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CLIMATE  
FUND**

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28–30 June 2016  
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**GCF/B.13/23**  
9 June 2016

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# Consideration of accreditation proposals

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## **Summary**

This document presents accreditation proposals based on the applications received up to 31 May 2016 for consideration by the Board. In addition, it provides a follow-up on decisions in relation to accreditation, an update on the accreditation process and the status of applications, and the status of accredited entities addressing accreditation conditions.

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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 GCF.
2. This document presents accreditation proposals based on applications received up to 31 May 2016 for consideration by the Board. In addition, it provides an update on the status of applications and follows up on previous decisions. A description of the accreditation process is contained in annex II to this document.

## II. Recommended action by the Board

3. It is recommended that the Board:
  - (a) Takes note of the information presented in document GCF/B.13/23 titled “Consideration of accreditation proposals”; and
  - (b) Approves the draft decision presented in annex I to this document.

## III. Linkages with decisions and other documents

4. This document has actual or potential linkages with the following items:
  - (a) “Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund’s fiduciary principles and standards and environmental and social safeguards” (decision B.07/02);
  - (b) “Guidelines for the operationalization of the fit-for-purpose accreditation approach” (decision B.08/02);
  - (c) “Gender policy and action plan” (decision B.09/11);
  - (d) “Assessment, including gap analysis, of institutions accredited by other relevant funds” (decision B.08/03);
  - (e) “Identification of relevant potential international private sector best-practice fiduciary principles and standards and environmental and social safeguards” (decision B.08/05);
  - (f) “Application documents for submissions of applications for accreditation” (decision B.08/06);
  - (g) “Policy on fees for accreditation” (decision B.08/04);
  - (h) “Comprehensive information disclosure policy of the Fund” (decision B.12/35);
  - (i) “Consideration of accreditation proposals” (decisions B.09/07, B.10/06 and B.12/30);
  - (j) “Legal and formal arrangements with accredited entities” (decision B.09/08);
  - (k) “Report on the implementation of legal and formal arrangements with accredited entities” (document GCF/B.11/Inf.09);
  - (l) “Accreditation Master Agreements” (decision B.12/31);
  - (m) “Investment framework” (decision B.07/06);
  - (n) “Initial results management framework of the Fund” (decision B.07/04);
  - (o) “Initial results management framework” (decision B.08/07);
  - (p) “Use of other financial instruments” (decision B.08/12);

- (q) “Private Sector Facility: working with local private entities, including small and medium-sized enterprises” (decision B.09/09);
- (r) “Private Sector Facility: potential approaches to mobilizing funding at scale” (decision B.09/09);
- (s) “Interim policy on fees for accredited entities” (annex II to decision B.11/10);
- (t) “Initial monitoring and accountability framework for accredited entities” (decision B.11/10);
- (u) “Strategic plan for the Green Climate Fund” (decision B.12/20);
- (v) “Strategy on accreditation” (document GCF/B.13/12);<sup>1</sup> and
- (w) “Readiness and preparatory support” (document GCF/B.13/24).<sup>2</sup>

## IV. Follow-up on previous Board decisions

### 4.1 Country ownership

5. In March 2016, the Secretariat organized a week-long event titled “Accelerating direct access” (Readiness Week) aimed at supporting countries and direct access entities in accelerating the development of projects and programmes for GCF consideration. Participants included 13 national and regional direct access accredited entities (AEs) as well as national designated authorities and focal points from 27 countries. Results included:

- (a) The facilitation of knowledge sharing and peer-to-peer learning;
- (b) One-day gender training by the United Nations Entity for Gender Equality and the Empowerment of Women;
- (c) The development of an AE self-assessment, a work programme and an action plan in order to identify needs so that tailored readiness support can be provided and projects and programmes can be identified; and
- (d) The facilitation of AEs working alongside their national designated authorities /focal points in their work programmes, ensuring country ownership.

6. The Secretariat is continuing to support subnational, national and regional public and private sector entities seeking, or in the process of, accreditation in order to ensure a balance of diversity, in accordance with decision B.09/07, paragraphs (d) and (g), and decision B.10/06, paragraph (h). This has been addressed by:

- (a) Guiding and supporting direct access entities throughout the application process, including via conference calls; and
- (b) Providing readiness support to 15 direct access entities across different geographical/regional areas by identifying institutional gaps through gap assessments and generating capacity-building action plans to address these gaps.

7. Additional details on activities to support accredited direct access entities, including results from Readiness Week, are contained in document GCF/B.13/24 titled “Readiness and preparatory support”.

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<sup>1</sup> To be considered by the Board its thirteenth meeting.

<sup>2</sup> As footnote 1 above.

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

8. 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 the 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. International access entities are also requested to report annually on such actions through the GCF monitoring and accountability framework for AEs.<sup>3</sup>

9. Following the aforementioned decision, the Secretariat has sought and received information from various international access AEs and provided summaries of this information in documents GCF/B.11/03 and GCF/B.12/07 both titled “Consideration of accreditation proposals”. Further reporting will be provided as a part of the monitoring and accountability framework.

## V. Recommendations for accreditation

10. A total of five applicants are presented for accreditation for consideration by the Board at its thirteenth meeting (B.13), as contained in annexes IV–VIII to this document. Following the process applied for the review of applications recommended for the twelfth meeting of the Board, the Accreditation Panel (AP) continued to conduct virtual meetings to conclude its recommendations on applicants under the Stage II (Step 1) review.

11. The applicants for consideration at B.13 include four entities applying under direct access – of which one is a national public sector entity, one is a national private sector entity and two are regional public sector entities – and one public entity applying under international access.

12. All the applicants have been found by the AP to be able to operate across a broad range of activities, generally, at medium<sup>4</sup> to large<sup>5</sup> scale projects or activities within a programme; using resources to on-lend, blend, undertake equity investments and provide guarantees; and, medium Category B/Intermediation 2 (I-2)<sup>6</sup> and high Category A/Intermediation 1 (I-1)<sup>7</sup> environmental and social risk levels. The fit-for-purpose approach continues to provide

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<sup>3</sup> Decision B.11/10.

<sup>4</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme”.

<sup>5</sup> 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 US\$ 250 million for an individual project or an activity within a programme”.

<sup>6</sup> 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”.

<sup>7</sup> 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”.

flexibility with which to match applicant objectives and capacity on the one hand to the objectives and requirements of the GCF on the other.

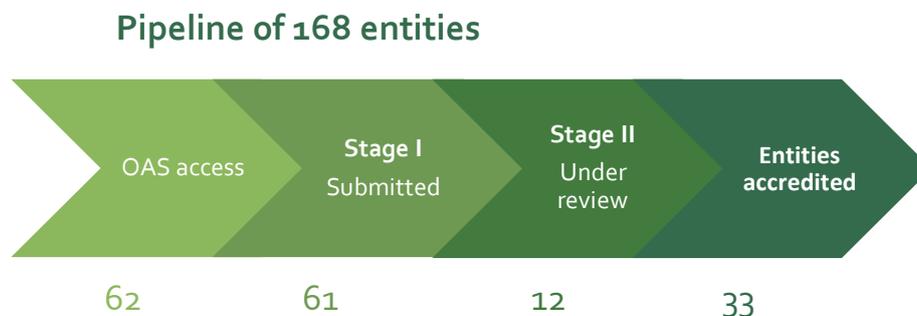
13. Only one of the five applicants fully meets the accreditation requirements of the GCF relevant to the scope of their applications. In all other cases - where the applicant does not fully meet the requirements of the GCF - the AP recommends conditions for these applicants on how to address these aspects 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 should be implemented punctually, prior to the first disbursement from the GCF, have been proposed predominantly for fiduciary reasons in order to strengthen due diligence functions, monitoring, project cycle management activities and disclosure of information. The AP also provides a small number of remarks related to the deployment of financial instruments.

14. In summary, the AP recommends that all five entities presented in this document, as contained in annexes IV–VIII, be accredited, in some cases with conditions and/or remarks. Direct access entities may wish to seek technical support so as to assist them in addressing the above-mentioned conditions and/or remarks.

## VI. Status of applications for accreditation

15. Since the opening of the call for applications for accreditation on 17 November 2014 and up to 31 May 2016, 168 entities have been issued with accounts on the Online Accreditation System,<sup>8</sup> the web-based portal through which applicants submit their applications for accreditation.<sup>9</sup> Of these, 106 applications have been submitted, including those of the 33 AEs. The distribution of applications received as at 31 May 2016 is provided in the “Accreditation state of play” available on the GCF website<sup>10</sup> and summarized in figure 1 below.

**Figure 1: Status of accreditation applications (as at 31 May 2016)**



*Abbreviation:* OAS = Online Accreditation System.

16. 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 (e.g. fiduciary function, environmental and social risk category, and project/programme activity size), and whether from the public or private sectors. The balance of direct access national and regional, private sector, and

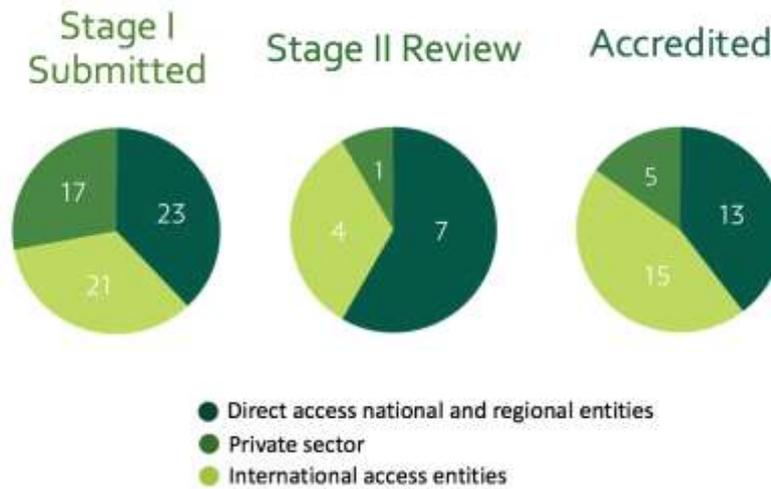
<sup>8</sup> OAS is available at <<https://accreditation.gcfund.org/>>.

<sup>9</sup> In decision B.07/02, paragraph (o), the Board requested the AP, in collaboration with the Accreditation Committee and the Secretariat, to report annually to the Board on the status of applications for accreditation.

<sup>10</sup> The “Accreditation state of play” is updated on a monthly basis and is available at <<http://www.greenclimate.fund/ventures/accreditation>>. Monthly information is available for 30 September 2015 onwards.

international access public and private sector entities that have submitted applications is shown in figure 2 below.

**Figure 2: Balance of entities by type that have submitted an accreditation application (as at 31 May 2016)**



17. Figure 3 below shows the geographic coverage for national and regional entities nominated for accreditation by national designated authorities or focal points, of which 48 have submitted an accreditation application, and of those 14 have been accredited.

**Figure 3: Direct access entities nominated for accreditation (as at 31 May 2016)**



18. Learning from the first cycles of the accreditation assessment and review process, and from the feedback received from applicants, the Secretariat and the AP are continuing to discuss the lessons learned from the accreditation process to date with a view to improving it in future accreditation cycles. Further details on lessons learned have been taken into account in the proposal of the Accreditation Committee on the strategy on accreditation (document GCF/B.13/12) for Board consideration at B.13.

## VII. Status of accredited entities

19. The Board accredited 33 entities through decisions B.09/07, B.10/06 and B.12/20. These 33 AEs demonstrate a variety of accreditation types through the application of the fit-for-purpose approach, and reflect a geographical and institutional balance.

20. Details of entities accredited by the GCF to date have been published on the GCF website, including the names of the entities, their contact details and the accreditation types.<sup>11</sup>

21. The Secretariat followed up with all AEs accredited by the Board with conditions recommended by the AP. These AEs have already closed or are making significant progress in closing the gaps identified by the AP in its assessment of their applications. The status of AEs addressing their conditions is contained in annex III to this document, which is reported to the Board for information purposes in accordance with decision B.10/06, paragraph (e).

22. Following the Board's consideration of the accreditation master agreement (AMA) template at its twelfth meeting, the Secretariat has progressed in entering into legal arrangements with the AEs. As at 31 May 2016, four AMAs, available on the GCF website,<sup>12</sup> have been signed with:

- (a) The Agency for Agricultural Development of Morocco (ADA) based in Morocco;
- (b) The Caribbean Community Climate Change Centre (CCCCC) based in Belize;
- (c) Centre de Suivi Ecologique (CSE) based in Senegal; and
- (d) The Environmental Investment Fund of Namibia (EIF).

23. The Secretariat is setting up a process to ensure compliance with clause 32.04 of the AMA template, which implies that the GCF shall notify the AEs when it intends to revise or adopt rules, policies, or procedures that are material and apply to them. Furthermore, the GCF shall allow AEs to provide comments to the intended revision or adoption.

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<sup>11</sup> Information on accredited entities is available at <<http://www.greenclimate.fund/ventures/accreditation>>.

<sup>12</sup> AMAs signed between the GCF and AEs are available at <<http://www.greenclimate.fund/ventures/accreditation/fine-print>>.

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.13/23 titled “Consideration of accreditation proposals”:

- (a) *Takes note* with appreciation of the efforts that accredited entities are making in order to address their accreditation conditions as listed in annex III;
- (b) *Also takes note* of the accredited entities with accreditation conditions fulfilled and closed as determined by the Accreditation Panel and listed in annex III;
- (c) *Further takes note* with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:
  - (i) Applicant 034 (APL034) is the Export-Import Bank of Korea (KEXIM) based in the Republic of Korea, as contained in annex IV;
  - (ii) Applicant 035 (APL035) is the Banque Ouest Africaine de Développement (West African Development Bank, BOAD) based in Togo, as contained in annex V;
  - (iii) Applicant 036 (APL036) is the Caribbean Development Bank (CDB) based in Barbados as contained in annex VI;
  - (iv) Applicant 037 (APL037) is XacBank LLC (XacBank) based in Mongolia, as contained in annex VII; and
  - (v) Applicant 038 (APL038) is the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) headquartered in Germany, as contained in annex VIII;
- (d) *Accredits* APL034, APL035, APL036, APL037 and APL038 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 applicants. A summary of the recommended accreditation types and conditions and/or remarks, if any, for each applicant is contained in annex IX;
- (e) *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 X; and
- (f) *Decides* that those entities referred to in annex X 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.

## 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.<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup>

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.<sup>4</sup>

4. An accreditation process has been developed in accordance with the GCF initial guiding framework for accreditation,<sup>5</sup> and is applied with a fit-for-purpose approach.<sup>6</sup>

5. The general objective of this guiding framework is to enable a coherent integration of the initial fiduciary principles and standards<sup>7</sup> and the interim environmental and social safeguards<sup>8</sup> 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 4. 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

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<sup>1</sup> Governing Instrument, paragraph 1.

<sup>2</sup> Governing Instrument, paragraph 2.

<sup>3</sup> Governing Instrument, paragraph 31.

<sup>4</sup> Governing Instrument, paragraph 45.

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

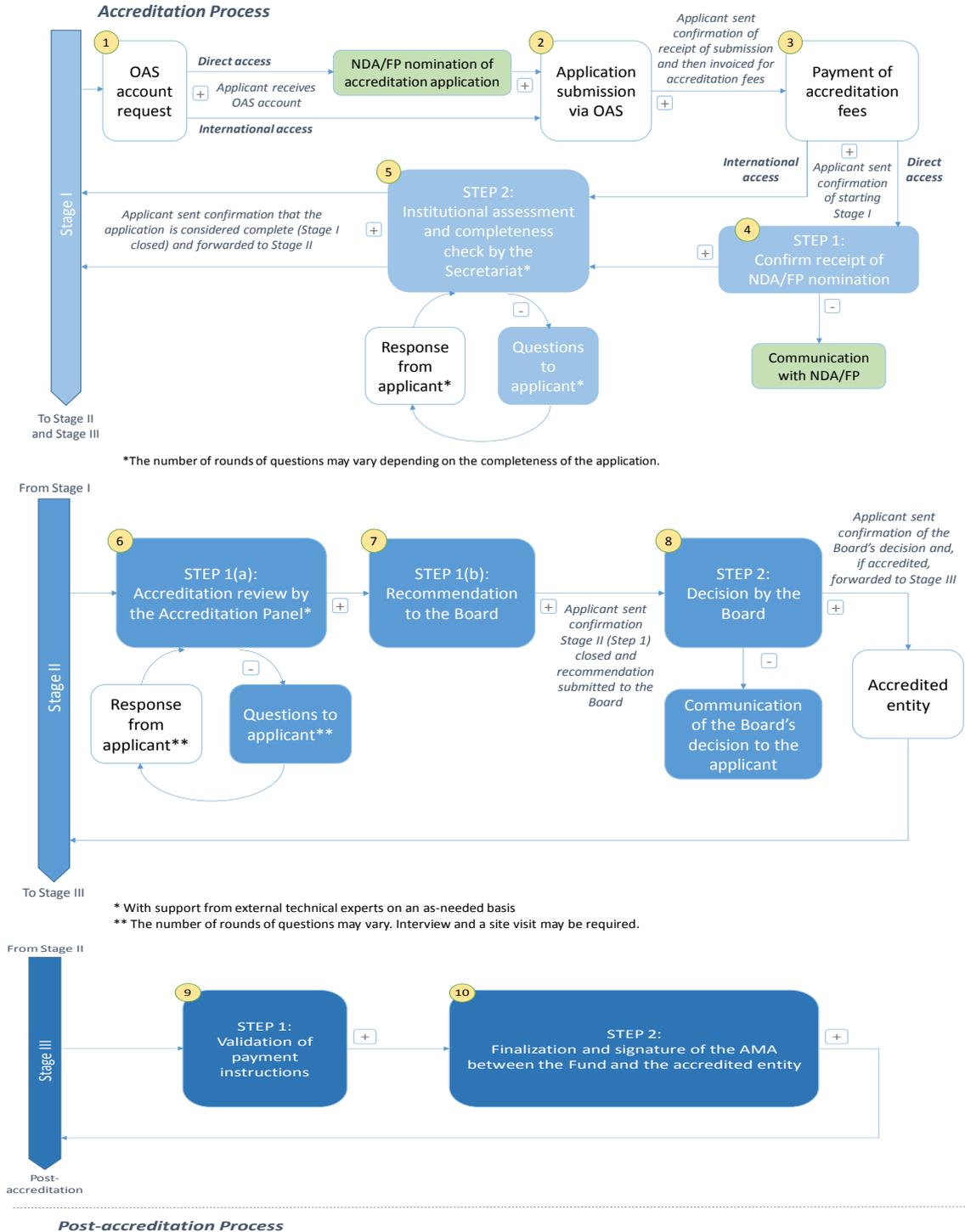
<sup>6</sup> Annex I to decision B.08/02 (annex I to document GCF/B.08/45).

<sup>7</sup> Annex II to decision B.07/02.

<sup>8</sup> 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.<sup>9</sup>

**Figure 4: Accreditation process flow chart**



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

<sup>9</sup> The Stage I and Stage II checklists are available at < <http://www.greenclimate.fund/ventures/accreditation/fine-print>>.

### Annex III: Status of accredited entities addressing accreditation conditions

1. During the ninth, tenth and twelfth meetings of the Board, 33 entities were recommended by the Accreditation Panel (AP) and accredited by the Board, some of which were accredited with conditions and others with recommendations or remarks from the AP. All AEs are required to submit to the AP, through the Secretariat, information and supporting documents on how they have addressed the condition(s). The AP thereafter assesses whether the condition(s) has/have been met. Following decision B.10/06, paragraph (e), the assessment of the AP, as contained in table 1 below, 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 31 May 2016)**

Entity	Time frame	Accreditation conditions, recommendations and remarks	Status
<b>Acumen Fund, Inc. (Acumen)</b> <sup>1</sup>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		Acumen submitted its internal policy on its investigation function. In addition, the publicly available information on the investigation function was provided	
		<u>Related to the investigation function:</u>	See below
		(i) Publishing on its website the terms of reference that outline the purpose, authority and accountability of the function;	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, a publicly available link to the entity's anti-corruption policy that describes its investigation function is contained on the entity's website
		(ii) Ensuring the functional independence of the responsible officer;	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, 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	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, the investigation policy provides the required elements. No assessment is made at this time of the effective implementation of the policy approved by the board of Acumen. Although not a requirement as part of the condition, the entity is addressing a request from the AP for evidence of the effective implementation of the policy

<sup>1</sup> Annex VII to decision B.09/07 (annex VII to document GCF/B.09/23).

		(iv) Defining a process for periodically reporting case trends	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, provision has been made to report case trends to the Audit and Finance Committee on a periodic basis
		<b>Gender</b>	
		(i) Develop a gender policy; and	<b>Fulfilled and condition closed</b> The AP concluded that the Acumen gender policy (published on the entity's website), including approval of the policy by its board, a comprehensive report on the implementation of the policy, and strategies and action plans outlined in the policy as provided by the entity, represent sufficient evidence to close the condition
	(ii) Obtain the competencies required in order to implement the policy	<b>Fulfilled and condition closed</b> The AP concluded that the information provided on the gender-related competencies and resources was sufficient evidence to ascertain that competencies are available in Acumen and its partner organizations to effectively manage, monitor and address gender-related issues by implementing its gender policy	
	Recommendation	<b>ESS</b>	
		It is recommended that the applicant seek 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/1-2. It is additionally recommended that the applicant strengthen its E&S reporting function	<b>In progress</b> As reported in document GCF/B.11/03, 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 medium E&S risk Category B/1-2 in the future, it will upgrade its ESMS and seek an upgrade in its accreditation type accordingly; and 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 Songdo, Republic of Korea, in September 2015

<b>Africa Finance Corporation (AFC)<sup>2</sup></b>	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Gender</b>	
		Develop a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	<b>In progress</b> The entity submitted its gender policy. The AP requested the entity to submit the final version of its gender policy, including evidence that it has been approved by the entity's management and incorporated into the entity's internal regulations
	Recommendations	<b>Fiduciary</b>	
		<u>Relating to the investigation function:</u> It is recommended that the applicant complement its investigation function with a mechanism, such as a link on its website, in order to receive and process third-party complaints that arise from projects financed by the applicant	<b>In progress</b> The entity informed the GCF that the recommendation has been taken on board and it will advise the Secretariat when it can be implemented
		<b>ESS</b>	
		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	<b>In progress</b> The entity informed the GCF that the recommendation has been taken on board and it will advise the Secretariat when it can be implemented
<b>African Development Bank (AfDB)<sup>3</sup></b>	Conditions 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	<b>Fiduciary</b>	
		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	<b>In progress</b> 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 information

<sup>2</sup> Annex XIII to decision B.10/06 (annex XIII to document GCF/B.10/17).

<sup>3</sup> Annex XVII to decision B.12/30 (annex XVII to document GCF/B.12/32).

		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><b>In progress</b></p> <p>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 information</p>
<b>Agence Française de Développement (AFD)<sup>4</sup></b>	Recommendation		<b>ESS</b>
		The AP recommends that the applicant finalize the implementation of its stakeholder response mechanism and make the contact information for submitting and registering a complaint publically available on its website	<p><b>In progress</b></p> <p>The entity's stakeholder response mechanism has been prepared and was scheduled for presentation to its board in early 2016. The entity is also planning to integrate the mechanism in the entity's procedures in 2016, and the process to recruit the independent experts that will implement the procedures has begun. The entity has indicated that relevant documentation will be made available for review by the AP</p>
	Remark	The applicant is currently developing a new ESS procedural framework for the period following 2016 and is requested to submit it to the Fund when it is ready.	<p><b>In progress</b></p> <p>The entity's E&amp;S procedural framework was approved at the end of 2015 and is now effective. A number of separate procedures are being prepared and will be published on the entity's website later in 2016. The entity has indicated that relevant documentation will be made available for review by the AP</p>

<sup>4</sup> Annex XV to decision B.10/06.

<b>Agency for Agricultural Development of Morocco (ADA)<sup>5</sup></b>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		<u>Relating to investigation function:</u>	<b>In progress</b>
		<p>1. Approve, through the applicant’s board, the policies and procedures that pertain to investigations. The approved policy should contain the following elements:</p> <ul style="list-style-type: none"> <li>a. Publicly available terms of reference that outline the purpose, authority and accountability of the function;</li> <li>b. Guidelines to process cases, including standardized procedures to handle complaints received and to manage them before, during and after the investigation process; and</li> <li>c. A registry specifically for cases of fraud and corruption;</li> </ul>	<p>The entity indicated that it had engaged an international organization and an independent consultant to revise its investigation policy and procedures. The entity has indicated that relevant documentation will be made available for review by the AP</p>
		<p>2. Publish both (a) and (b) above; and</p>	
<p>3. Formalize the process for periodically reporting case trends.</p>			

<sup>5</sup> Annex XI to decision B.12/30.

<p><b>Caribbean Community Climate Change Center (CCCCC)<sup>6</sup></b></p>	<p>Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity</p>	<b>Fiduciary</b>	
		<p><u>Relating to the internal audit function and 'know-your-customer' procedure:</u></p>	<p>See below</p>
		<p>(i) Adopt, through its audit committee, the audit charter as its frame of reference;</p>	<p><b>Fulfilled and condition closed</b></p> <p>The entity's audit charter and a letter from the chairman of the entity's board of governors confirming that the audit charter was approved by the entity's board were provided</p>
		<p>(ii) Submit its internal audit plan for the next financial year, 2016; and</p>	<p><b>In progress</b></p> <p>The entity provided its 2016 internal audit plan for the financial year, 2016. The entity was requested by the AP to include a review of its purchases for project(s) disbursement as part of the 2016 internal audit plan and confirm the timeline for the completion of the audit</p>
		<p>(iv) Establish a 'know-your-customer' procedure as part of its anti-money laundering and countering the financing of terrorism procedure</p>	<p><b>Fulfilled and condition closed</b></p> <p>As reported in document GCF/B.12/07, the entity established an anti-money laundering and anti-terrorist financing procedure containing a 'know-your-customer' procedure. The procedure outlines the requirements for applicants of the entity's financial resources and the procedure for the verification of its partners' financial background</p>
		<b>Gender</b>	
		<p>Adopt a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF</p>	<p><b>Fulfilled and condition closed</b></p> <p>As reported in document GCF/B.12/07, the entity submitted a gender policy and action plan, which has been assessed by the AP to be consistent with the GCF gender policy; 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 Songdo in September 2015</p>

<sup>6</sup> Annex XII to decision B.10/06.

	Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016	<b>Fiduciary</b>	
		<u>Relating to the internal audit function:</u>	<b>In progress</b>
		Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016	The entity provided its Internal Audit Plan for the financial year, 2016 and was requested by the AP to include a review of its “Purchases for Project/Project Disbursement” which includes a “Review and testing of controls surrounding the purchases for projects and the disbursement of project funds to ensure compliance with the grant procurement and spending guidelines” as part of the 2016 Audit Plan. Furthermore the entity was requested to submit a timeline for delivering the Internal Audit Plan
	Recommendation	<b>Fiduciary</b>	
		<u>Relating to grant awarding:</u>	<b>Fulfilled</b>
		Institutionalize the grant award procedure developed with one of its partner institutions	As reported in document GCF/B.12/07, the grant award procedure regarding one of the entity’s projects was made available on its website. The procedure contains the guidelines for grant applicants and documents related to the first call for grant proposals
<b>Centre de Suivi Ecologique (CSE)</b> <sup>7</sup>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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>	See below
		(i) Publishing on its website terms of reference that outline the purpose, authority and accountability of the function;	<b>Fulfilled and condition closed</b>
		(ii) Ensuring the functional independence of the responsible officer;	<b>Fulfilled and condition closed</b>
			The policy has been published on the entity’s website and it has been established that the website address is operational. As reported in document GCF/B.11/03, the external investigative function portion of the condition has been met
			The entity has confirmed the independence of the internal control officer. As reported in document GCF/B.11/03, with regard to external investigations, the functional independence of the responsible officer has been established

<sup>7</sup> Annex IV to decision B.09/07.

		(iii) Including guidelines for processing cases, and standardized procedures for handling complaints and managing cases before, during and after the investigation process; and	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, guidelines for processing cases for internal investigations are provided for in the policy for preventing and combating fraud and corruption of CSE. The policy has been published on the entity's website and it has been established that the website address is operational	
		(iv) Defining a process for periodically reporting case trends	<b>Fulfilled and condition closed</b> The policy which was formally established in December 2015 includes provisions for a process for reporting on case trends. As reported in document GCF/B.11/03, the reporting of case trends is provided for in the policy for preventing and combating fraud and corruption of CSE	
		<b>Gender</b>		
		(i) Develop a gender policy; and	<b>Fulfilled and condition closed</b> A gender policy has been drafted, and the policy confirms that it will align with the gender policy of the GCF. Furthermore, the gender policy includes actions plans. In this regard, it has provided key indicators for the purposes of monitoring progress	
		(ii) Obtain the competencies required in order to implement the policy	<b>Fulfilled and condition closed</b> The entity has appointed two focal points for gender-related matters. It has also benefitted from capacity-building activities and the action plan included in the gender policy provides for additional capacity-building to ensure that the entity is up to date with latest gender-related developments; and	
			CSE 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 in September 2015.	
		Recommendation	<b>ESS</b>	
			It is recommended that the applicant seek to deepen its knowledge of the interim ESS of the GCF, while further developing its environmental and	<b>In progress</b> As reported in document GCF/B.12/07, the AP is reviewing the information submitted by the entity on its environmental and social policy and grievance management mechanism, and procedures for

		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) <sup>8</sup>	the mitigation of E&S risks and impacts, which was submitted in an effort to support the entity's potential future application for accreditation against medium E&S risk level Category B/I-2; and CSE 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 Songdo in September 2015
<b>Conservation International Foundation (CI)</b> <sup>9</sup>	Recommendation	<b>ESS</b>	
		It is recommended that the applicant seek 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	<b>In progress</b> As reported in document GCF/B.12/07, the entity informed the GCF that it will deepen its knowledge of the interim ESS of the GCF. Through implementation of the projects of the GCF, it will acquire experience in applying the interim ESS of the GCF. The entity has submitted an application for an upgrade of its accreditation type from minimal to no E&S risk Category C/I-3 to Category B/I-2
<b>Corporación Andina de Fomento (CAF)</b> <sup>10</sup>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>ESS</b>	
		(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 review of E&S risks and impacts, as part of its ESMS; and	<b>In progress</b> As reported in document GCF/B.11/03, CAF informed the GCF that it is drafting an improved safeguard on working and labour conditions that is fully aligned with performance standard 2 of the GCF interim ESS. The revised safeguard that builds on existing safeguards related to labour-force protection and occupational health and safety (per national law) has been strengthened in order to better address aspects concerning labour conditions, management of worker relationships, non-discrimination and equal opportunity and grievance mechanisms for all employment types. The revised safeguard on working and labour conditions was

<sup>8</sup> 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".

<sup>9</sup> Annex XVI to decision B.10/06.

<sup>10</sup> Annex XI to decision B.10/06.

			<p>expected to be finalized by the end of October 2015. No further information has been provided since the eleventh meeting of the Board (B.11); 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 Songdo in September 2015</p>
		(ii) Approve by senior management, the consolidated blueprint for E&S management and communicate the blueprint within the organization and to its executing entities	<p><b>In progress</b></p> <p>The entity submitted its E&amp;S safeguards management manual, and a final version will be made available for review by the AP after approval by the entity's senior management</p>
<b>Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB)</b> <sup>11</sup>	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		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	<p><b>In progress</b></p> <p>The AP had a virtual meeting with the entity in order to discuss the condition and action required from the entity to address it. The entity indicated that it would provide relevant documentation for review by the AP before the end of 2016</p>
		<b>ESS</b>	
		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	<p><b>In progress</b></p> <p>The AP had a virtual meeting with the entity in order to discuss the condition and action required from the entity to address it. The entity indicated that it would provide relevant documentation for review by the AP before the end of 2016</p>

<sup>11</sup> Annex XV to decision B.12/30.

		<b>Gender</b>	
		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	<b>In progress</b> The AP had a virtual meeting with the entity in order to discuss the condition and action required from the entity to address it. The entity indicated that it would provide relevant documentation for review by the AP before the end of 2016
<b>Development Bank of Southern Africa (DBSA) of South Africa</b> <sup>12</sup>	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>ESS</b>	
		Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public	<b>In progress</b> The AP took note of the update provided by the entity on the progress it is making in developing an external communications grievance mechanism. The entity was requested by the AP to provide documented evidence of the functioning of the mechanism
	Remark	<b>ESS</b>	
		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	<b>In progress</b> The entity informed the GCF that it is sharing its experiences with local and regional entities that have approached it and that are in the process of applying for accreditation to the GCF
<b>Deutsche Bank Aktien Gesellschaft (Deutsche Bank AG)</b> <sup>13</sup>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		<u>Relating to internal controls:</u> 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	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, 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 bank's risk management capabilities and compliance culture". The annual report should contain specific information regarding the progress made in the

<sup>12</sup> Annex XIV to decision B.12/30.

<sup>13</sup> Annex XIV to decision B.10/06.

		not limited to, risk management, management of operational risk and anti-money laundering and countering the financing of terrorism; and	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
		<b>Gender</b>	
		Develop a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	<b>In progress</b>
			The entity provided a revised gender policy. The AP provided comments and recommendations to guide the entity in the further revision of its gender policy; and
			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 Songdo in September 2015
	Not required to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		Provide the GCF, through the Secretariat, with its annual reports that disclose information on regulatory compliance	<b>In progress</b>
			The entity provided its annual reports for the financial year 2015, which contain the required information on regulatory compliance. For the year 2015, the applicant has complied with this condition
<b>Environmental Investment Fund of Namibia (EIF)<sup>14</sup></b>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		(i) Undertake an initial internal audit of its operations. The items to be addressed in the internal audit should include:	See below
		1. A sample review of three grant awards, including contractual arrangements for risk, assessed against its procedures;	<b>In progress</b>
			The initial internal audit of the operations has not been carried out as yet. The entity has been requested by the AP to provide information with evidence of conducting the internal audit
		2. Confirmation that its procurement practice	<b>In progress</b>
			The entity's financial management manual includes its procurement policies and procedures. The entity's internal audit plan for 2016

<sup>14</sup> Annex VIII to decision B.10/06.

		complies with national law; and	provides for an audit on procurement. The entity has been requested by the AP to provide confirmation of this through the submission of information relating to confirmation of conducting the internal audit
		3. A review of the new information technology control framework;	<b>In progress</b> The internal audit plan for the financial year 2016 provides for a review of the control framework. The entity has been requested by the AP to ensure that a review of the new information system, in particular its implementation for the management of loans, grants and disbursements, is included as part of the internal audit
		(ii) Submit the internal audit plan for the next financial year, 2016;	<b>Fulfilled and condition closed</b> The entity provided its internal audit plan for the financial year 2016
		(iii) Submit the revised procurement policy and procedures; and	<b>In progress</b> The entity's financial management manual includes its procurement policies and procedures. The entity has been requested by the AP to confirm the status of the procurement policies contained in the document
		(iv) Publish information on its grant award mechanism and process on its website	<b>In progress</b> The entity's progress in publishing information on its grant award mechanism and process on its website is acknowledged. The entity has been requested by the AP to provide additional information relating to the publication of relevant information on its website once it is available
Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016	<b>Fiduciary</b>		
	Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016	<b>In progress</b> As reported in document GCF/B.11/03, the internal audit report for the financial year 2016 will be provided once it is available	

	Recommendations	<b>Fiduciary</b>	
		<u>Relating to grant award and/or funding allocation mechanisms:</u>	<b>In progress</b>
		It is recommended that the applicant continue to develop its grant mechanism, including the compilation of a process and procedure manual that incorporates all the mechanism's elements	The entity submitted its financial management manual. The entity was requested by the AP to provide additional information once it is available, following the application of its grant mechanism on an ongoing basis
		<b>ESS</b>	
		It is recommended that the applicant seek 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	<b>In progress</b>
			As reported in document GCF/B.12/07, the entity's environmental and social management plan (ESMP) guidance note is acknowledged as a positive supplement to the entity's ESS policy. The entity has been requested by the AP to implement the policy and guidance note in its activities, as evidence of demonstrating a track record of its growing capacity and competence; and EIF 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 Songdo in September 2015
		<b>Gender</b>	
		It is recommended that the applicant include the principles of its new gender charter in its internal procedures manuals	<b>In progress</b>
			As reported in document GCF/B.12/07, the entity included gender mainstreaming in its ESMP guidance note and will be providing information demonstrating its implementation; and EIF 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 Songdo in September 2015

<b>European Investment Bank (EIB)<sup>15</sup></b>	Remark	<b>Gender</b>	
		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	<b>In progress</b> The entity has been requested to provide information on the efforts it is taking to address the remark. The GCF is waiting for a response from the entity on the expected time frame for providing the information
<b>HSBC Holdings plc and its subsidiaries (HSBC)<sup>16</sup></b>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		1. Provide the Fund, 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 laundering and countering the financing of terrorism;	<b>Fulfilled and condition closed</b> The comfort letter executed by HSBC conforms to the accreditation requirements and the condition to present a comfort letter is fulfilled and closed
		2. 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	<b>In progress</b> The entity informed the GCF that it intends to align its process with GCF requirements. During the process of establishing the method of disclosing the relevant information, the entity will follow the mechanism adopted with export credit agencies' financings and advise executing entities accessing GCF funding that the project benefits and GCF funding will be publicly divulged

<sup>15</sup> Annex XVIII to decision B.12/30.

<sup>16</sup> Annex XVI to decision B.12/30.

		<b>Gender</b>	
		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	<p><b>In progress</b></p> <p>The entity informed the GCF that it is consulting internally on the matter and an update with relevant information will thereafter be made available</p>
	Condition to be met on an annual basis	<b>Fiduciary</b>	
		Provide the Fund, through the Secretariat, with its annual reports that disclose information on regulatory compliance	<p><b>In progress</b></p> <p>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 information</p>
	Conditions from decision B.12/30, paragraphs (e - g), contained in document GCF/B.12/32. The Accreditation Panel is to report at the fourteenth and sixteenth meetings of the Board whether the results of its reviews of these conditions would alter its recommendation to accredit the applicant.	<b>Fiduciary conditions from the Board, in addition to the AP's recommended conditions above</b>	
		(e) Notes that the Accreditation Panel has recommended the accreditation of applicant 26 and further notes that in its review the Accreditation Panel identified a potential information gap associated with the implementation of its Global Standards programme, which overviews the applicant's progress in implementing stronger anti-money laundering and sanctions compliance mechanisms (Global Standards);	<p><b>In progress</b></p> <p>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 information</p>

		<p>(f) Requests that the Accreditation Panel review prior to the fourteenth and sixteenth meetings of the Board, the applicant's progress in implementing its Global Standard, including a review of material external information. Further requests that the Accreditation Panel report to the Board on whether the results of these reviews would alter its recommendation to accredit the applicant;</p>	<p><b>In progress</b></p> <p>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 information</p>
		<p>(g) Approves the accreditation of applicant 26 subject to the condition that the Board has the ability to temporarily or permanently suspend the applicant's accreditation based on the recommendation of the Accreditation Panel following its reviews;</p>	<p><b>In progress</b></p> <p>Pending comments received from the AP following its review of information submitted by the entity to address (e) and (f) above</p>
<p><b>International Bank for Reconstruction and Development and International Development Association (together as the "World Bank")<sup>17</sup></b></p>	<p>Remark</p>	<p>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</p>	<p style="text-align: center;"><b>ESS</b></p> <p><b>In progress</b></p> <p>As reported in document GCF/B.12/07, the entity informed the AP of updates regarding its review of its ESS, which are published on its website. The AP noted the progress made towards the revision. The AP requested the entity to provide further updates on the revision of its ESS when available</p>

<sup>17</sup> Annex XX to decision B.10/06.

<b>International Finance Corporation (IFC)<sup>18</sup></b>	Remarks	<b>ESS</b>	
		<p>1. 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</p>	<p><b>In progress</b> The entity has been requested to provide information on the efforts it is taking to address the remark. The GCF is waiting for a response from the entity on the expected time frame for providing the information</p>
<p>2. 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&amp;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.</p>	<p><b>In progress</b> The entity has been requested to provide information on the efforts it is taking to address the remark. The GCF is waiting for a response from the entity on the expected time frame for providing the information</p>		
<b>International Union for Conservation of Nature (IUCN)<sup>19</sup></b>	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		<p>Develop an operations and procedures manual to incorporate the features expected to be applied in the grant operations that the applicant will undertake with GCF funds, including the procedure for public disclosure of timely information on the award of grants</p>	<p><b>In progress</b> The entity submitted terms of reference for the production of grant operations procedures manual, detailing the milestones and time frames for addressing the condition. The manual is expected to be developed in 2016 and will be provided by the entity thereafter</p>

<sup>18</sup> Annex XIX to decision B.12/30.

<sup>19</sup> Annex XXI to decision B.12/30.

<b>Ministry of Finance and Economic Cooperation of Ethiopia (MOFEC)</b> <sup>20</sup>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>ESS</b>		
		1. Finalize the recruitment of an E&S expert to help to oversee the project management cycle under the applicant's facility; and	<b>In progress</b> The entity indicated that an E&S expert had been recruited at the beginning of 2016 and that relevant documented evidence will be made available for review by the AP	
		2. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public	<b>In progress</b> The entity indicated that an upgraded external communication registry to receive documents and respond to E&S related queries and complaints was finalized and is available on the entity's website. Relevant documented evidence will be made available for review by the AP	
		<b>Fiduciary</b>		
	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	1. Report progress in respect of all projects and programmes being undertaken. The report should include:	<b>In progress</b>	
		a. Progress of activities vis-à-vis a plan with specific indicators;	The entity indicated that an external firm had been recruited to address the conditions related to annual audit reports and progress in respect of projects and programmes being undertaken by the entity. Relevant documentation will be made available for review by the AP	
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)				

<sup>20</sup> Annex XII to decision B.12/30.

		<p>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;</p>	
		<p>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.</p>	
	<p>Remarks</p>	<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</p>	<p style="text-align: center;"><b>Fiduciary</b></p> <p><b>In progress</b> The entity indicated that it plans to request for readiness and preparatory support from the GCF in order to engage external expertise to conduct an independent evaluation of ongoing projects in an effort to address the remarks from the AP that will allow an upgrade of the entity's accreditation type to medium for the size of projects. Relevant documented evidence of the results of the independent evaluation will be made available for review by the AP</p>

		<p>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"> <li>a. Project design and appraisal;</li> <li>b. Project planning and implementation;</li> <li>c. Project administration and execution;</li> <li>d. Project M&amp;E; and</li> <li>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) in annex XII to decision B., for a</li> </ul>	
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		higher size category (e.g. medium or large) to the Board for its consideration and decision-making.	
<b>Ministry of Natural Resources of Rwanda (MINIRENA)</b> <sup>21</sup>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		<u>Relating to the investigation function:</u>	<b>In progress</b>
		(i) Publishing on its website the instructions and appropriate forms through which to log a complaint;	As reported in document GCF/B.11/03, 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
		(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		
	Condition in respect of any project/programme funded by the GCF that invokes any of performance standards 2 to 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	<b>ESS</b>	
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		<b>In progress</b>	
		As reported in document GCF/B.11/03, 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 MINIRENA 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 Songdo in September 2015	

<sup>21</sup> Annex IX to decision B.10/06.

	Recommendation	<b>ESS</b>	
		It is recommended that the applicant consider undertaking an equivalence assessment of the 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	<p><b>Fulfilled</b></p> <p>The equivalence assessment was completed. The AP requested that the relevant findings be incorporated by the entity when developing GCF projects and programmes that invoke GCF performance standards 2 to 8. This experience will be used to assess the entity's competency in meeting the GCF interim ESS at the project level during the anticipated mid-term review in the five-year accreditation period; and</p> <p>MINIRENA 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 Songdo in September 2015.</p>
<b>National Bank for Agriculture and Rural Development (NABARD)<sup>22</sup></b>	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>ESS</b>	
		Approve the ESS policy, and communicate the policy and procedures within the organization as well as to its executing entities	<p><b>In progress</b></p> <p>The entity has been requested by the AP to provide clarification on matters related to scope, coverage and applicability of its ESS policy; and</p> <p>NABARD 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 Songdo in September 2015</p>
		<b>Gender</b>	
		Develop a gender policy in line with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	<p><b>In progress</b></p> <p>The entity submitted its gender policy, an internal circular communicating the implementation of the policy and evidence of its board approval of the policy in September 2015. The AP requested the entity to incorporate additional factors into the gender policy to make it more comprehensive; and</p> <p>NABARD 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 Songdo in September 2015</p>

<sup>22</sup> Annex X to decision B.10/06.

<b>National Environment Management Authority of Kenya (NEMA)</b> <sup>23</sup>	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>ESS</b>	
		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	<b>In progress</b> The entity indicated that it is receiving technical assistance in the development of its projects in an effort to address the condition. Relevant documentation will be made available for review by the AP
	Remark	<b>Gender</b>	
		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	<b>In progress</b> The entity indicated that its staff are receiving training on gender-related programming in an effort to address the condition. Relevant documentation will be made available for review by the AP
<b>Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)</b> <sup>24</sup>	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>Fiduciary</b>	
		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	
		<u>Related to the investigation function:</u>	<b>Fulfilled and condition closed</b>
		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	As reported in document GCF/B.11/03, compliance with the investigation procedures was proven by the minutes of the meeting of the board of PROFONANPE, demonstrating that case trends have been reported
	Recommendation	<b>ESS</b>	
		<b>In progress</b>	

<sup>23</sup> Annex XIII to decision B.12/30.

<sup>24</sup> Annex V to decision B.09/07.

		It is recommended that the applicant 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	As reported in document GCF/B.11/03, the entity plans to apply for an upgrade in its accreditation type from risk level Category C/I-3 to Category B/I-2; and 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 Songdo in September 2015
<b>Secretariat for the Pacific Regional Environment Programme (SPREP)</b> <sup>25</sup>	Recommendations	<b>Fiduciary</b>	
		<u>Relating to grant award and/or funding allocation mechanisms:</u>	<b>In progress</b>
		It is recommended that the applicant continue with its plans to formalize, institutionalize and implement its grant management guidelines in order to support a potential future application for accreditation against the specialized fiduciary standard for grant award and/or funding allocation mechanisms	As reported in document GCF/B.11/03, the entity informed the Secretariat that it is in the process of developing a new project management framework, and that this will provide an opportunity for SPREP to incorporate a formalized grant management procedure into its operations manuals. Further information will be provided by the entity when the framework is finalized, with respect to a potential application for an upgrade
		<b>ESS</b>	
		It is recommended that the applicant seek 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	<b>In progress</b> As reported in document GCF/B.11/03, the entity informed the Secretariat that it plans to pursue an upgrade of its accreditation type from E&S risk level Category C/I-3 to 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 on the relevant processes and procedures to satisfy the accreditation requirements of the GCF; and SPREP 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 Songdo in September 2015.

<sup>25</sup> Annex VI to decision B.09/07.

<b>Unidad Para el Cambio Rural (Unit for Rural Change, UCAR)</b> <sup>26</sup>	Condition prior to the approval of the first funding proposal for a grant award programme submitted by the applicant to the GCF	<b>Fiduciary</b>	
		Further develop the current operations and procedures manual to incorporate the features expected to be applied in the grant operations that the applicant will undertake with GCF funds	<b>In progress</b> 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 information
<b>United Nations Environment Programme (UNEP)</b> <sup>27</sup>	Condition prior to the first disbursement by the GCF for an approved project/programme that bears risks contained in performance standard 4	<b>ESS</b>	
		Adopt specific policies and procedures to address performance standard 4 of the ESS of the GCF in order to undertake a project/programme that bears risks contained in performance standard 4	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, UNEP confirmed that the United Nations Environment Programme Environmental, Social and Economic Review Note (ESERN) provided previously 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 to conducting complete due diligence covering all of 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 evidence of implementation of the tool for the UNEP Global Mercury Partnership and Mercury Programme
	Recommendation	<b>ESS</b>	
		The AP recommends that the applicant finalize the implementation of its stakeholder response mechanism and make the contact information for submitting and registering a complaint publicly available on its website	<b>Fulfilled and condition closed</b> As reported in document GCF/B.11/03, the entity finalized its stakeholder response mechanism procedure and made it publicly available on its website. The procedure contains the contact information for submitting and registering a complaint

<sup>26</sup> Annex XX to decision B.12/30.

<sup>27</sup> Annex XIX to decision B.10/06.

<b>World Meteorological Organization (WMO)</b> <sup>28</sup>	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	<b>ESS</b>	
		Adopt the new project management framework, which includes the identification, mitigation, management and monitoring of E&S risks and impacts	<b>In progress</b> The AP is reviewing information submitted by the entity on its project management guidelines and E&S risk and impact management

<sup>28</sup> Annex XXIII to decision B.12/30.

## Annex IV: Accreditation assessment of Applicant 034 (APL034)

### I. Introduction

1. Applicant 034 (APL034), the Export-Import Bank of Korea (KEXIM), is a national entity and an export credit agency providing comprehensive export credit and guarantee programmes to support Republic of Korea enterprises in conducting overseas business. Its primary services include providing loans and guarantees as well as offering investment and financial advisory services. The applicant manages the Economic Development Cooperation Fund (EDCF) of the Republic of Korea, which provides public sector finance for economic development aid projects in developing countries. By providing its diversified instruments, the applicant supports Green growth as well as climate change adaptation and mitigation projects.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 19 June 2015. The Stage I institutional assessment and completeness check was completed on 18 November 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 26 May 2016. The applicant 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 from the Republic of Korea;
- (b) **Track:** normal track;
- (c) **Size of an individual project or activity within a programme:** large;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (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)).<sup>3</sup>

### II. Stage I institutional assessment and completeness check

3. The applicant applied, and was assessed by the Secretariat during Stage I, under the normal-track process.

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<sup>1</sup> 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".

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

<sup>3</sup> 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 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

## 2.2 Institutional presence and relevant networks

5. The applicant's headquarters is in the Republic of Korea and it has 27 overseas network offices, including 13 offices in Asia, 3 in the Middle East, 3 in Latin America and 3 in Africa, as well subsidiaries in Indonesia, Viet Nam and Hong Kong.

6. The applicant is seeking accreditation to the GCF, building upon its know-how and experiences in implementing Green projects, in order to multiply the impacts of climate change mitigation and adaptation projects/programmes in sectors such as reducing emissions from energy generation and access, transport, cities and industries, and increased resilience of water security, food (agriculture), infrastructure and the environment. The applicant seeks to employ South-South knowledge exchange to transfer knowledge and further the objectives of the GCF.

## 2.3 Track record

7. As of 2014, the EDCF managed by the applicant had a cumulative commitment of USD 10.6 billion for 337 projects in 52 countries, including 19 least developed countries and two small island developing States. The applicant has developed and implemented Green growth and climate change adaptation and mitigation projects in the following areas: energy efficiency, renewable energy (solar, wind, geothermal, biofuel, hydro and wind), water supply and sanitation.

8. Since 2011, the applicant has also implemented 104 knowledge-sharing programme projects in 45 partner countries, which provides technical assistance based upon the Republic of Korea's development experiences with developing countries.

9. Since 1991, the applicant, through EDCF, has undertaken 79 climate change related projects amounting to USD 2.9 billion. The scope of the climate change projects financed by the applicant include:

- (a) Approximately USD 104 million on integrated disaster risk reduction and climate change adaptation measures in the Philippines;
- (b) Approximately USD 89 million on a hydropower plant in Pakistan; and
- (c) Approximately USD 1.02 billion on a hydroelectric power plant in the Lao the People's Democratic Republic.

## III. Stage II accreditation review assessment

10. The applicant has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF under the normal-track process.

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

12. The applicant has emphasized that, if accredited, it intends to engage with the GCF in public-sector finance projects, and the information provided for this assessment demonstrates the applicant's capacity for effectively deploying public-sector financing. Furthermore, the applicant has stated that it is currently drafting operational manuals, specifically designed for

GCF co-financed projects, to ensure compliance with all of the fiduciary, environmental, social and gender requirements of the GCF.

### 3.1 Fiduciary standards

#### 3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

13. The applicant has an established organizational structure and oversight bodies which are appropriate for its size and scope of operations. Its main internal oversight bodies are its operations committee, board of directors and risk management committee, and as a state-owned financial institution, it is subject to the oversight of the national audit board, and it is supervised by the national financial authorities. The applicant regularly reports its activities to its country's Ministry of Strategy and Finance.

14. 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 does not have an audit committee, however the internal auditor is named by the Ministry of Strategy and Finance and regularly reports to the board of audit and inspection.

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

16. The applicant's procurement function has oversight for all of its purchasing activities. Its 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. The applicant, as an institution owned by an Organisation for Economic Co-operation and Development (OECD) member state, has developed its procurement policies based on international procurement standards dictated by OECD for trade-related credits and for official development assistance credits.

#### 3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

17. 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 complies with the ethical guidelines and requirements established by its national anti-corruption and civil rights commission.

18. The applicant does not have a formal ethics committee, however its compliance department has the authority to promote the observance of the required ethical standards and national regulations on the ethical behaviour of public sector employees serving on such a committee.

19. The applicant's investigation function is performed by the compliance department and the internal audit department. The national regulations and the applicant's internal guidelines provide the framework for the applicant's investigation function.

20. The applicant has an anti-money laundering (AML) and countering the financing of terrorism (CFT) programme that is appropriate to the type of financial transactions it executes as a part of its regular operations. The applicant does not receive deposits from the general public and does not execute transactions, such as wire transfers, on behalf of retail customers, thus reducing the exposure to AML/CFT risks.

21. The applicant's AML/CFT policies and procedures are developed based on national regulations, including regular reporting to the financial intelligence unit of its country.

22. In order to comply with local regulations regarding AML/CFT, the applicant has appropriate 'know-your-customer' due-diligence processes and an automated system to monitor suspicious transactions, including wire transfer transactions.

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

23. The applicant demonstrates an established track record and experience in project finance, with demonstrated expertise in assessing project viability, and monitoring project performance during the development and operational stages.

24. The applicant is the manager of an Official Development Assistance Fund created by the government of its country and has focused its application on its role as a vehicle for providing development assistance.

25. The applicant's unit that manages this development fund is responsible for assessing project proposals that are aligned with the country's development assistance priorities.

26. For the assessment of projects, the applicant undertakes the required due diligence following established guidelines that include:

(a) The review of feasibility reports; and

(b) The appraisal of significant matters, including:

(i) Project background;

(ii) Adequate allocation of financial resources;

(iii) Status of the government and stakeholders of the beneficiary/recipient country;

(iv) Technical feasibility assessment;

(v) Performance indicators;

(vi) Expected outputs, activities and inputs for each stage; and

(vii) Plans for mitigating environmental and social (E&S) risks.

27. As a product of the assessment, the applicant delivers a report to the appropriate government entity for approval.

28. 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 monitoring team, which is independent of the project origination team.

29. The applicant's monitoring procedures include periodic reviews during project execution, aimed at identifying resource inputs, the relevance of project activities and the achievement of project performance indicators. The applicant routinely carries out a project closure evaluation, which is based on a project report prepared by the beneficiary country, and an impact evaluation, which is undertaken once the project is fully operational and sufficient time has elapsed to evaluate the development impact and sustainability of the project.

30. The applicant noted that its policy is to publish all impact evaluation reports.

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

31. While the applicant initially applied for assessment against this standard, it withdrew its application against this standard during Stage I. Therefore, this standard was not assessed under Stage II (Step 1).

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

32. The applicant emphasizes, throughout its application, the policies and procedures applied for on-lending and/or blending operations that are applied in its role as a vehicle for development finance, and the information provided for assessment against this standard reflects this focus.

33. The applicant provided evidence of its experience co-financing loans with international and regional multilateral development banks, and provided ample evidence of its competencies as the manager of the development funds created by its country.

34. The applicant's policies for financial and risk management are well-developed and supported by both the quality of its risk management function and the independence of its internal audit function.

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

36. The information provided by the applicant to demonstrate its capacity to meet the specialized fiduciary standard for on-lending and/or blending of the GCF focuses on public-sector lending. The applicant adequately demonstrates its ability to deploy financing in the form of loans to public sector counterparts and guarantees to facilitate public sector financing. However, insufficient information was provided to assess the applicant's capacity to deploy financing utilizing equity instruments as the investment vehicle.

37. The applicant has an investment grade rating and has experience in issuing financial instruments in the market, including Green bonds.

## 3.2 Environmental and social safeguards

### 3.2.1 **Section 6.1: Policy**

38. The applicant has comprehensive environmental and social safeguards (ESS), including policy and operational manuals, which are aligned with the ESS of the "OECD recommendation of the Council on common approaches for officially supported export credits and environmental and social due diligence", as adopted by the OECD Council in June 2012. The OECD Common Approaches are in line with the policies and procedures of other multilateral development banks, as well as with the GCF interim ESS. The applicant's safeguards define the E&S objectives and principles, as well as the standards to guide its organization to achieve sound E&S performance for a project or programme, consistent with the GCF interim ESS. The policy is well communicated internally as well as externally and has been endorsed by the applicant's senior management.

### 3.2.2 **Section 6.2: Identification of risks and impacts**

39. The applicant's safeguard policy and operational manual provide a process for identifying the E&S risk categorization and associated impacts of a project/programme identified through the application of the GCF interim ESS performance standards 1 to 8 throughout the life of the project/programme. The applicant has provided sample projects as evidence of its track record in applying this process for Categories A/Intermediation 1 (I-1) and B/Intermediation 2 (I-2) projects, and its related competency.

### 3.2.3 **Section 6.3: Management programme**

40. The applicant has provided its detailed procedures of the E&S due diligence process to manage the mitigation and performance improvement measures derived from the risks and impacts identification process through standardized, step-by-step procedures, including the review requirements of its environmental and social impact assessments and related checklists.

The applicant has provided sample project documents as evidence of its management programme to track the indicators and actions that were implemented.

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

41. The applicant has provided its organizational structure that defines roles, responsibilities, and authority to implement the environmental and social management system. The applicant's staff also actively participate in regular OECD working group meetings of E&S experts and have participated in a number of training programmes and workshops organized by domestic and international organizations, including the United Nations Environment Programme Finance Initiative environmental and social impact assessment training in 2012 and an International Finance Corporation Performance standards community of learning workshop.

3.2.5 **Section 6.5: Monitoring and review**

42. The applicant has an established process to monitor and measure the effectiveness of its environmental and social management system as well as being compliant with any related legal and/or contractual obligations and regulatory requirements. Key policies regarding the applicant's monitoring and supervision obligations and operational procedures are stipulated in its loan guidelines for the applicant's export credit projects and in its ESS policy. The applicant has provided evidence of its track record in monitoring its projects, and of its senior management's participation to ensure that its policy procedures, practices and plans are being implemented in an effective manner.

3.2.6 **Section 6.6: External communications**

43. The applicant has implemented and continues to maintain a web-based system for external communications that includes methods to receive and register external communications from the public; screen and assess the issues raised and determine how to address them; provide, track and document responses, if any; and adjust the management programme, as appropriate. The applicant has indicated that there are no complaints of environmental or social nature that have been lodged through the web-based grievance system described above. However, the applicant discloses only the list of Category A/I-1 projects. The applicant has indicated its willingness to disclose its ESS documents to the public in line with the GCF Information Disclosure Policy.

### 3.3 Gender

44. The applicant's gender mainstreaming procedure and principles are embedded within the applicant's regular project management and operational procedures, which are in line with the GCF Gender policy. The applicant has provided evidence of its track record, sample projects that address gender and climate change as well as an example of non-discriminatory practices. The applicant also has demonstrated adequate competency to implement its gender strategy.

## IV. Conclusions and recommendation

### 4.1 Conclusions

45. 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 and specialized fiduciary standard for on-lending and/or blending for loans and guarantees. The applicant does not meet the requirements of the GCF specialized fiduciary standard for on-lending and/or blending for equity;

- (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 policies, procedures and competencies 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 considerations in the context of climate change.

## 4.2 Recommendation on accreditation

46. The AP recommends, for consideration by the Board, applicant APL034 for accreditation as follows:

- (a) **Accreditation type:**
    - (i) **Size of an individual project or activity within a programme:** large (including micro,<sup>4</sup> small<sup>5</sup> and medium<sup>6</sup>);
    - (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 and guarantees); and
    - (iii) **Environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2<sup>7</sup> and Category C/I-3<sup>8</sup>)); and
  - (b) **Conditions:** none.
47. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 46 above, and agrees to the recommendation.

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<sup>4</sup> 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”.

<sup>5</sup> 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”.

<sup>6</sup> 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”.

<sup>7</sup> 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”.

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

### 4.3 Remarks

48. The applicant so far has failed to demonstrate its capacity to undertake equity finance, hence its application for the specialized fiduciary standard for on-lending and/or blending for equity has been rejected at this time (refer to para. 36 above). This reservation could be lifted in the future, once the applicant applies for an application upgrade for the specialized fiduciary standard for on-lending and/or blending for equity and therein provides evidence satisfactory to the GCF.

## Annex V: Accreditation assessment of Applicant 035 (APL035)

### I. Introduction

1. Applicant 035 (APL035), the Banque Ouest Africaine de Développement (West African Development Bank, BOAD), is a regional financial institution with a mandate to promote development in West Africa and foster economic integration within the subregion. The applicant delivers on its mandate by contributing towards the mobilization of domestic resources in its member state countries, outsourcing foreign capital through loans as well as providing funding through equity investments, loans, guarantees, and interest rebates. The applicant uses the financial resources that it mobilizes to invest in public and private sector projects and programmes aimed at building basic and modern infrastructure, improving rural livelihoods, generating energy, and climate change adaptation and mitigation.
2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 30 January 2015. The Stage I institutional assessment and completeness check was completed on 18 November 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 26 May 2016. The applicant has applied to be accredited for 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 from Burkina Faso and Niger;
  - (b) **Track:** fast-track under the Adaptation Fund (AF) and the Global Environment Facility (GEF);
  - (c) **Size of an individual project or activity within a programme:** medium;<sup>1</sup>
  - (d) **Fiduciary functions:**<sup>2</sup>
    - (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:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme”.

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

<sup>3</sup> As per annex I to decision B.07/02 (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. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity and subsequently as a GEF agency. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

### 2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

### 2.2 Institutional presence and relevant networks

5. The applicant's membership includes eight countries in Western Africa: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. All of its member countries, with the exception of Côte d'Ivoire, belong to the group of the least developed countries. The applicant's headquarters is based in Lomé, Togo, and it is represented in other member countries by resident missions.

6. The applicant seeks accreditation to the GCF in order to continue its activities by accommodating the development needs of its member countries with climate constraints. The applicant intends to improve the participation of the private sector and municipalities, and to facilitate the access of financial resources to fund projects related to climate change adaptation and mitigation.

### 2.3 Track record

7. The applicant provides funding for both public and private sector projects in:

- (a) Rural development, food security, climate and the environment;
- (b) Industry and agro-industry;
- (c) Basic infrastructure and modern infrastructure (roads, telecommunications, airports, ports, energy and railways); and
- (d) Transport, hospitality, finance and other services.

8. As at 31 September 2015, the applicant's total net commitments were estimated at USD 6.713 billion spent over 736 projects. In terms of climate change, the applicant's activities include providing solutions in reducing greenhouse gas emissions; strengthening the resilience of the population to climate hazards; supporting vulnerable people and poor populations with an emphasis on supporting women, youth and children; and strengthening the country ownership of its operations. Some climate change activities include:

- (a) USD 42.7 million in crop insurance to reduce the vulnerability of farmers in Senegal and Benin;
- (b) USD 43 million in the rehabilitation of hydroelectric facilities in Mali; and
- (c) USD 17 million in hydro-powered agricultural development in Niger.

### III. Stage II accreditation review assessment

9. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity and as a GEF agency. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

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

11. Additionally, the AP requested and conducted a site visit to the applicant's headquarters in January 2016.

#### 3.1 Fiduciary standards

##### 3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

12. As per paragraph 9 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

##### 3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 9 above, the basic fiduciary standards concerning transparency and accountability has been met by way of fast-track accreditation.

##### 3.1.3 Section 5.1: Specialized fiduciary standard for project management

14. As per paragraph 9 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

15. It is noted that the fast-track accreditation process associated with the GEF contained certain conditions and that these conditions would apply to GCF accreditation.

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

16. The applicant initiated a grant request-for-proposals process in January 2015 with the intent of facilitating access by both private and public sector clients to alternative sources of funds. As drafted, specifically this mechanism will target projects with a focus on climate and the environment. The structure, policies and procedures of the on-granting mechanism meets with GCF requirements for the specialized fiduciary standard for grant award and/or funding allocation mechanisms. While an overarching institutional framework to support the mechanism exists across the applicant's operations, it should be noted that the mechanism has not yet been implemented.

17. The applicant generally leverages grants to buy down the cost of debt and therefore the impact of the proposed grant mechanism could significantly contribute to the reach of its interventions. In addition, the applicant intends to tailor the mechanism according to the various stages of the project life cycle to ensure that proposals can be evaluated for conformity.

18. Given that the applicant's track record in implementing stand-alone on-granting activities are limited and aligned to specific donor requirements, this assessment recommends a lower size category than the applicant applied in terms of the size of on-granting activities funded by the GCF.

19. The applicant has provided information in support of its project monitoring capabilities. Its framework for monitoring the development outcomes of projects is significantly developed. This framework is in its early stages of being proven and the effectiveness of the initiative will

be proven over time. However, the applicant's monitoring of compliance with its own standards requires some attention.

20. A new department, the Climate Change Department, has recently (mid-2015) been established to manage the climate change related activities of the applicant. Its activities will require integration/mainstreaming with that of the rest of the organization. Given the size category of the project or programme being requested, it is recommended that additional resources either in the form of relevant permanent staff or external expertise be considered for implementation. This is especially relevant given the anticipated increase of deal flow from its engagement with the AF, the GEF and by way of this recommendation, the GCF.

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

21. The applicant's on-lending and blending operations are conducted through its concessional and commercial (market rate) windows. In this regard, its concessional window provides for the blending of grant/donor resources with its own resources to buy down the cost of its financing activities. It has a demonstrated track record of these operations. However the applicant, in its strategic plan for 2015 to 2019, alluded to its financing model reaching its limits, and that in order to grow its operations it has to refocus its resource mobilization plan. The strategic plan also includes a review of its debt regulatory framework to strengthen its debt capacity.

22. The implementation of the resource mobilization strategy commenced in 2015 by obtaining a first time foreign and local currency issuer credit rating of Baa1 from Moody's Investors Service in May 2015 and in June 2015 a BBB rating for long-term issuance from Fitch Ratings. On 6 May 2016, the applicant issued its first international United States dollar-denominated bond. The USD 750 million bond has attracted the same rating guidance. In support of its strategic plan and its resource mobilization process, the applicant embarked on a revision of its risk management framework and it is envisaged that this will evolve in line with international standards.

23. Although the applicant requested accreditation against the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees, during the site visit the applicant amended its application for loans and guarantees. The applicant provided its manual of procedures for guarantee operations. The guarantee operations provided for are associated with financial market transactions and include: (a) guarantees for bond issues, (b) guarantees for interbank loans, and (c) the guarantee of negotiable receivables. The applicant has submitted evidence of a track record with guarantees for bond issues.

24. During the site visit, the applicant clarified its due diligence processes, including appraisal reports, stages and processes of approval, supervision and monitoring and ex-post evaluation. These are aligned with other multilateral financial institutions. The applicant has provided evidence of these processes. Audit information suggests that the applicant would benefit from enhanced monitoring of its clients' compliance with the applicant's standards/conditions.

25. The access to information for projects financed by the applicant as evidenced by the extent of documentation to be found on its website is not on par with other development finance institutions, including the GCF specialized fiduciary standard for on-lending and/or blending. The applicant has recognized information disclosure as a key component of its activities and to this end has established a committee to consider information disclosure. A recommendation to improve its information disclosure is included in this assessment.

26. The applicant has provided evidence of the size of projects for which it is seeking accreditation.

## 3.2 Environmental and social safeguards

### 3.2.1 Section 6.1: Policy

27. The applicant's environmental and social safeguards (ESS) policy initially adopted in 2003 has been updated four times since then. The policy, in combination with its operational policies and guidelines, covers performance standards 1 to 8 in the GCF interim ESS. The applicant provided project examples to demonstrate its application and capacity to implement and manage the ESS requirements. The applicant has a strategy for 2015 to 2019 on the environment and climate, affirming its regional leadership role in environment and climate issues. The applicant's energy portfolio has over time integrated a larger proportion of renewable energies.

### 3.2.2 Section 6.2: Identification of risks and impacts

28. The applicant has adequate procedures to screen for and identify project risks and impacts, categorizing projects as A (high), B (medium), C (low), D (no impacts) or IF (intermediary). If the screening procedure triggers a performance standard, then the applicable guidelines and procedures are applied. There is also a procedure to check that projects/programmes are correctly categorized. Identified environmental and social (E&S) risks are entered into a project portfolio for subsequent follow-up. The applicant provided a list of projects undertaken between 2013 and 2015, showing significant experience with both Category A/Intermediation 1 (I-1) and B/I-2 projects/programmes.

### 3.2.3 Section 6.3: Management programme

29. The applicant has updated its environmental and social management system (ESMS) three times, based on international standards. There are guidelines to review all environmental and social impact assessments (ESIAs) (both in the case of direct financing and financing through intermediaries). The applicant demonstrates a continuous-improvement mentality and also a willingness to adapt to new requirements and expectations, as needed.

30. The quality of the clients' ESIAs, and environmental and social management plan (ESMP) documents has varied, but has shown positive improvement over time, with the occasional request by the applicant for additional information to supplement an ESIA in order to overcome any shortcomings identified. The most recent ESMS procedures implemented by the applicant better ensure that E&S risk and impact mitigation budgets are integrated into project contracts. ESMS implementation is with the country client for direct financing, or is the responsibility of the intermediary (who must report to the applicant). The applicant supervises the implementation of its Category A/I-1 projects biannually and Category B/I-2 projects annually.

### 3.2.4 Section 6.4: Organizational capacity and competency

31. The organizational capacity has been strengthened over time. In 2005, there was one E&S member of staff. Now there is an environment and climate directorate with seven staff members (four for the environment and three for climate). The curricula vitae of staff and external consultants were provided, showing capacity to cover performance standards 1 to 8 and gender. The responsibility to cover each performance standard is explicitly allocated to a specific staff member, usually in combination with one external consultant. The current structure and size is appropriate to the projects that are now being undertaken (40 to 50 projects per year). Of note, it is a condition of the GEF programme to hire additional experts for implementation. Similarly, the extra work associated with any GCF activities would require additional experts and resources.

32. In line with its 2015 strategy for the environment and climate, the applicant has an E&S capacity development plan. Training reports were provided to show the E&S capacity development activities from 2007 to 2013. The applicant is also committed to developing the ESS capacity of its clients and intermediaries, where necessary.

33. The applicant is currently preparing projects for the AF and the GEF. This project-preparation capacity is relevant to the GCF, but additional resources will be needed to prepare GCF projects.

#### 3.2.5 Section 6.5: Monitoring and review

34. The applicant has a 2014 policy on E&S monitoring, implementation manuals to supervise projects, and manuals to prepare project completion reports for projects having direct financing and for intermediaries. The monitoring unit and the environment and climate directorate (with support from consultants, as needed) track the E&S mitigation measures and indicators during project execution on a biannual basis. The supervision/audit reports are reviewed and approved by the project's operational unit and then submitted to senior management for further action. Annual and three-yearly monitoring reports are also submitted to senior management, allowing learning across all projects.

35. The applicant provided examples of E&S auditing missions covering performance standards 1 to 8, gender and compliance with country legal frameworks. Corrective actions were identified, where needed. Non-compliance to corrective actions has led to a small number of project terminations. The applicant provided an example of where the implementation of corrective actions by a client was delayed due to not having a mitigation budget and an example of when the applicant did not conduct its annual monitoring. The latter indicates the need to check more closely for mitigation budgets and to further strengthen the applicant's capacity to monitor clients.

36. The overall monitoring system now relies on a sound logical framework system, making the monitoring system an excellent resource for project preparation in the future.

#### 3.2.6 Section 6.6: External communications

37. The applicant's 2013 manual on access to information outlines how the public can submit information requests as well as the procedures that the applicant applies to process information requests. There is a separate manual detailing how to register and redress grievances. Inquiries or complaints can be submitted through the applicant's website, or by telephone and regular mail. Enquiries and complaints are managed by a legal affairs directorate that reports to senior management. The applicant has not received E&S inquiries or complaints over the last three years.

38. Regarding disclosure, the applicant requires its borrowers to publicly disclose the ESIA/ESMP. In addition, the ESIA summaries are posted on the applicant's website from 30 (Category B) to 60 days (Category A) from receipt. It is noted that the European Investment Bank is currently supporting the applicant's internal and external communications, visibility and transparency with respect to its corporate social responsibility programme, E&S management, and climate change adaptation and mitigation initiatives.

### 3.3 Gender

39. Member countries of the applicant have ratified the United Nations "Convention for the elimination of all forms of discrimination against women". The applicant's gender policy adopted in 2013 requires that all projects conduct a gender analysis and commits the applicant to support low-income entrepreneurs and women producers, girls' and women's education, and women's health. Clients must implement the applicant's gender policy as a condition of receiving funds.

40. Gender mainstreaming is ongoing in-house and within the applicant's projects. The human resources department considers gender in its recruitment and career-advancement processes. The E&S capacity development plan includes a gender course. The applicant's project examples provide a track record of gender-sensitive project budgets, practices, and monitoring

arrangements and a track record of lending that has generated positive impacts on women. Going beyond the GCF gender policy, the applicant has sector-specific checklists to integrate gender into the project cycle (e.g. the gender and sanitation checklist).

41. Based on the human resources development plan, the hiring of a gender staff member is pending and necessary before taking on more gender-sensitive projects.

## IV. Conclusions and recommendation

### 4.1 Conclusions

42. 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, and partially meets the specialized fiduciary standard for grant award and/or funding allocation mechanisms as well as the specialized fiduciary standard for on-lending and/or blending for loans and guarantees. It is noted that during the site visit, it was confirmed by the applicant that it would no longer seek accreditation against the specialized fiduciary standard for on-lending and/or blending for equity;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to medium E&S risk (Category B/I-2), though various implementation capacity issues have been noted (see paras. 45 and 46 below); and
- (c) The applicant has demonstrated its policies, procedures and competencies to implement its gender policy, and it has experience with gender and climate change. Hiring an in-house gender/social expert (as the applicant has already planned) will help to ensure more systematic integration of gender and other social issues into all aspects of the project cycle.

### 4.2 Recommendation on accreditation

43. The AP recommends, for consideration by the Board, applicant APL035 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Size of an individual project or activity within a programme:** medium (including micro<sup>5</sup> and small<sup>6</sup>), with a condition regarding the specialized fiduciary standard for grant award and/or funding allocation mechanisms below;
  - (ii) **Fiduciary functions:**
    1. Basic fiduciary standards;
    2. Specialized fiduciary standard for project management;
    3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    4. Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and

- (iii) **Environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3<sup>4</sup>)); and
- (b) **Condition(s):** 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. Provide a plan for improving the monitoring of compliance with its fiduciary, E&S and gender-related standards as well as any conditions in general that it applies to its financing, including for projects financed by the GCF; and
  2. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF; and
- (ii) Condition(s) prior to submitting a request for GCF financing of a medium-sized grant award programme:
1. Test and prove by way of having approved and successfully implemented for a minimum period of one year a small-sized grant award programme.
44. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 43 above, and agrees to the recommendation.

### 4.3 Remarks

45. Although the applicant has sound policies and practices in relation to E&S, gender and climate matters, it will need more staff in order to increase the scale and scope of its activities significantly as it has planned. In particular, it is judged that more careful project design, enhanced implementation budgets and resources, and strengthened monitoring and supervision, can help to overcome the existing capacity constraints. It is therefore recommended that the applicant addresses the staff shortcomings identified in paragraphs 19, 32 and 40 above.
46. The applicant has a wide-ranging ESMS, which is consistent with the requirements of performance standard 1 of the GCF interim ESS. Since the applicant's ESMS has been updated over time, it is recommended that the applicant now consolidate its existing guidelines in order to more easily screen and assess projects against performance standards 2 to 8 and to ensure that:
- (a) All departments and all clients have the full package of the most-up-to-date ESMS elements; and
- (b) All departments and clients have been sufficiently trained to use the most-up-to-date ESMS elements.

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<sup>4</sup> As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".



47. The applicant is encouraged to seek readiness and preparatory support to assist it to:
  - (a) Meet the condition(s) identified in paragraph 43(b) above.

## Annex VI: Accreditation assessment of Applicant 036 (APL036)

### I. Introduction

1. Applicant 036 (APL036), the Caribbean Development Bank (CDB), is a regional financial institution with a mandate to support social and economic development in small island developing States in the Caribbean. The applicant's main functions are to assist its borrowing member countries (BMCs) in optimizing the use of their resources by:

- (a) Developing their economies and expanding production and trade;
- (b) Promoting private and public investment in the Caribbean region;
- (c) Mobilizing financial resources from both within and outside the region for development; and
- (d) Providing technical assistance.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 9 July 2015. The Stage I institutional assessment and completeness check was completed on 3 September 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 25 April 2016. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, regional. The applicant received national designated authority or focal point nominations for its accreditation application from Barbados, Grenada and Saint Lucia.
- (b) **Track:** fast track (part way through Stage II (Step 1); previously under the normal track);
- (c) **Size of project/activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management;
  - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
  - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans and equity); and
- (e) **Environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)).<sup>3</sup>

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

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

<sup>3</sup> 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. Stage I institutional assessment and completeness check

3. The applicant initially applied, and was assessed by the Secretariat during Stage I, under the normal-track process.

### 2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

### 2.2 Institutional presence and relevant networks

5. The applicant's membership includes 19 BMCs, 3 non-borrowing regional members and 5 non-regional members. The BMCs are Anguilla, Antigua and Barbuda, the Bahamas, Barbados, Belize, the British Virgin Islands, the Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, and the Turks and Caicos Islands.

6. The applicant is seeking accreditation to the GCF as a regional entity in order to leverage its experience in environmental sustainability and disaster management by:

- (a) Supporting its regional member countries in preparing and adopting national climate change strategies and adaptation plans;
- (b) Building community resilience to adapt to climate change;
- (c) Performing research into climate change modelling and predictions; and
- (d) Supporting Caribbean small island developing States to access emerging climate change financing mechanisms.

### 2.3 Track record

7. The countries in which the applicant operates are among those most susceptible to the impacts of climate change. Thus, addressing the climate change challenge to the region is a strategic priority for the applicant. It has worked to mobilize concessional resources, and to design and implement activities to build its internal technical capacity, and that of its member countries, in order to effectively implement climate actions. Over the last three years, most of its investment operations have explicitly included climate considerations in their design or have included specific components that have addressed these issues. The applicant has mobilized concessional resources and technical assistance, as well as support for its climate action adaptation and mitigation agenda valued at an estimated USD 200 million.

8. Current activities include:

- (a) Implementing a climate finance readiness programme in the Caribbean;
- (b) Implementing a USD 65 million programme providing climate action lines of credit; and
- (c) Operating a EUR 4 million technical assistance grant programme, which provides support for project preparation in order to explicitly address climate vulnerability assessments as well as term sector vulnerability assessments and investment programming.

### III. Stage II accreditation review assessment

9. The applicant during Stage II (Step 1) became eligible for the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

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

#### 3.1 Fiduciary standards

##### 3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

11. As per paragraph 9 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

##### 3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

12. As per paragraph 9 above, the basic fiduciary standards concerning transparency and accountability, with the exception of item 4.2.4, investigation function, and 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.

13. Regarding item 4.2.4, the applicant has an objective investigation function, including a hierarchical process for the investigation of complaints regarding violations of the applicant's code of ethics or misconduct in the projects financed by the applicant. In addition, the applicant's board recently approved an elaborate anti-corruption/compliance framework, whistle-blower protection policies and a mechanism that allows the public to launch complaints through a dedicated webpage. The investigation function is carried out by an independent office to ensure integrity, compliance and accountability; this office reports directly to the applicant's premier oversight committee. In order to enhance accountability and transparency, cases of misconduct under investigation are reported to the oversight committee, the applicant's president as well as the heads of the units where misconduct is being investigated. The function has a defined process for periodically reporting case trends. Information on cases of misconduct reported and investigated in the past three years along with the current status of the investigation/action taken was provided.

14. Regarding item 4.2.5, the applicant has anti-money laundering and anti-terrorist financing policies which are described in a strategic framework for integrity, compliance and accountability, including a compliance policy to avoid violations of financial sanctions. Risk-based AML/CFT counterparty due diligence is carried out by the applicant's office for integrity, compliance and accountability, which uses Thomson Reuters World Check compliance software. Sample copies of recently undertaken 'know-your-customer' due diligence were provided. These included due diligence reports in the form of completed copies of the Wolfsberg Group Anti-Money Laundering Questionnaire.

15. The applicant has a sound mechanism for tracing electronic/wire transfers that targets regional and international correspondent banking counterparties with high transactional volume. Specifically, the mechanism aims to ensure that basic information on the originator and beneficiary of wire transfers is immediately available. Where this information is insufficient, the applicant either asks its commercial bank to contact the payer to obtain more information or it contacts the payer directly in order to obtain the required information.

16. Where the applicant acts as originator and beneficiary, financial institution-to-financial institution transfers and settlements account for almost all of the applicant's wire transfer traffic. Typically, these payments relate to the receipt of subscription payments from BMCs,

investment-related payments and receipts, and loan repayments received from BMCs. The applicant does not act as an intermediary financial institution for handling wire transfers.

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

17. As per paragraph 9 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

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

18. The provision of technical assistance, partly funded through grants, is a core function of the applicant whose mission is to contribute to the economic development of its member countries in the Caribbean region. Grants are designed with the full participation of the beneficiaries and must meet the applicant's quality of entry requirements taking into consideration issues of efficiency, transparency and sustainability. The applicant has well-documented governance structures and procedures manuals for its management of grant award mechanisms. These mechanisms follow the applicant's established operational policies and procedures, including those relating to project appraisal, implementation, monitoring and evaluation, procurement of goods and services, combating corruption and fraud, and environmental and social policy. Documentation and sample supervision reports on grant-funded technical assistance projects were provided as evidence of effective implementation of the policies and procedures. The applicant has provisions for the suspension, reduction or termination of grants in the event of a beneficiary failing to comply with its obligations under the grant agreement.

19. While the applicant meets all other GCF requirements for the specialized fiduciary standard for grant award and/or funding allocation mechanisms, it does not have, for the purposes of ensuring greater transparency in the use of funds by grantees, a system for providing the public with access to information on the periodic progress of individual projects/programmes. The applicant acknowledges this gap and has agreed to put such a system in place.

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

20. The applicant has an established track record of on-lending and blending of its own resources with other funds sourced from the multilateral development banks and bilateral development agencies. It also has comprehensive operational policies and procedures contained in an operational policies and procedures manual, which are accessible through its website. The manual includes guidelines for project appraisal with clearly defined roles and responsibilities and applicable formats/templates for assessing the capabilities of the recipient organizations. Compliance with the operational policies and procedures is demonstrated by sample appraisal/due diligence reports, which were provided.

21. The applicant has sound financial risk and management policies, procedures and governance/organizational structures that ensure appropriate segregation of duties of the treasury function and operations. The applicant has been rated by two of the three major rating agencies: "Aa1" by Moody's Investors Service and "AA" by Standard & Poor's.

## 3.2 Environmental and social safeguards

3.2.1 **Section 6.1: Policy**

22. The applicant has provided a document containing its environmental and social (E&S) review procedure (approved in 2014), which describes its E&S objectives, principles and compliance standards, and establishes responsibilities for the implementation of the procedures. This document is an updated version of a previous document, and reflects the

lessons learned in implementing environmental and social management systems for over a decade. The new procedure describes eight performance standards that are consistent with those of the GCF. The new E&S review procedures are complemented by a climate resilience strategy, and disaster management and operational guidelines, which together create the applicant's overall policy framework to address the environment and climate change.

### 3.2.2 **Section 6.2: Identification of risks and impacts**

23. The applicant's E&S review procedures describe a process for the screening and categorization of projects. The E&S risk categorization for direct lending is similar to that of the GCF. Although its financial intermediation operations do not use an E&S risk categorization system, there is evidence that the applicant monitors conformance with E&S policies and procedures, and provides technical support to financial intermediaries where capacity is lacking.

24. The applicant demonstrates a sufficient track record of implementing Category A/Intermediation 1 (I-1) and Category B/Intermediation 2 (I-2) projects, and of addressing specific performance standards as they arise.

### 3.2.3 **Section 6.3: Management programme**

25. The applicant has shown that a documented institutional process for managing mitigation measures and actions stemming from the E&S risk identification is in place. For Category A/I-1 and Category B/I-2 projects, the applicant has provided evidence that the institutional process to manage and monitor E&S risks and impacts is in place.

26. Samples of project monitoring reports, supervision mission reports and ex-post evaluation reports were reviewed. The reports demonstrate that the institutional procedures are sound and have been executed.

### 3.2.4 **Section 6.4: Organizational capacity and competency**

27. The applicant provided an organizational chart, which indicates the units responsible for E&S safeguards, as described in the E&S review procedures, as well as job descriptions. Curriculum vitae of staff in the E&S units show adequate technical capacity to undertake tasks associated with projects and to support their clients.

### 3.2.5 **Section 6.5: Monitoring and review**

28. The applicant has a monitoring/supervision process/procedure that instructs staff on how to systematically track the completion of mitigation and performance improvement measures. The applicant has recently upgraded its electronic project portfolio monitoring system to ensure that E&S performance is reported in a systematic manner. Project documents also demonstrate that E&S mitigation measures are monitored, and that capacity-building is provided to clients where institutional shortcomings are found. Ex-post evaluations are conducted by an independent evaluation unit, and reports are posted on the applicant's website.

29. In 2012, the applicant conducted an assessment of the effectiveness of mainstreaming environment, climate change and disaster management. The results of this assessment are reflected in the applicant's efforts to strengthen its policies and institution, showing the involvement of senior management in continuously improving the applicant's E&S performance.

### 3.2.6 **Section 6.6: External communications**

30. The applicant's efforts to strengthen integrity, compliance and accountability include the development of a project complaints mechanism, which covers E&S accountability. In May 2015, the applicant established an interim online mechanism to receive project-specific complaints and inquiries, which is available through its main website. The interim mechanism is also linked to an independent network in order to enhance accountability mechanisms among international financial institutions. To date, the interim system has not received any complaints, and thus

evidence of register and response was not available. The permanent mechanism for external communications will be established as part of the mandate of the office for integrity, compliance and accountability.

31. The applicant demonstrates experience with project-level information disclosure and stakeholder engagement. It has provided samples of project documentation showing that borrowers and executing entities are implementing the requirements of the applicant in this regard. Current efforts to improve stakeholder awareness and communications are expected to strengthen the applicant's practice even further.

### 3.3 Gender

32. The applicant approved a gender equality policy and operational strategy in 2008. The policy calls for ensuring gender equality dimensions of economic and social issues in all policies, loans and projects; and promotion of gender equality as a means of supporting sustainable development, and reducing poverty and vulnerability. The applicant's operations policy and procedure manual also contains a gender equality section. Monitoring of the results of this policy and procedure indicate a steady maturing of gender mainstreaming throughout the organization and its portfolio.

33. Capacity for gender mainstreaming is deemed sufficient. The applicant has provided evidence that its gender checklists and gender marker tools are utilized at the project level. It has also provided evidence of experience in addressing gender and climate change at the project level.

## IV. Conclusions and recommendation

### 4.1 Conclusions

34. 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 and specialized fiduciary standard for on-lending and/or blending for loans, and partially meets the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant does not have in place, for the purposes of ensuring greater transparency in the use of funds by grantees, a system for providing public access to information on the periodic progress of individual projects/programmes;
- (b) The applicant partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to high E&S risk (Category A/I-1). The applicant has an interim online mechanism to receive project-specific complaints and inquiries, and a permanent mechanism for external communications will be established; 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 considerations in the context of climate change.

### 4.2 Recommendation on accreditation

35. The AP recommends, for consideration by the Board, applicant APL036 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Size of an individual project or activity within a programme:** small (including micro<sup>4</sup>);
  - (ii) **Fiduciary functions:**
    - 1. Basic fiduciary standards;
    - 2. Specialized fiduciary standard for project management;
    - 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    - 4. Specialized fiduciary standard for on-lending and/or blending (for loans and equity); and
  - (iii) **Environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2<sup>5</sup> and Category C/I-3<sup>6</sup>); and
- (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. Establish an appropriate system for providing public access to information on the periodic progress of individual projects/programmes, including budget utilization, in relation to grant funding; and
    - 2. Demonstrate that the permanent external communications mechanism is fully functioning, in particular identifying the staff assigned to manage, document and respond to communications, questions or complaints on the environmental and the social performance of projects.
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.

### 4.3 Remarks

37. The applicant is encouraged to seek readiness and preparatory support to assist it to:
- (a) Meet the conditions identified in paragraph 35(b) above.

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<sup>4</sup> 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”.

<sup>5</sup> 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”.

<sup>6</sup> As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

## Annex VII: Accreditation assessment of Applicant 037 (APL037)

### I. Introduction

1. Applicant 037 (APL037), XacBank LLC (XacBank), is a national private sector entity in Mongolia. The applicant serves clients from individuals and micro-, small- and medium-sized enterprises to Mongolia's largest corporations with a full spectrum of inclusive banking, fair investment and other financial products and services. The applicant strives to be a dynamic leader in the Mongolian financial sector, setting the highest standards in corporate governance and social and environmental responsibility, while returning fair value to its shareholders.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 30 July 2015. The Stage I institutional assessment and completeness check was completed on 25 December 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 13 May 2016. The applicant has applied to be accredited for 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 from Mongolia;
- (b) **Track:** normal track;
- (c) **Size of an individual project or activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (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:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

### II. Stage I institutional assessment and completeness check

3. The applicant applied, and was assessed by the Secretariat during Stage I, under the normal-track process.

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

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

<sup>3</sup> 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".

## 2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

## 2.2 Institutional presence and relevant networks

5. The applicant has provided a variety of banking products and services to over 650,000 clients through 93 branches operating across the country. The retail banking transformation, piloted from July 2013, to implement international best practices was expanded to cover all 30 branches and sub-branches in Ulaanbaatar as well as 13 rural branches and sub-branches in 6 rural provinces.

6. The applicant became the first commercial bank in Mongolia to focus on providing 'eco' services in 2007 and introduced the first dedicated eco-banking unit in Mongolia in 2009. It is the only commercial bank in Mongolia with a dedicated eco unit. The applicant has successfully introduced specialized financial products that support energy efficient and renewable energy technologies for business sustainability and Green living in both Ulaanbaatar and in its extensive branch network in every Mongolian province.

7. The applicant is seeking accreditation to the GCF in order to create market incentives for Mongolian industries to move towards sustainable production, investing in energy efficiency and renewable energy, increasing energy security, and bettering the environment. It will do this by establishing financial products designed specifically to finance efficient greenhouses that utilize solar power in order to lengthen the growing season and produce more healthy food domestically. The applicant intends to scale up its focus on climate change in its operations in the future.

## 2.3 Track record

8. Since 2010, the applicant has partnered with international organizations to support energy efficiency and renewable energy in Mongolia. The applicant has disbursed USD 9.7 million in loans to producers, retailers and end users of products that reduce carbon emissions. The scope of the projects and programmes related to climate change financed by the applicant include:

- (a) A USD 49.3 million eco-product distribution programme focused on the distribution of energy-efficient products (including over 143,000 improved heating stoves, over 6,200 energy-efficient boilers and other products to low income families in Mongolia's capital, Ulaanbaatar);
- (b) A USD 15 million Green loan programme in order to provide financing options to help to spur a Green growth path for developing the Mongolian private sector by incentivizing sustainability throughout the value chain; and
- (c) A USD 10 million Mongolia sustainable energy financing facility aimed at corporate and industrial clients looking to upgrade their processes and equipment so as to save resources and energy.

## III. Stage II accreditation review assessment

9. The applicant has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF.

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

### 3.1 Fiduciary standards

#### 3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

11. The applicant has an organizational and corporate governance structure that is appropriate to the size and scope of its activities. Its board of directors has three oversight committees: risk management, audit, and governance nominating and compensation committees. The applicant has a process for preparing annual budgets and three-year budget and business plans, as well as systems for monitoring budget and business plan performance against targets.

12. The applicant's annual financial statements are prepared in accordance with the International Financial Reporting Standards. All financial statements include comparisons of financial performance for the year under review with the three preceding financial years. The applicant has transparent and consistent payment and disbursement systems in place with documented procedures and a clear allocation of responsibilities.

13. The applicant has an internal audit division the activities of which are directly and regularly monitored by the applicant's audit committee. The division adheres to risk-based internal audit principles and implements the "International standards for the professional practice of internal auditing" developed by the Institute of Internal Auditors.

14. The applicant has a well-developed internal control framework, which is outlined in the corporate governance section of the applicant's annual reports. The functions that make up the internal control framework include internal audit, risk management and the applicant's various governance oversight committees. An assessment of the adequacy of the applicant's internal controls relating to core financial management areas is undertaken annually by the applicant's external auditors during the audit exercise.

15. The applicant has procurement policies and procedures which are consistent with international and national procurement standards. Periodic procurement audits are carried out to ensure that the applicant, and the entities executing the development projects/programmes which it finances, comply with the applicant's policies and procedures.

#### 3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

16. The applicant has a code of conduct which defines expected ethical behaviour by its staff and all individuals contracted or functionally related to the organization. While the applicant does not have a separate ethics committee to exercise oversight of the institution's ethics function, this role is played by the governance nominating and compensation committee whose terms of reference were provided. The applicant also has a conflict of interest policy which defines what constitutes a conflict of interest and sets out the procedures for disclosing and addressing conflicts of interest.

17. To enforce its ethical standards, the applicant has a whistle-blowing policy through which whistle-blowers are encouraged to report financial mismanagement and other forms of misconduct and are offered confidentiality protections, as well as protection against dismissal or other reprisals. The applicant's website has a live webchat service, a 24-hour call centre, and a feedback section for submitting complaints and reporting misconduct.

18. The applicant has issued a clear statement on its policy of zero tolerance for fraud and corruption. The statement is posted on the applicant's website along with information on avenues for reporting suspected or detected fraud and corruption.

19. The applicant's internal audit division is responsible for investigating cases of violation of its code of conduct. While the terms of reference for the investigation function are set out in the audit charter, the applicant did not have documented procedures for handling complaints received by the division or for managing the investigation process. To address this gap, the applicant developed comprehensive procedures for the investigation of cases of misconduct which were recently approved by its board. However, the applicant has yet to demonstrate effective use of these procedures. In order to fully meet GCF requirements, the applicant would need to provide evidence of the effective use of its investigation procedures.

20. The applicant has an anti-money laundering (AML) and combating the financing of terrorism (CFT) policy, as well as detailed 'know-your-customer' (KYC) procedures. Copies of annual monitoring reports on AML/CFT for 2012 to 2014 were provided. A copy of extracts from an on-site inspection report by Mongol Bank (Mongolia's regulator of commercial banks) shows that the applicant's AML/CFT and KYC procedures are quite robust and comply with the national standards. In order to improve on the implementation of the AML regulations, an annual client risk assessment is performed, which enables the identification and further monitoring of high risk customers and suspicious transactions, with regular reporting of the latter to the national regulator. Sample reports on KYC activities carried out in the past three years were provided. The applicant has recently implemented initiatives, aimed at improving the existing KYC processes, including the review and updating of customers' files, accounts and relevant information, as well as the adoption of new guidelines embracing international best practices.

21. As a major national bank, the applicant handles thousands of electronic transfers on a daily basis. All of these transactions are tracked and recorded within the applicant's management information system. A summary of the applicant's weekly AML monitoring reports, provided in the application, shows that the applicant has a sound mechanism for tracing electronic/wire transfers. In order to enhance the process, all electronic/wire transactions, with the exception of SWIFT international wire transfers, have daily and single transaction limits to safeguard against risks.

### 3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

22. The applicant has detailed policies and procedures that guide its project identification, appraisal, monitoring and evaluation functions. These include loan appraisal and monitoring procedures, general lending procedures and a lending operations manual.

23. Until recently, however, the applicant did not have in place some of the procedures required by the GCF's fiduciary standards, namely procedures for:

- (a) The preparation of project implementation plans;
- (b) Project closure; and
- (c) The independent evaluation of project results.

24. In order to address these gaps, the applicant has developed the required procedures, which were recently approved by its board. However, the applicant is yet to demonstrate the effective use of these procedures. In order to fully meet GCF requirements, the applicant would need to provide evidence of the effective use of procedures for the aforementioned points.

25. The applicant has procedures for monitoring projects under implementation whose purpose is to ensure that project risks/problems are identified and addressed in a timely manner. To ensure objectivity and independence of the monitoring function, responsibility for monitoring projects is assigned to staff who are not involved in the project appraisal process.

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

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

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

27. The applicant has extensive experience with on-lending and blending funds received from major international and multilateral funding sources, such as the International Finance Corporation, the European Bank for Reconstruction and Development and the Asian Development Bank. Technical assistance provided by various development partners has especially enhanced the applicant's sustainable energy financing capabilities and its status as the premier domestic partner for Green finance in Mongolia.

28. The applicant has a documented framework for undertaking due diligence with clearly defined roles and responsibilities and applicable guidelines and procedures for assessing the capabilities of the organizations seeking financing from the applicant. Sample due diligence reports in respect of its on-lending and blending operations show effective use of and compliance with the existing policies and procedures.

29. Until recently, the applicant did not have in place a policy on the disclosure of information to the public on project beneficiaries, project results achieved and lessons learned as required by the GCF fiduciary standards. In order to address these gaps, the applicant has developed the required procedures which were recently approved by its board. However, in order to fully meet GCF requirements, the applicant would need to provide evidence of the effective implementation of its new information disclosure policy.

30. 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.

31. The applicant has been rated by three rating agencies: 'B3/Not prime' (for short term issuer rating) by Moody's Investors Service; 'B' (for ST foreign currency issuer default rating) by Fitch Ratings; and 'A' by Planet Ratings (a specialized microfinance rating agency).

## 3.2 Environmental and social safeguards

### 3.2.1 **Section 6.1: Policy**

32. The applicant has a well-established environmental and social management system (ESMS) in place that is compliant with the ISO 14000 standards. The development and approval of the ESMS was based on the experience gained and lessons learned by other international development organizations. The ESMS policy document includes a comprehensive statement of the applicant's commitment to the principles of being environmentally and socially-sound, and of sustainable development, and the policy adheres to national environmental and social (E&S) laws and regulations. The ESMS is complemented by E&S management guidelines as well as by the applicant's loan policy, which are applied to ensure that the applicant promotes sustainable development throughout its operations by conducting E&S project loan appraisals in a consistent manner. The roles and responsibilities of specialized units or individuals who collectively ensure the conformity of operations with the applicant's ESMS policy are clearly assigned. The ESMS policy is fully consistent with the GCF interim environmental and social safeguards (ESS) and is well-communicated to all staff in the organization.

### 3.2.2 **Section 6.2: Identification of risks and impacts**

33. The applicant has a well-developed and comprehensive E&S risk and impacts identification and categorization process that is fully consistent with the GCF interim ESS. The risk identification and categorization process is outlined in the applicant's ESMS policy document, which covers all potential E&S risks contained in performance standards 1 to 8. The policy is supported by a scoring system and guidance to staff on identifying E&S risks and impacts of the project/programme over the project life. Evidence of the applicant's experience

in conducting E&S risk and impact assessment and categorization was provided in the form of loan appraisal reports on specific projects and programmes.

### 3.2.3 **Section 6.3: Management programme**

34. The applicant's ESMS policy supported by the risk scoring system provides the guidance for managing mitigation measures and actions stemming from the E&S risk identification process, distinguishing between different categories of risk. As evidence for the implementation of the policy, the applicant provided examples of the E&S assessment and monitoring reports for the investment activities, where minimal to no (Category C/Intermediation 3) and medium (Category B/I-2) E&S risks were identified, corresponding corrective action plans were developed and mitigation measures were undertaken.

### 3.2.4 **Section 6.4: Organizational capacity and competency**

35. The applicant provided information and policy documents describing its organizational structure, as well as roles and responsibilities for E&S reporting on the loans it provides. The E&S Coordinator is responsible for the consistent implementation of the ESMS policy across the applicant's investment activities.

36. E&S risk identification and assessment of investment activities consists of two stages:

- (a) Initial review of the projects by the Loan Officer with regard to the environmental, health and safety requirements of the national legislation, and the applicant's exclusion list of activities contained in its ESMS policy; and
- (b) E&S assessment for further compliance with performance standards 1 to 8 and determination of the grade of the risks and the risk category by the Compliance Officer.

37. The applicant's dedicated eco-banking department undertakes the disbursement of loans for climate change mitigation and adaptation projects/programmes.

38. The applicant's staff responsible for E&S assessment and monitoring has undergone the necessary training conducted by international development organizations, the records of which were provided.

### 3.2.5 **Section 6.5: Monitoring and review**

39. The applicant has established procedures for E&S assessment and monitoring processes for all business loans and microloans provided to its clients. The E&S monitoring and reporting procedure describes the roles and responsibilities of the dedicated committees and staff conducting the initial assessment and regular monitoring and reporting on the loans approved. The dedicated regulatory bodies include the credit committee, the compliance team headed by the Compliance Officer, the sustainability team, the eco-banking department, the Chief Risk Officer and the E&S Manager. The compliance team ensures overall compliance of the applicant's business activities with national environmental legislation and bilateral agreements with investors and shareholders, and also with internationally recognized environmental norms and standards.

40. The applicant undertakes a quarterly survey for branches to affirm that they are properly screening clients for environmental and social risks. The supporting documentation provided includes samples of the reporting sheets from monthly and quarterly updates to final project assessments for environmental projects. The compliance team also compiles and provides E&S performance reports on a regular basis to the applicant's investors, board of directors and partner institutions.

41. In addition, the applicant is a member of the Global Reporting Initiative on good corporate governance, economic, environmental and social performance, as built around the 'three P's': the planet, people and profit.

### 3.2.6 Section 6.6: External communications

42. The applicant has several procedures in place that regulate its process for external communications that is the receipt and processing of inquiries and complaints from the public via a digital feedback section and a live chat feature on its website. In addition, the applicant maintains 24-hour telephone lines and e-mail accounts that can receive communications or complaints from consumers. Apart from the online complaint management system, the applicant works with external surveying organizations to ensure customer satisfaction. The applicant has provided its register of inquiries and complaints received, including the actions taken from each quarter of the last year. The applicant's information disclosure procedure enables it to disclose E&S information on the projects based on the agreement of the stakeholders involved in line with GCF requirements.

## 3.3 Gender

43. The applicant has established a set of separate procedures and practices that regulate gender specific issues. The applicant's approach towards gender mainstreaming is fully consistent with the principles in the GCF Gender policy. Evidence of the competency of staff managing gender-related matters was provided and found sufficient.

44. The applicant tracks the implementation of gender-sensitive approaches for particular projects/programmes. Examples of project documentation indicating the data and information collected on the gender-related outcomes of the projects financed by the applicant were presented. The projects include the distribution of energy-efficiency products, social and financial education programmes, and lending programmes for women entrepreneurs. The presented evidence clearly demonstrates the applicant's practices of collecting and analysing gender and climate data, as well as gender and climate change accountability.

45. In addition, the applicant provides training on its gender policy and project-level gender analyses to relevant staff, such as its Human Resources Officer, Compliance Officer, ESMS Coordinator, and new employees.

## IV. Conclusions and recommendation

### 4.1 Conclusions

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

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards for transparency and accountability, the specialized fiduciary standard for project management, 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 the medium E&S risk (Category B/I-2); and
- (c) The applicant has demonstrated that it has policies, procedures and competencies to allow it 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 considerations in the context of climate change.

## 4.2 Recommendation on accreditation

47. The AP recommends, for consideration by the Board, applicant APL037 for accreditation as follows:

(a) **Accreditation type:**

(i) **Size of an individual project or activity within a programme:** small (including micro<sup>4</sup>);

(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:** medium risk (Category B/I-2) (including lower risk (Category C/I-3<sup>5</sup>)); and

(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. Provide evidence of the effective application of procedures for the investigation of fraud, corruption and other forms of malpractice;
2. Provide evidence of the effective implementation of the procedures for:
  - a. The preparation of project implementation plans;
  - b. Project closure; and
  - c. The independent evaluation of project results; and
3. Provide evidence of the effective implementation of its information disclosure policy.

48. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 47 above, and agrees to the recommendation.

## 4.3 Remarks

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

50. Meeting the condition(s) identified in paragraph 47(b) above.

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<sup>4</sup> 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”.

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



51. Following the provisions of its information disclosure policy, the applicant is encouraged to align its disclosure of E&S reports to the requirements of the GCF Information disclosure policy.

## Annex VIII: Accreditation assessment of Applicant 038 (APL038)

### I. Introduction

1. Applicant 038 (APL038), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, is an international organization that offers the following services: advice; human capacity development; network and dialogue management as well as mediation; and management and logistics. The applicant supports long-term capacity-building and policy reform processes, and operates in all sectors relevant to sustainable development and climate change mitigation and adaptation, including renewable energies and energy access, energy efficiency, the measurement of reduction in greenhouse gas emissions, the use of climate-friendly technologies in industry, results-based financing for reducing emissions from deforestation and forest degradation, climate-resilient cities, climate risk management and insurance, and systems and ecosystem-based adaptation.
2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 February 2015. The Stage I institutional assessment and completeness check was completed on 21 August 2015 and was progressed to Stage II (Step 1), accreditation review, which was concluded on 24 May 2016. The applicant 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 (DG DEVCO);
  - (c) **Size of an individual project or activity within a programme:** medium;<sup>1</sup>
  - (d) **Fiduciary functions:**<sup>2</sup>
    - (i) Basic fiduciary standards;
    - (ii) Specialized fiduciary standard for project management; and
    - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
  - (e) **Environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

### II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a DG DEVCO entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.10/06.

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<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme”.

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

<sup>3</sup> As per annex I to decision B.07/02 (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”.

## 2.1 Legal status, registration, permits and licences

4. The Secretariat reviewed the information provided by the applicant regarding its legal status as well as relevant and applicable registrations, permits and licences.

## 2.2 Institutional presence and relevant networks

5. The applicant has a presence in over 130 countries, including 41 least developed countries, 30 small island developing States and 36 sub-Saharan African countries. This global presence has allowed the applicant to establish relationships with national governments and other national institutions in developing countries.

6. The applicant has made climate change one of the core areas of its work and over the past few years it has scaled up its climate finance readiness programme for developing countries through the provision of technical support. More than half of its staff members are local experts and support staff working in developing countries, which facilitates the participation of the applicant in relevant national and regional networks. These well-established relationships with developing countries and a wealth of regional and technical expertise have added to the implementation of its projects.

7. The applicant seeks to contribute to the objectives of the GCF by leveraging over 50 years of experience of providing technical assistance and capacity development for development finance. In particular, it seeks to prepare developing countries for accessing climate finance by catalysing its readiness support programme to allow them to adopt climate-resilient development pathways.

## 2.3 Track record

8. The applicant mobilizes financial resources for its climate change projects and programmes from more than 160 national and international clients and financiers in the public and private sectors. With more than 30 public-private partnerships that it is involved in, the applicant intends to continue cooperating with the private sector in order to achieve adaptation and mitigation of climate change impacts. It also supports the engagement of the private sector through the development of policies and regulatory frameworks.

9. As of December 2014, its portfolio comprised of approximately 1,300 projects in all developing country regions, with about 40 per cent of these being climate-related in sectors such as agriculture, forestry, water and energy efficiency. These projects totalled approximately USD 1.5 billion, more than half of the applicant's total financial turnover in 2014.

## III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as a DG DEVCO entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03, B.10/06 and B.12/30.

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

## 3.1 Fiduciary standards

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

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

### 3.1.2 **Section 4.2: Basic fiduciary standards: transparency and accountability**

13. As per paragraph 10 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 policies, have been met by way of fast-track accreditation.

14. Regarding item 4.2.5, the applicant applies an online screening tool as part of its 'know-your-customer'/AML procedures. These procedures include an electronic system which accesses international databases and further manual risk assessments associated with countries that are identified as higher risk. These processes are aligned with the applicant's current business model, however, further elaboration is required as part of the mainstreaming of its financial intermediation role across its business.

### 3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

15. The applicant has a significantly developed, well-structured set of project preparation guidelines which comprises a seven-step process culminating in a financial proposal. The guidelines include the roles and responsibilities associated with the various steps. Moreover, the process includes an assessment of the capacity development needs associated with a project and, where relevant, the inclusion of a capacity development strategy for sustainability.

16. The applicant has provided evidence of its track record in respect of size and type of intervention. In this regard, it is noted that generally the applicant's project portfolio has comprised lower (e.g. the small size category as per the GCF) value technical cooperation type donor-funded assignments. However, the applicant has provided evidence of a few interventions that are of a scale for which it is seeking accreditation (e.g. medium). These projects tend to be programmes with a global reach, which have been developed for scalability and replicability and which include management of funds from a group of donors. Funds have been managed and implemented according to the requirements of the specific donors concerned.

17. The applicant's monitoring and evaluation framework encompasses results-based monitoring on:

- (a) A project level;
- (b) A strategic level across projects; and
- (c) Third party evaluations, when required.

18. Findings are presented at regular operational meetings for the implementation of recommendations. The corporate monitoring unit provides an overarching service to the organization reporting to the applicant's management board and is considered an independent body. It also monitors the implementation of recommendations.

19. The risks associated with the applicants operations are grouped into four main areas (political, contractual, security and image), and are assessed per project and in a structured manner. The thresholds associated with risk screening are applied and capacity development (including a "capacity works" model designed for this purpose) is a tool applied to mitigate against the risks associated with project ownership and therefore sustainability.

20. The applicant has recently described and communicated a structured outline for grant finance intermediation. In this regard, the applicant has provided evidence of a fiduciary due

diligence exercise and demonstrates an understanding of the requirements associated with an intermediated due diligence process. The procedures to mainstream its financial intermediation role are in the process of being formalized in a manual.

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

21. As per paragraph 10 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.

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

22. The applicant did not apply for accreditation against this standard at this time.

## 3.2 Environmental and social safeguards

3.2.1 **Section 6.1: Policy**

23. The applicant's new 2015 sustainability policy integrates its environmental and social (E&S) guidelines and establishes a binding, organization-wide, improved environment, climate, and social impact management system, consistent with the GCF interim environmental and social safeguards (ESS) performance standards 1 to 8. The policy is communicated across the organization; all activities and staff are obliged to respect it. The applicant also integrates into its activities the national legislation of partner countries and partner-country obligations under international agreements. The applicant's E&S system won an international award in 2012 for outstanding commitment to environmental-and-climate assessment practice. The applicant will update its E&S system by mid-2016 in order to harmonize with its new organizational structure.

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

24. The applicant has a two-step process to identify E&S risks and impacts:

- (a) Screening; and
- (b) In-depth assessment (scoping).

25. Each step is supported with tools. The project managers screen projects before appraisal missions or project reviews so as to identify potential risks and impacts and to determine the E&S risk category. There are internal procedures, guidance and a help desk to support project categorization and scoping.

26. The applicant focuses on technical cooperation and capacity building. It provided a long list of Category B and Category C projects, and some project examples from the past three years, to demonstrate a competent track record with project categorization and implementation.

3.2.3 **Section 6.3: Management programme**

27. The screening and scoping results are integrated into the project design with relevant indicators and are summarized in an environment, climate and social management and monitoring plan. The results-based monitoring (RBM) reports are used to identify and follow-up on mitigation actions, inform about the development of risks, and adjust planned interventions, as needed.

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

28. General E&S responsibilities are defined and are communicated to all departments. The organizational chart and guidance identify the board or office responsible for implementation and compliance with E&S standards. The applicant's 2016 organizational structure has a division with competence for gender and one for the environment and climate change. It

provided the E&S credentials of nine head office (HO) senior staff to cover each of the performance standards from 1 to 8.

29. The applicant has a sizeable training department through which to organize and conduct capacity development, including E&S-related training. It provided an extensive list of environment-related courses that are routinely conducted, a list of the available courses on its intranet, and its course attendance lists. All new HO staff and field staff follow at a minimum a one-day E&S course and other E&S capacity development training, as needed. The HO departments support and provide advisory services to field staff in order to support continuous E&S capacity development.

### 3.2.5 Section 6.5: Monitoring and review

30. The applicant revised its monitoring and evaluation (M&E) policy in 2013, based on the development standards of the Organization for Economic Co-operation and Development's Development Assistance Committee. It has three M&E instruments:

- (a) RBM;
- (b) Project evaluations; and
- (c) Corporate evaluations.

31. The HO M&E unit and operational units conduct M&E at central and decentralized levels and advise on the design of M&E systems. The RBM follows-up on mitigation actions and adjusts the planned interventions, as needed. The country offices are responsible for monitoring and formulating project-level recommendations. The applicant combines a technical monitoring system with a procedure to integrate stakeholder perspectives. Good examples were provided to demonstrate M&E capacity.

32. The applicant conducts annual external quality control/audits on a selected set of projects in order to determine the extent of compliance with standards.

33. M&E results are reported to senior management. Overall, it was demonstrated that the M&E procedures help to steer projects and support learning at the project and organization levels.

### 3.2.6 Section 6.6: External communications

34. The applicant has e-mail addresses for human rights, sustainability and integrity issues, and several general communication channels (e.g. e-mail address, telephone numbers and postal addresses). All incoming communications are registered in the file management system and are assessed by designated communication teams so as to determine whether a communication needs to be forwarded to a responsible member of staff or not. Country offices have a similar system to register, manage and respond to all communications from the public. The applicant provided examples of its communications register. There were no E&S complaints received in the last three years, but the applicant provided cases to show how other types of complaints were managed and resolved.

35. The applicant is committed to being very transparent, publishing extensive E&S information on all ongoing programs and projects on its website.

## 3.3 Gender

36. The applicant's gender strategy is integrated into its sustainability policy and complies with the GCF gender policy's six gender principles. All projects undergo a gender analysis at the time of appraisal, and gender-sensitivity is integrated into project design, management and monitoring. The applicant has other instruments to support its gender strategy, for instance a HO gender steering group, and an organizational goal to have 50 per cent women at

management level. To enhance the gender competence of staff and stakeholders, the applicant provides gender training and it disseminates gender-sensitive best practices through its gender network.

37. Gender results are reported to senior management in the applicant's annual report and are published on its website. Annual external evaluations review the quality of the gender services.

38. The applicant has implemented more than 230 projects that relate to gender and climate change from 2012 to 2014. Altogether, the applicant clearly demonstrates its leadership role in mainstreaming gender and its commitment to continuously improve its gender-related services.

## IV. Conclusions and recommendation

### 4.1 Conclusions

39. 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 standard and meets the specialized fiduciary standard for project management as well as the specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (b) The applicant meets the requirements of the interim environmental and social safeguards of the GCF in relation to the medium E&S risk (Category B/I-2); and
- (c) The applicant has demonstrated that it has the policies, procedures and competencies through which 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 considerations in the context of climate change.

### 4.2 Recommendation on accreditation

40. The AP recommends, for consideration by the Board, the applicant APL038 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Size of an individual project or activity within a programme:** medium (including micro<sup>4</sup> and small<sup>5</sup>);
  - (ii) **Fiduciary functions:**
    1. Basic fiduciary standards;
    2. Specialized fiduciary standard for project management; and
    3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

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<sup>4</sup> 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".

<sup>5</sup> 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".

- (iii) **Environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/Intermediation 3<sup>6</sup>)); and
- (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. Submit an operational guideline/manual that describes the fiduciary due diligence process it would apply to GCF financing concerning transparency and accountability, with specific reference to standards on 'know your customer' and AML.
41. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 40 above, and agrees to the recommendation.

### 4.3 Remarks

42. The applicant's traditional technical cooperation role under the Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (the Federal Ministry for Economic Cooperation and Development) has been noted as described on the ministry's website. However, based on its track record with grant intermediation, the applicant now plans to mainstream a financial intermediary function and this is reflected in its GCF accreditation application.
43. In the view of the AP, this recent broadening in the scope of the applicant's activities could give rise to potential conflicts of interest between the applicant as a provider of technical cooperation on the one hand, and on the other as the supplier of GCF grants for a technical cooperation programme managed by an intermediary. In such cases, if the potential for conflict of interest is confirmed, the services should be procured using rules in line with those of the GCF fiduciary standards regarding procurement.

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<sup>6</sup> As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

## Annex IX: Summary of recommendations

**Table 1: 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 <sup>1</sup>	Fiduciary functions <sup>2</sup>	Environmental and social risk category	
<b>APL034 KEXIM</b>	Direct access, national	Large <sup>3</sup>	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees)	High risk (Category A/I-1) <sup>4</sup>	None
<b>APL035 BOAD</b>	Direct access, regional	Medium <sup>5</sup>	Basic fiduciary standards; Specialized fiduciary standard for project management;	Medium risk (Category B/I-2) <sup>6</sup>	<u>Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u> 1. Provide a plan for improving the monitoring of compliance with its fiduciary, E&S and gender-related standards as well

<sup>1</sup> "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 (annex I to document GCF/B.08/45).

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

<sup>3</sup> 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 US\$ 250 million for an individual project or an activity within a programme".

<sup>4</sup> 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".

<sup>5</sup> 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 US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme".

<sup>6</sup> 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".

		<p>Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees)</p>		<p>as any conditions in general that it applies to its financing, including for projects financed by the GCF; and</p> <ol style="list-style-type: none"> <li>2. Develop a process for publicly disclosing information on beneficiaries and results of projects and programmes that are financed by the GCF</li> </ol> <p><u>Condition(s) prior to submitting a request for GCF financing of a medium-sized grant award programme:</u></p> <ol style="list-style-type: none"> <li>1. Test and prove by way of having approved and successfully implemented for a minimum period of one year a small-sized grant award programme</li> </ol> <p><u>Remarks:</u> Although the applicant has sound policies and practices in relation to E&amp;S, gender and climate matters, it will need more staff in order to increase the scale and scope of its activities significantly as it has planned. In particular, it is judged that more careful project design, enhanced implementation budgets and resources, and strengthened monitoring and supervision, can help to overcome the existing capacity constraints. It is therefore recommended that the applicant addresses the staff shortcomings identified in paragraphs 19, 32 and 40 in annex V to this document.</p> <p>The applicant has a wide-ranging ESMS, which is consistent with the requirements of performance standard 1 of the GCF interim ESS. Since the applicant's ESMS has been updated over time, it is recommended that the applicant now consolidate its existing guidelines in order to more easily screen and assess projects against performance standards 2 to 8 and to ensure that:</p> <ol style="list-style-type: none"> <li>(a) All departments and all clients have the full package of the most-up-to-date ESMS elements; and</li> <li>(b) All departments and clients have been sufficiently trained to use the most-up-to-date ESMS elements</li> </ol>
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<b>APL036 CDB</b>	Direct access, regional	Small <sup>7</sup>	Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and Specialized fiduciary standard for on-lending and/or blending (for loans and equity)	High risk (Category A/I-1)	<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"> <li>1. Establish an appropriate system for providing public access to information on the periodic progress of individual projects/programmes, including budget utilization, in relation to grant funding; and</li> <li>2. Demonstrate that the permanent external communications mechanism is fully functioning, in particular identifying the staff assigned to manage, document and respond to communications, questions or complaints on the environmental and the social performance of projects</li> </ol>
<b>APL037 XacBank</b>	Direct access, national, private sector	Small	Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)	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"> <li>1. Provide evidence of the effective application of procedures for the investigation of fraud, corruption and other forms of malpractice;</li> <li>2. Provide evidence of the effective implementation of the procedures for: <ol style="list-style-type: none"> <li>a. The preparation of project implementation plans;</li> <li>b. Project closure; and</li> <li>c. The independent evaluation of project results; and</li> </ol> </li> <li>3. Provide evidence of the effective implementation of its information disclosure policy</li> </ol> <p><u>Remarks:</u></p> <ol style="list-style-type: none"> <li>1. Following the provisions of its information disclosure policy, the applicant is encouraged to align its disclosure of E&amp;S reports to the requirements of the GCF Information disclosure policy</li> </ol>
<b>APL038 GIZ</b>	International access	Medium	Basic fiduciary standards; Specialized fiduciary standard for project management; and	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"> <li>1. Submit an operational guideline/manual that describes the fiduciary due diligence process it would apply to GCF</li> </ol>

<sup>7</sup> 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 US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme”.

			Specialized fiduciary standard for grant award and/or funding allocation mechanisms		<p>financing concerning transparency and accountability, with specific reference to standards on 'know your customer' and AML</p> <p><u>Remarks:</u></p> <ol style="list-style-type: none"> <li>1. In the view of the AP, this recent broadening in the scope of the applicant's activities could give rise to potential conflicts of interest between the applicant as a provider of technical cooperation on the one hand, and on the other as the supplier of GCF grants for a technical cooperation programme managed by an intermediary. In such cases, if the potential for conflict of interest is confirmed, the services should be procured using rules in line with those of the GCF fiduciary standards regarding procurement</li> </ol>
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## Annex X: 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 (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 (annex V to document B.08/45), 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 decisions B.10/06 and B.12/30, 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 and 9 March 2016, respectively.
3. The entities presented below are entities that have been accredited by the AF and DG DEVCO since 9 March 2016. 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 accreditation process by the GEF Accreditation Panel.

### II. Adaptation Fund

**Table 1: Adaptation Fund – national implementing entities since 9 March 2016**

Name	Acronym	Country
Dominican Institute of Integral Development	IDDI	Dominican Republic
Partnership for Governance Reform	Kemitraan	Indonesia

\* 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. 2016. Decisions B.27/3 and B.27/4 available at <<https://www.adaptation-fund.org/document/report-of-the-twenty-seventh-meeting-of-the-afb-15-18-march-2016/>>.

### III. Directorate-General for International Development and Cooperation

**Table 2: Directorate-General for International Development and Cooperation – 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 March 2016**

Name	Acronym	Country
Central American Bank for Economic Integration	CABEI	Honduras
Compañía Española de Financiación del Desarrollo S.A.	COFIDES	Spain
United States Agency for International Development	USAID	United States of America

\* 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 on 30 May 2016 to the Secretariat and approved for publication.

4. On 30 May 2016, DG DEVCO confirmed to the Secretariat that the national public sector bodies or bodies governed by private law with a public service mission listed in the table above have been successfully assessed, meet the requirements of the relevant European Union legislation and are authorized to carry out European Union budget implementation tasks without conditions concerning their institutional compliance.

#### **IV. Global Environment Facility**

5. Since 9 March 2016, 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, the Foreign Economic Cooperation Office – China, 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”.<sup>1</sup>

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, Fundo Brasileiro para a Biodiversidade and Foreign Economic Cooperation Office have signed the memorandum of understanding and financial procedures agreement in Stage III of the GEF accreditation process.

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<sup>1</sup> 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/node/11199>>. 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/node/11274>>.