prepared thorough reporting templates and reporting on its ESS is mandatory, including to its investment committee. High E&S risk Category A/I-1 projects receive specific emphasis in this regard. The applicant has developed an audit protocol for the purpose of internal audit.

2.2.6 **Section 6.6: External communications**

37. The applicant has published its policy on its website and highlights E&S responsibilities in its annual report. External communications, in general, are the responsibility of its vice-president of communications, however the applicant does not make provision for receiving external communications on its website. Communication from external parties would normally be sent to a general website address and all such information is generally kept for a period of 12 months.

2.3 Gender

38. The applicant does not have a gender policy applied at an investment level. It does, however, provide for the equal treatment for all its employees across all of its operations as part of its staff policy.

III. Conclusions and recommendation

3.1 Conclusions

39. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant substantially meets the requirements of the Fund's basic fiduciary standards and fully meets the requirements for the specialized fiduciary standard for project management and the specialized fiduciary standard for on-lending and/or blending for loans, equity, and guarantees. It is recommended that the applicant complement its investigations function with a mechanism, such as a link on its website, in order to receive and process third-party complaints that arise from projects financed by the applicant;
 - (b) The applicant substantially meets the requirements of the Fund's interim ESS in relation to the high E&S risk Category A/I-1. Having incorporated the fundamental elements of a well-managed ESMS and policy in its business operations, it is recommended that the applicant seek external assistance so as to further develop its E&S policy and its application as appropriate for the type of activities for which it will seek finance from the Fund; and
 - (c) While the applicant has demonstrated that it is an equal opportunity employer as far as its own operations are concerned, it has not provided evidence that gender considerations, consistent with the Fund's gender policy, are part of its investment policies or procedures. It is required that the applicant:
 - (i) Develop a gender policy consistent with the Fund's gender policy to be applied in projects and programmes funded by the Fund.

3.2 Recommendation on accreditation

40. The AP recommends, for consideration by the Board, the applicant (APL013) for accreditation as follows:
- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management; and
 3. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees);

- (iii) **Environmental and social risk category:** High risk (Category A/I-1) (including lower risk (Category B/I-2⁴ and Category C/I-3⁵));
 - (b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated for information purposes by the Secretariat, on behalf of the AP, to the Board. The condition is:
 - (i) The applicant shall meet the requirements indicated in paragraph 39 (c) (i) above prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant.
41. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 40 above, and agrees to the recommendation.

⁴ As per Annex I to document GCF/B.07/11, Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

⁵ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex IX: Accreditation assessment of Applicant 014 (APL014)

I. Introduction

1. Applicant 014 (APL014) is an international commercial bank with extensive experience and a presence in Africa, Latin America and the Asia-Pacific and Caribbean regions. The applicant has a well-established track record in implementing private sector investment opportunities in climate change adaptation and mitigation. In particular, it has managed investment funds which have been used in sustainable development initiatives in the areas of renewable energy, energy efficiency and agriculture, all of which overlap with the results area of the Green Climate Fund (the Fund). In the past year, the applicant has financed renewable energy projects worth EUR 4.3 billion, which includes investing EUR 1 billion of its own capital. Bringing with it its progressive experience, the applicant seeks accreditation to the Fund in order to contribute to the Fund's objectives by mobilizing funds through a variety of instruments, including loans, equity and guarantees, for implementing scalable, innovative climate change adaptation and mitigation projects including through local small and medium-sized enterprises in developing countries. By leveraging its global partnerships, the applicant offers the Fund a unique opportunity through which to raise additional resources from private sector sources, under diverse modes of engagement, such as structured joint financing arrangements and specialized investment funds.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 28 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in June 2015. The applicant has applied to be accredited for the following parameters under the Fund's fit-for-purpose approach:

- (a) **Access modality:** International access. While not required, the applicant additionally received a national designated authority or focal point nomination for its accreditation application;
- (b) **Track:** Normal track;
- (c) **Size of project/activity within a programme:** Large;¹
- (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 (for loans, equity and guarantees);
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-2)).³

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

3. The applicant has been assessed against the Fund's standards by the Accreditation Panel (AP).

4. As a part of this assessment, the AP has consulted the website of the United Nations Environment Programme Financial Initiative⁴ (of which the applicant is a member), as well as websites of specialized investment funds in which multilateral financial institutions have invested with the applicant, as sources of third-party evidence.

2.1 Fiduciary standards

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

5. The applicant has a well-established organizational and corporate governance structure which demonstrates and assures that key administrative and financial capacities are in place. It has internal control systems appropriate for the size and scope of the organization. Evidence has been provided for a clear definition of internal control roles and responsibilities of business and oversight units and their effective functioning.

6. At the executive level, there is a clear definition of the organizational units and an appropriate segregation of functions among the different departments, including an independent internal audit function.

7. APL014 has implemented the required technology to provide timely information for the effective management of risk, and for internal, regulatory and external reporting. This ensures that the applicant has appropriate management oversight and control over its activities.

8. The applicant's internal control framework is designed based on the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission, as per the Fund's basic fiduciary standards. The responsibilities for following specific internal controls and detailed procedures are clearly defined.

9. Its external auditor certified that the International Financial Reporting Standards (IFRS) are adhered to, as per the Fund's basic fiduciary standards. The adherence to IFRS guarantees that periodic, complete, timely and accurate financial statements and information are available. Furthermore, the external auditor confirmed that the review of the applicant's financial statements has not led to any reservations.

10. APL014, as a global organization, has mature and well-developed procurement processes that ensure appropriate controls to prevent mismanagement and ensure cost efficiency. The applicant's global procurement organization is responsible for all third-party expenditure on goods and services. Utilizing the global organization's processes ensures that there is business and budget approval for all procurement activities. The following policies provide additional guidance for procurement activities: the code of ethics, the anti-fraud policy, and the organization's sustainability principles.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

11. The applicant has published a code of business conduct and ethics that is communicated throughout the organization, which clearly defines the conduct expectations of the organization and applies to every staff member.

⁴ Available at <<http://www.unepfi.org/>>.

12. APL014 has an established policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members and other parties associated with the applicant. Its code of business conduct and ethics supports this policy. Furthermore, the applicant has implemented policies that ensure the proper management of resources in a financial institution. Additionally, it has a published investigation policy, which is enforced by an independent investigations unit.

13. The applicant is committed to the highest standards of anti-money laundering (AML) and countering the financing of terrorism (CFT). Moreover, as a global organization, it is subject to several advanced AML/CFT regulations. Therefore, the applicant has developed advanced mechanisms for the prevention of financial crimes.

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

14. APL014's processes for project identification, preparation and appraisal are defined in the context of new product development, with both applicant-wide guidelines, and product specific requirements, incorporated in the defined processes. Project identification, preparation and appraisal are based on a mature project screening process, a comprehensive due diligence process and clearly defined approval authorities.

15. When a new product involves project management, a framework by which to manage the associated risks is developed. This framework assigns clear roles and responsibilities to adequately manage projects and will ensure compliance with applicant-wide internal risk management policies and external regulatory requirements.

16. To monitor and evaluate projects, the applicant utilizes three main tools:

- (a) A project plan established at the beginning of each fiscal year (the business plan includes annual budgets and specific performance targets);
- (b) Key performance indicators to ensure that the project is attaining the desired results; and
- (c) Specialized reports to evaluate project performance.

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

17. The applicant is seeking accreditation for grants and/or funding allocation mechanisms in order to enhance specific products that it offers through the provision of technical assistance support.

18. The funding allocation processes established by the applicant assign the responsibility for overseeing these funds to a technical assistance (TA) manager who is responsible for receiving and processing TA requests, which are approved by a TA committee. For each assignment, the TA committee approves the respective scope of work, budget and the procurement method, before the TA facility manager can start disbursement.

19. The applicant has experience in managing alternative funding mechanisms in the form of grants on behalf of external donors.

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

20. The applicant has demonstrated, as evidenced by its track record, that it has developed the capacities required in order to appropriately engage in on-lending and/or blending operations, as well as equity investments and issuing guarantees. It has the policies, procedures, managerial skills and experience to effectively manage external funds.

21. As a global financial institution, subject to regulatory requirements in different jurisdictions and aligned with sound banking practices, the applicant has implemented the processes and procedures, enabled by an advanced technological platform, to provide assurance of effective control (at a global level) over the external funds it receives.
22. The applicant's processes for financial and risk management, as well as its due-diligence processes, are well developed and supported by a strong technological infrastructure and well-defined investigation and audit functions.
23. The applicant has been rated with an investment grade rating by all three major rating agencies (Moody's, Standard and Poor's, and Fitch).

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

24. The applicant has an overarching risk principles framework, which includes E&S principles. This is underpinned by additional policies and procedures that provide more granularity, especially with regard to high-risk sectors, and guide staff in decision-making. The applicant has experience in implementing the Fund's environmental and social safeguards (ESS) on a variety of projects and has committed to continuing this practice on all projects financed by the Fund.

2.2.2 Section 6.2: Identification of risks and impacts

25. APL014's risk principles framework defines the risk criteria under which projects are to be elevated for additional review and decision. This policy is supported by operational guidelines which provide further instruction to the applicant's staff on how to identify risks and impacts, and templates, checklists and tools so as to ensure consistent practice.
26. The applicant's E&S risk categorization system is comparable to that used by the Fund. The initial categorization is assigned by the relevant business unit and is also reviewed and verified through a system of checks.

2.2.3 Section 6.3: Management programme

27. The applicant has documented processes, tools and templates in place in order to guide staff to systematically manage E&S risks and impacts at the institutional and investment levels. At the institutional level, E&S risk management is embedded in the overall risk management function and is supported by checks and balances which can escalate E&S risk review. The sustainability control function and the audit function also evaluate E&S risk on a portfolio basis to identify emerging trends in order to better provide advice to the business unit and to update the E&S management system (ESMS) and supporting tools, as needed.

28. At the investee level, business unit staff may be supported by the sustainability control function or by a regional independent external compliance advisor to assist with E&S risk identification and mitigation development and management. Support to the investee may include technical assistance to establish an ESMS within the investee's organization in order to ensure that the investee can manage identified risks and impacts, and implement the time-bound environmental and social action plan established for the investment, if applicable.

2.2.4 Section 6.4: Organizational capacity and competency

29. The applicant has recently updated its sustainability training such that all business unit staff who are in charge of implementing the applicant's ESMS at the investment level are trained

on: sustainability trends; sustainability across various industry sectors, types of executing entities and ESMSs; and knowledge-sharing through case studies. The business unit staff are supported organizationally both by regional consultants and by internal staff in the sustainability control function who report to a managing director and group sustainability officer.

2.2.5 Section 6.5: Monitoring and review

30. The applicant has a mature mechanism for monitoring and reviewing safeguard implementation in its operations. All project aspects are reviewed on a quarterly basis, annual monitoring of reporting requirements is embedded in investment legal requirements and site supervision visits are conducted. Moreover, key performance indicators are included in monitoring reports to ensure that investment impact reaches beneficiaries.

2.2.6 Section 6.6: External communications

31. APL014 has an external communication mechanism that allows the public to make comments or ask questions via its website. In addition, a written protocol is applied to individual investment funds so as to ensure that these funds have an external communications channel, which includes designating a responsible person to address the complaints or grievances received.

2.3 Gender

32. The applicant does not have a specific gender policy. At the institutional level, its commitment to gender-related matters is captured across a number of documents, which include diversity guidelines, a hiring policy, and a procedural commitment to monitoring and fostering female representation in senior management and the wider workforce which is supported by training programmes. At the investment level, through the application of the Fund's ESS, gender benefits will accrue but it does not have a focused investment strategy for gender or perform a gender assessment or project screening for gender sensitivity on investment projects.

III. Conclusions and recommendation

3.1 Conclusions

33. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards, 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 for loans, equity and guarantees;
- (b) It fully meets the requirements of the Fund's interim ESS in relation to the high E&S risk Category A/I-1;
- (c) While the applicant has demonstrated that it has elements contained within its existing and applied policies and procedures consistent with the Fund's gender policy, it is required that the applicant:
 - (i) Develop a gender policy consistent with the Fund's gender policy to be applied in projects and programmes funded by the Fund.

3.2 Recommendation on accreditation

34. The AP recommends, for consideration by the Board, the applicant (APL014) for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
- (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 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) (including lower risk (Category B/I-2⁵ and Category C/I-3⁶)).

(b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated for information purposes by the Secretariat, on behalf of the AP, to the Board. The condition is:

- (i) The applicant shall meet the requirements indicated in paragraph 33 (c) (i) above prior to the first disbursement by the Fund for an approved project/programme to be undertaken by the applicant.

35. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 34 above, and agrees to the recommendation.

⁵ As per Annex I to document GCF/B.07/11, Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

⁶ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex X: Accreditation assessment of Applicant 015 (APL015)

I. Introduction

1. Applicant 015 (APL015) is a public international financial institution established several decades ago. The applicant's mandate is to contribute to social and economic development through sustainable and inclusive growth, enhancing livelihoods and natural resource management. With operations in more than 90 developing countries across all regions, including least developed countries and small island developing states, the applicant is actively engaged in climate change mitigation and adaptation actions across all sectors. The applicant made a commitment of almost US\$3 billion to climate finance last year, employing a range of financial instruments. The applicant has delivered projects and programmes in renewable energy, energy efficiency, public transport, disaster risk management in urban areas and water resources management, improving livelihoods and well-being, adaptive agriculture and forestry. The applicant seeks accreditation with the Green Climate Fund (the Fund) to utilize its experience in project delivery by offering support to national priorities in climate resilient development pathways. The applicant also seeks to promote direct access to climate finance by strengthening the institutional capacities of national and regional entities.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 23 January 2015. Stage I, Institutional assessment and completeness check, and Stage II (Step 1), Accreditation review, were concluded in June 2015. The applicant has 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;¹
- (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 (for loans and guarantees);
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).³

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

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

4. As part of this assessment, the AP has consulted the applicant's website, the applicant's credit rating by Standards & Poor and websites of international development funds that partner with the applicant as a means of gaining additional information to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. Per paragraph 3, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. Per paragraph 3, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.5 Anti-money laundering and anti-terrorist financing, has been met by way of the fast-track accreditation.

7. Regarding item 4.2.5, the applicant is a regulated financial institution subject to banking regulations and supervision in all matters pertaining to anti-money laundering and countering the financing of terrorism (AML/CFT). The regulations place a legal obligation on the applicant to undertake the necessary due diligence before entering into a business relationship with an executing entity an, to verify the executing entity is not involved in money laundering or terrorism financing during the course of such business relation. The applicant has a comprehensive framework in place for ensuring compliance with the applicable banking regulations, and its policies and procedures for AML/CFT are set out in circulars which are widely disseminated throughout the institution. The applicant does not receive deposits from the general public, thus reducing the exposure to money laundering and terrorism financing risks.

8. The applicant provides training on AML/CFT to all of its employees, including those in its country offices. The applicant carries out "know-your-customer" due diligence checks on all prospective and existing executing entities to assure compliance with its AML/CFT policies.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

9. The information provided by the applicant entity demonstrates a solid track record and experience in project management. The entity has robust policies, procedures and frameworks to guide its operations in all stages of the project cycle: identification, preparation, appraisal and monitoring and evaluation.

10. The applicant provided key operational policies and procedures, as well documents that demonstrate compliance with and effective use of these policies and procedures. The entity exercises adequate oversight and control over the operations it finances, including the oversight of preparations for project implementation plans, budgets and the utilization of project funds.

11. Functioning monitoring and evaluation (M&E) capacities based on recognized international M&E standards are in place, demonstrated through project M&E reports.
12. The applicant's disclosure policy of wide dissemination of M&E reports to the public is adequately implemented.
13. The applicant has demonstrated strong project risk assessment capabilities, guided by sound risk assessment policies and procedures, including procedures for the development and implementation of mitigation strategies for addressing the identified risks.

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

14. Per paragraph 3, the specialized fiduciary standard concerning grant award and/or funding allocation mechanisms 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**

15. The applicant provides on-lending or blended finance by raising capital funds and blending them with international donor funds. The strategy of blending these two sources of funds allows the applicant to implement the financing strategy best able to meet the specific needs of the beneficiaries in the countries in which it operates. The concessional funds provide enhancements to the financial structures (i.e. technical cooperation, interest rate subsidies and investment grants) benefiting the recipients of the blended loans and have proven an effective mechanism for attracting additional investors.
16. The applicant has well-established on-lending and blending policies and procedures that provide assurance of its capacity. Furthermore, as a regulated institution, the applicant is subject to supervision by the national regulators; this provides additional assurance regarding the effective management of on-lending and blending operations.
17. The applicant has demonstrated that it has thorough due-diligence processes in place, as well as an effective monitoring function for all of its on-lending and blending operations.
18. The applicant has a centralized risk management function that is responsible for assessing, monitoring and controlling risks. This risk management function provides assurance of the effectiveness of, and compliance with, the established risk guidelines. Furthermore, the applicant is subject to external audits by national audit entities.
19. The applicant has an established information disclosure policy that assures relevant information is disclosed to its stakeholders. Evidence of information disclosure demonstrating the applicant's commitment to transparency and accountability was provided.
20. The applicant provided information on the funds it raises from financial markets, as well as funds it manages on behalf of international development finance institutions. This demonstrates that the applicant is able to effectively manage the funds it receives.

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

21. The applicant has developed and implemented a comprehensive E&S policy framework, which includes economic, sustainability, environmental and social principles, as well as thematic E&S standards. This framework is applied in all of its operations during the 2012-2016 period. As a part of this framework, the applicant has a strategic E&S policy supported by

project-specific E&S procedures, methodological guides, checklists, risk assessment tools and plans that the applicant uses in its operations. The E&S standards are fully consistent with the Fund's environmental and social safeguards (ESS).

22. Moreover, the applicant has developed a carbon footprint tool to apply to its projects, a strategy on the issuance of green bonds and impact assessment tools for climate change mitigation projects.

23. The applicant is in the process of developing a new overarching E&S policy framework document for the period following 2016. The policy is expected to be available at the end of 2015.

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

24. The applicant's E&S risk management procedure contains the principles and provisions for assessing, managing and monitoring E&S risks of its operations, including projects they directly finance, programmes financed through multiple sources, and financial intermediation of projects. The procedure is supported by the corresponding methodological guide and tool for E&S risk classification. The E&S risk categorization system regulated by the procedural framework and applied by the applicant at the organizational level, is fully consistent with the Fund's interim ESS.

25. Each project categorized as having high (category A/11) or medium (Category B/12) E&S risks is required to undergo a comprehensive E&S impact assessment study. The entity also presented several examples of sustainable development projects of high and medium risk that are screened and categorized against the E&S risk criteria using the risk assessment tools.

2.2.3 **Section 6.3: Management programme**

26. The applicant's ESS are managed through clearly established procedures and assignment of roles. The applicant operates a formal mechanism in order to manage E&S risks and impacts throughout the project preparation and implementation stages. The applicant assigns responsibilities for the project appraisal, due diligence and risk mitigation strategy, as well as monitoring progress and compliance with the applicant's ESS standards.

27. The applicant has a clear organizational structure with respect to E&S management. The E&S team is dedicated to identifying E&S risks and developing mitigation measures during project appraisal and implementation. The project approval process is based on the mature decision-making process and involves senior management committee resolutions.

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

28. The applicant has demonstrated a strong organizational capacity based on the experience and competence of staff members working in the division supporting the project E&S assessment and evaluation. The designated technical specialists are responsible for identifying E&S risks and impacts at all stages of the project cycle, confirming a project's E&S categorization and reviewing relevant safeguard reports.

29. Moreover, the applicant has developed and implemented training programmes on their E&S policy and methodological framework for new staff. It also has started a web-based training session for staff in its country offices, and plans to run this training twice a year.

2.2.5 **Section 6.5: Monitoring and review**

30. The entity maintains monitoring and review procedures for E&S safeguards at both the individual project level and the programme level. The monitoring plan is developed on the basis

of the E&S impact assessment for each individual project/programme. Monitoring includes tracking progress in the implementation of mitigation measures and achievements. Monitoring reports from executing entities are recorded and the applicant's project managers perform quality reviews of the reports.

31. Supervision of the projects is undertaken by the E&S division specialists, who assess the implementation of E&S mitigation measures. The applicant, in cooperation with executing entities, also performs ex-post evaluations aimed at measuring the effectiveness of the risk mitigation measures.

2.2.6 Section 6.6: External communications

32. Stakeholder consultation is part of the applicants' E&S approach to ensure that various stakeholders, including government, local authorities, associations, non-governmental organizations, etc., have been informed and involved in project design and implementation. The applicant is in the process of approving and establishing a formal complaints mechanism. The mechanism is expected to be deployed in late 2015. The applicant has, however, provided examples of projects where external stakeholder communications were received and addressed.

2.3 Gender

33. The applicant has a well-developed gender policy and experience in undertaking gender initiatives for gender equality and women's empowerment. The applicant implemented a strategic document that outlines its commitment to gender quality and equity, and the need to allocate resources to both climate change mitigation and adaptation activities. The applicant has gender specific indicators. Moreover, it has developed a training programme in order to strengthen internal capabilities on gender-related issues for its staff members. The applicant has two specialists with gender-related competencies and experience. Evidence of the gender policy implementation was supported by a number of illustrative examples in climate change adaptation, microfinance, education and health and livelihood improvement.

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 AP concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards, 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 for loans and guarantees;
- (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. The AP recommends that the applicant finalize the implementation of its stakeholder response mechanism and make the contact information for submitting and registering a complaint publically available on its website;
- (c) The applicant has demonstrated that it has policies, procedures and competencies found to be consistent with the Fund's gender policy, and has also demonstrated that it has experience with gender consideration in the context of climate change activities.

3.2 Recommendation on accreditation

35. The AP recommends, for consideration by the Board, the applicant (APL015) for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
- (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 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 and guarantees);
- (iii) **Environmental and social risk category:** High risk (Category A/I-1) (including lower risk (Category B/I-2⁴ and Category C/I-3⁵)).

(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.

3.3 Additional remarks

37. The applicant is currently developing a new ESS procedural framework for the period following 2016 and is requested to submit it to the Fund when it is ready.

⁴ As per Annex I to document GCF/B.07/11, Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

⁵ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex XI: Accreditation assessment of Applicant 016 (APL016)

I. Introduction

1. Applicant 016 (APL016) is a non-profit organization that operates internationally in over 30 countries across six continents with a wide range of partners in order to empower societies to responsibly and sustainably care for nature for the well-being of humanity. It has built strong relationships with communities, governments, academia, foundations, civil-society organizations and the private sector in order to deliver innovative nature-based solutions for climate change mitigation and adaptation. In developing countries, it partners with the host country government institutions, research or academic institutions, as well as indigenous peoples' organizations. With global private corporations, the applicant has developed a track-record of improving the sustainability of business operations. Key activities include reducing deforestation, improving agricultural practices, protecting natural ecosystems to serve as carbon sinks, and developing standards for effective mitigation and adaptation activities. It has leveraged over US\$ 100 million for 'debt-for-nature' swaps and has raised over US\$ 30 million for a carbon fund. The applicant seeks to scale up its impact on combating climate change by delivering more climate action on the ground, providing accessible and science-based tools for decision makers, and mobilizing a network of major corporations as well as ensuring the involvement of all stakeholders.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 12 February 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded at the end of May 2015. APL016 has 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 Global Environment Facility (GEF)
- (c) **Size of project/activity within a programme:** Medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (e) **Environmental and social (E&S) risk category:** Minimal to no risk (Category C/Intermediation 3 (I-3)).³

¹ As per Annex I to document GCF/B.08/45, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency. Its application has been assessed against the Fund's standards by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decision B.08/03.

4. As a part of this assessment, the AP has consulted the applicant's website and a programme website as additional sources of information, to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.5 of the application, Anti-money laundering and anti-terrorist financing policies, has been met by way of fast-track accreditation.

7. Regarding item 4.2.5, the applicant fully meets the requirements of the basic fiduciary standards related to anti-terrorist financing and anti-money laundering. The applicant has policies which are based on the United States of America's Patriot Act and Executive Order 13224 Policy, and has demonstrated the use of tools that support the enforcement of the policies.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

8. As per paragraph 3 above, the specialized fiduciary standard for project management 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. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant demonstrates experience in implementing grant programmes, by serving as a GEF agency and managing a fund for critical ecosystems, both of which have requirements and procedures consistent with those of the Fund.

10. The applicant also demonstrates regular monitoring of grantees and provides public access to information on the progress of individual projects. The entity has provisions for an annual independent external audit of its grant award activities and has suitable procedures for the suspension, reduction or termination of a grant in the event of a beneficiary failing to comply with its obligations.

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

2.2.1 Section 6.1: Policy

12. 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 environmental and social management system (ESMS) is not required for the Category C/I-3 level of risk. However, the applicant has developed and enforced environmental and social policies that ensure its projects and programmes meet the safeguard principles it has set. APL016 enforces a policy to only support and implement projects that contribute to environmental sustainability and human well-being. In the area of social safeguards, the applicant established an overarching social policy in the mid-1990s, with various components added more recently. Additionally, it has long-standing policies and tools that address, for example, human rights, indigenous peoples, vulnerable groups, gender and involuntary resettlement. The applicant provided evidence that such standards and tools have been applied and enforced in its projects and programmes.

2.2.2 Section 6.2: Identification of risks and impacts

13. The applicant has a project screening form that is assessed to be consistent with the Fund's Environmental and Social Safeguards (ESS). The screening form is part of the E&S framework that the applicant uses for its activities under the GEF, and, if accredited, will be applied in any projects and programmes approved by the Fund. The applicant provided evidence that the screening mechanism is implemented for its GEF-funded projects. In addition, for its non-GEF-funded projects, APL016 demonstrates an operational system for identifying E&S risks and impacts at the project level and for the identification of mitigation measures.

2.2.3 Section 6.3: Management programme

14. If accredited, projects and programmes funded by the Fund will be managed by the same division established to manage the applicant's GEF-funded projects. The E&S management framework for this division specifies the roles and responsibilities of the applicant as well as its executing entity (entities) with respect to ESS throughout the project cycle. The management framework is assessed to meet the requirements of the Fund's ESS.

2.2.4 Section 6.4: Organizational capacity and competency

15. The applicant provided an overall organizational chart for the entity, which shows the position of the division managing its GEF-funded projects. The division is led by a senior officer, and staffed by competent individuals such as technical and safeguards leads, policy and compliance leads as well as finance leads. The division also has access to expertise in other divisions within the organization, should a project need additional support regarding a specific safeguard issue or performance standard. The applicant meets the Fund's ESS for this item.

2.2.5 Section 6.5: Monitoring and review

16. APL016 has demonstrated that projects/programmes and portfolios managed by the applicant undergo monitoring and evaluation on a regular basis, as described in its E&S management framework. In an effort to strengthen the monitoring and review of its GEF-funded projects, the applicant has developed a new evaluation policy intended to evaluate the contribution of its actions in achieving the applicant's goals. If accredited, this would similarly apply to projects and programmes funded by the Fund.

2.2.6 Section 6.6: External communications

17. At the institutional level, the applicant adopted a code of ethics, and operates an ethics hotline through a separate website managed by an independent service that is certified as a safe harbour. There is sufficient information to confirm that such a mechanism is operational and uses sound procedures for handling complaints and grievances received.

18. The applicant adopted an accountability and grievance mechanism aimed at ensuring appropriate measures for the receipt of and timely response to complaints from parties affected by the implementation of its GEF-funded projects. If accredited, the applicant will apply this mechanism in projects and programmes funded by the Fund. Under this mechanism, APL016 has not received any grievances or complaints in the last three years.

2.3 Gender

19. The applicant meets the Fund's gender requirements. It has a comprehensive gender policy and gender mainstreaming framework as well as a set of implementation guidelines, and has utilized its gender approach in many of its programmes. Gender is addressed in its E&S framework which is applied to its GEF-funded projects. The applicant demonstrates competence and the undertaking of a serious effort in order to integrate gender into all its operations and activities on the ground.

III. Conclusions and recommendation

3.1 Conclusions

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

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards, specialized fiduciary standard for project management and specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (b) The applicant fully meets the requirements of the Fund's interim ESS in relation to minimal to no E&S risk Category C/I-3.⁴ If accredited, the E&S management framework that was developed for its GEF-funded projects and has been adjusted to meet the Fund's interim ESS, will be applied to projects and programmes funded by the Fund. 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. It is recommended that the applicant seeks to deepen its knowledge and application of the Fund's interim ESS in order to support a potential future upgrade of its accreditation to the medium E&S risk level Category B/I-2;⁵

⁴ As per Annex I to document GCF/B.07/11, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

⁵ As per Annex I to document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very

- (c) The applicant has demonstrated that it has policies, procedures and competencies in order to implement its gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change activities.

3.2 Recommendation on accreditation

21. The AP recommends, for consideration by the Board, the applicant (APL016) for accreditation as follows:

(a) **Accreditation type:**

(i) **Size of an individual project or activity within a programme:** Medium (including micro and small);

(ii) **Fiduciary functions:**

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management; and
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms;

(iii) **Environmental and social risk category:** Minimal to no risk (Category C/I-3);

(b) **Conditions:**

None.

22. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 21 above, and agrees to the recommendation.

Annex XII: Accreditation assessment of Applicant 017 (APL017)

I. Introduction

1. Applicant 017 (APL017) is an international entity with the mandate to promote transition towards a sustainable, open market economy and to foster innovation. Its work includes project investment, technical assistance, institutional capacity-building, and policy advisory services with a regional focus on Central Asia, south east Mediterranean, and Eastern Europe. The applicant's work is strongly focused on the private sector and micro, small and medium-sized enterprises, and uses a broad range of financing instruments, mainly loans, equity investments and guarantees. The areas of investment for mitigation activities are energy efficiency, infrastructure, the power sector, renewable energy, sustainable energy financing facilities and carbon market development. The areas of investment for adaptation activities are water supplies, water efficiency, hydropower, and coastal and port infrastructure. If accredited, the applicant seeks to support the Fund's paradigm shift objective by delivering effective, transformational and innovative mechanisms with sustainable development impact.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in June 2015. The applicant has 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 Global Environment Facility (GEF) and the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Large;¹
- (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 (for loans, equity and guarantees);
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).³

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

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

4. As a part of this assessment, the AP has consulted the applicant's website and third-party websites to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability has been met by way of fast-track accreditation.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

7. As per paragraph 3 above, the specialized fiduciary standard for project management 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

8. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant is a well-established organization with long-standing experience in providing development finance and execution of funding allocation to its target countries. Although it does not operate a competitive grant award scheme, the applicant has a mature set of standards and procedures for the allocation of funds for various types of projects and programmes, such as to provide technical assistance to support the implementation of credit lines, projects and energy efficiency audits.

9. The applicant has a track record in implementing its standards and procedures for funding allocation. Specifically, it utilizes donor funded grants to channel technical assistance and technical cooperation for consultancy assignments. Projects and programmes undertaken by the applicant are identified in partnership with the governments of countries in which the applicant operates.

10. The grant award mechanism implemented by the applicant is transparent with formally documented procedures for assessing grant proposals. The applicant monitors the implementation of funded programme activities, may undertake site visits, and actively supports its executing entities through the provision of counselling and advice.

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

11. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for on-lending and/or blending. The applicant has a banking credit process and due diligence procedures and guidelines in place to conduct its financing operations, which comprise donor-funded, commercial and other concessional, typically co-financing activities. It also has a strong track record of accessing multilateral climate finance or concessional loan grant resources typically blended to support projects with a high impact in terms of transition to efficient markets and low carbon development.

12. The applicant conducts financial due diligence before engaging in financing operations of intermediaries and has a project approval and monitoring cycle in place. Monitoring and reporting mechanisms of the sub-loan portfolios are established to ensure that the credit facilities extended to partner institutions as intermediaries are actually on-lent towards sustainable executing entities/projects on the ground. Teams of experts assist the partner banks in developing, implementing and reporting on subprojects.

13. In addition, APL017 engages in the financing of clean energy projects through participation in multi-donor funds. Thus the applicant blends its commercial financing with grant joint financing and technical assistance in order to increase the affordability and accelerate the implementation of projects.

14. The applicant is 'AAA' rated with a stable outlook, which all three major rating agencies recently reaffirmed (Moody's, Standard and Poor's, and Fitch).

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

15. The applicant has a well-developed E&S policy, which is published on its website. All relevant staff members with responsibilities for implementing the E&S policy are provided with periodic training on this policy. The day-to-day implementation of the E&S policy lies within the responsibility of an environmental and sustainability department, which has around 50 staff and reports to senior management.

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

16. APL017's E&S policy and operational procedures are mature and fully implemented. The E&S risk categories under the applicant's process include four categories: Categories A to C and financial intermediaries, which are found to be comparable to that of the Fund's environmental and social safeguards (ESS). The applicant provided an extensive track-record of E&S risk identification and categorization. The risk category is tracked across the project pipeline and the number of projects categorized in each category is reported annually in the applicant's sustainability report. The E&S risk categorization for each project is determined by a team of E&S specialists, reviewed by a reviewer and signed off by the E&S department's management team.

2.2.3 **Section 6.3: Management programme**

17. The applicant's ESS are managed through clearly established procedures. The applicant operates due diligence mechanisms to manage E&S risks at the project development stage, as well as assigns responsibilities to its intermediaries in cases of on-lending. The relevant units

within the applicant's organization perform due diligence as well as the monitoring of progress and compliance with its E&S policy.

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

18. The applicant provided its organizational structure clearly attributing responsibilities for implementing its E&S policy, which are further specified in its E&S procedures. Moreover, it has implemented a training programme to support the roll out of its recently revised E&S policy. To-date, the programme has trained a total of 400 staff across various teams and regional offices. This programme is ongoing.

2.2.5 **Section 6.5: Monitoring and review**

19. The applicant has a mature mechanism for monitoring safeguard implementation and projects. This covers monitoring activities being undertaken by executing entities as well as monitoring those undertaken by the applicant's staff through the review of reports received, site visits and third-party monitoring information. The project monitoring activities are also described in the annual sustainability reports, which include data on the number of projects visited and Category A project performance ratings, and are published on the applicant's website.

2.2.6 **Section 6.6: External communications**

20. The applicant has implemented a public information policy which provides for both disclosure of E&S information as well as the receipt of external communications from the public. The policy sets out the general procedures for handling information requests and the types of information that will typically be provided. Project-related complaints are dealt with separately through an independent project complaints mechanism.

2.3 Gender

21. The applicant has a mature gender policy, and has developed gender initiatives for gender equality and women's empowerment. The applicant implemented a strategic gender initiative, which was approved in early 2013 and aims to identify and develop projects with either a gender component or a gender focus in order to promote access by women to employment and skills, finance, and services. The first report was prepared for the applicant's board. The applicant established a gender team in 2012, which is responsible for the development, implementation and provision of guidance on gender mainstreaming institutionally across the applicant's organization. APL017 provided examples of where its gender team developed gender assessments in projects. For example, it developed lending credit lines for women-led small and medium-enterprises so as to contribute to reducing gender gaps in access to finance.

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 AP concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the Fund’s basic fiduciary standards, 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 for loans, equity and guarantees;
- (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 policies, procedures and competencies in place in order to implement its gender policy, which is found to be consistent with the Fund’s gender policy, and has demonstrated that it has experience with gender consideration in the context of climate change activities.

3.2 Recommendation on accreditation

23. The AP recommends, for consideration by the Board, the applicant (APL017) for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 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) (including lower risk (Category B/I-2⁴ and Category C/I-3⁵));
- (b) **Conditions:**

None.

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.

⁴ As per Annex I to document GCF/B.07/11, Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

⁵ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex XIII: Accreditation assessment of Applicant 018 (APL018)

I. Introduction

1. Applicant 018 (APL018) is an international entity with several decades of experience in promoting poverty reduction, economic growth, private sector development and in fostering regional integration and trade in developing countries in the Latin American and Caribbean region. The applicant has a successful track record in implementing projects and programmes in clean energy, health-care sectors, agricultural development and natural resources management. Last year, the applicant committed nearly US\$ 2.5 billion to climate change mitigation and adaptation actions. It has delivered projects and programmes, including the reduction of carbon emissions through low-carbon transport systems, climate-resilient agricultural development, integrated watershed modeling tools and early warning systems. Building on its existing experience, knowledge and strong presence in the region, the applicant seeks accreditation to the Fund in order to catalyze the regional impact of its climate change mitigation and adaptation projects and programmes, paying particular attention to vulnerable communities. In addition the applicant seeks to strengthen the institutional capacities of national entities in the region to enable them to access climate finance directly.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 24 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in June 2015. The applicant has 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. During the review of the application, following information related to eligibility for fast-tracking as a Global Environment Facility (GEF) agency, the applicant was thereafter assessed under fast-track as both a GEF agency and an accredited entity of the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Large;¹
- (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 (for loans, equity and guarantees);
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).³

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

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

4. As a part of this assessment, the AP has consulted the applicant's website to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability has been met by way of fast-track accreditation.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

7. As per paragraph 3 above, the specialized fiduciary standard for project management 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

8. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant has emphasized that it is seeking accreditation for grant awards and/or funding allocation mechanisms to further enhance its capacity to provide technical assistance in its region of operation. The identification and selection of technical assistance support opportunities is aligned with the applicant's annual programming exercise and identification of country needs.

9. Additionally, the applicant has experience in awarding grants through a public competitive bidding process in which bids are called for, evaluated and awarded in a transparent manner. Examples of such grant award processes were provided.

10. All grants and funding allocations received by the applicant are managed under a single organizational unit within the applicant's organization in order to ensure proper control and accountability.

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

11. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for on-lending and/or blending. The applicant has over 45 years of experience providing financial support in its region of operation. During this period, the applicant has developed processes and procedures so as to manage financial resources.

12. The applicant has an extensive track record in working with international and multilateral sources of funds, and evidence of the cooperation agreements in which it has participated was provided.

13. It has been rated 'AAA' since its inception, and its AAA rated status has been recently reaffirmed by all three major rating agencies (Moody's, Standard and Poor's, and Fitch).

14. The applicant provided documentation on its on-lending/blending processes and procedures, which provide assurance that it has well-developed capacities for undertaking on-lending and blending operations. The procedures implemented by the applicant, for loans and guarantees include detailed guidelines for initial assessment, due-diligence, approval, closing, monitoring and repayment of on-lending/blending operations. The applicant also has procedures in place to ensure that its loan portfolio is monitored for compliance with the guidelines established in its risk framework.

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

15. APL018 has a well-developed E&S policy (approved by its board) and implementation guidelines (approved by senior management), which are available to the public. The applicant's strategic planning department is responsible for monitoring the performance of its environmental and social safeguards (ESS) compliance. The day-to-day implementation of the E&S policy lies within the responsibility of the environmental safeguards unit, which is responsible for ensuring the environmental viability of projects.

2.2.2 Section 6.2: Identification of risks and impacts

16. 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 include four categories: Categories A to C and financial intermediaries, which are found to be comparable to that of the Fund's interim ESS. The applicant provided a track record showing a consistent implementation of its standards, policies and procedures related to E&S risk identification and categorization. The applicant has its own unit in place that is responsible for conducting due diligence exercises and impact assessments, and designing and supervising risk management and mitigation activities throughout the project cycle.

2.2.3 Section 6.3: Management programme

17. The applicant's ESS are managed through clearly established procedures. Its management programme requires development and implementation of an E&S management plan for all operations under Categories A and B. For all other operations, an E&S review mechanism has to be applied. Furthermore, the applicant has showcased examples that demonstrate the effectiveness of its E&S management programmes.

2.2.4 Section 6.4: Organizational capacity and competency

18. APL018 provided its organizational structure clearly attributing responsibilities for implementing its E&S policy. In its environment safeguards unit, it has a dedicated unit to ensure that operations follow the applicant's ESS policies. The unit endorses E&S sustainability standards, provides safeguards training for its own staff and executing entities, and reports on the E&S sustainability of the applicant's operations. The unit chief reports directly to senior management.

2.2.5 Section 6.5: Monitoring and review

19. The applicant has a mature mechanism for monitoring safeguard implementation and projects. Monitoring is implemented based on internal and external reviews. Projects that do not meet the applicant's performance requirements are required to develop and implement a corrective action plan. Performances are periodically reported on, at least twice a year, to senior management. Evidence of the implementation of the monitoring and review process, including communication of the results to senior management and their reviews, has been evidenced.

2.2.6 Section 6.6: External communications

20. APL018 has an independent consultation and investigation mechanism in place, which provides a formal external communication channel by which to receive and register communications from the public on specific projects or programmes. For comments not related to a specific project or programme, the applicant has established a web-based system through which complaints or grievances can be submitted.

2.3 Gender

21. The applicant has a mature gender policy. To ensure the successful implementation and monitoring of the policy, the applicant approved a three-year gender action plan for operations that is currently being implemented. APL018 has a team of over 25 staff and consultants who focus on gender issues and provide gender mainstreaming support. It has a gender and diversity division in place that is leading the implementation of the gender policy and action plan in coordination with gender focal points in each division and country office. The applicant provided examples of mainstreaming gender in different type of climate change projects. It invests in projects that foster gender equality in the workplace and enable women-led small businesses to reach their full potential. It has developed sector-specific guidelines that facilitate the integration of methods that promote gender equality into interventions on climate change.

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 AP concludes the following in relation to the application:

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards, 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 for loans, equity and guarantees;
- (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 policies, procedures and competencies by which to implement its gender policy, which is found to be consistent with the Fund's gender policy, and has also demonstrated that it has experience with gender consideration in the context of climate change activities.

3.2 Recommendation on accreditation

23. The AP recommends, for consideration by the Board, the applicant (APL018) for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
- (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 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) (including lower risk (Category B/I-2⁴ and Category C/I-3⁵));

(b) **Conditions:**

None.

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.

⁴ As per Annex I to document GCF/B.07/11, Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

⁵ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex XIV: Accreditation assessment of Applicant 019 (APL019)

I. Introduction

1. Applicant 019 (APL019) is an international entity whose mandate is to promote sustainable development and prudent use of the global environment. It assists many countries to achieve resilient, low-emission pathways through its flagship programmes in adaptation, forestry, energy efficiency and transition to sustainable development. Its key activities include promoting investment in clean technologies in order to reduce emissions, protecting biodiversity and ecosystems, alleviating poverty, and ecosystem-based adaptation in order to reduce human vulnerability and strengthen resilience to the impacts of climate change. It works with the financial communities to mobilize financial resources for investments in low carbon and climate resilient development; developing climate finance readiness and capacity-building; and undertaking policy and research analysis. The applicant's climate change portfolio has a total volume of over US\$ 400 million. APL019 seeks accreditation to the Green Climate Fund (the Fund) in order to catalyse the use of ecosystem services to achieve a paradigm shift to resilient, green sustainable development by using its vast experience of providing green solutions in both climate change mitigation and adaptation.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 21 January 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in May 2015. It has 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 Global Environment Facility (GEF) and 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:** Medium risk (Category B/Intermediation 2 (I-2)).³

II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency and as an accredited entity of the Adaptation Fund. Its application has been

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

² Decision B.07/02.

³ As per Annex I to document GCF/B.07/11, Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

assessed against the Fund's standards by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decision B.08/03.

4. As a part of this assessment, the AP has consulted the applicant's website and third-party websites to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered have been met by way of fast-track accreditation.

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

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability has been met by way of fast-track accreditation.

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

7. As per paragraph 3 above, the specialized fiduciary standard for project management 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**

8. 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**

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

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

10. The applicant has an E&S framework, which includes overarching environmental, social, economic and sustainability principles, as well as thematic E&S standards that are to a large extent consistent with the Fund's environmental and social safeguards (ESS). Its approach through screening, assessing, planning, disclosing and managing, reporting and evaluating the safeguard risks are an integral part of its project cycle management. The framework also provides the possibility for use of the safeguards system of the host countries or partners. In certain cases, the applicant may agree with a host country on actions to enhance its capacity, so as to permit the use of the country's system. The framework also establishes an accountability framework that includes a stakeholder response mechanism. It is widely communicated throughout the institution. All of the key policy documents are available on the applicant's website.

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

11. APL019's E&S framework includes an organizational process for identifying and addressing safeguard risks within the project cycle, including a screening process at the project

preparation stage for identifying potential risks and impacts of projects. The applicant's E&S standards are largely consistent with the Fund's interim ESS, however, there are some gaps, specifically related to performance standard 4. If accredited, the applicant has indicated that it will apply the Fund's interim ESS for any projects and programmes financed by the Fund, and it has already provided an E&S risk identification and categorization template in line with the Fund's interim ESS for this purpose. This template, as well as related policies and procedures, have yet to be formalized and adopted.

2.2.3 **Section 6.3: Management programme**

12. The applicant has a comprehensive institutional process for managing E&S risk mitigation measures and actions, including a track record of implementing this process. Depending on the E&S risks identified in the screening process, relevant assessment and management tools are applied. Under the new implementation and monitoring requirements, executing entities are required to have safeguard management plans and regular stakeholder consultations on progress, and to disclose the meeting reports. With regards to auditing on institutional management programme effectiveness, there is an independent office for stakeholder safeguard response housed within the organization.

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

13. The applicant has a large number of staff with technical competencies across the environmental and social disciplines, covering all the areas of the Fund's interim ESS. This includes a dedicated safeguards advisor in the applicant's gender and social safeguards unit. The applicant is carrying out various awareness-raising efforts within the organization in order to actively inform its staff and promote its E&S policy. A training programme on safeguards application in project cycle management, including the aspects of gender and indigenous peoples, is under preparation with the aim of delivering it to its staff in mid-2015.

2.2.5 **Section 6.5: Monitoring and review**

14. During project implementation, the applicant's project managers are responsible for ensuring that the actions specified in the safeguard management plans are carried out, for consulting with the affected communities on risk management, and for reporting and disclosing progress in the implementation of the risk management plans. Project mid-term reviews assess whether the environmental, social and economic risks are being managed and monitored, and whether the E&S policy requirements have been complied with. The relevant programme coordinators maintain oversight on the implementation of the E&S framework and conduct an evaluation across the organization of the implementation of its E&S framework on a periodic basis. The applicant's senior management assesses and decides on actions related to the E&S framework, strategies, approaches and capacity gaps.

2.2.6 **Section 6.6: External communications**

15. The applicant's E&S framework establishes an accountability framework that includes a stakeholder response mechanism. This mechanism will facilitate the resolution of stakeholder concerns and address stakeholder responses to environmental and social management performance. It elaborates on the scope, requirements and procedures for filing complaints and addressing disputes. The contact information and procedures for filing a complaint will be available to the public on the organization's website.

2.3 Gender

16. The applicant has a well-developed gender strategy and its gender policy and procedures are assessed to be consistent with the Fund's requirements. Moreover, in 2014, the applicant approved its policy and strategy for gender equality and the environment. It also uses a mechanism that provides a system-wide policy on gender equality and the empowerment of women, on the basis of six key factors. Based on its participation in projects via grant award, the applicant has demonstrated its experience in undertaking gender considerations with respect to its climate change activities. These include projects specifically targeting women and girls and those promoting clean cookstoves.

III. Conclusions and recommendation

3.1 Conclusions

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

- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards and specialized fiduciary standard for project management;
- (b) The applicant substantially meets the requirements of the Fund's interim ESS in relation to the medium E&S risk Category B/1-2. It has an overarching E&S framework procedure in place and an E&S risk identification system that it plans to use. However, some gaps exist between the applicant's E&S policies and the Fund's interim ESS, specifically related to performance standard 4. The applicant is required to:
 - (i) Adopt specific policies and procedures to address performance standard 4 of the Fund's ESS in order to undertake a project/programme that bears risks contained in performance standard 4.
- (c) The AP recommends the applicant to finalize the implementation of its stakeholder response mechanism and to make the contact information for submitting and registering a complaint publically available on its website.
- (d) The applicant has demonstrated that it has policies, procedures and competencies, which are found to be consistent with the Fund's gender policy, and has also demonstrated that it has experience with gender consideration in the context of climate change activities.

3.2 Recommendation on accreditation

18. The AP recommends, for consideration by the Board, the applicant (APL019) for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Small (including micro);

-
- (ii) **Fiduciary functions:**
1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management;
- (iii) **Environmental and social risk category:** Medium risk (Category B/I-2) (including lower risk (Category C/I-3)⁴);
- (b) **Conditions:** The applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition. The AP will thereafter assess whether the condition has been met. This assessment will be communicated for information purposes by the Secretariat, on behalf of the AP, to the Board. The condition is:
- (i) The applicant shall meet the requirements indicated in paragraph 17 (b) (i) above prior to the first disbursement by the Fund for an approved project/programme that bears risks contained in performance standard 4.
19. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 18 above, and agrees to the recommendation.

⁴ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex XV: Accreditation assessment of Applicant 020 (APL020)

I. Introduction

1. Applicant 020 (APL020) is an international organization with a strong global presence and mandate to reduce poverty by promoting sustainable economic development. The applicant works in partnership with developing countries through national governments in order to support the coordinated delivery of its projects and programmes in various sectors and through the use of various financial instruments, including grants, loans and guarantees. Over the past few years, the applicant has provided over US\$ 30 billion in finance for climate change related activities globally. It is engaged in climate change mitigation across all sectors and regions. Its work in mitigation covers renewable energy generation, energy efficiency and access, forestry and sustainable transport projects and programmes. In addition, it has supported the least developed countries, small island developing States and other vulnerable countries in climate change adaptation by financing projects in disaster risk reduction and ecosystem services in sectors such as fisheries and water resources management. Bringing with it its experience in climate change mitigation and adaptation programming, and utilizing its knowledge and delivery infrastructure to enhance direct access to climate finance by developing countries, the applicant seeks accreditation to the Fund.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 10 February 2015. Stage I, Institutional assessment and completeness check, and the Stage II (Step 1), Accreditation review, were concluded in June 2015. The applicant has 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 Global Environment Facility (GEF) and the Adaptation Fund;
- (c) **Size of project/activity within a programme:** Large;¹
- (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 (for loans and guarantees);
- (e) **Environmental and social (E&S) risk category:** High risk (Category A/Intermediation 1 (I-1)).³

¹ As per Annex I to document GCF/B.08/45, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the 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 document GCF/B.07/11, Category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and Intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

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

4. As a part of this assessment, the AP has consulted the applicant's website and third-party websites to complement the information provided by the applicant in its application.

2.1 Fiduciary standards

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

5. As per paragraph 3 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation

2.1.2 Section 4.2: Basic fiduciary standards: Transparency and accountability

6. As per paragraph 3 above, the basic fiduciary standards concerning transparency and accountability has been met by way of fast-track accreditation.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

7. As per paragraph 3 above, the specialized fiduciary standard for project management 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

8. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant is a well-established organization with several decades of experience in providing development finance to developing countries. The total financing envelope under these arrangements is in the range of billions of United States dollars. The applicant has various projects in almost all sectors, mostly co-financed and generally does not engage in stand-alone projects with third-party resources.

9. Grant resources are sourced from contributions from donor countries and from the applicant's net income. The grant award mechanism implemented by the applicant is transparent with formally documented procedures for assessing and approving grant proposals, as well as for implementation and monitoring. Potential grant funding proposals are identified in partnership with donors and country governments, and are then assessed by a group, including senior management. The applicant monitors the implementation of funded activities, undertakes site visits, and supports beneficiaries through counselling and advice. In accordance with its procedures, the applicant also executes grants from a wide range of trust funds. APL020 provided evidence that it has a substantial track record in implementing its procedures and standards for the allocation of funds.

10. All grants, as well as loans, provided by the applicant are subject to its anti-corruption and anti-fraud policy, which prohibits all forms of corrupt practices. The applicant 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 entity.

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

11. It is assessed that the applicant fully meets the requirements of the specialized fiduciary standard for on-lending and/or blending. The applicant has a mature set of operational policies for on-lending and blending activities. For on-lending, the provisions for assessments and due diligence for financial intermediaries cover areas of financial performance, governance structure, risk and funds flow. Whether directly or through an intermediary, the applicant typically invests in high-quality assets. Decisions on specific funding activities are made publicly available. Monitoring and evaluation provides information to verify progress made and results achieved, supports learning from experience, and promotes accountability. The applicant conducts financial due diligence during the assessment of the project and of the executing entity, and has an extensive and systematic review process during the project implementation phase involving the recipient government, executing entity and its own staff. APL020 has various management committees in place, which oversee asset and liability, and risk management, and has a robust financial and risk management system.

12. The applicant has a strong track record, experience and capacities for on-lending and blending with resources from its own sources, as well as from international and multilateral sources and global trust funds. Its executing entities cover a large number of developing countries that have received financing in a range of several billions of United States dollars per year. The applicant also provides guarantees as credit enhancements for eligible projects in order to cover risks that the project and its commercial co-financing partners cannot easily absorb or manage on their own.

13. The applicant is an 'AAA' rated entity (Fitch) with a superior track record in credit and financial management.

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

14. The applicant has a well-developed environmental and social safeguards (ESS) policy supplemented by a series of manuals and sourcebooks to guide implementation. The policy requires the applicant to undertake environmental assessments of potential projects and programmes in order to ensure that they are environmentally sound and sustainable, and sets out operational procedures for who and how the policy is implemented. The group to which the applicant belongs also has developed a separate policy that facilitates financing for private-sector-led economic development projects by applying E&S policy standards that are more specific to the private sector.

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

15. The applicant's E&S policy and operational procedures guide technical staff in identifying E&S risks and impacts through screening and assessment processes. The four risk categories under the applicant's process are: Categories A to C and financial intermediaries. The applicant utilizes clear procedures and tools for E&S risk categorization, and the approval involves multiple reviews by different parts of the organization. The E&S risks and impacts identification process set out in the environmental assessment document is consistent with performance standard 1 of the Fund's ESS, and is designed to accommodate performance

standards 2 to 8. The E&S risk categorization system outlined in the performance standards for private sector entities is fully consistent with the Fund's ESS.

2.2.3 Section 6.3: Management programme

16. The applicant's ESS are managed through clearly established procedures and assignment of roles. The applicant operates a formal mechanism in order to manage E&S risks and impacts, and assigns responsibilities to the applicant's relevant units for due diligence as well as the monitoring of progress and compliance with the applicant's safeguard policies. Moreover, APL020 demonstrates that it has a safeguards compliance review mechanism that is followed from the project concept phase to implementation.

17. Additionally, there are internal arrangements to supervise a project's E&S aspects on the basis of the E&S provisions and the executing entity's reporting arrangements as agreed in the project legal documents.

2.2.4 Section 6.4: Organizational capacity and competency

18. The applicant has a clear organizational structure with respect to E&S management. ESS are integrated into its investment operations, with oversight at the senior management level. Designated technical specialists provide quality control on the proper application of environmental and social safeguards at all levels of the project cycle, review the proper identification of risks and impacts, confirm a project's E&S categorization, and review and clear relevant safeguard documents. Regular training is provided to staff and E&S experts on the E&S policies generally and on specific issues.

2.2.5 Section 6.5: Monitoring and review

19. APL020 has a mature mechanism for monitoring the safeguards implementation and projects, including through an internal portfolio performance monitoring system. During project implementation, the executing entity is required to report on compliance with measures agreed with the applicant on the basis of the findings and results of the environmental assessment, including implementation of any E&S management plan, as set out in the project documents, the status of mitigating measures, and the findings of monitoring programmes. Safeguard monitoring reports prepared for individual projects are available publicly through the applicant's website.

2.2.6 Section 6.6: External communications

20. The applicant demonstrated a functioning external communication system, and inquiries, complaints or issues are registered and duly responded to. External communication is governed appropriately and the management of public input is elaborated in the operational procedures. The policy is outlined on its website. Communities and individuals affected by the applicant's projects may submit complaints regarding a project at any level of the institution, both in country and at its headquarters. The applicant has a corporate grievance redress service that centralizes grievances and ensures that complaints received are promptly reviewed in order to address project-related concerns.

2.3 Gender

21. The applicant has a policy and strategy for mainstreaming gender-responsive actions into its development assistance work. The gender and development policy framework comprises investment policies relevant for investment lending in general, for development

policy lending, and for safeguard policies, and each is supported by a designated unit responsible for the coordination and monitoring of implementation and results. The applicant is also committed to incorporating considerations of gender equality in the analysis, content and monitoring of all projects, programmes and country strategies. In addition, in all projects, it implements gender equality action plans. The applicant has gender experts working at its headquarters as well as in its national offices. It provided evidence of its experience in applying gender approaches, including in climate change related projects and programmes. It also demonstrated the application of its gender policies in various poverty reduction and infrastructure projects.

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 AP concludes the following in relation to the application:
- (a) The applicant fully meets the requirements of the Fund's basic fiduciary standards, 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 for loans and guarantees;
 - (b) The applicant is aligned largely with 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 policies, procedures and competencies in order to implement its gender policy, which is found to be consistent with the Fund's gender policy, and has demonstrated that it has experience with gender consideration in the context of climate change activities.

3.2 Recommendation on accreditation

23. The AP recommends, for consideration by the Board, the applicant (APL020) for accreditation as follows:
- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** Large (including micro, small and medium);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 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 and guarantees);

- (iii) **Environmental and social risk category:** High risk (Category A/I-1) including lower risk (Category B/I-2⁴ and Category C/I-3⁵);

(b) **Conditions:**

None.

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 currently undertaking a review and possible revision of its own ESS and is requested to keep the Fund informed of developments in this respect.

⁴ As per Annex I to document GCF/B.07/11, Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

⁵ As per Annex I to document GCF/B.07/11, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex XVI: Additional entities of other relevant funds for fast-track accreditation eligibility

I. Background

1. In decision B.08/03, paragraphs (e)–(g), the Board decided that entities under the Global Environment Facility (GEF), Adaptation Fund (AF), and Directorate-General for Development and Cooperation – EuropeAid of the European Commission (EU DEVCO), as contained in Annex V to decision B.08/03, are eligible to apply under the fast-track accreditation process for the Fund’s accreditation requirements identified in relevant paragraphs of the decision.
2. The entities presented below are entities that have been accredited by the GEF, AF, and EU DEVCO since the date of 17 October 2014 contained in decision B.08/03.

II. Global Environment Facility

Table 1: Agencies that have been approved by the GEF Accreditation Panel since 17 October 2014¹

Fundo Brasileiro para a Biodiversidade – Brazil	FUNBIO
Foreign Economic Cooperation Office – China	FECO
Development Bank of Latin America	CAF
Banque Ouest Africaine de Développement	BOAD

3. FUNBIO, FECO, BOAD and CAF have received approval from the GEF Accreditation Panel to progress from Stage II of the GEF accreditation procedure (review by the GEF Accreditation Panel) to Stage III (final stage which involves signing of formal agreements, including the Memorandum of Understanding (MOU) and Financial Procedures Agreement (FPA) between the GEF and the entity), as per the document GEF/C.48/10/Rev.01 and noted by the GEF Council in the *Joint Summary of the Chairs, 48th GEF Council Meeting, June 02-04, 2015*.
4. Entities must complete Stage III of the GEF accreditation procedure in order to become a fully accredited agency under the GEF.
5. To-date, of the four entities, FUNBIO has signed the MOU and FPA in Stage III of the GEF accreditation procedure.

III. Adaptation Fund

Table 2: Adaptation Fund – National implementing entities since 17 October 2014²

Name	Acronym	Country
Fundación NATURA	Fundación NATURA	Panama
Micronesia Conservation Trust	MCT	Micronesia

¹ GEF, 2015. *Progress Report on the Pilot Accreditation of GEF Project Agencies*. GEF/C.48/10/Rev.01. Available at <https://www.thegef.org/gef/sites/thegef.org/files/documents/EN_GEF.C.48.10.Rev_01_Progress_Report_on_the_Pilot_Accreditation_of_GEF_Project_Agencies.pdf>. The Report has also been noted in the *Joint Summary of the Chairs, 48th GEF Council Meeting, 2-4 June 2015*, available at <https://www.thegef.org/gef/sites/thegef.org/files/documents/EN_GEF.C.48_Joint_Summary_of_the_Chairs.pdf>.

² Available at <<https://www.adaptation-fund.org/national-implementing-entities>>.

6. MCT was accredited by the AF Board, subject to two conditions per the AF Board's decision B.25/4.³

IV. EU DEVCO

Table 3: EU DEVCO – National public-sector bodies or bodies governed by private law with a public-service mission (NAs) that have undergone EU institutional compliance assessments (pillar assessments) since 17 October 2014⁴

Name	Acronym	Country
Agence Française d'Expertise Technique Internationale	AFETI	France
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden	FMO	Netherlands

7. On 23 June 2015, EU DEVCO confirmed to the Secretariat that the NAs listed above have been successfully assessed, meet the requirements of the relevant EU legislation, and are authorized to carry out EU budget implementation tasks without conditions concerning their institutional compliance.

8. As of 1 January 2015, Agence Française d'Expertise Technique Internationale, as listed above, is the result of a merger between two entities, Assistance au Développement des Échanges des Technologies Économiques et Financières (ADETEF) and France Expertise International (FEI). As such, ADETEF and FEI, entities which were identified as fast track eligible in decision B.08/03, are replaced by AFETI in the list.

³ Adaptation Fund, 2015. *Decisions of the Twenty-Fifth Meeting of the Adaptation Fund Board*. AFB/B.25/7. Available at <<https://www.adaptation-fund.org/sites/default/files/AFB.B.25.7%20Decisions.pdf>>.

⁴ The list of national public-sector bodies or bodies governed by private law with a public-service mission (NAs) that have undergone EU institutional compliance assessments (pillar assessments) was provided by EU DEVCO to the Secretariat and approved for publication within this paper on 23 June 2015.