



GREEN
CLIMATE
FUND

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GCF/B.11/03
14 October 2015

Consideration of accreditation proposals

Summary

This document presents accreditation proposals based on the applications received up to 30 September 2015 for consideration by the Board of the Green Climate Fund (GCF). In addition, it provides a follow-up on Board decisions relation to accreditation, an update on the accreditation process and status of applications, and status of accredited entities addressing accreditation conditions.

* The agenda item number will be determined when the final sequence of items in the provisional agenda is confirmed by the Co-Chairs

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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 (GCF).
2. This document presents accreditation proposals based on the applications received up to 30 September 2015 for consideration by the Board. In addition, it 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. Recommended action by the Board

3. It is recommended that the Board:
 - (a) Takes note of the information presented in document GCF/B.11/03 titled "Consideration of accreditation proposals"; and
 - (b) Approves the draft decision presented in annex I to this document.

III. 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 GCF's fiduciary principles and standards and environmental and social safeguards" (GCF/B.07/02);
 - (b) "Guidelines for the operationalization of the fit-for-purpose accreditation approach" (GCF/B.08/02);
 - (c) "Gender policy and action plan" (GCF/B.09/10);
 - (d) "Assessment of institutions accredited by other relevant funds and their potential for fast-track accreditation" (GCF/B.08/03);
 - (e) "Relevant international private sector best-practice fiduciary principles and standards and environmental and social safeguards" (GCF/B.08/05);
 - (f) "Application documents for submissions of applications for accreditation" (GCF/B.08/06);
 - (g) "Policy on fees for accreditation" (GCF/B.08/04);
 - (h) "Interim information disclosure practice" (GCF/B.05/16);
 - (i) "Consideration of accreditation proposals" (GCF/B.09/04);
 - (j) "Consideration of accreditation proposals" (GCF/B.10/03);
 - (k) "Legal and formal arrangements with accredited entities" (GCF/B.09/03);
 - (l) "Investment framework" (GCF/B.07/06);
 - (m) "Initial results management framework of the GCF" (GCF/B.07/04);
 - (n) "Further development of the initial results management framework" (GCF/B.08/07);
 - (o) "Use of other financial instruments" (GCF/B.08/12);

- (p) "Private Sector Facility: working with local private entities, including small and medium-sized enterprises" (GCF/B.09/12);
- (q) "Private Sector Facility: potential approaches to mobilizing funding at scale" (GCF/B.09/11/Rev.01);
- (r) "Recommendations for further accrediting national, regional and private sector entities (progress report)" (GCF/B.10/Inf.12);
- (s) "Initial monitoring and accountability framework for accredited entities (progress report)" (GCF/B.10/Inf.11);
- (t) "Initial monitoring and accountability framework for accredited entities" (GCF/B.11/05);¹
- (u) "Strategic plan for the Green Climate Fund (progress report)" (GCF/B.11/Inf.07);²
- (v) "Strategy on accreditation (progress report)" (GCF/B.11/Inf.08);³
- (w) "Report on the implementation of legal and formal arrangements with accredited entities" (GCF/B.11/Inf.09);⁴ and
- (x) "Amendment of the interim information disclosure practice" (GCF/BM-2015/10).⁵

IV. Follow-up on previous Board decisions

4.1 Country ownership and national and regional entities

5. The Secretariat has paid special attention to the priority needs of developing countries; actively supported applications for accreditation received from subnational, national and regional public and private sector entities in order to ensure a balance of diversity; 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), and decision B.10/06, paragraph (h). 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 Stage I, institutional assessment and completeness check, and Stage II (Step 1), accreditation review, of applications by the Secretariat and the Accreditation Panel (AP).

6. The Secretariat is providing readiness support to seven direct access entities across different geographical/regional areas, by assisting with the identification of institutional gaps through gap assessments and the generation of readiness action plans for capacity-building in preparation for accreditation to the GCF, in accordance with decision B.09/07, paragraph (g), and decision B.10/06, paragraph (h). This is also in line with the GCF strategy on accreditation,⁶ which proposes that enhanced country ownership will be ensured through the Readiness and Preparatory Support Programme.

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

² As footnote 1 above.

³ As footnote 1 above.

⁴ As footnote 1 above.

⁵ The amendment was proposed for consideration by the Board as a decision between meetings on a no-objection basis. An objection was raised during the period of consideration and therefore the amendment was not adopted as a decision. The interim information disclosure practice, adopted as per decision B.05/15, will continue to apply until a decision is taken by the Board to amend it.

⁶ As footnote 1 above.

7. Additionally, the Secretariat organized a workshop on the interim environmental and social safeguards (ESS) and gender training for direct access accredited entities, held on 1–4 September 2015 at GCF headquarters in Songdo, Republic of Korea. The highly interactive training was conducted to build capacity and provide further information to the direct access accredited entities in order to help to strengthen the entities' knowledge of the ESS and gender policy of the GCF. Furthermore, the training was aimed at helping the entities interested in upgrading their accreditation type in working towards this objective, which would thereby allow them to operate at scale, as well as to ensure that the direct access accredited entities' performance at the project implementation phase is consistent with the requirements of the GCF. In addition, the training, which was financed using resources from the Readiness and Preparatory Support Programme for the direct access entities, was conducted to assist entities with addressing ESS and gender-related accreditation conditions, if applicable. Beyond ESS and gender training, the Secretariat has also provided tailored guidance to entities with fiduciary-related accreditation conditions, in an effort to follow up on the Board's request contained in decision B.10/06, paragraph (e). The Secretariat received positive feedback from the entities who attended the training and plans to organize similar training workshops for direct access accredited entities on an annual basis.

8. Lastly, the Secretariat, at the time of informing all entities accredited at the tenth meeting of the Board (B.10) of their accreditation (by letter on 27 July 2015), indicated that the Board encourages them to make contact with the national designated authority or focal point when they intend to operate outside the country (countries) that nominated them, in accordance with decision B.09/07, paragraph (c).

4.2 International access entities strengthening the capacities of potential direct access entities for accreditation

9. In accordance with decision B.10/06, paragraph (i), the Secretariat requested all international access entities as part of their accreditation application, to provide information on how they intend to strengthen capacities of direct access entities in order to enhance country ownership. International access entities will also be requested to report annually on these actions through the monitoring and accountability framework of the GCF for accredited entities.⁷ The accreditation master agreement (AMA) will include two provisions requiring international access entities to strengthen the capacities of subnational, national and regional entities so as to meet the accreditation requirements of the GCF, and to report on such actions on an annual basis. Furthermore, the Secretariat communicated this requirement to all accredited international access entities prior to the eleventh meeting of the Board.

10. International access accredited entities are in the process of providing information on how they have implemented the above-mentioned decisions. While this will be reported in detail to the Board at its next meeting (the twelfth meeting of the Board), initial information received from 8 of the 11 international access accredited entities includes the following:

- (a) Support provided to: subnational, national and regional organizations, including public and private sector entities, as well as to governments, in developing countries, including small island developing States and the least developed countries;
- (b) Topics of support: sharing of their experience of GCF accreditation; information on GCF fiduciary standards, interim ESS and gender policy; opportunities to access climate finance from the GCF; and

⁷ As footnote 1 above.

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- (c) Types of support: hosting, co-hosting or supporting workshops on the topics of support indicated above; providing technical assistance to potential applicant entities; establishing partnerships and technical cooperation agreements with local entities to provide capacity-building at the institutional level; and providing capacity-building to countries to support their low-carbon and climate resilient strategies.

4.3 Transparency and the accreditation process

11. Disclosure of accreditation information is currently governed by the GCF's Interim Information Disclosure Practice (IIDP).⁸ While the Board will be considering the "Information Disclosure Policy" (document GCF/B.11/10) at its eleventh meeting, which is intended to address disclosure across various aspects related to the GCF (not only accreditation), following inputs from Board members and other stakeholders, the Co-Chairs with support from the Secretariat proposed an amendment to the IIDP in document GCF/BM-2015/10 in advance of the Information Disclosure Policy to be considered. The amendment proposed to increase transparency in the accreditation process by disclosing the names and countries of entities at the time that entities are recommended by the Accreditation Panel for accreditation in a public document published on the GCF website, rather than later at the time of the accreditation by the Board, as stated in the IIDP. The amendment was proposed for consideration by the Board as a decision between meetings on a no-objection basis. An objection was raised during the period of consideration from one Board member and therefore the amendment was not adopted as a decision. While the applicants being recommended for accreditation in this paper have been consulted and most were in principle agreeable to releasing their name in this paper at the time of their recommendation, the names and countries of the entities could not be included because the amendment to the IIDP was not adopted and the IIDP still applies.

12. A 'know your customer' fiduciary compliance specialist is in the process of being recruited in accordance with decision B.10/06, paragraph (o). The specialist will assist in the formulation and implementation of policies and guidelines related to fraud, corruption, 'know-your-customer', anti-money laundering and countering the financing of terrorism. To date, these issues are assessed by the Accreditation Panel in its in-depth review of accreditation applications as part of the fiduciary principles and standards of the GCF as adopted in decision B.07/02. Additionally, interim general principles to prevent prohibited practices of the GCF have been included in the AMA, the legal agreement to be signed between the GCF and each of the accredited entities.

V. Recommendations for accreditation

13. Of the 80 applications submitted by 30 September 2015 (including the 20 entities accredited at the ninth meeting of the Board (B.09) and B.10), 11 applicants concluded Stage I and are in Stage II (Step 1). Following its third meeting at GCF headquarters from 7 to 11 September 2015, the AP concluded its recommendations on nine of these applicants, as contained in annexes IV–XII to this document.

14. The nine applicants for consideration at this meeting include three national public entities and one regional public entity applying under direct access, as well as two private sector entities and three international public entities.

⁸ Decision B.05/15.

15. The majority of these applicants have been found to be able to operate across a broad range of activities, often at scale: medium⁹ and large¹⁰ 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 (I-2)¹¹ and high Category A/I-1¹² environmental and social risk levels. The fit-for-purpose approach has provided flexibility with which to match applicant objectives and capacity on the one hand and the objectives and requirements of the GCF on the other.

16. In two cases, the applicants fully meet the accreditation requirements of the GCF relevant to the scope of their applications. In all other cases where the applicant does not fully meet the requirements of the GCF, the AP provides conditions for these applicants on how to address these aspects by improving or further developing their policies, procedures and competencies, for which technical support for direct access entities could be sought from the GCF. Such conditions, which can be implemented punctually, usually prior to the first disbursement from the GCF, or periodically (such as monitoring or reporting) for a given time, have been proposed predominantly in the following areas where the applicant does not fully meet the requirements of the GCF:

- (a) Fiduciary:
 - (i) The investigation function;
- (b) ESS:
 - (i) Environmental and social policies (that may have only recently been codified); and/or
 - (ii) The environmental and social risk identification as well as categorization of projects and programmes; and
- (c) Gender:
 - (i) Gender policy (either because it is not stand-alone or elements of it are contained within various operational policies); and/or
 - (ii) The competence to take gender into consideration at the project level.

17. In summary, the AP thus recommends all nine entities being presented in this document as contained in annexes IV to XII for which Stage II (Step 1) has been completed, be accredited, with conditions in some cases. In addition, the AP provides remarks that the entities may wish

⁹ As per annex I to decision B.08/02, 'medium' is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

¹⁰ As per annex I to decision B.08/02, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 250 million for an individual project or an activity within a programme".

¹¹ As per annex I to decision B.07/02, category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

¹² As per annex I to decision B.07/02, category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".



to consider and, in the case of direct access entities, for which they may wish to seek technical support in order to assist in addressing the aforementioned remarks and/or conditions.

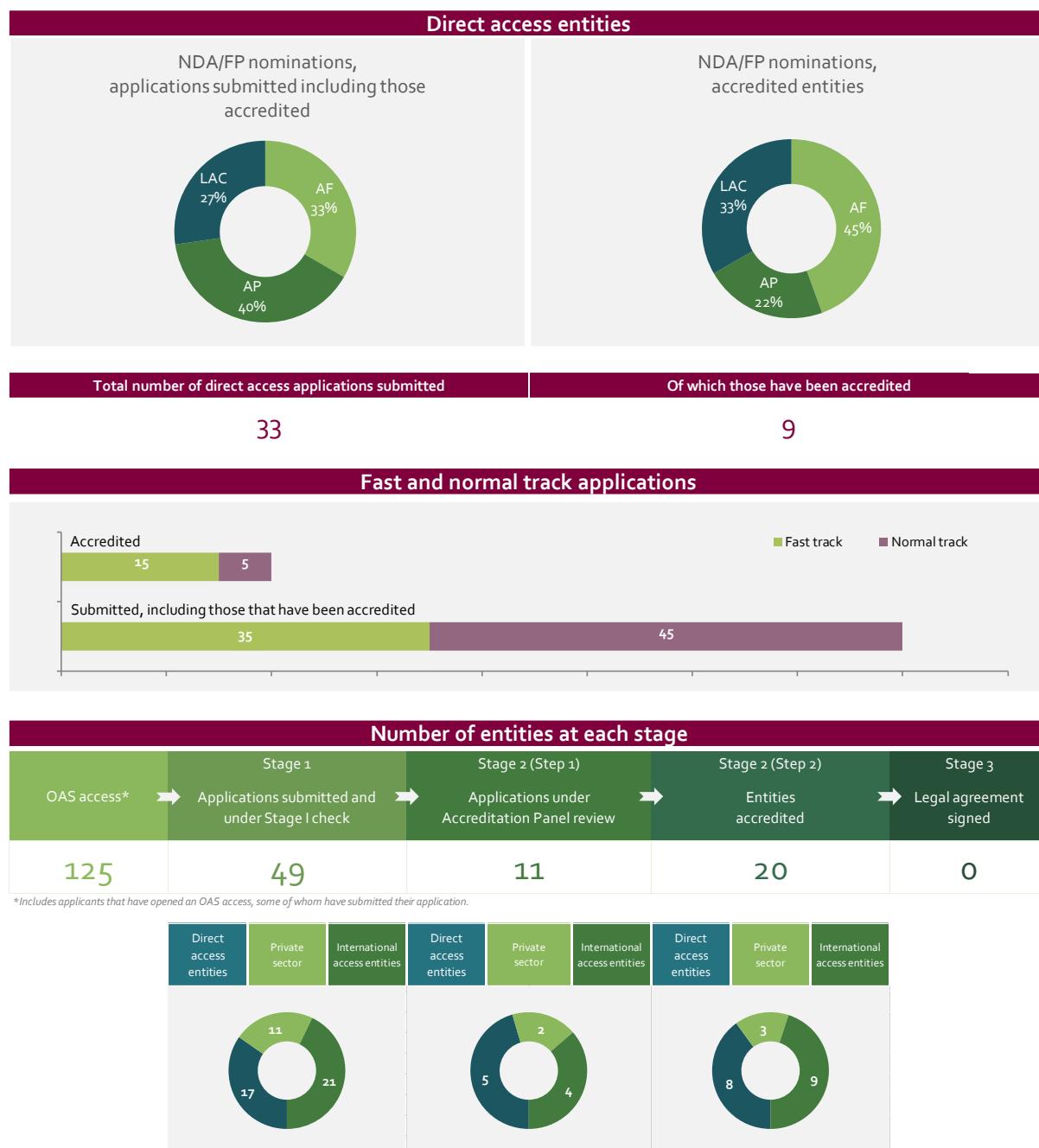
VI. Status of applications for accreditation

18. In decision B.07/02, paragraph (o), the Board requested the AP, in collaboration with the Accreditation Committee and 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 30 September 2015, 125 entities have been issued with accounts for the Online Accreditation System (OAS),¹³ the web-based portal through which applicants submit their applications for accreditation. In addition, a total of 80 applications for accreditation have been submitted through OAS, including the 20 entities that have been accredited.

19. The submitted applications received to date reflect considerable diversity in geographic representation, the type of activities to be undertaken using GCF resources if accreditation is granted, and the 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 remaining 60 submitted applications under Stage I or Stage II (Step 1), 17 are national entities, 5 are regional entities, 13 are private sector entities and 25 are international entities. The distribution of applications received as at 30 September 2015 is shown in figure 1.

¹³ OAS is available at <<https://accreditation.gcfund.org/>>.

Figure 1. Accreditation applications received, national designated authority and focal point nominations and entities with Online Accreditation System accounts (as at 30 September 2015)



Abbreviations: AF = Africa, AP = Asia Pacific, LAC = Latin America and the Caribbean, FP = focal point, NDA = national designated authority.

20. As at 30 September 2015, these 80 entities are at various stages of review:
 - (a) Seven entities have been accredited by the Board at B.09 and a further thirteen were accredited by the Board at B.10;
 - (b) Nine are recommended for accreditation at the eleventh meeting of the Board;
 - (c) Two have completed Stage 1 and are being reviewed by the AP in Stage II (Step 1), including one direct access and one international access entity; and



- (d) Forty-nine are at various levels of completing Stage I.
21. 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 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.
22. Applications may proceed to Stage II (Step 1) conducted by the AP, after they have submitted all the information required to close Stage I.
23. During the accreditation review process in Stage I and Stage II (Step 1), applicants are reviewed in terms of meeting the accreditation requirements of the GCF (fiduciary, environmental and social safeguards, and gender criteria). In accordance with decision B.10/06, paragraph (i), all international entities, as an important consideration of their accreditation application, are required to indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the GCF in order to enhance country ownership and are also required to report annually on these actions.
24. Prior to the launch of the call for accreditation applications in November 2014, the accreditation review and decision-making process (Stage I and Stage II (Step 1)) was aimed to be completed within six months for normal-track entities and three months for fast-track entities, assuming that all documentation is provided in a timely and complete manner, and that the applicant does not opt for readiness support while the application is being processed, and is found to meet all of the standards that it originally applied for (annex I to decision B.08/02 (annex I to document GCF/B.08/45) and annex II to decision B.08/03 (annex II to document GCF/B.08/45)). To-date, an average of 10 entities have been proposed at the ninth, tenth, and now eleventh Board meetings for consideration on accreditation. 60 entities are currently under the Stage I or Stage II (Step 1) review, a further 45 applications are expected to be received from entities that have an OAS account, and more entities are in the process of requesting for an OAS account or have indicated interest in doing so.
25. Learning from the three first cycles of the accreditation assessment and review process and the feedback received from applicants, the AP is continuing to discuss the lessons learned from the accreditation process to date with a view to improving and refining the accreditation framework and its operation in future accreditation cycles. The Secretariat is currently working in consultation with the Accreditation Panel to streamline the assessment process and improve its efficiency in order to reduce this timeframe. This includes technical matters related to the review of applications (such as the structure of tools employed in the review process), the revision of the checklists in order to eliminate redundant questions, relying more on good third party sources of proxy due diligence, and identifying other ways of fast tracking entities, particularly subnational, national and regional, public and private entities, and the time and other resources required by the AP and the Secretariat to undertake this work. Following a field visit to a direct access entity, as well as generally having direct contact with applicants, the AP is becoming increasingly aware of the benefit of such visits in order to inform its assessment of applicant entities.

VII. Status of accredited entities

26. The Board has accredited 20 entities at B.09 and B.10 through decisions B.09/07 and B.10/06.¹⁴ These 20 accredited entities demonstrate a variety of accreditation types through the

¹⁴ Information on accredited entities is available at <<http://www.gcfund.org/operations/accreditation/accredited-entities.html>>.



application of the fit-for-purpose approach, and reflect a geographical and an institutional balance as far as possible within the number of cases accredited.

27. Details of entities accredited by the GCF to date have been published on the GCF website, including the names of entities, their contact details and accreditation types.

28. The development and signing of an AMA between the GCF and its accredited entities is under way. Entities accredited at B.09 and B.10 are being consulted in this process. The report on the implementation of legal and formal arrangements with accredited entities (document GCF/B.11/Inf.09) contains further details regarding the status of the signing of AMAs. The AMA will include provisions that were requested by the Board in decision B.10/06, paragraphs (l) and (m), regarding the relationship between the GCF and the accredited entity, as well as addressing potential conflicts of interest or reputational risks which may arise from the relationship between the GCF and the accredited entity. The GCF initial monitoring and accountability framework for accredited entities¹⁵ will be used to monitor compliance of the accredited entities over time with their accreditation standards and to capture the performance of the accredited entities in delivering climate results as expected.

29. In addition, the Secretariat has followed up with entities that were accredited with conditions by the Board. These entities have made significant progress in closing the gaps that were identified by the AP in its assessment of their applications. The status of the accredited entities addressing their conditions is contained in annex III to this document, in accordance with decision B.10/06, paragraph (e).

¹⁵ As footnote 1 above.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.11/03 titled “Consideration of accreditation proposals”:

- (a) Takes note with appreciation of the in-depth assessment conducted by the Accreditation Panel contained within the relevant annexes for the following applicants:
 - (i) Applicant 021 (APL021), as contained in annex IV;
 - (ii) Applicant 022 (APL022), as contained in annex V;
 - (iii) Applicant 023 (APL023), as contained in annex VI;
 - (iv) Applicant 024 (APL024), as contained in annex VII;
 - (v) Applicant 025 (APL025), as contained in annex VIII;
 - (vi) Applicant 026 (APL026), as contained in annex IX;
 - (vii) Applicant 027 (APL027), as contained in annex X;
 - (viii) Applicant 028 (APL028), as contained in annex XI; and
 - (ix) Applicant 029 (APL029), as contained in annex XII;
- (b) Accredits APL021, APL022, APL023, APL024, APL025, APL026, APL027, APL028 and APL029 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicant entities. A summary of the recommended accreditation type and conditions and remarks, if any, for each applicant is contained in annex XIII;
- (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 XIV;
- (d) Decides that those entities referred to in annex XIV are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for International Development and Cooperation of the European Commission (DG DEVCO).

Annex II: Accreditation process

1. Given the urgency and seriousness of climate change, the purpose of the Green Climate Fund (GCF) 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 GCF 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 GCF 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 GCF 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 GCF initial guiding framework for accreditation,⁵ and is applied with a fit-for-purpose approach.⁶

5. The general objective of this guiding framework is to enable a coherent integration of the initial fiduciary principles and standards⁷ and the interim environmental and social safeguards⁸ with the accreditation process of the GCF and its related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it.

6. The accreditation process of the GCF 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. Decision B.08/02, paragraph (d), and decision B.08/06, paragraph (b), requested the Secretariat to finalize the relevant accreditation application documents and to open a call for submission 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 initial guiding framework for accreditation to receive and review applications as described in figure 2. This process ensures transparency and traceability for the applicants and the Board.

8. The Secretariat, in accordance with decision B.09/07, paragraph (i), has published on its website, as a part of its operations manual, documents related to the assessment of

¹ Governing Instrument, paragraph 1.

² Governing Instrument, paragraph 2.

³ Governing Instrument, paragraph 31.

⁴ Governing Instrument, paragraph 45.

⁵ Annex I to decision B.07/02 (annex I to document GCF/B.07/11).

⁶ Annex I to decision B.08/02 (annex I to document GCF/B.08/45).

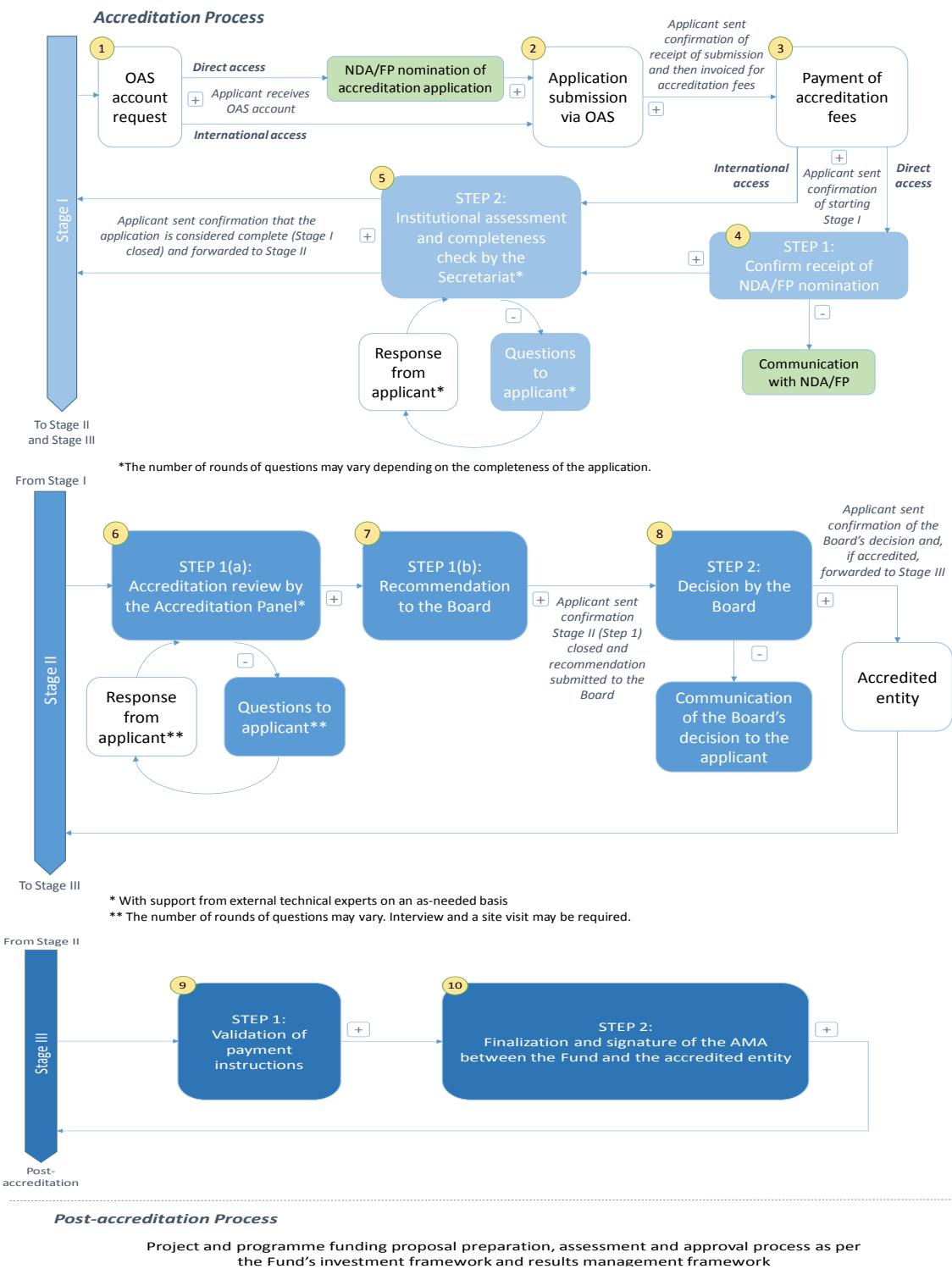
⁷ Annex II to decision B.07/02.

⁸ Annex III to decision B.07/02.



accreditation applications, such as standardized checklists that reviewers use in the Stage I institutional assessment and completeness check and the Stage II (Step 1) accreditation review.⁹

Figure 2. Accreditation process flow chart



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

⁹ The Stage I and Stage II checklists are available at <<http://www.gcfund.org/operations/resource-guide.html>>.

Annex III: Status of accredited entities addressing accreditation conditions

1. During the ninth and tenth meetings of the Board, 20 entities were recommended by the Accreditation Panel (AP) and accredited by the Board, some of which were accredited with conditions and others with recommendations from the AP. All applicants are required to submit to the AP, through the Secretariat, information on how they have complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. Following decision B.10/06, paragraph (e), the assessment of the AP, as contained below in table 1, is communicated to the Board by the Secretariat, on behalf of the AP, for information purposes.

Table 1. Status of accredited entities addressing accreditation conditions (as at 30 September 2015)

Entity	Time frame	Accreditation conditions, recommendations and remarks		Status
Centre de Suivi Ecologique (CSE)¹	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Fiduciary CSE submitted its anti-fraud policy and code of ethics and professional conduct for review by the Accreditation Panel (AP) in an effort to address the conditions		
		<u>Related to the investigation function:</u> (i) Publishing on its website terms of reference that outline the purpose, authority and accountability of the function;	Fulfilled The external investigative function portion of the condition has been met In progress The entity is continuing to address questions raised by the AP regarding public access	
		(ii) Ensuring the functional independence of the responsible officer;	Fulfilled Regarding external investigations, the functional independence of the responsible officer has been established In progress The entity is continuing to address questions raised by the AP regarding internal investigations	
		(iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during	Fulfilled Guidelines for processing cases for internal investigations are provided for in the policy for preventing and combatting fraud and corruption of CSE In progress	

¹ Annex IV to decision B.09/07 (annex IV to document GCF/B.09/23).

		and after the investigation process; and	The entity is continuing to address questions raised by the AP regarding external investigations	
		(iv) Defining a process for periodically reporting case trends	<p>Fulfilled Reporting case trends are provided for in the policy for fraud and corruption of CSE</p> <p>In progress The entity is continuing to address questions raised by the AP regarding the reporting of case trends for externally reported cases</p>	
		Gender		
		(i) Develop a gender policy; and (ii) Obtain the competencies required in order to implement the policy	<p>In progress The entity has indicated that the gender policy is under preparation and efforts are being made to obtain the competencies required to implement the policy; and</p> <p>It participated, with assistance from the Readiness and Preparatory Support Programme, in the environmental and social safeguards (ESS) of the GCF and the gender training workshop for direct access entities held at GCF headquarters in Songdo, Republic of Korea, in September 2015</p>	
	Recommendation		ESS	
		It is recommended that the applicant seeks to deepen its knowledge of the interim ESS of the GCF, while further developing its environmental and social management system (ESMS) in order to support a potential future application for accreditation against medium environmental and social (E&S) risk level Category B/Intermediation 2 (I-2) ²	<p>In progress The entity informed the Secretariat that it has prepared an environmental policy, a grievance management mechanism and procedures for the mitigation of E&S risks and impacts, in an effort to support a potential future application for accreditation against medium E&S risk level Category B/I-2; and</p> <p>It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015</p>	

² As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few

Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)³	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<p>Fiduciary PROFONANPE submitted its investigation procedures from its operations manual. In addition the minutes of a meeting of its board, where investigations of cases of alleged fraud/corruption and other forms of misbehaviour were considered, were provided.</p> <table border="1"> <tr> <td><u>Related to the investigation function:</u> To define and implement a process for periodically reporting case trends. In order to enhance accountability and transparency, case trend reports and other information are made available to senior business management and relevant business functions to the extent possible</td><td>Fulfilled and condition closed Compliance with the investigation procedures was proven by the minutes of the meeting of PROFONANPE's board demonstrating that case trends have been reported</td></tr> </table>		<u>Related to the investigation function:</u> To define and implement a process for periodically reporting case trends. In order to enhance accountability and transparency, case trend reports and other information are made available to senior business management and relevant business functions to the extent possible	Fulfilled and condition closed Compliance with the investigation procedures was proven by the minutes of the meeting of PROFONANPE's board demonstrating that case trends have been reported
<u>Related to the investigation function:</u> To define and implement a process for periodically reporting case trends. In order to enhance accountability and transparency, case trend reports and other information are made available to senior business management and relevant business functions to the extent possible	Fulfilled and condition closed Compliance with the investigation procedures was proven by the minutes of the meeting of PROFONANPE's board demonstrating that case trends have been reported				
Recommendation	<p style="text-align: center;">ESS</p> <table border="1"> <tr> <td><u>It is recommended that the applicant should seek to deepen its knowledge of the interim ESS of the GCF, while further implementing its new ESS policy in risk level Category B/I-2. It is additionally recommended that the applicant strengthen its E&S reporting function</u></td><td>In progress The entity has been requested to provide information on the efforts it is making to support a potential future application for accreditation against medium E&S risk level Category B/I-2. The GCF is waiting for a response from the entity on the expected time frame for providing the information; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015</td></tr> </table>		<u>It is recommended that the applicant should seek to deepen its knowledge of the interim ESS of the GCF, while further implementing its new ESS policy in risk level Category B/I-2. It is additionally recommended that the applicant strengthen its E&S reporting function</u>	In progress The entity has been requested to provide information on the efforts it is making to support a potential future application for accreditation against medium E&S risk level Category B/I-2. The GCF is waiting for a response from the entity on the expected time frame for providing the information; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015	
<u>It is recommended that the applicant should seek to deepen its knowledge of the interim ESS of the GCF, while further implementing its new ESS policy in risk level Category B/I-2. It is additionally recommended that the applicant strengthen its E&S reporting function</u>	In progress The entity has been requested to provide information on the efforts it is making to support a potential future application for accreditation against medium E&S risk level Category B/I-2. The GCF is waiting for a response from the entity on the expected time frame for providing the information; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015				
Secretariat for the Pacific Regional Environment Programme (SPREP)⁴	Recommendations	<p style="text-align: center;">Fiduciary</p> <table border="1"> <tr> <td><u>Relating to grant award and/or funding allocation mechanisms:</u> It is recommended that the applicant continue with its plans</td><td>In progress SPREP informed the Secretariat that it is in the process of developing a new project management framework, and this will provide an opportunity for SPREP to incorporate a formalized grant management procedure into its</td></tr> </table>		<u>Relating to grant award and/or funding allocation mechanisms:</u> It is recommended that the applicant continue with its plans	In progress SPREP informed the Secretariat that it is in the process of developing a new project management framework, and this will provide an opportunity for SPREP to incorporate a formalized grant management procedure into its
<u>Relating to grant award and/or funding allocation mechanisms:</u> It is recommended that the applicant continue with its plans	In progress SPREP informed the Secretariat that it is in the process of developing a new project management framework, and this will provide an opportunity for SPREP to incorporate a formalized grant management procedure into its				

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 Annex V to decision B.09/07.

⁴ Annex VI to decision B.09/07.

		<p>to formalize, institutionalize and implement its grant management guidelines in order to support a potential future application for accreditation against the specialized fiduciary standard for grant award and/or funding allocation mechanisms</p>	<p>operations manuals. Further information will be provided by the entity when the framework is finalized, with respect to a potential application for an upgrade</p>	
		ESS		
		<p>It is recommended that the applicant seeks to deepen its knowledge of the interim ESS of the GCF, while further developing its ESMS in order to support a potential future application for accreditation against medium E&S risk level Category B/I-2</p>	<p>In progress The entity informed the Secretariat that it plans to pursue an upgrade of its accreditation type from E&S risk level Category C/I-3⁵ to risk Category B/I-2 as a matter of priority. The timing of this is largely dependent on the time it takes to acquire a sufficient track record and prepare documentation of relevant processes and procedures to satisfy the accreditation requirements of the GCF; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015</p>	
Acumen Fund, Inc. (Acumen)⁶	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<p>Fiduciary Acumen submitted its internal policy on its investigation function. In addition, the publicly available information on the investigation function was provided</p>	<p>Related to the investigation function: (i) Publishing on its website, terms of reference that outline the purpose, authority and accountability of the function;</p> <p>Fulfilled and condition closed A publicly available link to the entity's anti-corruption policy that describes its investigation function is on the entity's website</p>	

⁵ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

⁶ Annex VII to decision B.09/07.

		(ii) Ensuring the functional independence of the responsible officer;	Fulfilled and condition closed The investigation policy approved by the entity's board provides assurance of independence
		(iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during and after the investigation process; and	Fulfilled and condition closed The policy provides the required elements. No assessment is made at this time of the effective implementation of the policy approved by Acumen's board. Although not a requirement in the condition, the entity is addressing a request from the AP for evidence of the effective implementation of the policy
		(iv) Defining a process for periodically reporting case trends	Fulfilled and condition closed Provision is made to report case trends to the Board Audit and Finance Committee on a periodic basis
Gender			
		(i) Develop a gender policy; and (ii) Obtain the competencies required in order to implement the policy.	In progress The entity submitted a signed certificate regarding a resolution by its board approving the development of the entity's gender policy. The entity intends to provide the relevant documentation in October 2015; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015.
	Recommendation	ESS	
		It is recommended that the applicant seeks to deepen its knowledge of the interim ESS of the GCF, while further developing its relatively new ESMS processes in order to support a potential future application for accreditation against medium E&S risk level Category B/I-2. It is additionally recommended that the applicant strengthen its E&S reporting function	In progress The entity is actively seeking to deepen its knowledge of the interim ESS of the GCF. In the event that it endeavours to undertake projects with Category B E&S risks in the future, it will upgrade its ESMS and accreditation type accordingly; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held in Songdo in September 2015

Environmental Investment Fund of Namibia (EIF) ⁷	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Fiduciary	
		(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;	In progress EIF has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the necessary information
		2. Confirmation that its procurement practice complies with national law; and	In progress The entity informed the Secretariat that it has prepared a revised financial and procurement policy in an effort to address the conditions. The relevant information will be provided after approval by EIF's board, which is scheduled to meet in October 2015
		3. A review of the new information technology control framework;	In progress The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the necessary information
		(ii) Submit the internal audit plan for the next financial year, 2016;	In progress The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the necessary information
		(iii) Submit the revised procurement policy and procedures; and	In progress The entity informed the Secretariat that it has prepared a revised financial and procurement policy in an effort to address the conditions. The relevant information will be provided after approval by the entity's board, which is scheduled to meet in October 2015
		(iv) Publish information on its grant award mechanism and process on its website	In progress. The entity informed the Secretariat that it has prepared a revised grants mechanism manual in an effort to address the conditions. The relevant information will be provided after approval by the entity's board, which is

⁷ Annex VIII to decision B.10/06 (annex VIII to document GCF/B.10/17).

			scheduled to meet in December 2015 to approve the manual following internal reviews and finalization
Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016			Fiduciary Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016 In progress The internal audit report for the financial year 2016 will be provided once it is available
Recommendations			Fiduciary <u>Relating to grant award and/or funding allocation mechanisms:</u> 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 In progress The entity informed the Secretariat that it has prepared a revised grants mechanism manual in an effort to address the recommendation. The relevant information will be provided after approval by the entity's board, which is scheduled to meet in December 2015 to approve the manual following internal reviews and finalization
			ESS It is recommended that the applicant seeks to deepen its knowledge of the interim ESS of the GCF, while further developing its E&S management system in order to support a potential future upgrade of its accreditation against medium E&S risk level Category B/I-2 In progress The entity informed the Secretariat that it has prepared a revised ESMS in an effort to address the recommendation. The relevant information will be provided after approval by the entity's board which is scheduled to meet in October 2015. In addition the entity is actively seeking to deepen its knowledge of the interim ESS of the GCF; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015
			Gender It is recommended that the applicant includes the principles of its new gender charter in its internal procedures manuals In progress The entity informed the Secretariat that the principles of its gender charter have been integrated into the grants mechanism manual in an effort to address the recommendation. The relevant information will be provided after approval by the entity's board, which is scheduled to meet in October 2015; and

			It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015
Ministry of Natural Resources of Rwanda (MINIRENA)⁸	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<u>Relating to the investigation function:</u> (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 with its Office of the Ombudsman for investigation on a monthly basis	Fiduciary In progress. MINIRENA informed the Secretariat that it is making preparations to address the accreditation condition relating to its investigation function. The entity will keep the GCF informed of developments in this regard
	Condition in respect of any project/programme funded by the GCF that invokes any of performance standards 2–8 until a mid-term review is undertaken for the purposes of determining the applicant's competency in the five-year accreditation period meeting the ESS of the GCF at the project level	Use external support, including from co-financiers, acceptable to the GCF in order to help to prepare projects or programmes that invoke any of performance standards 2 to 8	ESS In progress The entity informed the Secretariat that it is making preparations to acquire external support to assist in the preparation of projects that invoke any of performance standards 2 to 8 in an effort to address the condition. The entity will keep the GCF informed of developments in this regard; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015
	Recommendation	The applicant is recommended to consider undertaking an equivalence assessment of the	ESS In progress The entity informed the GCF that it is making preparations to undertake the equivalence assessment of the country's legal framework with respect to

⁸ Annex IX to decision B.10/06 (annex IX to document GCF/B.10/17).

		country's legal framework with respect to project-specific performance standards 2 to 8 of the GCF, which would apply to projects and programmes funded by the GCF	GCF project-specific performance standards 2 to 8 in order to address the recommendation. The entity will keep the GCF informed of developments in this regard; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015
National Bank for Agriculture and Rural Development (NABARD)⁹	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Approve the environmental and social safeguards policy, and communicate the policy and procedures within the organization as well as to its executing entities	ESS In progress NABARD has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the necessary information; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015
		Develop a gender policy in line with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	Gender In progress The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the necessary information; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015
Corporación Andina de Fomento (CAF)¹⁰	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	(i) Ensure that project-specific performance standard 2 is fully aligned with the ESS of the GCF when it is applied in projects, and to strengthen its monitoring and	ESS In progress CAF informed the GCF that it is drafting an improved safeguard on working and labour conditions that is fully aligned with GCF performance standard 2. The revised safeguard that builds on existing safeguards related to labour force protection and occupational health and safety (per national law) has been strengthened to better address aspects concerning labour conditions,

⁹ Annex X to decision B.10/06.

¹⁰ Annex XI to decision B.10/06.

		<p>review of E&S risks and impacts, as part of its ESMS; and</p> <p>(ii) Approve, through senior management, the consolidated blueprint for E&S management and communicate the blueprint within the organization and to its executing entities</p>	<p>management of worker relationships, non-discrimination and equal opportunity and grievance mechanisms for all employment types. The revised safeguard on working and labour conditions is expected to be finalized by the end of October 2015; and</p> <p>The entity participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015</p> <p>In progress</p> <p>The entity informed the GCF that desired improvements related to the entity's practical procedures to supervise and follow-up on the implementation of E&S management plans and monitor impact prevention and mitigation have already been completed and incorporated in its consolidated manual, and it will be provided by the end of October 2015; and</p> <p>The consolidated manual is being edited to meet all internal standards and specifications and, as soon as the safeguard on working and labour conditions is completed and integrated into the main body of the manual, the approval process will be launched</p>
Caribbean Community Climate Change Center (CCCCC)¹¹	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<p><u>Relating to the internal audit function and 'know-your-customer' procedure:</u></p> <p>(i) Adopt, through its audit committee, the audit charter as its frame of reference;</p> <p>(ii) Submit its internal audit plan for the next financial year, 2016; and</p> <p>(iv) Establish a 'know-your-customer' procedure as part of its anti-money laundering and</p>	<p>Fiduciary</p> <p>In progress</p> <p>CCCCC informed the GCF that it has updated its audit charter and is awaiting an update from its board on this matter as the audit committee is comprised of members of its board and reports to its board. The charter has been submitted to the entity's board for review and consideration prior to approval. The entity is awaiting its board's response</p> <p>In progress</p> <p>This will be sent by the entity for review by the Accreditation Panel and will be sent after the next financial year, 2016</p> <p>In progress</p> <p>The entity informed the GCF that a 'know-your-customer' procedure has been established in an effort to address the condition. The procedure has</p>

¹¹ Annex XII to decision B.10/06.

		countering the financing of terrorism procedure	been submitted to the entity's board for review and possible approval. The entity is awaiting its board's response	
		Gender		
		Adopt a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	In progress The entity informed the GCF that a draft gender policy has been prepared and circulated internally, in an effort to address the condition. The policy has been submitted to the entity's board for review and possible approval. The entity is awaiting its board's response; and It participated, with assistance from the Readiness and Preparatory Support Programme, in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015	
	Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016	Fiduciary		
		<u>Relating to the internal audit function:</u> Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016	In progress The internal audit report for the financial year 2016 will be provided once it is available	
	Recommendation	Fiduciary		
		<u>Relating to grant awarding:</u> To institutionalize the grant award procedure developed with one of its partner institutions	In progress The entity informed the GCF that it would follow up on the recommendation. The GCF is waiting for a response from the entity on the expected time frame for providing the information	
Africa Finance Corporation (AFC) ¹²	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Gender		
		Develop a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	In progress AFC, following clarification from the Secretariat on the requirements of the gender policy of the GCF and its accreditation condition, informed the Secretariat that it is in the process of drafting its gender policy in an effort to address the condition. The policy is expected to be considered by the entity's board for approval by end of December 2015, and thereafter provided to the GCF	
	Recommendations	Fiduciary		

¹² Annex XIII to decision B.10/06.

		<p><u>Relating to the investigation function:</u></p> <p>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</p>	<p>In progress</p> <p>The entity has been requested to provide information on the efforts it is taking to address the recommendation. The GCF is waiting for a response from the entity on the expected time frame for providing the information</p>
		<p>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 GCF</p>	<p>ESS</p> <p>In progress</p> <p>The entity has been requested to provide information on the efforts it is making to address the recommendation. The GCF is waiting for a response from the entity on the expected time frame for providing the information</p>
<p>Deutsche Bank Aktien Gesellschaft (Deutsche Bank AG)¹³</p>	<p>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</p>	<p>Fiduciary</p> <p><u>Relating to internal controls:</u></p> <p>(i) Provide the GCF, through the Secretariat, with a letter of comfort executed by the appropriate authority within the applicant entity stating that it is taking the necessary actions to strengthen its internal controls related to compliance with relevant regulations, including, but not limited to, risk management, management of operational risk and anti-money</p>	<p>Fulfilled and condition closed</p> <p>Deutsche Bank AG submitted a comfort letter after the tenth meeting of the Board. In its review of the letter, the AP noted the statement "In 2013 the management board of Deutsche Bank decided to initiate a 'Three Lines of Defense' program as a response to lessons learned from past control failures and to strengthen the banks risk management capabilities and compliance culture". The annual report should contain specific information regarding the progress made in the implementation of the Three Lines of Defense programme, as well as information regarding the specific improvements attained in internal controls, risk management capabilities and compliance culture</p>

¹³ Annex XIV to decision B.10/06.

		<p>laundering and countering the financing of terrorism; and</p> <p>(ii) Provide the GCF, through the Secretariat, with its annual reports that disclose information on regulatory compliance</p>		
		<p>In progress</p> <p>The AP, through the Secretariat communicated its request for the entity to keep the GCF informed, through its annual report, regarding the progress made in improving their internal controls and compliance with banking regulations</p>		
		Gender		
		<p>Develop a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF</p>	<p>In progress</p> <p>The entity has provided information on its gender policy related to potential projects and programmes, and such information is currently under review by the AP; and</p> <p>The entity was invited to attend, due to having a related accreditation condition, and participated in the ESS of the GCF and the gender training workshop for direct access entities held at GCF headquarters in September 2015</p>	
		Fiduciary		
		<p>Provide the GCF, through the Secretariat, with its annual reports that disclose information on regulatory compliance</p>	<p>In progress</p> <p>The entity informed the GCF that its annual reports would be made available on its website within the first quarter of each financial year. The first annual reports will be delivered to the GCF in April 2016</p>	
Conservation International Foundation (CI)¹⁴	Recommendation	ESS		
		<p>It is recommended that the applicant seeks to deepen its knowledge and application of the interim ESS of the GCF in order to support a potential future upgrade of its accreditation to medium E&S risk level category B/I-2</p>	<p>In progress</p> <p>CI informed the GCF that it will deepen its knowledge of the interim ESS of the GCF. Through implementation of the projects of the GCF acquire experience in applying the interim ESS of the GCF, the entity will consider an upgrade of its accreditation type to E&S risk category B/I-2</p>	

¹⁴ Annex XVI to decision B.10/06.

United Nations Environment Programme (UNEP)¹⁵	Condition prior to the first disbursement by the GCF for an approved project/programme that bears risks contained in performance standard 4	ESS Fulfilled and condition closed UNEP confirmed that the United Nations Environment Programme Environmental, Social and Economic review note (ESERN) provided earlier is the institutional safeguard screening tool. The document contains a section on performance standard 4 (community health, safety and security) to allow for the screening of projects financed by the GCF. UNEP also expressed its commitment on conducting complete due diligence covering all the safeguard requirements with regard to projects funded by the GCF. In addition to the ESERN screening tool, the entity has presented the Global Monitoring Plan ESERN report providing the evidence on the tool implementation for the UNEP Global Mercury partnership and Mercury Programme	
	Recommendation	ESS Fulfilled and condition closed 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 publicly available on its website	
International Bank for Reconstruction and Development and International Development Association (together as "World Bank")¹⁶	Remark	ESS In progress The applicant is currently undertaking a review and possible revision of its own ESS and is requested to keep the GCF informed of developments in this respect	The World Bank submitted an update on its safeguards review and consultation process. The entity informed the AP of the launch of its third round of consultations on the proposed E&S framework focusing on implementation and on an indicative list of complex issues that require further discussion; and The AP requested the entity to inform the GCF on the outcomes of these consultations and on the possible revision of its ESS when available

¹⁵ Annex XIX to decision B.10/06.

¹⁶ Annex XIX to decision B.10/06.

Annex IV: Accreditation assessment of Applicant 021 (APL021)

I. Introduction

1. Applicant 021 (APL021) is a national public entity located in a developing country in Africa, which provides action plans and value-added solutions to address agricultural needs at the local and national levels. Its mandate, under the national green plan in place since 2008, is to contribute to social and economic development through more resilient and productive agriculture. The applicant has developed a comprehensive portfolio of climate change related projects and programmes worth approximately USD 33 million, which has been financed by bilateral and multilateral organizations. It has implemented projects and programmes in land protection and agricultural management through:

- (a) Expanding agricultural areas and adding value to crop development;
- (b) Promoting the development of agricultural products through new irrigation systems, farm equipment, packaging and marketing;
- (c) Promoting agricultural investments, through for example implementing different partnerships; and
- (d) Promoting local products.

2. The applicant additionally has project management and supervision experience in improving the socioeconomic conditions of small farmers and increasing resilience to climate change through capacity-building, water management improvement, and introducing irrigation techniques and land management, among others. The applicant seeks accreditation to the GCF in order to utilize its experience to further develop and expand its climate change portfolio and reach other vulnerable regions in the country.

3. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 March 2015. Stage I (institutional assessment and completeness check) and Stage II (Step 1), accreditation review, were concluded. It has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (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 an individual project or activity within a programme:** small;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)³).

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and intermediation 2 is defined as

II. Accreditation assessment

4. The applicant is eligible for, and applied under, the fast-track accreditation process, as an Adaptation Fund entity. Its application has been assessed against the standards of the GCF by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

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

2.1 Fiduciary standards

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

6. 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**

7. 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.

8. Regarding item 4.2.4, the applicant's investigation function is in place and is being further developed. Complaints or allegations of corruption or fraud can be channelled through a dedicated e-mail address and a web-based communications system. If a complaint is deemed to be related to the applicant's activities, it is forwarded to the Finance Director, who will request an investigation. A findings report with recommended actions is developed based on the results of the investigation and once an issue is resolved, the investigated party is informed. The applicant maintains a registry of all communications received, as well as the status of any investigation.

9. The mechanism to receive complaints is well established. Although aligned in general with the standards of the GCF, the procedure to process, investigate and resolve complaints is not sufficiently documented, and is therefore considered insufficiently institutionalized. The applicant did not provide any evidence that case trends are periodically reported to senior management or to the relevant national authority.

10. In addition to the investigation mechanism, there are two external communication channels:

- (a) The judicial ministry operates a national hotline to receive complaints pertaining to any public entity – including the applicant; and
- (b) The national corruption prevention authority has a dedicated website that can be used to report acts of corruption.

"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".

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

11. 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**

12. 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**

13. 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**

14. The applicant's environmental and social safeguards (ESS) policy, adopted in 2015, is aligned with the interim ESS of the GCF related to accreditation, and furthermore includes an additional standard focused on climate change issues. Climate change is an important policy element and adaptation measures should be cost-effective, efficient and should contribute to sustainable agriculture. Additional principles were developed in order to reduce carbon emissions and to achieve sustainable development and climate change objectives, and contribute to climate-resilient agricultural practices.

15. The policy describes the objective of each standard, how and when each standard should be implemented, and the project/programme manager's responsibility to oversee and manage risks. The applicant provided project and programme examples to demonstrate the application of its ESS policy and environmental and social (E&S) standards on projects with E&S risks equivalent to GCF medium E&S risk Category B.

16. The ESS policy is shared with all of the applicant's staff and is publically available on the applicant's website.

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

17. The ESS policy provides the E&S risk and impact identification and categorization procedure, and outlines the management system for project-related E&S risks. Projects are categorized in three categories: A (high), B (medium) and C (low or non-existent). The applicant intends to focus on Category B and Category C projects in its engagement with the GCF, if accredited. Based on national laws and regulations, Category B projects require an environmental and social impact assessment (ESIA) procedure.

18. The E&S due diligence steps are conducted in parallel with project implementation. These procedures are detailed in the standard operating procedures manual for various types of projects, and the procedures follow four phases of the project cycle from project identification to monitoring and evaluation. These steps are further detailed during project contracting, when a specific project sheet is completed.

19. The applicant provided various project documents showing its experience in categorizing projects into different E&S risk categories.

2.2.3 **Section 6.3: Management programme**

20. The applicant provided documents to show the process, procedures and action plans by which it undertakes mitigation and management measures for identified environmental and social (E&S) risks. In addition to ESIA and E&S management plan (ESMP) reports, external experts conduct mid-term and project/programme completion audits on the effectiveness of the E&S system. The applicant provided sample reports, which highlight the audit findings and recommendations/action plans.

21. The national environment ministry was appointed by decree as the national institution responsible for environmental audits for projects implemented by the public sector. The audit and inspection functions of the environmental ministry have yet to be fully deployed, and the applicant is already undertaking actions to formalize and institutionalize the process. Moreover, the applicant is planning to audit the effectiveness of its policy in 2016, given that it considers itself to be a national pioneer in environmental management and sustainable development, and has committed to continuously improve its ESS policy and management plan.

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

22. The applicant provided an organizational chart showing key units, departments and personnel (senior and line managers) and reporting lines responsible for implementing the ESS policy. The applicant outlined the education and expertise of various staff responsible for implementing the applicant's ESS policy. The staff of the environment and climate change unit are agronomist engineers and one is a sustainable development engineer. The staff attend professional development seminars, as needed (e.g. Green Week Berlin) and also provide training sessions to other departments and beneficiaries. Currently, the staff manage and monitor E&S issues on 10 internationally-funded projects.

2.2.5 **Section 6.5: Monitoring and review**

23. The team in charge of ESS monitoring tracks the implementation of the ESMP. In addition, the applicant has a project execution manual, which outlines the interim, annual, mid-term and project completion monitoring and evaluation process, and the need for corrective actions, where relevant. The applicant prioritizes projects that protect the environment and projects that show resource efficiency and social equity. All projects implemented by the applicant and its partners are subject to technical and financial audits. External evaluations focus on technical, financial and E&S aspects. The environment ministry must conduct the environmental audit and controls. The provided semi-annual reports and management summaries show the applicant's project progress and the monitoring of results against the ESMP. The applicant provided a report with monitoring information and performance indicators to show the effectiveness of the applicant's E&S management over the last year.

2.2.6 **Section 6.6: External communications**

24. The applicant has an external communication system to receive inquiries and complaints. There are also internal procedures to screen and assess issues raised, and to provide responses, when required. Neither the applicant nor its executing entities have received inquiries or complaints related to E&S over the last three years.

2.3 Gender

25. As a public sector entity, the applicant must comply with the national gender policy and the related gender budgeting. There are other national legislative frameworks that provide guidance to eliminate gender-based discrimination, including the Convention on the Elimination

of All Forms of Discrimination against Women (1993), the revised Family Code, and the revised constitution. The national constitution and strategy affirm equality between women and men, and the integration of a gender perspective into sectoral policies and development programmes, including the agricultural sector.

26. The applicant provided project examples that integrated a gender perspective into the project budget, practices and monitoring arrangements; the examples targeted women's empowerment and provided equitable access to projects and activities. External gender experts are sometimes incorporated in specific projects (e.g. donor-funded projects) and any external expert is supervised by the applicant. The applicant itself does not have an in-house gender expert, but it does have a gender focal point, who is gender competent, and who is tasked with supervising and monitoring project-level gender activities and gender indicators.

III. Conclusions and recommendation

3.1 Conclusions

27. 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 partially meets the requirements of the GCF basic fiduciary standards. Even though the applicant has an investigation function, there is a need to strengthen documentation and case-study reporting. The applicant meets the specialized fiduciary standard for project management;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk, Category B/I-2; and
- (c) The applicant has demonstrated that it has competencies, policies and procedures to implement its gender policy; it has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

28. The AP recommends, for consideration by the Board, the applicant APL021 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** small (including micro⁴);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management; and
 - (iii) **Environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3⁵));

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or

- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:
- (i) Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Approve, through the applicant's board, the policies and procedures that pertain to investigations. The approved policy should contain the following elements:
 - a. Publicly available terms of reference that outline the purpose, authority and accountability of the function;
 - b. Guidelines to process cases, including standardized procedures to handle complaints received and to manage them before, during and after the investigation process; and
 - c. A registry specifically for cases of fraud and corruption;
 2. Publish both (a) and (b) above; and
 3. Formalize the process for periodically reporting case trends.

29. 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 Remarks

30. The applicant is encouraged to seek readiness and preparatory support to assist it to:
- (a) Meet the conditions identified in paragraph 27(b) above.

Annex V: Accreditation assessment of Applicant 022 (APL022)

I. Introduction

1. Applicant 022 (APL022) is a national entity located in a least developed country in Africa. Its mandate is to oversee the planning and implementation of development programmes, including those that address climate change. Its activities in climate-resilient development pathways, valued at over USD 400 million, include mitigation and adaptation projects and programmes in a variety of sectors, particularly agriculture, water, energy, forestry, buildings, industries and transport. Some of its key activities in these sectors include natural resources management through watershed management, afforestation and reforestation, energy generation and access, and low-carbon transport systems. The applicant houses and has created, jointly with another public sector entity focused on the environment, a designated special purpose facility that will channel its climate investments into the country. Accreditation to the GCF is an opportunity for the applicant to continue developing a climate-resilient economy through the delivery of projects and programmes by working with national and subnational actors. While building its own capacity, the applicant also intends to use its partnerships with regional organizations to share its experiences with other developing countries to prepare them to access climate finance.

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 Stage II (Step 1), accreditation review, were concluded. It has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (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 an individual project or activity within a programme:** large;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)³).

¹ As per annex I to decision B.08/02 (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 USD 250 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (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 has been assessed against the standards of the GCF by the Accreditation Panel (AP).

4. As a part of this assessment, the AP has consulted the applicant's website as well as the websites of relevant regulators 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 prepares medium-term strategic plans and there is a system in place for review and reporting on the implementation of these plans. Furthermore, the applicant prepares financial statements in accordance with the requirements established by national laws and regulations.

6. The financial statements prepared are appropriate and are in line with the procedures for a government ministry. The applicant's financial statements are audited annually by the national government auditor and the audit reports provided as supporting evidence contain an unqualified opinion on the financial statements. The applicant has a functioning internal audit unit; the applicant provided evidence that it undertakes adequate action to address observations and recommendations resulting from internal and external audits.

7. The applicant provided satisfactory evidence for a functioning internal control framework. While it does not have a stand-alone cohesive documented internal control framework with specific roles and responsibilities identified therein, the applicant does have the necessary functions and activities comprising internal control systems in line with the national regulations that are embedded in different entities and functions within the national government, including the applicant itself. However, the internal control functions with respect to asset management may be further improved through an overarching documented framework for internal controls that include the items previously mentioned.

8. The applicant follows the national procurement policy and regulations as established by national legislation. An independent government agency responsible for public procurement conducts the audit of procurement activities undertaken by the applicant. In the last audit report of the procurement activities, no major irregularities were reported.

9. The applicant has indicated that all projects and programmes are currently executed, and are also likely to be executed in future, by public sector bodies only, and hence such activities would fall under the purview of the independent government public procurement agency. Therefore, there is currently no provision for oversight or the audit of procurement by executing entities which are not public sector bodies.

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

10. The applicant follows the national code of ethics and has an ethics liaison unit within a ministry for federal ethics and an anti-corruption commission at the highest level for handling issues of ethics and investigation. The investigation function handled by the ethics liaison unit is set up as an independent body. While the applicant has an investigation function, the avenues and tools for reporting suspected ethics violations, misconduct and other kinds of malpractices may be further improved.

11. The applicant, as an entity within a government system, has provisions for handling anti-money laundering (AML) and countering the financing of terrorism (CFT) in line with

national regulations. It is linked to the national financial intelligence centre, an autonomous legal entity, which has been established as a dedicated public body to handle AML/CFT issues. Furthermore, given the nature of operations of the applicant, it does not receive any funds from unidentified sources and only engages with bilateral and multilateral agencies. Also, no money transfers are made directly by the applicant itself; such transfers are undertaken through the country's central bank and/or commercial banks designated by the central bank. As the banks are legally required to report transactions above a certain level to the financial intelligence centre, this provides sufficient control in respect of AML/CFT.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

12. The applicant has a lengthy track record in managing projects and programmes in close cooperation with multilateral and bilateral organizations. The applicant has worked with these organizations to design and appraise projects and programmes with total costs up to a size equivalent to the GCF large size category, for which evidence has been provided. On the basis of the experience gained, the applicant has recently developed a project design and appraisal framework to process its own projects and programmes through its climate change-focused facility, but it has yet to demonstrate its capability and competence to undertake detailed project design and appraisal using the new framework for projects other than those equivalent to the GCF micro⁴ size category.

13. Based on the evidence provided, while the applicant has significant experience of designing, planning and implementing programmes and projects in close partnership with multilateral and bilateral agencies, it has only recently undertaken some micro-sized projects on its own. Accordingly, its capacity to handle small, medium,⁵ and large-sized projects independently has not been demonstrated.

14. Similarly, the applicant's past experience in monitoring and evaluation (M&E) of projects relates to large-sized projects undertaken in cooperation and collaboration with multilateral and bilateral agencies. To enhance its M&E capacity, the applicant has recently developed a new project M&E framework that will be applied to projects and programmes independently undertaken by the applicant, including those funded by the GCF. This newly developed framework builds on the experience gained and indicates that the applicant is currently still in the process of building its project management capacity to independently plan and implement M&E of larger-sized projects.

15. Considering the applicant's past experience of undertaking medium and large-sized projects and programmes with international organizations and the micro-sized projects that the applicant is independently managing and implementing under its climate change-focused facility, it is concluded that projects of the size not exceeding small should initially be targeted to enhance the applicant's independent project management capacities and gain more practical experience in the application and integration of its frameworks.

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

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

⁴ As per annex I to decision B.08/02, "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 USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "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 USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

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

17. 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**

18. The applicant has in place an environmental and social safeguards framework (ESSF) for its designated special purpose facility that will channel its climate investments in the country. This framework is newly endorsed and builds upon the applicant's previous experience in managing bilateral and multilateral climate finance measures. The ESSF is based on the national environmental policy, including sectoral environmental policies, and this is aligned with the interim environmental and social safeguards of the GCF with respect to accreditation.

19. The ESSF has undergone a review and stakeholder consultation, and the applicant is in the process of safeguard implementation, as well as familiarization and capacity-building activities for its facility personnel. Roles and responsibilities of specialized units, for example a technical team and a financial team who collectively ensure the conformity of operations with the applicant's environmental and social (E&S) approach, have been assigned. The applicant provided evidence (completion reports of donor-funded projects) to demonstrate its capability to handle projects in line with the GCF medium E&S risk, Category B/I-2.

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

20. The ESSF provides the E&S risk and impact identification and categorization procedure, and outlines the roles and responsibilities for the safeguard implementation. Project risk categories under the applicant's process comprise three categories, Schedule I to III. Based on its national framework, projects categorized as Schedule II (comparable to GCF medium E&S risk, Category B) require a limited environmental impact assessment (EIA) procedure.

21. The E&S due diligence occurs throughout the project cycle, guiding the process of the screening and categorization of projects, scoping, impact assessment, review, implementation, monitoring, auditing and reporting for facilities' investments. This work will be supported by an environmental and social specialist, to be hired by the applicant to ensure the quality and consistency of the environmental and social due diligence within the teams of the facility's secretariat.

22. Under the auspices of a management committee, the applicant through the facility's secretariat has the overall responsibility for the operation of the project, including the E&S aspects in the projects supported by the applicant.

2.2.3 **Section 6.3: Management programme**

23. The applicant provided its EIA guideline document to show the process, procedures, and action plans it has in place to manage mitigation measures and the identified E&S risks. The EIA process is covered in the guidelines, and sector-specific environmental issues and recommendations for environmental management have been provided. The applicant provided sample reports as a reference for environmental and social performance audits, including environmental and social management plans.

24. The national environment ministry, which functions as the technical team of the facility within the applicant, is the national institution responsible for technical review and environmental audits for projects implemented under the applicant's facility.

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

25. The organizational structure of the applicant is explained in its ESSF defining the roles and responsibilities for implementing its E&S policy and procedures. The core responsibility for E&S issues lies with a designated secretariat within the applicant, which is responsible for the overall management and coordination of all projects financed via the applicant's facility. The facility is coordinated by the applicant and is comprised of two special teams for project support.

26. Utilizing donor funds, the applicant has conducted in the past and will conduct in the future training sessions to foster E&S safeguards implementation, as well as its M&E capacity.

2.2.5 **Section 6.5: Monitoring and review**

27. The monitoring process to systematically track the completion of mitigation and performance improvement measures is laid out in the applicant's ESSF. As the framework is newly endorsed, the applicant provided M&E spot check reports to evidence periodic reporting for projects undertaken by the applicant through its facility. In addition, the applicant has provided further evidence that outlines the project completion M&E process.

2.2.6 **Section 6.6: External communications**

28. The applicant does not have provisions in place to systematically receive and register external communications, but plans to set up a web-based project register as an avenue for public comments. So far, reports such as EIA, including stakeholder consultation have been posted on the applicant's website or the websites of its line ministries as a means of information disclosure.

29. Going beyond the interim environmental and social safeguards of the GCF related to accreditation (performance standard 1), the applicant's ESSF contains a grievance redress mechanism that intends to seek public comments and resolve complaints raised in its project initiatives. However, such a process has not been implemented so far under the applicant's facility.

2.3 Gender

30. The gender policy, as part of the national legislation to which the applicant is required to adhere, provides the policy, legal and institutional framework to safeguard gender equality, and to address and mitigate risks for both women and men. The national constitution and the national policy on women affirm equality between women and men, and integration of a gender perspective into sectoral policies and development programmes. Overall, there is political commitment, legal support and institutional arrangements to mainstream gender.

31. The applicant provided project examples that integrated a gender perspective into the planning and implementation of projects and programmes. The project examples indicate benefits for women and target women's access to the projects.

III. Conclusions and recommendation

3.1 Conclusions

32. Based on the above, it is concluded that the applicant and the various bodies through which it implements projects and programmes, have experience in handling projects of various

sizes, on its own (mainly micro) and in cooperation with bilateral and multilateral organizations (mainly medium and large), in which the external organizations undertake a substantial role with respect to both planning and implementation of the projects. These projects have been categorized as having E&S risks and impacts in accordance with GCF medium and low E&S risks, categories B and C. The applicant is now in the process of building appropriate competencies and capacities so as to handle larger projects completely independently with a clear focus to ultimately manage all sizes of projects on its own. At the same time, the applicant has established its own special-purpose facility to channel and disburse funds to projects and programmes that specifically address climate change. The applicant (through this facility) has recently developed a project management framework as well as a newly endorsed ESSF to streamline all aspects of project management. However, the applicant still needs to build more competencies and gain practical experience in the application and integration of these frameworks via its facility. Given its past experience it is felt that initially this can be done through primarily implementing small-sized projects and activities within a programme. Following its assessment, the AP therefore concludes the following in relation to the application:

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards. The applicant partially meets the specialized fiduciary standard for project management;
- (b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk, Category B/I-2; and
- (c) The applicant has demonstrated that it has competencies, policies and procedures to implement its gender policy; it has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

33. The AP recommends, for consideration by the Board, the applicant APL022 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** small⁶ (including micro⁷);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management; and
 - (iii) **Environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3⁸));
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether

⁶ As per annex I to decision B.08/02, "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 USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁷ As per annex I to decision B.08/02, "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 USD 10 million for an individual project or an activity within a programme".

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

the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:

- (i) Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
 - 1. Finalize the recruitment of an E&S expert to help to oversee the project management cycle under the applicant's facility; and
 - 2. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public; and
- (ii) Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall be included on an annual basis within a semi-annual progress report consistent with the requirements of the GCF monitoring and accountability framework for accredited entities:⁹
 - 1. Report progress in respect of all projects and programmes being undertaken. The report should include information on:
 - a. Progress on activities vis-à-vis a plan with specific indicators;
 - b. Budget variances and analysis;
 - c. Major risks and issues, if any, that may or are impacting the execution of a project/programme; and
 - d. Brief qualitative write-up, including the likelihood of the project achieving its planned objectives (results, budget and schedule);
 - 2. Provide the annual audit reports of projects/programmes, including verification of assets, prepared by the office of the federal auditor general within four months of the close of each year to the GCF; and
 - 3. Provide the annual audit reports on procurement related to projects/programmes where substantial procurement has been undertaken by an executing entity, which is not a public sector body, to the GCF.

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

3.3 Remarks

35. The AP notes the applicant's keen interest in developing and implementing climate change projects and programmes that are medium and large in size. Recognizing that the applicant has experience in medium and large-sized projects, albeit primarily in cooperation with international organizations, the AP encourages the applicant to continue enhancing its financial, environmental and social policies and procedures, and to build capacity to allow it to independently develop and manage projects and programmes of medium and large sizes. With the possibility to apply in the future for an upgrade of its accreditation type from small to medium-sized projects and activities within a programme, the applicant should consider the provision of evidence as proof of its capability to independently manage medium-sized projects/activities within a programme. This evidence may be provided in the form of an

⁹ The "initial monitoring and accountability framework for accredited entities" as contained in document GCF/B.11/05 is to be considered by the Board at its eleventh meeting.



independent evaluation report for a small-sized project undertaken independently by the applicant using the project management framework recently developed for use by the applicant's facility. The evaluation should be undertaken by an independent party, which may include a consultant or consultancy firm appointed on the basis of an international tender. The evaluation should cover a reasonable project execution period, including:

- (a) Project design and appraisal;
- (b) Project planning and implementation;
- (c) Project administration and execution;
- (d) Project M&E; and
- (e) Associated corrective actions.

The AP would reassess the applicant's capacity to satisfactorily execute projects on the basis of this evaluation report and any other supporting evidence provided at the time. Based on a satisfactory outcome, the AP could recommend the applicant for an upgrade of its accreditation type, as defined in paragraph 33(a) above, for a higher size category (e.g. medium or large) to the Board for its consideration and decision-making.

36. The applicant is encouraged to seek readiness and preparatory support to assist it with:
- (a) Meeting the conditions identified in paragraph 33 above.

Annex VI: Accreditation assessment of Applicant 023 (APL023)

I. Introduction

1. Applicant 023 (APL023) is a national entity located in a developing country in Africa that was established in 2002 with the objectives of supervising and coordinating environmental activities and serving as the main national body to implement environmental policies in all sectors within the country. In addition to its role as an environmental regulatory body, the applicant additionally implements its own projects. The applicant has vast experience in the field of climate change adaptation and mitigation, co-implementing projects ranging from USD 10 million to USD 255 million with local and international organizations. Some of its past and current activities include building resilience to climate change and adaptive capacity of vulnerable communities, environmental management, coastal development, technical assistance and natural resource management. If accredited to the GCF, the applicant will develop country priority projects in line with the country's 2030 vision, national strategies on climate response and green growth, and the country's climate change action plan. In particular, projects would be developed in the forestry, electricity, transportation, energy demand, agriculture and industrial processes sectors – six sectors identified as priorities based on their potential to mitigate greenhouse gas emissions by 2030. Accreditation to the GCF would allow the applicant to drive a paradigm shift towards low-emission and climate-resilient development pathways in its country.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 May 2015. Stage I, institutional assessment and completeness check, and Stage II (Step 1), accreditation review, were concluded. It has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority nomination for its accreditation application;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)³).

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed against standards of the GCF by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

4. As 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's investigation function is in compliance with the country's laws and operationalized through the applicant's internal procedures and manuals. The applicant has detailed mechanisms and procedures in place in order to undertake investigations of misconduct. The procedure to investigate, process and resolve cases of misconduct is based on the functioning of a disciplinary committee that advises the Director General. For corruption-related cases, the disciplinary committee may recommend that such a case be handled by the national anti-corruption commission. Additionally, the applicant has an established anti-corruption committee and integrity assurance officers that provide oversight and further assurance regarding the prevention of corruption and unethical behavior.

8. The applicant has established mechanisms to receive complaints regarding cases of misconduct, including e-mail addresses and dedicated telephone lines, complaint boxes and employee reports of misconduct for filing corruption complaints.

9. The applicant provided information on cases reported and actions taken.

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 accreditation 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 accreditation against this standard at this time.

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

13. The applicant is subject to national environmental and social (E&S) laws in which it is located. These are further supplemented by sector-specific legislation and national guidelines for environmental assessments. The applicant's overarching environmental objectives and principles are articulated in its environmental sustainable policy. The policy is supplemented by guidelines which have been institutionalized for over a decade, and constitute its current environmental and social management system (ESMS) comprising guidelines for environmental and social impact assessments (ESIAs), and strategic environmental assessments. The ESIA guidelines encompass procedures for project screening and categorization, impacts assessment and mitigation measures, public consultations, and monitoring and evaluation of projects over their life cycle. The strategic environmental assessment guidelines are applicable to assess the environmental impacts of policies, programmes and plans. All these guidelines constitute the applicant's E&S risks and impacts assessment, mitigation and management, and monitoring and evaluation procedures, including public consultation requirements, which are in line with the environmental and social safeguards of the GCF related to accreditation.

14. Moreover, as evidence of implementing these laws and guidelines, the applicant provided information on its work with a number of international financial institutions and bilateral agencies on projects/programmes that cover aspects of identifying and managing E&S risks.

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

15. The applicant, as required by national law and as a national regulatory authority, screens and approves E&S risk categories of projects/programmes, and subsequently conducts audits of selected medium risk (equivalent to GCF E&S risk Category B) projects/programmes. The audit reports are reviewed using its audit review guidelines, including its approval process.

16. The applicant also implements projects and programmes on natural resource management, either on its own or with other regional and/or international partners. The applicant carries out ESIAs for such projects/programmes in which it participates with international and bilateral institutions. The applicant has provided examples of environmental and social impact assessments, and environmental and social management frameworks which demonstrate its experience and track record in assessing a range of E&S risk categories in projects/programmes that were within the micro and small⁴ sizes for a project or activity within a programme.

2.2.3 **Section 6.3: Management programme**

17. The applicant provided evidence of its process to manage mitigation measures for E&S risks and impacts in the form of several E&S audit reports reviewed and cleared by the applicant in line with its mandate. The evidence also includes environmental compliance certificates issued and any further actions implemented where non-compliance was identified.

18. The applicant also provided documentation for projects ranging in size from micro to small that it has implemented jointly with its regional and international partners, which also include its management programmes for mitigation measures for E&S risks and impacts.

⁴ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

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

19. As a national regulatory authority, the applicant which was established over a decade ago and has a well-established organizational structure with a compliance and enforcement department of over 30 staff with skills and competency across several sectors. Its primary responsibility is to ensure adherence by sponsors of projects implemented in the country with the country's E&S regulations. The department has direct responsibility for implementing ESMS components related to monitoring and reviewing E&S audits. The applicant has a separate department with the responsibility of raising public awareness and capacity-building around the country.

20. The applicant has E&S staff who are involved in managing E&S mitigation and monitoring in projects and programmes which it implements on its own or where there is an implementing partner in projects/programmes funded by international institutions. Evidence of internal training and development programmes for relevant staff was also provided.

2.2.5 **Section 6.5: Monitoring and review**

21. The applicant's strategic plan for 2013 to 2018 demonstrates its process for monitoring and measuring the effectiveness of its management of projects/programmes. The applicant's past three years' performance against set activities and related targets/metrics is also presented in the plan and in recent annual environmental performance reports, which describe the country's state of the environment, including its performance, recommendations for improvement and future outlook on environmental matters by various sectors.

22. In addition to its role as the country's environmental regulatory agency, the applicant also provided documentation for projects ranging in size from micro to small that it has implemented jointly with its regional and international partners, which also include its management and monitoring programmes for mitigation measures for E&S risks and impacts.

2.2.6 **Section 6.6: External communications**

23. In line with the applicant's national communication strategy, it maintains several means (e.g. website, e-mail address, Twitter account and walk-ins from the public) for receiving and registering feedback or complaints from the public related to E&S issues. It has established a procedure for receiving complaints, including its purpose, scope and responsibility for response. The applicant maintains a register to file and record complaints that range from noise pollution and waste dumping, among other issues, in order to determine the level of response required. It also maintains a public satisfaction survey on its website.

2.3 Gender

24. The applicant developed a gender policy in 2013 which addresses gender mainstreaming within its own institution as well as in the projects/programmes it implements. The main aim of the policy is to engender its environmental-related policies, plans and programmes, ensure that its institutional work is gender sensitive and responsive, and the country's natural resources are managed in a gender-sensitive manner. The implementation of its gender policy is overseen by a gender committee within the organization. In 2014, the applicant commissioned an assessment of its gender mainstreaming resulting in a recommendation that the applicant should formulate a gender development plan for gender mainstreaming that includes:

- (a) A review of all the existing policies, guidelines, programmes and procedures;

(b) Incorporation of gender considerations into each phase of the interventions (e.g. identification, planning, implementation and monitoring and evaluation);

(c) Ensure a workable budget for all the gender-specific activities; and

(d) Clearly document and segregate data and information on gender mainstreaming experiences and put this in the public domain.

25. The applicant demonstrated its experience with gender considerations in an approximately USD 10 million climate change project, which includes social benefits and redresses gender imbalance through the non-discriminatory selection criteria of beneficiaries with the aim of ensuring that a minimum of 50 per cent of staff will be women.

III. Conclusions and recommendation

3.1 Conclusions

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

(a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management;

(b) The applicant partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to medium E&S risk, Category B/I-2. In its assessment, the AP concludes that while the applicant 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; and

(c) The applicant has a gender policy and operational procedures to implement it in line with the gender policy of the GCF and its E&S staff have undergone gender training. However, it has limited competencies and experience by which to implement its own gender policy and procedures, as evident from its gender assessment study. The applicant has limited experience in mainstreaming gender in its operations.

3.2 Recommendation on accreditation

27. The AP recommends, for consideration by the Board, the applicant APL023 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; and

2. Specialized fiduciary standard for project management; and

(iii) **Environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3⁵));

⁵ As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes.
- (i) Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Use external support, including that from co-financiers, acceptable to the GCF, to help to prepare projects or programmes that invoke any of performance standards 2 to 8.
28. The applicant has been informed of the recommendation regarding accreditation, including the accreditation type and condition(s), as identified in paragraph 27 above, and agrees to the recommendation.

3.3 Remarks

29. The applicant is requested to share key features of its gender development plan, as and when it is finalized, including efforts the applicant has made to enhance the capacities of its staff on gender-related programming.
30. The applicant is encouraged to seek readiness and preparatory support to assist it with:
- (a) Meeting the conditions identified in paragraph 27(b) above.

Annex VII: Accreditation assessment of Applicant 024 (APL024)

I. Introduction

1. Applicant 0024 (APL0024) is a national entity, specifically a development finance institution, with a mandate to finance both private and public sector activities at national and regional levels in Africa. The applicant provides sustainable infrastructure project preparation, finance and implementation support in order to improve the population's quality of life, accelerating the sustainable reduction of poverty and inequity, and promoting broad-based economic growth and regional economic integration. The applicant primarily focuses on the water, energy, transport, and information and communication technology sectors. It offers secondary services at the local level in the health, education and housing sectors. Its environment and climate change portfolio for the financial year 2014/2015 is worth approximately USD 530 million and includes renewable energy, energy efficiency, biodiversity and sustainable land management projects. The applicant in partnership with the national environmental affairs department has established and manages a special fund as a national mechanism that aims to provide catalytic finance to facilitate investment in high-impact and sustainable green initiatives in the country in which it is based, as well as to support poverty reduction and job creation. The applicant seeks accreditation to the GCF to support, as a co-financier and provider of technical capabilities and support, the GCF in acting as a key contributor to innovative and risk-sharing approaches in projects that contribute towards low-carbon and climate-resilient development.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 26 April 2015. Stage I, institutional assessment and completeness check, and the Stage II (Step 1), accreditation review, were concluded. It has applied to be accredited against the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, regional. The applicant received a national designated authority or focal point nomination for its accreditation application;
- (b) **Track:** fast track under the Global Environment Facility (GEF) and the Directorate-General for International Development and Cooperation of the European Commission (DG DEVCO);
- (c) **Size of an individual project or 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); and

¹ As per annex I to decision B.08/02(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 GCF, of above USD 250 million for an individual project or an activity within a programme".

² Decision B.07/02.

- (e) **Environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)³).

II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency and Directorate-General for International Development and Cooperation of the European Commission entity. Its application has been assessed against GCF standards by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

4. As 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 4.2.5, anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

7. Regarding item 4.2.5, the applicant has comprehensive AML/CFT policies, which are required under the country's laws. To combat money-laundering and the financing of terrorism, the applicant carries out 'know-your-customer' (KYC) due diligence on all of its prospective and existing clients. The applicant's KYC due diligence procedures are set out in its AML/CFT policies. The KYC due diligence process involves the verification of the beneficiary legal entity, its directors, and the beneficiaries' shareholders with a shareholding of more than 25 per cent, as well as verification of the residential address for the individual client. Additionally, the applicant's compliance unit conducts a sanctions screening using the Dow Jones system to verify whether the beneficiary, shareholders or its directors are listed on any of the sanction lists. In addition to KYC due diligence, the applicant routinely monitors electronic funds transfer in collaboration with the country's central bank, specifically its departments responsible for financial surveillance and intelligence. Furthermore, the applicant verifies the beneficiary's banking details by requesting a stamped letter from the bank confirming the beneficiary's banking details. Sample copies of recent reports on KYC due diligence undertaken were provided as evidence of the applicant implementing its policy.

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.

³ As per annex I to decision B.07/02 (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".



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

9. As per paragraph 3 above, the specialized fiduciary standard for grant award and/or funding allocation mechanism 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**

10. The applicant has a proven track record, institutional experience and capacities for on-lending and blending with resources from international or multilateral sources. The applicant has well-documented policies, guidelines and procedures with clearly defined institutional roles and responsibilities for its on-lending and blending operations. The examples of due diligence reports on on-lending and blending operations provided clearly show effective use of and compliance with the established policies and procedures.

11. The applicant has suitable investment management policies, guidelines and procedures in place, which:

- (a) Ensure sound investment management, including analysis of the lending portfolio of the intermediaries to which it provides resources; and
- (b) Aim to provide assurance that the GCFs provided by the applicant are channelled transparently and used effectively.

12. The applicant has also demonstrated sound financial risk and management policies, procedures and governance/organizational structures that ensure appropriate segregation of duties of the treasury function and operations. In relation to its systems for providing the general public with access to information on its on-lending and blending operations, the applicant publishes information on beneficiaries, as well as the results of the projects and programmes it finances.

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

13. The applicant has a well-established environmental and social management system (ESMS) in place, the development and approval of which was based on the experience gained and lessons learned by other international development organizations. As a part of its ESMS, the applicant has a well-developed environmental and social safeguards (ESS) policy based on a set of the comprehensive ESS standards and sector-specific guidelines. The policy commits the applicant to ensure that it has the necessary systems in place to implement its ESS and that it periodically updates and revises the safeguards. The policy is well communicated to all staff in the organization and is publicly available on the applicant's website. The ESS policy is fully consistent with the interim ESS of the GCF.

14. The ESS policy is complemented by the institutional and social appraisal guidelines, which are employed to ensure that the applicant promotes sustainable development throughout its operations by conducting environmental and social (E&S) project appraisals in a consistent manner.

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

15. The applicant has a well-developed and comprehensive E&S risk and impacts the identification and categorization process that is fully consistent with the interim ESS of the GCF. The risk identification and categorization process was outlined in the applicant's procedures for implementing its ESS standards, environmental appraisal framework, and social and

institutional guidelines. These standards are supported by a number of sectoral guidelines and terms of reference for particular sectors, such as ecosystem, forest, water and land resource, water and waste utilization, and pest management, among others. Evidence of the applicant's experience in conducting E&S risk and impact assessment and categorization was provided in the form of appraisal reports on specific projects and programmes that were developed within the past three years. The applicant's senior management reviews each integrated appraisal project report to ensure the quality of input and consistency of categorization. The E&S risk and impact identification process set out in the environmental assessment document is consistent with the interim ESS of the GCF related to accreditation (performance standard 1) and the project/programme level (performance standards 2 to 8).

2.2.3 **Section 6.3: Management programme**

16. Mitigation measures for identified project or programme E&S risks and impacts are managed using clearly established procedures that include the assignment of roles for responsible staff. The E&S risk mitigation measures and actions are part of the E&S management plans that are developed and implemented for each project through supervision by managers of the corresponding units.
17. The applicant also provided evidence of its ESMS implementation and of the effectiveness of its E&S management programme in the form of project portfolio documents that contain the assessment of E&S risks, which are in line with the interim ESS of the GCF, E&S issues identified in project monitoring during implementation site visits, and recommendations and actions taken to address these issues. Unit managers are ultimately responsible for the implementation of the applicant's ESS in the applicant's projects and programmes, and the divisional managers and the group executive manager sign the final reports on the implementation of the E&S management programme.

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

18. The applicant has a clear organizational structure with respect to E&S management and the information provided on the executive management responsible for overseeing the implementation of ESMS, ESS policy and ESS standards. The applicant's E&S team consists of qualified, skilled and experienced energy, social and environmental analysts and country risk analysts. The environmental analysts and social specialists attend various training workshops on the ESS continuously, climate change mitigation and adaptation projects, sustainable land-use planning, international environmental law and E&S management tools.

19. The applicant ensures that the E&S risk and impact categorization of projects is completed by social and environmental analysts, who conduct regular training programmes for staff responsible for E&S management issues, including the implementation of ESS standards.

2.2.5 **Section 6.5: Monitoring and review**

20. The applicant has a mature monitoring and evaluation policy framework, which defines the principles that guide E&S monitoring for projects or programmes implemented. The applicant has demonstrated that the monitoring sections of E&S management plans provide comprehensive analyses of the technical details of monitoring E&S risk mitigation measures, and incorporate methods to identify particular E&S issues, including corrective actions. The implementation of the monitoring guidelines was demonstrated through third-party annual E&S reports on the capital funds managed by the applicant, which contain a description of the applicant's portfolio companies and recommendations for E&S management improvements for these companies, as well as the evidence that the E&S management has implemented corresponding corrective actions.

2.2.6 Section 6.6: External communications

21. The applicant has recently established a grievance procedure on managing and responding to complaints received related to the implementation of projects or programmes funded or implemented by the applicant. Complaints can be reported electronically on the applicant's website, via e-mail or in writing. The designated focal point will acknowledge receipt of the complaint and inform the complainant of the process that will be followed in order to address the issue. In the event that the feedback is found to be unsatisfactory, the complainant has the option of escalating the complaint to the manager of the applicant's stakeholder relations department.
22. The applicant is in the process of putting in place a provision on its website to receive and register external communications, which will include the establishment of a complaints register, as well as the necessary infrastructure to begin implementing its grievance procedure.

2.3 Gender

23. The applicant has a comprehensive gender policy in place that encourages gender sensitivity in the appraisal and financing of projects. The guidelines provide a gender-sensitive approach for conducting a gender analysis, based on scientific models of projects at the appraisal stage. The applicant's approach towards gender mainstreaming is fully consistent with the gender policy principles of the GCF. The gender policy, as along with corresponding guidelines and tools, are continuously updated.
24. In addition, the applicant provides training on its gender policy and project-level gender analyses to relevant staff, such as project managers, environmental analysts and others. The applicant requires that the individuals who are responsible for gender-related activities attend thematic workshops and training sessions that are organized by other organizations.
25. The applicant tracks the implementation of gender-sensitive approaches for particular projects and programmes. It has reported on the benefits that were obtained by women in projects that it implemented by providing site visit reports for several projects related to electricity generation, agricultural development and waste management.

III. Conclusions and recommendation

26. 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 meets the requirements of the GCF basic fiduciary standards, specialized fiduciary standard for project management, specialized fiduciary standard for grant award and/or funding allocation mechanisms, and the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees;
 - (b) The applicant meets the requirements of the interim ESS of the GCF in relation to high E&S risk, Category A/I-1; and
 - (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the gender policy of the GCF, and has demonstrated that it has experience with gender consideration in the context of climate change.

3.2 Recommendation on accreditation

27. The AP recommends, for consideration by the Board, the applicant APL024 for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** large (including micro,⁴ small⁵ and medium⁶);

(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); and

- (iii) **Environmental and social risk category:** high risk (Category A/I-1 (including lower risk (Category B/I-2⁷ and Category C/I-3⁸)).

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

- (i) Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:

1. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public.

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

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁶ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

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

⁸ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

3.3 Remarks

29. The AP notes that the applicant has well-developed internal E&S training programmes for its employees. The applicant is encouraged to share such experience with the financial institutions in the region in this regard.
30. The applicant is encouraged to seek readiness and preparatory support to assist it to:
 - (a) Meet the conditions identified in paragraph 27(b) above.

Annex VIII: Accreditation assessment of Applicant 025 (APL025)

I. Introduction

1. Applicant 025 (APL025) is an international commercial bank headquartered in Europe, with experience in corporate and investment banking and a presence in 33 countries, covering Africa, Latin America and the Asia-Pacific region, among others. The applicant has a well-established track record in implementing private and public sector investment opportunities. Climate change is a key focus of its group policy as it is one of the 10 founding banks of the Equator Principles and one of the four banks that initiated the Green Bond Principles in 2013. In 2014, the applicant committed to arrange more than USD 20 billion in new structured financing by the end of 2015 to combat climate change, as well as to measure and disclose the carbon footprint of its financing portfolio. In particular, it has financed and managed sustainable development initiatives in the areas of renewable energy, sustainable transport solutions, certified green buildings and water supply. In the past year, the applicant has financed 85 renewable energy projects worth USD 2.7 billion. The applicant seeks accreditation to the GCF in order to contribute to the objectives of the GCF by mobilizing funds through a variety of instruments, structuring capabilities to explore and develop new schemes facilitating the financing of climate-related projects in developing and vulnerable countries, and ultimately enhancing beneficiary countries' awareness, ownership and implementing capacities.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 30 January 2015. Stage I, institutional assessment and completeness check, and Stage II (Step 1), accreditation review, were concluded. It has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** international access;
- (b) **Track:** normal track;
- (c) **Size of an individual project or 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); and
- (e) **Environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)³).

¹ As per annex I to decision B.08/02 (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 GCF, of above USD 250 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per annex I to decision B.07/02 (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 standards of the GCF by the Accreditation Panel (AP).

4. As a part of this assessment, the AP has consulted the applicant's website, as well the websites of relevant regulators 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's organizational and corporate governance structure is appropriate for the size and scope of its activities. At the board level, there are three committees: risk, audit and compensation. The applicant's internal control framework is well developed based on the regulatory requirements issued by both banking and market regulators, and the recommendations issued by the Basel Committee on Banking Supervision. Evidence has been provided of an effective internal control framework that defines control responsibilities at the operational level and at the independent oversight level.

6. The applicant has an independent risk management function and an internal audit function that report to corresponding units in the parent company's risk organization.

7. The applicant has the required organizational structure and technological infrastructure 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 external auditors have provided assurance that international financial standards are correctly applied in the preparation of financial statements. Furthermore, the external auditors have issued opinions with no objections regarding the applicant's internal control report and financial statements.

9. The applicant's global procurement department has oversight over all purchasing activities undertaken and has implemented a standardized procurement process. The procurement function has two main objectives: to contribute to the established cost-efficiency targets; and to manage procurement risks. The applicant's procurement policy indicates the ethical standards that must be observed for all procurement activities.

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

10. The applicant has a published code of ethics that is communicated throughout the organization, which defines the conduct expectations and applies to every staff member. Furthermore, within the compliance department, there is a unit responsible for ensuring organizational compliance with the expected ethical standards.

11. The applicant has implemented the organizational structure and control framework that demonstrate a zero-tolerance policy towards violations of its code of ethics and of its established control procedures. The applicant has an independent anti-fraud prevention unit that assists the control functions in the performance of their duties. Furthermore, the applicant has a formal procedure for reporting incidents of non-observance of the established operating procedures and breaches of the internal controls. All employees have the responsibility to report any incident they observe; these incidents are recorded in the applicant's incident reporting tool, are appropriately investigated, and an incident manager is assigned for the implementation of corrective measures.

12. The applicant's anti-money laundering (AML) and countering the financing of terrorism (CFT) policies are based on regulatory requirements as well as international best practice standards, specifically the 40 recommendations of the Financial Action Task Force and the requirements of the regulators in the countries where the applicant operates.

13. The global compliance department is responsible for AML/CFT activities. The applicant has adopted a risk-based approach in which the risk of customers, industries and countries is assessed in determining the scope of the "know-your-customer" (KYC) due diligence and AML/CFT monitoring efforts. The policy provided by the applicant defines the due diligence requirements, both standard and enhanced, depending on the risk criteria. The applicant has implemented a single KYC system that allows for the integration of KYC information on a global group-wide basis. The KYC obligations include ongoing vigilance to monitor business relationships; special attention is given to international flows and compliance with regulations on embargoes, asset freezes and payer information. Further, the applicant applies basic principles regarding SWIFT payment messages adopted by the Wolfsburg Group.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

14. The applicant demonstrates a long track record and experience in project finance, with demonstrated expertise in assessing project viability, developing the appropriate financial structure and monitoring project performance during the development and operational stages. The applicant has co-financed projects with private and public sector co-investors, as well as with regional and international development entities.

15. The applicant has well-developed processes to identify potential projects, identify and evaluate project risks, develop the appropriate financial structure and attract co-investors to secure the GCFs required for a given project.

16. The evaluation of project finance transactions involves the participation of the business lines as well as the independent opinion of the risk department. The project evaluation is summarized in a credit request that includes a detailed description of the project and its main risks, as well as the assignment of a risk rating. Based on the information contained in the credit request document and the independent opinion of the risk department, the appropriate credit committee is responsible for approving the transaction.

17. The applicant's procedures to monitor projects during the development phase, as well as during the operational phase, ensure that appropriate oversight is exercised and that project risks are appropriately managed. Responsibility for monitoring projects is assigned to the business lines and the independent risk department. The main mechanisms used by the applicant to monitor projects are:

- (a) Project annual reviews that include the assessment of project status and compliance with project finance covenants and key performance indicators (the business lines and the risk department participate in each annual review);
- (b) During the annual review or if significant events occur, the risk rating of the project may be re-evaluated;
- (c) Independent technical project assessments are commissioned when required;
- (d) Software tools are used to manage compliance with project reporting requirements and financial covenants; and
- (e) In addition, the applicant's risk department undertakes annual loan portfolio reviews, including reviews of the project finance portfolio.

18. The applicant has noted that its project financing operations are subject to confidentiality clauses and project details are not publicly disclosed. The applicant further states that all public disclosures are managed by the project sponsor, and in special cases where

the applicant itself publishes project details, it does so with the express consent of the project sponsor.

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 is a global financial institution that is subject to regulation in several jurisdictions. Additionally, the applicant has implemented risk management policies aligned with the recommendations of the Basel Committee on Banking Supervision. The regulatory requirements, as well as the adoption of international best practices, provide assurance that the applicant has effective controls over the third-party funds it manages.

21. The applicant's processes for financial and risk management policies are well-developed and supported by both the independence of the risk management and the internal audit functions. Furthermore, the applicant has an established unit that specializes in fraud prevention.

22. The applicant's on-lending operations for project finance consist of preparing and presenting proposals to potential investors, and based on the information provided, each investor is responsible for making a decision to participate or not. Each investor that participates in the project finance transaction assumes the project risk: the applicant does not record the GCFs it receives as a liability in its balance sheet.

23. The applicant provided ample evidence of its expertise in successfully structuring and closing project finance transactions. These transactions require securing funds from various sources and the use of a variety of instruments (loans, guarantees and equity investments). The applicant's credibility to attract investors to co-finance the transactions it structures is demonstrated by the global market leadership position it has attained.

24. The applicant has been rated with an investment grade rating by all three major rating agencies (Moody's, Standard & Poor's and Fitch).

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

25. The applicant's environmental policy is included in its public register, which provides financial analysts, institutional investors and shareholders with information to make an informed judgment about the company. The register contains its overall environmental and social (E&S) objectives and principles and its requirements to adhere to the Equator Principles III. This is further underpinned in the register with policy statements on various E&S thematic areas such as climate change, including tracking carbon footprints, biodiversity protection, relationship with civil society organizations, human rights, green and sustainable bonds and corporate social responsibility. The applicant is one of 10 founding banks of the Equator Principles, adopted in June 2003, and one of the five financial institutions to have launched the Climate Principles in June 2014. The applicant has demonstrated experience in implementing the environmental and social safeguards (ESS) of the GCF on a variety of projects.

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

26. The applicant's E&S risk categorization system is based on the Equator Principles and is consistent with the ESS of the GCF. Its 2014 register document describes this procedure based on the application of the three-tier Equator Principles (E&S risk Categories A, B and C). Samples of Equator Principles categorization and assessment against the performance standards have been provided for a natural gas cogeneration plant and a transmission line project. The E&S due diligence reports for these projects are also provided, which show conformance with the Equator Principles. Responsibility for the identification of E&S risks lies with the applicant's E&S risks evaluation committee (ESRE), which passes on its recommendation to the credit committee.

2.2.3 **Section 6.3: Management programme**

27. At the institutional level, E&S risk management is embedded in the applicant's overall risk management function. The applicant relies on independent external consultants for conducting the E&S due diligence of projects it intends to invest in and the findings are forwarded to the ESRE committee for endorsement and/or to extend the mitigation measures where necessary. After the project closing stage, the applicant's business unit sends the information to the sustainable development unit to capture the E&S findings on a portfolio basis in its annual report as part of monitoring and reporting.

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

28. The applicant regularly carries out sustainability training for all its business unit staff who are in charge of the applicant's environmental and social management system at the investment level. The business unit staff are supported by external E&S consultants who carry out E&S due diligence and report to the ESRE committee to validate their recommendations and onwards to the sustainable development department, which is headed by a competent and highly experienced person with long-standing experience with application of the Equator Principles. Further training on the Equator Principles and on corporate and social responsibility are planned as a high-priority programme in 2015.

2.2.5 **Section 6.5: Monitoring and review**

29. The applicant tracks its borrowers' compliance with respect to E&S covenants using a dedicated monitoring tool. All projects, regardless of their E&S risk category, are reviewed by the ESRE committee. High E&S risk Category A projects are reviewed by the ESRE committee at least twice per year. The monitoring and evaluation findings are communicated to all investors, on pre-agreed dates, and also reported in its annual environmental report. A sample of annual environmental reports was provided, which include all aspects of the transaction, including E&S issues and actions for follow-up.

2.2.6 **Section 6.6: External communications**

30. The applicant has a system to manage comments and complaints received from its clients. The applicant has an external ombudsman, whose information and contact details are publicly available on the applicant's website. The applicant uses its annual register for its external communications to report any updates to its E&S policy, emerging trends and carbon footprints of its investments. However, the applicant does not have a tracking system or register to document questions or complaints received from the general public and from clients, or responses to them.

31. Going beyond the interim ESS of the GCF related to accreditation (performance standard 1), the applicant additionally provided project-level information indicating that E&S consultants have responsibility for operating the grievance mechanism, and that this responsibility is included in the scope of work of the E&S consultants and included in the set of conditions in the loan agreement. At the project level, all complaints are reported in the E&S quarterly reports addressed by the E&S consultants to the lenders. Any issues that directly involve the applicant on an E&S matter are brought to the attention of their chief executive officer and the sustainable development department, which incorporates them in either the semi-annual or annual project review reports.

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 in its annual register that includes its diversity guidelines and hiring policy. At the investment level, the applicant applies gender mainstreaming through the application of the Equator Principles policy related to "vulnerable" groups. The applicant has not identified any individual(s) who may have competency to implement a gender policy. Limited and insufficient information on samples of projects that specifically target women, data on lending to women in its overall lending and information on projects in which men and women have benefited from climate change projects were provided. The head of sustainable development confirmed that the applicant is committed to formalizing the requirements of the GCF in its gender policy in a dedicated gender policy to be issued and made public by the end of 2015 or the beginning of 2016.

III. Conclusions and recommendation

3.1 Conclusions

33. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management. The applicant partially meets the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees because the standard requires a process for publicly disclosing information on beneficiaries and results of projects;
 - (b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the high E&S risk, Category A/I-1 because of the requirement to have an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public and from clients; and
 - (c) The applicant has not demonstrated policies, procedures and competencies by which to implement the GCF gender policy, and has also not demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

34. The AP recommends, for consideration by the Board, the applicant APL025 for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** large (including micro,⁴ small⁵ and medium⁶);
- (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); and
- (iii) **Environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2⁷ and Category C/I-3⁸)).

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

- (i) Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
 1. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF. This process should be aligned with the requirements of the GCF regarding disclosure of project information;
 2. Develop a tracking system or register within the external communications mechanism to document questions or complaints received from the general public and from clients, as well as responses to them, for projects and programmes financed by the GCF; and
 3. Develop a gender policy or approach in line with the gender policy of the GCF and obtain gender competencies to implement the policy/approach on projects and programmes funded by the GCF.

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁶ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

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

⁸ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".



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

Annex IX: Accreditation assessment of Applicant 026 (APL026)

I. Introduction

1. Applicant 026 (APL026) is an international commercial bank headquartered in Europe. With a history of over 150 years, the applicant's international network covers 72 countries and territories, including a presence in five small island developing States and least developed countries. Currently, the applicant has a volume of more than USD 200 billion across 37 countries in sustainable energy, transport and clean water projects. The applicant is currently ranked as the world's number one project advisor and infrastructure finance house, and the leading advisor in sub-Saharan Africa. The applicant seeks accreditation to the GCF in order to share its experience and skills to assess the risks associated with infrastructure investment opportunities, as well as to act as an educator, via its climate change centre, offering a dedicated research capability focusing on the investment implications of climate change. The applicant offers to arrange and finance public and private partnerships projects in developing countries and work with local and regional banks on infrastructure and project financing, sharing its expertise and experience and building its skills base.

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

- (a) **Access modality:** international access;
- (b) **Track:** normal track;
- (c) **Size of an individual project or 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); and
- (e) **Environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)³).

II. Accreditation assessment

3. The applicant has been assessed against the standards of the GCF by the Accreditation Panel (AP).

¹ As per annex I to decision B.08/02 (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 GCF, of above USD 250 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per annex I to decision B.07/02 (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 has consulted the applicant's website, as well the websites of relevant regulators 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 an established organizational structure and appropriate oversight bodies which are appropriate for its size and the global scope of operations. At board level, the applicant has established several committees, including for audit, risk and compliance. The applicant's control framework is based on the regulatory requirements in the jurisdictions in which it operates. Furthermore, the applicant has adopted the Committee of Sponsoring Organizations Internal Control Framework, thereby complying with the regulatory requirements of the jurisdictions in which it operates as well as with best practices.

6. The applicant's risk management framework defines the roles and responsibilities at each level of the organization, including the role of its board of directors and committees, and the responsibilities of the executive team. The applicant has an independent risk function, as well as an independent internal audit function.

7. The applicant demonstrated that it has a well-established information and reporting system, that generates timely and accurate information required for managerial decisions and regulatory reporting.

8. The applicant provided audited annual statements, including the external audit opinion which contains no reservations. The financial statements are prepared in accordance with the International Financial Reporting Standards.

9. The applicant's global procurement function has oversight for all purchasing activities undertaken at the global level. The applicant's procurement policy establishes the mechanisms that provide reasonable assurance that the vendor selection process is appropriate, that procurement is conducted in a transparent manner and that all suppliers are treated in an equitable manner. Furthermore, the applicant's procurement organization has clearly defined responsibilities delegated to global heads who manage the diverse activities of the procurement process.

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

10. The applicant's code of ethics, which is communicated to all employees, establishes the standards of conduct that are to be observed when performing activities on behalf of the applicant. In addition to the code of ethics, the applicant has specific policies that relate to anti-bribery, the conduct of senior executives and its corporate governance policies. Furthermore, the applicant's procurement policy includes the ethical standards with which its suppliers are expected to comply. The ethics committee oversees compliance with the established ethical standards.

11. The applicant has experienced, in recent years, increased costs due to regulatory compliance issues. In response to the compliance issues, the applicant has invested substantial financial and human resources in the improvement of its compliance risk management function. As part of the improvements, the applicant has reinforced its investigation function, as well as the tools and mechanisms available to report misconduct. The investigation function is undertaken by units at different levels of the organization and a record of all reported cases of misconduct and breaches of internal procedures is kept. Furthermore, the applicant has included observance of the code of ethics as part of the employee evaluation process.

12. The applicant provided its anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, which are applicable in all markets in which the applicant operates. The policy reflects the 40 recommendations of the Financial Action Task Force on Money Laundering on combating money laundering and the 9 special recommendations on CFT. Before conducting business with any prospective customer, appropriate “know-your-customer” (KYC) due diligence is required to be undertaken and recorded. The policy requires appropriate scrutiny, and monitoring of transactions, account activity and customers is undertaken in order to identify and report unusual and suspicious activity. To comply with sanctions and with lists of known or suspected terrorists issued by the United Nations and by competent authorities, the policy requires the applicant to ensure that all payments are subject to real-time pre-execution screening against sanctions lists issued by the competent authorities.

13. As noted in paragraph 11 above, the applicant has been subject to regulatory action due to failures in its internal control and compliance systems. Failures in AML/CFT controls are a significant issue in the regulatory reports. In response to the control deficiencies the applicant has:

- (a) Created a specialized board committee to oversee all AML/CFT activities;
- (b) Named a senior executive to oversee all compliance activities of the organization at the global level;
- (c) Implemented enhanced AML/CFT policies that are applicable at the global level;
- (d) Enhanced due diligence and KYC processes and procedures, including specific processes for on boarding customers as well as for monitoring the relationship;
- (e) Enhanced due diligence of affiliated companies at the global level; and
- (f) Enhanced controls over the processing of fund transfers.

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

14. The applicant demonstrates a long track record and experience in project finance, with demonstrated expertise in assessing project viability, developing the appropriate financial structure and monitoring project performance during the development and operational stages. The applicant has co-financed projects with private and public sector co-investors, as well as with international development entities.

15. The applicant has well-developed processes to identify potential projects, identify and evaluate project risks, develop appropriate financial structure and attract co-investors to secure the GCFs required for a given project.

16. The applicant’s project finance team is responsible for evaluating project proposals and conducting the required due diligence. For the assessment of project proposals the team uses risk evaluation tools that have been approved by its banking regulator, independent expert reports and the project information provided by the sponsor. The outcome of the assessment is a credit approval request that includes the description of the project, the projected financial returns and the assignment of a credit rating. The credit rating is reviewed and approved by the independent risk department.

17. The credit approval request and the risk indicators are entered into the credit risk management system for approval by the officers authorized by its board of directors to approve the credit requests.

18. The applicant’s procedures to monitor projects during the development phase, as well as during the operational phase, ensure that appropriate oversight is exercised and that project risks are appropriately managed. Responsibility for monitoring projects is assigned to the

project finance monitoring team, which is independent from the project origination team. The responsibilities of the monitoring team include:

- (a) Permanently monitoring project finance deals;
 - (b) Performing annual reviews of projects;
 - (c) Reviewing the project credit rating; and
 - (d) Undertaking restructurings and workouts.
19. The independent risk department reviews and validates the credit risk rating assigned by the monitoring team.
20. If and when the credit rating deteriorates, the project can be placed under the supervision of the monitoring committee that meets on a quarterly basis.
21. The applicant has noted that its project financing operations are subject to confidentiality clauses and project details are not publicly disclosed. The applicant provided examples of projects for which it has published information, but it does not have an established policy for public disclosure of project details.

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

22. 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

23. The applicant is a global financial institution that is subject to regulation in several jurisdictions. Additionally, the applicant has implemented risk management policies aligned with the recommendations of the Basel Committee on Banking Supervision. The regulatory requirements, as well as the adoption of international best practices, provide assurance that the applicant has effective controls over the third-party funds it manages.

24. The applicant provided project examples that demonstrate its capacity to manage projects that use loans, guarantees and equity as the investment instrument.

25. The applicant's processes for financial and risk management policies are well-developed and supported by both the independence of the risk management and the internal audit functions.

26. The applicant is a global leader in project finance and has a proven track record as mandated lead arranger; this track record demonstrates that the applicant has the required controls and procedures to adequately manage financial resources received from third parties.

27. The applicant's global risk function monitors the performance and management of all credit portfolios at the global level.

28. The applicant has been rated with an investment grade rating by all three major rating agencies (Moody's, Standard & Poor's and Fitch).

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

29. The applicant is an Equator Principles Financial Institution and, as a result, has a policy equivalent explaining how the Equator Principles (which include the performance standards) will be implemented in its investments. In addition, it has its own institutional policies and

sector guidelines, all of which are supported by operational guidance to staff. The applicant has committed to apply the interim environmental and social safeguards (ESS) requirements of the GCF to all projects, not just to those that would be within the scope of application of the Equator Principles.

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

30. The applicant has a documented process of identifying risks and impacts in a systematic manner, which is integrated into business processes and is supported by guidance to staff and process templates. The process includes a checks and balance system that requires greater oversight and clearance from a central global group as the environmental and social risk of the investment increases. As an Equator Principles Financial Institution, a track record of implementing the performance standards in projects over a number of years has been established. Implementation of the Equator Principles is publicly reported upon and is also verified annually by an independent assurer.

2.2.3 **Section 6.3: Management programme**

31. The applicant has procedures in place so that when environmental and social (E&S)-related gaps are identified during the identification of risks and impacts process between the project/programme and the Equator Principles, an environmental management plan (action plan) is developed to close these gaps over time.

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

32. The applicant has adopted an organizational structure that is appropriate for the complexity and size of the organization and of the investment projects undertaken, and which reports to senior management both through a sub-committee of the applicant's board and through the risk function. The applicant has 62 technical E&S staff allocated both to regions and centrally, which enables the gathering and sharing of knowledge, best practices and early identification of emerging issues and trends.

2.2.5 **Section 6.5: Monitoring and review**

33. The applicant has a monitoring group that monitors performance of the investment, including E&S commitments made in the environmental management plan, on an ongoing basis. Unresolved issues are elevated internally for action as needed. The internal monitoring system is supported by an electronic tracking and tickler system, which prompts investment reviews in a timely manner.

2.2.6 **Section 6.6: External communications**

34. The applicant has an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public and from clients. This system can be accessed via the website, by telephone, or in writing.

2.3 Gender

35. While the applicant is able to demonstrate a track record of lending that resulted in positive impacts to women, it does not have a gender policy or strategy targeted to achieving these results or specific gender competencies. It does, however, have targeted strategies to increase the number of women within its own organization.

III. Conclusions and recommendation

3.1 Conclusions

36. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management. The applicant partially meets the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees because the standard requires a process for publically disclosing information on beneficiaries and results of projects;
 - (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the high E&S risk, Category A/I-1; and
 - (c) The applicant has demonstrated that it has experience and a track record with gender, but it does not have a gender policy or specific gender competencies.

3.2 Recommendation on accreditation

37. The AP recommends, for consideration by the Board, the applicant APL026 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Size of an individual project or activity within a programme:** large (including micro,⁴ small⁵ and medium⁶);
 - (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); and
 - (iii) **Environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2⁷ and Category C/I-3⁸)).

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁶ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

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

⁸ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or



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- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes.
- (i) Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF. This process should be aligned with the requirements of the GCF regarding disclosure of project information; and
 2. Develop a gender policy or approach in line with the gender policy of the GCF and obtain gender competencies to implement the policy/approach on projects and programmes funded by the GCF.
38. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 37 above, and agrees to the recommendation.

Annex X: Accreditation assessment of Applicant 027 (APL027)

I. Introduction

1. Applicant 027 (APL027) is an international entity established in Africa during the 1960s with the objective of supporting the economic development and social progress of countries in Africa by promoting investment of public and private capital in projects and programmes that aim to reduce poverty and improve living conditions. The applicant's strategy for 2013–2022 focuses on two objectives: improving the quality of Africa's growth; and the transition to green growth. As part of its objective to transition to green growth, the applicant has undertaken important initiatives to address climate change in Africa through the implementation of a five-year climate change action plan from 2011 to 2015, including the mobilization to date of approximately USD 6.5 billion including from external sources, resulting in over 80 climate-resilient projects and almost 90 low-carbon development projects in Africa. The applicant has committed to invest USD 9.6 billion for climate finance in Africa by the end of 2015. Its adaptation activities includes activities relating to agriculture, rural living conditions, water resources and forests, while its mitigation activities focus on sustainable transport, renewable energy and energy efficiency, and sustainable land-use systems. The applicant seeks to contribute to the objectives of the GCF by: catalysing impact beyond a one-off investment; ensuring environmental, social and economic co-benefits, as well as gender and youth-sensitive development impacts; addressing vulnerability; and being country-driven and country-owned.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 12 January 2015. Stage I, institutional assessment and completeness check, and Stage II (Step 1), accreditation review, were concluded. It has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** international access;
- (b) **Track:** fast-track under the Global Environment Facility (GEF) and Adaptation Fund;
- (c) **Size of an individual project or 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); and
- (e) **Environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)³).

¹ As per annex I to decision B.08/02, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 250 million for an individual project or an activity within a programme".

² Decision B.07/02.

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

II. Accreditation assessment

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency and an accredited entity of the Adaptation Fund. Its application has been assessed against the standards of the GCF by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

4. As 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 are 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 are considered to have 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 has well-documented governance structures and publicly available procedure manuals for its management of grant award mechanisms. The grant award mechanism managed by the applicant generally follows its established rules and procedures which include: rules and procedures for the procurement of goods and services; a policy on information disclosure; guidelines for preventing and combating corruption and fraud; environmental policy; and rules and procedures of the applicant's independent review mechanism. The eligibility criteria for the grant programmes are well documented and grant award decisions are taken accordingly.

9. The applicant provided evidence of managing grant award mechanisms and a track record of grant programmes on behalf of a diverse group of donors. The applicant also provided evidence of leveraging impacts of its grant operations in support of lending to projects and programmes. It provided evidence of the programmes being advertised for a wide reach and transparency; grant programme applicants are kept informed of the progress of their applications and are advised accordingly if unsuccessful.

10. The applicant has a track record of a number of grant programmes and the evidence reviewed shows that it has applied lessons learned in respect of programme design and has incorporated these into new structures as they are developed.

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

11. The applicant has a well-established track record of on-lending and blending of its own resources and of others. Its operations are guided by its overarching policies, processes and procedures. These processes include project appraisals, reviews by internal operational

committees and final approval by the applicant's board. The applicant's operational guidelines provide for a process which includes detailed fiduciary assessments across its diverse portfolio. Information on the on-lending policies and procedures, operations and projects it finances is easily accessible through its website.

12. The applicant provided evidence of the entire value chain of its project cycle, including the monitoring of the projects it finances. Projects financed by the applicant provide for results frameworks and these are monitored for budget, adherence to covenants and progress. The applicant provided information in respect of climate change related projects.

13. The applicant's debt servicing handbook provides information on its instruments and the terms of its lending. Its operational on-lending framework is subject to on-going reviews and amendments, to adapt to its operating environment. Information on the applicant's track record on blending with both the public and the private sector has been provided.

14. The applicant has been rated 'AAA' by all three major rating agencies (Moody's, Standard & Poor's and Fitch) with a stable outlook and its financing operations are guided by its credit policy. The continued growth and concomitant risks associated with the applicant's private sector operations have been highlighted for their potential effect on future ratings if not adequately managed. The applicant has pro-actively been addressing this risk by developing various policies and procedures to provide structure and guidance to its private sector window. Moreover it has established various review committees to support the risks emanating from these operations. The applicant has adopted a flexible approach to its private sector engagement and this will require diligent management for purposes of transparency and equitable treatment. This has been recognized by the applicant in the structuring of its approval/review processes.

15. It should be noted that some private sector operations and specifically private equity, do not systematically incorporate all the fiduciary oversight associated with a large institution's corporate governance structure. In this regard, the applicant's audit/review processes to facilitate oversight of these and similar structures should be enhanced to allow for annual audits.

16. The applicant has an asset liability committee, which oversees its substantial portfolio, and has provided evidence of its functioning. The applicant also provided evidence of a track record in respect of its guarantee instruments.

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

17. The applicant's first environmental policy was adopted in 1990, and has gone through several revisions. The last iteration was issued as an integrated environmental and social (E&S) management system in late 2013, and was developed based on experience from applying previous environmental and social safeguard (ESS) policies, as well as from consolidating them with cross-cutting and sector policies. In 2014, implementation procedures and guidance materials were issued. The E&S policy and operational safeguards are consistent with the interim ESS of the GCF.

18. The policy also defines the roles and responsibilities of different departments of the applicant, as well as its clients with respect to implementation of the policy. The policy recognizes the diversity of its client base capacity to anticipate and manage E&S risks from investments, and the applicant is committed to providing support to its clients to ensure alignment with international good practices.



2.2.2 Section 6.2: Identification of risks and impacts

19. The guidance materials issued in 2014 contain a project screening procedure and an E&S risk and impacts categorization tool comparable to that of the GCF. The guidelines also address categorization for programme-based lending, sector lending and financing through intermediaries. Procedures for validation of the categorization are also described. The applicant shows a track record of implementing projects with high and medium E&S risk characteristics, and project documentation indicates consistent utilization of project screening and categorization tools.

20. In addition, the applicant has introduced climate screening procedures that support its newly developed climate safeguards system, designed to ensure climate resilience to its investments in the region. The climate screening procedure and tools complement the environmental and social impact assessments (ESIA) and are intended to provide input to the project design phase.

2.2.3 Section 6.3: Management programme

21. The roles and responsibilities for implementation of the E&S policy and procedures are clearly defined throughout the project cycle. Borrowers and clients are responsible for the preparation of strategic assessments at the country and sector levels, in addition to the project-level ESIA, and in the preparation of plans to mitigate possible impacts. Oversight and capacity-building are extended by the applicant to borrowers and clients to ensure conformance with the applicant's safeguard requirements. The applicant provided documentation demonstrating the use of standard report formats addressing E&S issues, both for project implementation and for project completion reports.

22. A new project tracking system has been developed as a mechanism to manage information on compliance with the integrated safeguards. The applicant provided evidence that demonstrates that the system is functional.

2.2.4 Section 6.4: Organizational capacity and competency

23. The integrated safeguard system is enforced through a number of units. A compliance and safeguards division monitors compliance with the requirements of the E&S policy framework and implements the climate risk management and adaptation strategy. The division is located within a department tasked with quality assurance and oversight of results. Responsibility for implementing the E&S requirements lies with the operational departments. This involves working with public and private clients to ensure that they fulfil their roles and responsibilities at the project level. In addition, a division focused on environment, energy and climate change matters provides due diligence and advisory services on climate change and the environment for the applicant's infrastructure, private sector, and regional integration sector operations portfolio, and servers as a climate finance platform managing and implementing a number of climate and environment related funds. In total, the applicant has over 100 personnel assigned to manage and provide technical expertise related to ESS and climate change. The job descriptions and curriculum vitae of staff indicate solid in-house capacity.

24. Since the issuance of the integrated safeguard system in 2013, the applicant has conducted a series of training programmes for staff at its headquarters and country offices to ensure sufficient capacity to apply the applicant's procedures and tools. Training programmes are also offered in regional hubs, with participation of staff from different units, as well as external partners.

2.2.5 Section 6.5: Monitoring and review

25. The applicant has several systems for monitoring, which involve reviews of country portfolio performance, and project-level reviews and supervision missions. Clients are also expected to submit quarterly progress reports, which include progress on E&S commitments. In addition, since 2010, the applicant has conducted annual E&S audits of selected high- and medium-risk projects. Audits are used as a management tool to help ascertain the level of internal performance and compliance with current ESS requirements and to obtain lessons learned regarding ESS implementation.

26. The applicant provided evidence that senior management and, where necessary, the board of directors become involved in projects that have received complaints from affected communities or other stakeholders. Documentation shows paper trails of management responses, independent reviews, and preparation of action plans and monitoring of the progress of action plan execution.

27. The applicant's documentation also shows that it has learned from its experience in implementing its previous ESS policies and procedures. The current integrated ESS and its operational procedures have been built on such lessons, which address the application of its ESS across the diverse countries in its region.

2.2.6 Section 6.6: External communications

28. The applicant revised its disclosure and information access policy in 2012. The revised policy is aimed at maximizing information disclosure to benefit the applicant and its activities and strengthen engagement with stakeholders. Project E&S assessments and management plans are among the documents that the applicant proactively discloses. The policy provides for a two-step appeals process to deal with what the applicant identifies as legitimate appeals for access to information. In addition, the applicant recently established an independent review mechanism, through which persons adversely affected by projects financed by the applicant can request compliance reviews.

29. Complaints related to projects are managed by the applicant's dedicated unit for compliance review. Complaints and responses from the applicant are logged in a register, which is available on the applicant's website. Evidence of registers related to various projects was reviewed in this assessment.

30. As part of its effort to enhance mechanisms for participation and coordination with civil society, the applicant established, in 2012, a framework for engagement with civil society organizations (CSOs). A CSO forum is held annually, attended by organizations from various parts of the region, as well as international organizations active in Africa. Since channels of communications with CSOs have been strengthened, the applicant has received fewer complaints regarding projects, as CSO inputs are considered in the project design phase.

2.3 Gender

31. The applicant issued its first-generation gender policy in 2001, which has since been revised and updated. The focus of the current gender strategy (2014–2018) is to strengthen gender mainstreaming in all the applicant's operations and strategies for its clients and in the region, as well as to improve its internal work environment. The applicant prepares country gender profiles of its member countries to build a knowledge base and inform work on gender equality and women's economic empowerment, which are fed into country strategies prepared by the applicant.

32. Gender issues are also addressed in the operational safeguards and tools for integrated ESS throughout the project cycle. Project appraisal reports contain a section on gender that defines gender commitments and actions for the project. In addition, the applicant produces annual reports on gender, poverty and environment covering the region. The reports provide updates on key indicators used in its member countries.

33. The applicant has implemented initiatives designed for women, such as one that empowers women in business. A project recently received international recognition for its gender-related work in a post-conflict area. For conventional projects, the applicant ensures that women's participation is enhanced and that women benefit from projects/programmes funded by the applicant.

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 meets the requirements of the GCF basic fiduciary standards, specialized fiduciary standard for project management and specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant partially meets the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees. The applicant's private sector operations would benefit from an enhanced oversight process. This includes structured audits to support the anticipated growth and concomitant risks associated with new and potentially complex structures;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the high E&S risk, Category A/I-1. The applicant demonstrates sound experience with ESS matters, and can be regarded as a leader in the region in which it operates; and
- (c) The applicant has demonstrated that it has competencies, policies and procedures by which to implement its gender policy, and has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

35. The AP recommends, for consideration by the Board, the applicant APL027 for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** large (including micro,⁴ small⁵ and medium⁶);

(ii) **Fiduciary functions:**

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁶ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

- 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); and
- (iii) **Environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2⁷ and Category C/I-3⁸)).
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:
- (i) Condition(s) to be met for an approved project/programme that has an equity structure to be invested in by the GCF to be undertaken by the applicant:
 - 1. Prior to the first disbursement from the GCF to the equity issuer, submit draft terms of reference for the annual audit, which has to be included in the constitutional document of the equity issuer, for review and approval by the GCF; and
 - 2. Undertaking in the funded activity agreement to provide the GCF on an annual basis for the first three consecutive years with annual audit reports and information on the status of recommendations that may arise from such reports. After the first three years, the GCF will review the need to extend this condition.
36. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 35 above, and agrees to the recommendation.

⁷ As per annex I to decision B.07/02, category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

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

Annex XI: Accreditation assessment of Applicant 028 (APL028)

I. Introduction

1. Applicant 028 (APL028) is an international financial entity whose main objective in developing countries is to provide finance and expertise for sound and sustainable investment projects, in both the private and the public sector, provide social and economic infrastructure, and address climate change, among others. The applicant is currently operating in over 150 countries and has a mandate to operate in any developing country. Climate action is one of the top policy priorities for the applicant, which integrates climate considerations across all its activities, in addition to financing climate mitigation and adaptation projects, thereby contributing to low-carbon and climate-resilient growth around the world and supporting the transition to a sustainable low-carbon future. The applicant targets 25 per cent of its portfolio as climate action projects and programmes. In 2014, its total investment in climate action projects and programmes was more than USD 20 billion. Additionally, the applicant regularly provides capacity-building support in many sectors and specific technical assistance focused on developing local skills to support project development and implementation, as a way of strengthening country ownership. If accredited, the applicant seeks to support the paradigm shift objective of the GCF by making use of its network of trusted partners in the public and private sectors and non-governmental organisations to optimize the applicant's collaborative work in tackling climate change, and would help to overcome investment hurdles, in particular those faced by the private sector.

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

- (a) **Access modality:** international access;
- (b) **Track:** fast-track under the Directorate-General for International Development and Cooperation of the European Commission;
- (c) **Size of an individual project or activity within a programme:** large;¹
- (d) **Fiduciary functions:**
 - (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); and
- (e) **Environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)³).

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

² Decision B.07/02.

³ As per annex I to decision B.07/02, category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and

II. Accreditation assessment

3. The applicant qualifies for the fast-track accreditation process as a Directorate-General for International Development and Cooperation of the European Commission entity. Its application has been assessed against the standards of the GCF by the Accreditation Panel (AP) in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

4. As 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 are 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, anti-money laundering (AML) and countering the financing of terrorism (CFT) policies, are considered to have been met by way of fast-track accreditation.

7. Regarding item 4.2.5, the applicant provided, in its application, evidence which indicates that it meets the requirements of the basic fiduciary standards of the GCF related to the "anti-money laundering and anti-terrorist financing policies". The applicant has a comprehensive and mature AML/CFT framework procedure providing the scope, objectives, applicability and description of the counterparty due diligence process. In its AML due diligence process the applicant applies various measures based on risk-sensitivity and taking into account the type of counterparty, business relationship, product or transaction and country of operation involved.

8. At the project appraisal stage, the applicant identifies the project beneficiary and conducts AML due diligence, which involves examination of all of the integrity aspects of the business relationship with the counterparty, in order to avoid entering into business relationships structured for the purposes of criminal activities or co-financed through funds of possibly illicit origins.

9. In addition to these checks, the applicant continuously undertakes monitoring, including that of electronic transactions, in order to detect possible money laundering, financing of terrorism and other related integrity risks that may arise throughout the life of its business relationships with counterparties.

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

10. The information provided by the applicant demonstrates a long track record of and experience in project management. The applicant has robust policies, procedures and frameworks that guide its operations at all stages of its project cycle: from project identification to monitoring and evaluation (M&E).

11. The applicant provided key operational policies, procedures and documents that demonstrate compliance with an effective use of these policies and procedures. The entity

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".



exercises adequate project oversight and control over the operations it finances, including oversight of preparation of project implementation plans, quality reviews, budgets and utilization of project funds. The applicant has M&E capacities based on recognized international standards, which were demonstrated through project M&E reports and annual consolidated reports on the results of its operations. Evidence of effective implementation of project management procedures is supported by an extensive track record of project appraisal and implementation. The examples of project documentation provided also demonstrate the applicant's broad experience in managing a number of climate change mitigation and adaptation projects.

12. Furthermore, the applicant has demonstrated strong project risk assessment, monitoring and evaluation capabilities guided by policies and procedures, including procedures for the financial risk management and credit risk policy guidelines.

13. The entity's project monitoring and review reports are available on the applicant's website as per its information disclosure policy.

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

14. As per paragraph 3 above, the specialized fiduciary standard for 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 a financing strategy that is 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 such as technical cooperation, interest rate subsidies and investment grants that benefit the recipients of the blended loans and have proven to be an effective mechanism for attracting additional investors. The organization manages a number of trust funds that undertake investments in projects and programmes.

16. The applicant has well-established on-lending and blending policies and procedures that provide assurance of its capacity. Its investment guidelines define the principles of the funded activities, eligible investments and equity investments structure, due diligence procedures, investments appraisal and approval processes, monitoring and reporting rules.

17. The applicant has a process for the appraisal of the intermediary selected to serve as a partner in developing a project or programme in a specific region or country. The applicant provided examples of the appraisal reports that include an evaluation of project parameters, such as relevance to national policies, effectiveness through the achievement of operational objectives, financial and economic performance, and analysis of environmental and social sustainability. The applicant has an information disclosure policy that demonstrates the applicant's commitment to transparency and accountability.

18. The applicant has also provided information regarding the equity funds it raises from capital markets, as well as trust funds it manages on behalf of international development finance institutions. The evidence presented demonstrates the applicant's ability to effectively manage the GCFs it receives from various financial sources.

19. In addition to providing blended finance for specific project activities, the applicant has developed other climate finance mechanisms and instruments such as financial guarantees, climate awareness bonds and risk-sharing products which leverage public funds to allow other financial institutions and capital market investors to co-invest in projects.

20. The annual financial reports provided in the application demonstrate that the applicant aligns its management systems with best practices, and adherence to those practices is monitored by the designated audit committee.

2.2 Environmental and social safeguards

2.2.1 Section 6.1: Policy

21. The applicant has an environmental and social (E&S) policy with guiding principles and standards in place, on which an E&S manual is based. The policy is aligned with the interim environmental and social safeguards (ESS) policy of the GCF in related to accreditation. The policy was endorsed by the applicant's board and is published on the applicant's website. The roles and responsibilities of specialized units or individuals who collectively ensure the conformance of operations with the applicant's E&S policy are clearly assigned. The applicant has a specialized unit, which is responsible for policy development in the area of E&S and climate change. Implementation of the E&S policy is performed by individual project teams.

2.2.2 Section 6.2: Identification of risks and impacts

22. The applicant's E&S policy and operational procedures are mature and fully implemented. The E&S risk categories under the applicant's risk identification process were found to be comparable to those of the interim ESS of the GCF and scaled risk-based approach. The applicant provided information on its track record of projects that have been identified and categorized in accordance with its E&S policy. An assigned project team has overall responsibility for overseeing project operations, including E&S aspects of a project, and is supported by the specialized E&S unit. Further support is provided by sector specialists from an environmental assessment department who work to ensure that the quality and consistency of the E&S due diligence throughout the applicant's project cycle and across all sectors is maintained and implemented.

2.2.3 Section 6.3: Management programme

23. The applicant has a tried and tested environmental and social management system. Its E&S policies and standards are operationalized through clearly established procedures. The applicant has in place due diligence mechanisms to manage E&S risks and may additionally use the support of external consultants to carry out certain appraisal and monitoring tasks, if needed. In the case of intermediated loans (such as lines of credit) and framework loans, responsibilities are assigned to the applicant's intermediaries to ensure that all mitigation measures are put in place and monitored.

2.2.4 Section 6.4: Organizational capacity and competency

24. The organizational structure of the applicant defines the roles and responsibilities for implementing its E&S policy and procedures. Core responsibility for E&S issues lies with a designated unit to ensure information dissemination, training and the development and monitoring of the application of sustainable development policies and procedures. The applicant conducts regular training on E&S and climate-related topics, which is provided by in-house and external experts.

2.2.5 Section 6.5: Monitoring and review

25. The applicant has procedures in place to carry out E&S monitoring of operations. Assigned project teams define the format, actions, resources and schedules for monitoring E&S

issues identified at the project appraisal stage. Monitoring activities are required from project promoters and intermediaries, as well as the applicant's staff, who conduct monitoring through the review of reports received, site visits and third-party monitoring information. The monitoring activities of the applicant's operation are also summarized in the annual corporate responsibility reports and report on results of operations. These reports are published on the applicant's website. The applicant also has an independent evaluation to help ensure that the lessons learned from past operations are fed into those of the future.

2.2.6 **Section 6.6: External communications**

26. The applicant has a mature public information policy which includes principles of disclosure of project information and 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 be provided on a standardized basis. Information on avenues that can be used to submit project-related complaints and evidence of complaints that have been handled through an independent project complaints mechanism were provided.

2.3 Gender

27. The applicant's operations are guided by its E&S performance standards, which stipulate equal treatment and equal opportunity, disallowing discrimination based on gender. To further enhance its gender-specific approach, the applicant is currently working on the development of a strategic approach to mainstream gender, both in terms of its safeguards-based due diligence and the impact of its lending operations. This approach will effectively help mainstream gender in the applicant's operations, including a gender action plan as a key element. Lastly, the applicant demonstrated its monitoring of gender activities and gender-related data in its operations in documentation provided in its application.

III. Conclusions and recommendation

3.1 Conclusions

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

- (a) The applicant meets the requirements of the GCF 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 meets the requirements of the interim ESS of the GCF in relation to the high E&S risk, Category A/I-1; and
- (c) The applicant has demonstrated that it has competencies in and is in the course of developing its strategic approach to gender, and has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

29. The AP recommends, for consideration by the Board, the applicant APL028 for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** large (including micro,⁴ small⁵ and medium⁶);
- (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); and
- (iii) **Environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2⁷ and Category C/I-3⁸)).

(b) **Conditions:** none.

30. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as described in paragraph 29 above, and agrees to the recommendation.

3.3 Remarks

31. The applicant is encouraged to further enhance its strategic approach to gender with a view to integrating a formalized gender-sensitive approach in its ongoing operations. The applicant is invited to share such a strategy with the GCF once it is finalized and formally adopted.

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁶ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

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

⁸ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

Annex XII: Accreditation assessment of Applicant 029 (APL029)

I. Introduction

1. Applicant 029 (APL029) is an international organization with a strong global presence and focus on development, primarily in the private sector. Established in the 1950s, the applicant works in over 100 developing countries through the private sector, with a special focus on infrastructure, manufacturing, agribusiness, services and financial markets. The applicant's own climate investment portfolio has reached USD 13 billion, with a track record in wind and solar projects globally. Its experiences in leveraging, mobilizing and intermediating climate funds and programmes for green growth has allowed it to help unlock private climate investment using blended finance. In addition to investments in climate projects, the applicant also provides technical assistance or advisory services to private and public sector clients to promote sound environmental, social, governance and industry standards; catalyse investment in clean energy and resource efficiency; and support sustainable supply chains and community investment. With its experience in investing, mobilizing and intermediating climate finance to promote private sector projects at scale for both mitigation and adaptation in developing countries, the applicant seeks accreditation to the GCF to contribute its experience and capacity to deliver to support the mandate of the GCF to promote a paradigm shift towards low-emission and climate-resilient development.

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 Stage II (Step 1), accreditation review, were concluded. It has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** international access;
- (b) **Track:** normal track;
- (c) **Size of an individual project or 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); and
- (e) **Environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1).³

¹ As per annex I to decision B.08/02, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 250 million for an individual project or an activity within a programme".

² Decision B.07/02.

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

II. Accreditation assessment

3. The applicant has been assessed against the standards of the GCF 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 has a well-established governance and oversight structure that includes the appropriate mechanisms to ensure effective governance and control. The applicant's governance structure includes a board of directors, a board audit committee, independent integrity and evaluation units, as well as an independent internal audit function. The applicant has provided information that demonstrates the effectiveness of its governance bodies.
6. The financial statements of the applicant are audited annually and prepared in accordance with United States Generally Accepted Accounting Principles. Furthermore, both the external auditor and the applicant's management have provided assurance statements regarding the effectiveness of internal control over external financial reporting.
7. The applicant has a procurement policy in the form of procedural guidelines, which provide detailed guidelines for the procurement of goods and services. Furthermore, the internal audit department and the integrity oversight units periodically review the procurement function to ensure that the established guidelines are followed and that mismanagement of procurement processes is avoided.
8. The applicant's internal control and financial management policies, as well as the effective functioning of the oversight units, provide assurance regarding the appropriate management of the applicant's assets.
9. The applicant has established guidelines and procedures for the preparation of strategic plans and annual budgets, as well as the required mechanisms for appropriate follow-up of its plans.

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

10. The applicant has an ethics code and a disclosure policy, which are communicated to all of its staff. The applicant has established units, policies and procedures to undertake investigations of allegations of misconduct. The ethics unit is responsible for cases involving the applicant's staff, and the investigations unit is responsible for allegations of misconduct at the level of the applicant's investments. Also, the applicant reflects investigations undertaken by the oversight bodies in publicly available annual reports. The applicant's complaints mechanism and procedures are available on its website.
11. The applicant has specific policies and procedures for ensuring appropriate due diligence of its counterparties. The applicant's anti-money laundering (AML) and countering the financing of terrorism (CFT) programme and activities are coordinated by its AML/CFT division housed within the risk vice-presidency. The applicant's AML/CFT programme includes staff training, automated screening, and client and project due diligence.
12. If, during the course of the due diligence exercises, integrity risks are detected, the applicant's project teams can consult with a centralized unit that provides institution-wide

internal guidance on assessing specific integrity risk issues, and case-by case advice regarding AML/CFT issues and risks.

2.1.3 Section 5.1: Specialized fiduciary standard for project management

13. The applicant has developed policies supported by templates and specific guidelines that are implemented throughout the entire project cycle, including business development, appraisal and due diligence, investment review, supervision, monitoring, evaluation and closing. The applicant provided key operational and investment policies and procedures, as well as project documents that demonstrate compliance with and effective use of these policies and procedures.

14. Within the appraisal process, the investment team assesses whether the proposed investment is financially and economically sound. If it complies with the applicant's environmental and social safeguards, the applicant then examines the potential client's credit risk rating and analyses how the applicant can help the client further improve project sustainability. The applicant has a risk assessment process and risk mitigation strategies in place. Management approval – required before reaching financial close for all investment projects – is conducted at the investment review meeting, for which the designated staff prepare documentation regarding due diligence information on the prospective project (including, where relevant to the project, on-lending and/or blending information), environmental and social (E&S) risks and, when relevant, climate change mitigation and adaptation-related outcomes.

15. Information on all projects under development, including project objectives, amount of financing, total project costs, technical characteristics and E&S aspects, is available on the applicant's website. The applicant provided a number of examples of the project and programme appraisal reports demonstrating its experience in climate change mitigation and adaptation projects, including those in energy-efficiency upgrades, concentrated solar power plants, and advisory programmes on agribusinesses.

16. The applicant has a portfolio management framework for all of its projects under implementation, including donor-supported investment and advisory initiatives. At the project level, it actively monitors compliance with investment agreements, visits sites to evaluate project status, and helps to identify solutions to address potential problems. The applicant tracks and monitors E&S and financial performance, development and results.

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

17. The applicant is a well-established organization with several decades of experience in providing development finance to developing countries. 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. The grant resources mainly come from the applicant's net income and are also supplemented by funds received from bilateral donors and multilateral facilities.

18. The grant funding is used to provide advisory services to companies, industries and governments for developing their projects in the emerging markets, typically in conjunction with loans and other forms of financing that the applicant offers. Through advisory services offerings, the applicant helps companies to improve their corporate governance, strengthen risk management and become more sustainable. Some of the grant funds are also used to support domestic financial intermediaries in developing their capacities to provide services to sustainable domestic private enterprises.

19. 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. The grant award activities for technical assistance and advisory services are subject to transparent procurement rules and annual external audit. Documentation and supervision reports to implement advisory services and technical assistance projects were provided as evidence of implementation of the policies and procedures.

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

20. The applicant has a mature set of policies and procedures that establish: governance for on-lending and blending operations; the role of the structuring unit working on the deployment of concessional funds; reporting to the applicant's board of directors; sourcing funds for blended finance; results management and learning; monitoring and evaluation; and risk mitigation strategies. The policies require the applicant to exercise the same standard of care when investing on behalf of donor partners as it does in activities that the applicant itself administers and manages for its own affairs, including the use of qualified staff, the application of E&S safeguards and integrity due diligence.
21. The applicant has a strong track record, experience and capacities for on-lending and blending from international and multilateral sources and global trust funds, as well as with resources from its own funds, investing several billions of United States dollars from its own account in climate change related projects. The applicant has established a special unit with an aim to deploy funds received from donors. The GCFs can be deployed as concessional loans, guarantees, equity and grants.
22. The applicant exercises the same standards when investing on behalf of donor partners as it does with respect to the administration and management of its own funds, maintaining a series of control frameworks, due diligence checks and risk management procedures.
23. The applicant publishes case studies and reports of donor-supported projects on its website. It also has a separate independent evaluation unit in place that prepares annual evaluation reports. The applicant periodically reviews its entire portfolio globally and annually reports on portfolio performance to its board. Additionally, dedicated project teams conduct portfolio stress test analyses of potential scenarios and work with operational teams to prevent and mitigate risks.
24. The applicant is an 'AAA' rated entity (Standard & Poor's and Moody's) with a superior track record in credit and financial management.

2.2 Environmental and social safeguards

2.2.1 **Section 6.1: Policy**

25. The applicant has a well-developed environmental and social safeguards (ESS) policy supplemented by a series of manuals and sources to guide implementation. ESS apply to all of the applicant's projects, both investment and advisory. The policy requires the applicant to undertake E&S assessments of potential projects and programmes in order to ensure that they are environmentally and socially sound and sustainable, and sets out operational procedures for whom and how the policy is implemented. The applicant's ESS policy is equivalent to that of the GCF. The applicant's ESS have become the basis for other standards and are utilized by a large number of financial institutions around the world.

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

26. The applicant's ESS are equivalent to those of the GCF. The system for E&S risk and impact identification is also consistent with that of the GCF. The applicant's ESS and

corresponding guidelines not only provide a system for risk and impact identification, but also provide a comprehensive description for managing mitigation measures and actions stemming from the E&S risk identification process. This is consistent with the project-level performance standards (2–8) of the interim ESS of the GCF. As per the applicant’s procedures, the lead E&S specialist supported by a project team is responsible at the appraisal stage for leading and managing the E&S review and risk identification and categorization of a proposed investment.

27. To demonstrate the application of the E&S risk identification and categorization process, the applicant provided a list of illustrative projects, their E&S risk categories and information on how they were identified and categorized.

2.2.3 Section 6.3: Management programme

28. The applicant’s ESS are managed through clearly established procedures and assignment of roles. The applicant operates a formal mechanism in order to manage and mitigate E&S risks and impacts, contained in an E&S review guidance document, and assigns responsibilities to the applicant’s relevant units for due diligence as well as the monitoring of progress and compliance with the ESS policy. The document includes formal operational processes and procedures for describing how individual project/programmes and E&S risk mitigation activities will be documented and applied for ESS.

29. Moreover, the applicant demonstrates that it has an ESS compliance review mechanism that is followed from the project concept phase to implementation, as well as audits of third-party financial intermediaries’ investments.

30. As an additional layer of E&S monitoring and compliance, the applicant has a compliance office to conduct compliance audits on projects and programmes to ensure that they are compliant with the applicant’s sustainability framework. The compliance office has conducted an audit on the applicant’s investments in third-party financial intermediaries and has identified issues with regard to ESS implementation. However, the applicant also provided evidence of the management response to the recommendations in the audit report, which has resulted in improvements to the applicant’s ESS implementation capacities.

2.2.4 Section 6.4: Organizational capacity and competency

31. The applicant houses a dedicated E&S development department headed by a director and specialist staff who ensure that the institution’s work is beneficial to human development and the natural environment. E&S development specialists appraise potential investment projects to identify and categorize E&S risks and enhance outcomes, ensure compliance with ESS and related guidelines, and provide training on E&S management systems to financial sector borrowers. The dedicated staff help ensure implementation of ESS by conducting due diligence on the proposed investment activity; assisting the client in defining the project’s E&S risk category; developing measures to mitigate E&S impacts, monitor and document the client’s E&S performance throughout the life of the applicant’s investment; and disclose information about its institutional and investment activities in accordance with its information disclosure policy. The applicant conducts regular training and development programmes on ESS for its specialists.

2.2.5 Section 6.5: Monitoring and review

32. The applicant has a mature mechanism for monitoring ESS implementation in projects, including the submission of annual monitoring reports, action plans and periodic site visits. The investments categorized as E&S risk Categories A and B are also scored at the end of the appraisal process, and then again during supervision using the applicant’s E&S risk rating system. The E&S risk rating system is an internal tool designed to indicate the project’s relative

level of E&S risks. Additionally, corrective and preventative actions are captured and managed through the E&S action plan tracker.

2.2.6 **Section 6.6: External communications**

33. The applicant's E&S guidelines describe the methodology to implement the institutional disclosure requirements in accordance with the overarching information policy. The applicant discloses information about its projects, including project-level E&S review summaries, through the designated disclosure portal. The compliance office publishes a summary of its E&S complaints cases under review, dispute resolution, and compliance in its annual report. The applicant has a designated website available in 16 languages that provides an online searchable database for complaint cases currently being handled, as well as links for filing a complaint with the compliance office. The compliance office also receives and handles complaints from affected communities in local projects with the goal of enhancing E&S outcomes on the ground.

2.3 Gender

34. In its consideration of gender-related aspects in its investment and advisory activities, the applicant adheres to the overarching gender equality policy of the larger group to which it belongs. In addition to the main policy, gender is integrated into the applicant's strategic road map for the period 2015–2017 that includes specific commitments to increase access to finance and access to markets for women entrepreneurs and to reduce gender-based barriers in the business environment. The applicant is also working within the group to develop a group-wide gender strategy, to be considered by the group's boards in December 2015. In addition, the applicant is applying the Economic Dividend for Gender Equality tool to assess its own diversity and inclusion process.

35. The applicant has an annual target of 25 per cent of all recipients of its financing to small- and medium-sized enterprises to be women-owned enterprises, and its equity portfolio commits to a target of 30 per cent of women among its nominees on company boards by 2015.

36. In its activities, the applicant builds global partnerships, develops new gender products, offers knowledge, provides training, conducts research on the business case for gender and develops tools that support gender-smart business strategies. It also demonstrated extensive in-house gender-related expertise that is headed by a senior gender operations officer.

III. Conclusions and recommendation

3.1 Conclusions

37. Following its assessment the AP concludes the following in relation to the application:
- (a) The applicant meets the requirements of the GCF 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 meets the requirements of the interim ESS of the GCF in relation to the high E&S risk, Category A/I-1; and
 - (c) The applicant has demonstrated that it has competencies, policies and procedures by which to implement its gender policy, and has also demonstrated that it has experience with gender and climate change.

3.2 Recommendation on accreditation

38. The AP recommends, for consideration by the Board, the applicant APL029 for accreditation as follows:

(a) **Accreditation type:**

- (i) **Size of an individual project or activity within a programme:** large (including micro,⁴ small⁵ and medium⁶);
- (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); and
- (iii) **Environmental and social risk category:** High risk (Category A/I-1) (including lower risk (Category B/I-2⁷ and Category C/I-3⁸)).

(b) **Conditions:** none.

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

3.3 Remarks

40. In the course of its due diligence, the AP has been made aware that in 2011 the applicant conducted an audit of the environmental and social management system of its financial intermediaries and developed an action plan in response to the audit findings. The AP would like to request the applicant to report to the GCF on the progress made in the implementation of this action plan.

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁶ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

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

⁸ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".



41. In the course of its due diligence, the AP has been made aware of the applicant's participation in the work on the harmonization of the E&S standards used by a number of international financial institutions. The AP encourages the applicant to further pursue this initiative among other multilateral financial institutions and inform the GCF on the progress in this process.

Annex XIII: Summary of recommendations

Table 2. Summary of recommended accreditation types and conditions

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions, recommendations and remarks
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
APL021	Direct access, national	Small ³	Basic fiduciary standards; and Specialized fiduciary standard for project management	Medium risk (Category B/I-2) ⁴	<u>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u> <ol style="list-style-type: none"> 1. Approve, through the applicant's board, the policies and procedures that pertain to investigations. The approved policy should contain the following elements: <ol style="list-style-type: none"> a. Publicly available terms of reference that outline the purpose, authority and accountability of the function; b. Guidelines to process cases, including standardized procedures to handle complaints received and to manage them before, during and after the investigation process; and c. A registry specifically for cases of fraud and corruption; 2. Publish both (a) and (b) above; and 3. Formalize the process for periodically reporting case trends.

¹ "Size" refers to the total projected costs at the time of application, irrespective of the portion that is funded by the GCF, for an individual project or an activity within a programme. Four size categories (micro, small, medium and large) are defined in annex I to decision B.08/02.

² Decision B.07/02.

³ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁴ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

APL022	Direct access, national	Small	Basic fiduciary standards; and Specialized fiduciary standard for project management	Medium risk (Category B/I-2)	<u>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u>
					<ol style="list-style-type: none"> 1. Finalize the recruitment of an E&S expert to help to oversee the project management cycle under the applicant's facility; and 2. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public. <u>Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall be included on an annual basis within a semi-annual progress report consistent with the requirements of the GCF monitoring and accountability framework for accredited entities:⁵</u> <ol style="list-style-type: none"> 1. Report progress in respect of all projects and programmes being undertaken. The report should include information on: <ol style="list-style-type: none"> a. Progress on activities vis-à-vis a plan with specific indicators; b. Budget variances and analysis; c. Major risks and issues, if any, that may or are impacting the execution of a project/programme; and d. Brief qualitative write-up, including the likelihood of the project achieving its planned objectives (results, budget and schedule); 2. Provide the annual audit reports of projects/programmes, including verification of assets, prepared by the office of the federal auditor general within four months of the close of each year to the GCF; and 3. Provide the annual audit reports on procurement related to projects/programmes where substantial procurement has been undertaken by an executing entity, which is not a public sector body, to the GCF.

Remarks:

⁵ The "initial monitoring and accountability framework for accredited entities", as contained in document GCF/B.11/05, is to be considered by the Board at its eleventh meeting.

			<p>The AP notes the applicant's keen interest in developing and implementing climate change projects and programmes that are medium and large in size. Recognizing that the applicant has experience in medium and large-sized projects, albeit primarily in cooperation with international organizations, the AP encourages the applicant to continue enhancing its financial, environmental and social policies and procedures, and to build capacity to allow it to independently develop and manage projects and programmes of medium and large sizes. With the possibility to apply in the future for an upgrade of its accreditation type from small to medium-sized projects and activities within a programme, the applicant should consider the provision of evidence as proof of its capability to independently manage medium-sized projects/activities within a programme. This evidence may be provided in the form of an independent evaluation report for a small-sized project undertaken independently by the applicant using the project management framework recently developed for use by the applicant's facility. The evaluation should be undertaken by an independent party, which may include a consultant or consultancy firm appointed on the basis of an international tender. The evaluation should cover a reasonable project execution period, including:</p> <ul style="list-style-type: none">(a) Project design and appraisal;(b) Project planning and implementation;(c) Project administration and execution;(d) Project M&E; and(e) Associated corrective actions. <p>The AP would reassess the applicant's capacity to satisfactorily execute projects on the basis of this evaluation report and any other supporting evidence provided at the time. Based on a satisfactory outcome, the AP could recommend the applicant for an upgrade of its accreditation type, as defined in paragraph 33(a) of annex V, for a higher size category (e.g. medium or large) to the Board for its consideration and decision-making.</p>
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APL023	Direct access, national	Micro ⁶	Basic fiduciary standards; and Specialized fiduciary standard for project management	Medium risk (Category B/I-2)	<p><u>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Use external support, including that from co-financiers, acceptable to the GCF, to help to prepare projects or programmes that invoke any of performance standards 2 to 8. <p><u>Remarks:</u></p> <ol style="list-style-type: none"> 1. The applicant is requested to share key features of its gender development plan, as and when it is finalized, including efforts the applicant has made to enhance the capacities of its staff on gender-related programming.
APL024	Direct access, regional	Large ⁷	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)	High risk (Category A/I-1) ⁸	<p><u>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public. <p><u>Remarks:</u></p> <ol style="list-style-type: none"> 1. The Accreditation Panel notes that the applicant has well-developed internal E&S training programmes for its employees. The applicant is encouraged to share such experience with the financial institutions in the region in this regard.

⁶ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁷ As per annex I to decision B.08/02, "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 250 million for an individual project or an activity within a programme".

⁸ As per annex I to decision B.07/02, category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

APL025	International access, private sector	Large	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)	High risk (Category A/I-1)	<u>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u> 1. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF. This process should be aligned with the requirements of the GCF regarding disclosure of project information; 2. Develop a tracking system or register within the external communications mechanism to document questions or complaints received from the general public and from clients, as well as responses to them, for projects and programmes financed by the GCF; and 3. Develop a gender policy or approach in line with the gender policy of the GCF and obtain gender competencies to implement the policy/approach on projects and programmes funded by the GCF.
APL026	International access, private sector	Large	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)	High risk (Category A/I-1)	<u>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u> 1. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF. This process should be aligned with the requirements of the GCF regarding disclosure of project information; and 2. Develop a gender policy or approach in line with the gender policy of the GCF and obtain gender competencies to implement the policy/approach on projects and programmes funded by the GCF.
APL027	International access	Large	Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for grant	High risk (Category A/I-1)	<u>Condition(s) to be met for an approved project/programme that has an equity structure to be invested in by the GCF to be undertaken by the applicant:</u> 1. Prior to the first disbursement from the GCF to the equity issuer, submit draft terms of reference for the annual audit, which has to be included in the constitutional document of the equity issuer, for review and approval by the GCF; and

			award and/or funding allocation mechanisms; and Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)		<p>2. Undertaking in the funded activity agreement to provide the GCF on an annual basis for the first three consecutive years with annual audit reports and information on the status of recommendations that may arise from such reports. After the first three years, the GCF will review the need to extend this condition.</p>
APL028	International access	Large	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)	High risk (Category A/I-1)	<p><u>Conditions:</u> none <u>Remarks:</u></p> <ol style="list-style-type: none"> The applicant is encouraged to further enhance its strategic approach to gender with a view to integrating a formalized gender-sensitive approach in its ongoing operations. The applicant is invited to share such a strategy with the GCF once it is finalized and formally adopted.
APL029	International access	Large	Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and	High risk (Category A/I-1)	<p><u>Conditions:</u> none <u>Remarks:</u></p> <ol style="list-style-type: none"> In the course of its due diligence, the AP has been made aware that in 2011 the applicant conducted an audit of the environmental and social management system of its financial intermediaries and developed an action plan in response to the audit findings. The AP would like to request the applicant to report to the GCF on the progress made in the implementation of this action plan. In the course of its due diligence, the AP has been made aware of the applicant's participation in the work on the

		Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)		harmonization of the E&S standards used by a number of international financial institutions. The AP encourages the applicant to further pursue this initiative among other multilateral financial institutions and inform the GCF on the progress in this process.
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Annex XIV: 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), the Adaptation Fund (AF) and the Directorate-General for International Development and Cooperation of the European Commission (DG DEVCO) up to and including 17 October 2014 and in full compliance with those institutions' requirements, as contained in annex V to decision B.08/03, are eligible to apply under the fast-track accreditation process for the accreditation requirements of the GCF identified in relevant paragraphs of the decision.
2. In decision B.10/06, the Board expanded the list of entities eligible to apply under the same fast-track approach assuming all prerequisite criteria were met to include those under the GEF, the AF and DG DEVCO up to and including 9 July 2015.
3. The entities presented below are entities that have been accredited by the AF and DG DEVCO since 9 July 2015. No new entities have been accredited by the GEF since this time; however, an update has been provided on the status of signature of the memorandum of understanding for GEF agencies that have been approved to progress to Stage III of the GEF's accreditation process by the GEF Accreditation Panel.

II. Adaptation Fund

Table 3. Adaptation Fund – national implementing entities since 9 July 2015¹

Name	Acronym	Country
Environment Division of the Ministry of Health and the Environment	Environment Division	Antigua and Barbuda

Table 4. Adaptation Fund – regional implementing entities since 9 July 2015²

Name	Acronym	Country
Central American Bank for Economic Integration	CABEI	Honduras

Table 5. Adaptation Fund – multilateral implementing entities since 9 July 2015³

Name	Acronym
United Nations Human Settlements Programme	UN-Habitat

¹ The list of the national accredited entities of the AF is available at <<https://www.adaptation-fund.org/apply-funding/implementing-entities/national-implementing-entity/>>. Adaptation Fund. 2015. Document AFB-B.25-26/9-12 titled "Nineteenth Accreditation Panel Meeting decisions". Available at <<http://www.adaptation-fund.org/wp-content/uploads/2015/08/AFB-Decision-B-25-26-9-12-AP19.pdf>>.

² The list of the regional accredited entities of the AF is available at <<https://www.adaptation-fund.org/apply-funding/implementing-entities/regional-implementing-entities/>>. Adaptation Fund. 2015. Document AFB-B.25-26/9-12 titled "Nineteenth Accreditation Panel Meeting decisions". Available at <<http://www.adaptation-fund.org/wp-content/uploads/2015/08/AFB-Decision-B-25-26-9-12-AP19.pdf>>.

³ The list of the multilateral accredited entities of the AF is available at <<https://www.adaptation-fund.org/apply-funding/implementing-entities/multilateral-implementing-entities/>>. Adaptation Fund. 2015. Document AFB-B.25-26/9-12 titled "Nineteenth Accreditation Panel Meeting decisions". Available at <<http://www.adaptation-fund.org/wp-content/uploads/2015/08/AFB-Decision-B-25-26-9-12-AP19.pdf>>.

III. Directorate-General for International Development and Cooperation of the European Commission

Table 6. Directorate-General for International Development and Cooperation of the European Commission – national public sector bodies or bodies governed by private law with a public service mission that have undergone European Union institutional compliance assessments (six pillar assessments) since 9 July 2015⁴

Name	Acronym	Country
Cassa Depositi e Prestiti S.p.A.	CDP	Italy
Groupe Agence Française de Développement	PROPARCO	France

4. On 8 October 2015, DG DEVCO confirmed to the Secretariat that the national public sector bodies or bodies governed by private law with a public service mission listed above have been successfully assessed, meet the requirements of the relevant European Union (EU) legislation and are authorized to carry out EU budget implementation tasks without conditions concerning their institutional compliance.

IV. Global Environment Facility

5. Since 9 July 2015, no additional agencies have completed Stage II of the GEF accreditation procedure (review by the GEF Accreditation Panel).

6. Four entities, Fundo Brasileiro para a Biodiversidade – Brazil (FUNBIO), the Foreign Economic Cooperation Office – China (FECO), the Development Bank of Latin America, and Banque Ouest Africaine de Développement, received approval from the GEF Accreditation Panel to progress from Stage II to Stage III (the final stage, which involves signing formal agreements, including the memorandum of understanding and financial procedures agreement between the GEF and the entity), as per document GEF/C.48/10/Rev.01 titled “Progress report on the pilot accreditation of GEF project agencies” and noted by the GEF Council in the “Joint summary of the Chairs, 48th GEF Council Meeting, 2–4 June 2015.⁵

7. Entities must complete Stage III of the GEF accreditation procedure in order to become a fully accredited agency under the GEF.

8. To date, of the four entities, FUNBIO and FECO have signed the memorandum of understanding and financial procedures agreement in Stage III of the GEF accreditation process.

⁴ The list of national public sector bodies or bodies governed by private law with a public service mission that have undergone European Union institutional compliance assessments (pillar assessments) was provided by DG DEVCO to the Secretariat and approved for publication on 8 October 2015.

⁵ GEF. 2015. Document GEF/C.48/10/Rev.01 titled “Progress report on the pilot accreditation of GEF project agencies”. 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>.