



**GREEN
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Consideration of accreditation proposals

Summary

This document presents an overview of accreditation progress up to 31 May 2017, including that associated with the accreditation process, an overview of the pipeline of applicant entities with information on support to direct access entities, and an overview of the portfolio of accredited entities, including the status of accredited entities addressing accreditation conditions. This document additionally presents accreditation proposals based on the applications received up to 31 May 2017 for consideration by the Board.

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I. General mandate

1. In decision B.08/02, paragraph (a), the Board recalled that all entities, including international, regional, national and subnational entities, can apply for accreditation to the GCF.
2. Areas of work related to accreditation matters include the following:
 - (a) Accreditation;
 - (b) The pipeline of entities, particularly supporting direct access entities seeking accreditation; and
 - (c) Relationship management of accredited entities (AEs).
3. In addition to the above, the Secretariat supports the work of the Accreditation Committee and the Accreditation Panel (AP).
4. This document presents an overview of accreditation progress up to 31 May 2017. In particular, it includes information on the accreditation process, an overview of the pipeline of applicant entities with information on support to direct access entities, and an overview of the portfolio of AEs, including the status of AEs addressing accreditation conditions. This document additionally presents accreditation proposals based on applications received up to 31 May 2017 for consideration by the Board.

II. Recommended action by the Board

5. It is recommended that the Board:
 - (a) Takes note of the information presented in document GCF/B.17/05 titled “Consideration of accreditation proposals”; and
 - (b) Approves the draft decision presented in annex I.

III. Linkages with decisions and other documents

6. 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) “Country programming, readiness and preparatory support” (decision B.13/32);
 - (g) “Application documents for submissions of applications for accreditation” (decision B.08/06);
 - (h) “Policy on fees for accreditation” (decision B.08/04);
 - (i) “Comprehensive information disclosure policy of the Fund” (decision B.12/35);

- (j) “Consideration of accreditation proposals” (decisions B.09/07, B.10/06, B.12/30, B.14/09, B.14/10, B.14/11 and B.15/09);
- (k) “Legal and formal arrangements with accredited entities” (decision B.09/08);
- (l) “Accreditation master agreements” (decision B.12/31);
- (m) “Investment framework” (decision B.07/06);
- (n) “Initial results management framework of the Fund” (decisions B.07/04 and B.08/07);
- (o) “Use of other financial instruments” (decision B.08/12);
- (p) “Private Sector Facility: working with local private entities, including small and medium-sized enterprises” (decision B.09/09);
- (q) “Private Sector Facility: potential approaches to mobilizing funding at scale” (decision B.09/09);
- (r) “Interim policy on fees for accredited entities” (annex II to decision B.11/10);
- (s) “Initial monitoring and accountability framework for accredited entities” (decision B.11/10);
- (t) “Strategic plan for the Green Climate Fund” (decision B.12/20);
- (u) “Strategy on accreditation” (decisions B.13/19 and B.14/08); and
- (v) “Progress and outlook report of the Readiness and Preparatory Support Programme” (GCF/B.17/Inf.06).¹

IV. Overview of the pipeline of applicant entities

4.1 Status of applications for accreditation

7. Since the opening of the call for applications for accreditation on 17 November 2014 and up to 31 May 2017, 224 entities have been issued with accounts on the Online Accreditation System,² the web-based portal through which applicants submit their applications for accreditation.³ Of these, 137 applications have been submitted, including those of the 48 AEs. The distribution of applications received as at 31 May 2017 is provided in the section “Number of entities at each stage” available on the GCF website⁴ and is summarized in figure 1.

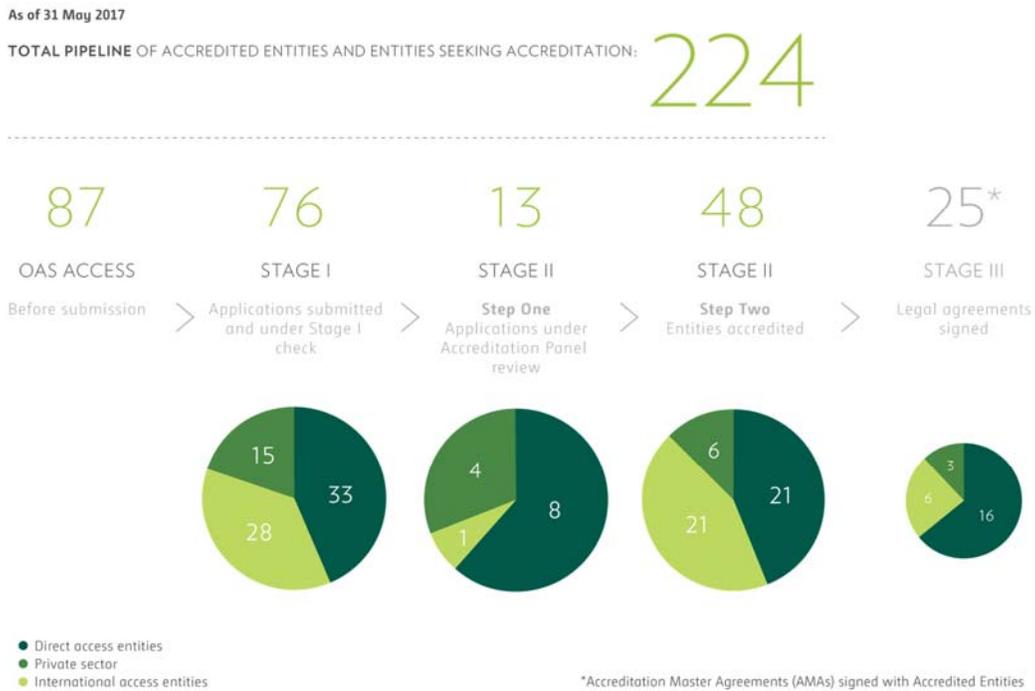
¹ To be considered by the Board at its seventeenth meeting.

² Available at <<https://accreditation.gcfund.org/>>.

³ 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.

⁴ The “Number of entities at each stage” is updated on a monthly basis and is available at <<http://www.greenclimate.fund/partners/accredited-entities/ae-composition>>. Monthly information is available from 30 September 2015 onwards.

Figure 1: Status of accreditation applications (as at 31 May 2017)



Abbreviation: OAS = Online Accreditation System.

8. Figure 2 below shows the geographic coverage for national and regional entities nominated for accreditation by national designated authorities (NDAs) or focal points, of which 71 entities have submitted an accreditation application, and of those 23 have been accredited.

Figure 2: Direct access entities nominated for accreditation (as at 31 May 2017)

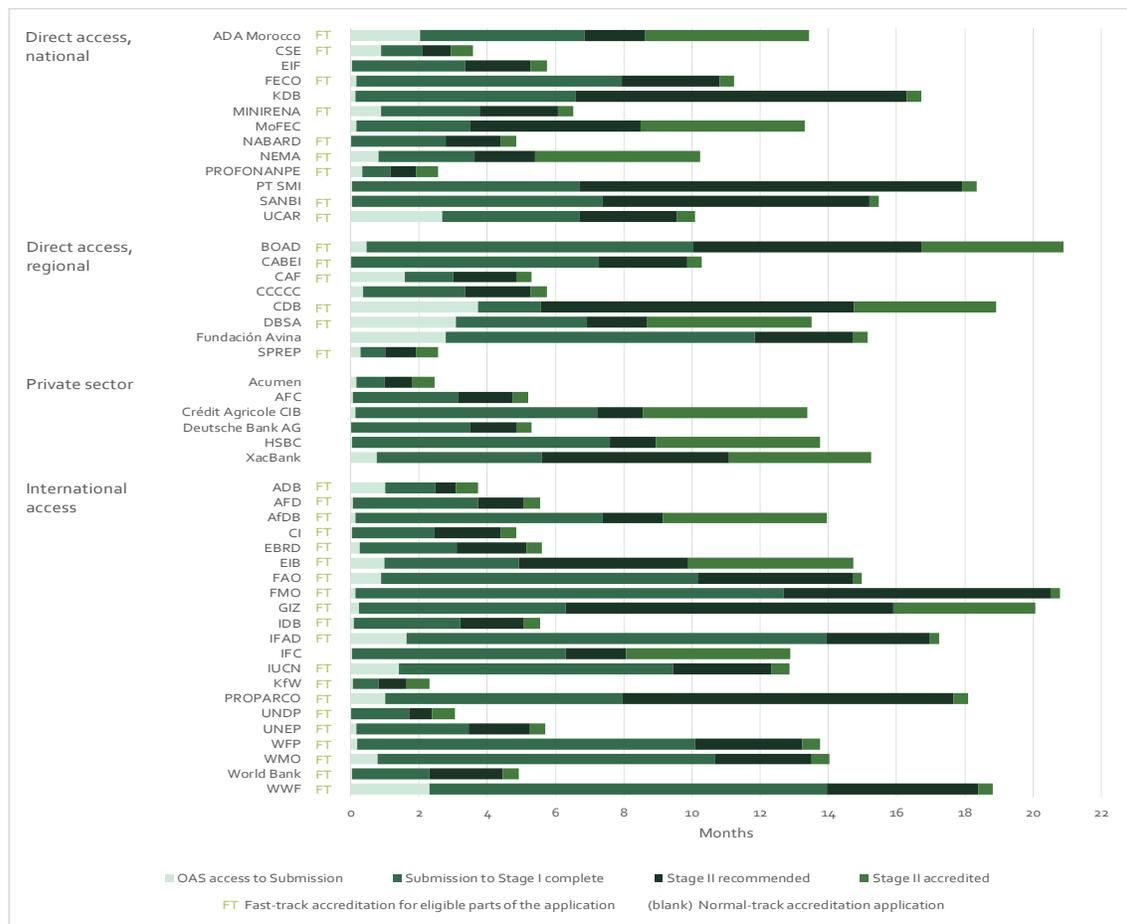


9. The submitted applications received to date reflect considerable diversity in geographic representation, the type of activities to be undertaken using GCF resources if accreditation is granted, and the type of accreditation being sought (e.g. fiduciary function, environmental and social risk category, and project/programme activity size), and whether it is from the public or private sectors. The balance of direct access (both national and regional public sector), private sector and international access public sector entities that have submitted applications is also shown in figure 1 above.

10. In addition to applications for accreditation, five applications from AEs to upgrade their accreditation types have been received, of which one upgrade was agreed to by the Board in decision B.15/09, paragraph (f). The remaining four entities include two direct access AEs and two international access AEs, which are currently under Stage I.

11. The time taken to process applicants has varied and depends on the entity's capacity and the modalities for which it is applying, in addition to factors such as resources available to process applications and the workload from the growing pipeline of applicants. From opening an Online Accreditation System account to approval by the Board, it took between 2.3 and 20.9 months to accredit the 48 AEs – noting that 35 of them were fast-tracked – reflecting an average of 10.7 months (see figure 3). The average processing time by the Secretariat and the AP has been 9.1 months. There is an increasing number of applications under the normal-track accreditation process, which generally require more time for review than applications that are fast-track eligible.

Figure 3: Time frame from Online Accreditation System access to accreditation for the 48 accredited entities (as at 31 May 2017)



Abbreviations: Acumen = Acumen Fund, Inc., ADA Morocco = Agency for Agricultural Development of Morocco, ADB = Asian Development Bank, AFC = Africa Finance Corporation, AFD = Agence Française de Développement, AfDB = African Development Bank, BOAD = Banque Ouest Africaine de Développement (West African Development Bank), CABEI = Central American Bank for Economic Integration, CAF = Corporación Andina de Fomento, CCCC = Caribbean Community Climate Change Centre, CDB = Caribbean Development Bank, CI = Conservation International Foundation, Crédit Agricole CIB = Crédit Agricole Corporate and Investment Bank, CSE = Centre de Suivi Ecologique, DBSA = Development Bank of Southern Africa, Deutsche Bank AG = Deutsche Bank Aktiengesellschaft, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, EIF = Environmental Investment Fund of Namibia, FAO = Food and Agriculture Organization of the United Nations, FEEO = Foreign Economic Cooperation Office, Ministry of Environmental Protection of China, FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, HSBC = HSBC Holdings plc and its subsidiaries, IDB = Inter-American Development Bank, IFAD = International Fund for Agricultural Development, IFC = International Finance Corporation, IUCN = International Union for Conservation of Nature, KDB = Korea Development Bank, KfW = Kreditanstalt für Wiederaufbau, MINIRENA = Ministry of Natural Resources of Rwanda, MoFEC = Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, NABARD = National Bank for Agriculture and Rural Development, NEMA = National Environment Management Authority of Kenya, OAS = Online Accreditation System, PROFONANPE = Peruvian Trust Fund for National Parks and Protected Areas, PROPARGO = Société de Promotion et de Participation pour la Coopération Economique, PT SMI = PT Sarana Multi Infrastruktur, SANBI = South African National Biodiversity Institute, SPREP = Secretariat of the Pacific Regional Environment Programme, UCAR = Unidad para el Cambio Rural (Unit for Rural Change) of Argentina, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, WFP = World Food Programme, WMO = World Meteorological Organization, World Bank = International Bank for Reconstruction and Development and International Development Association, WWF = World Wildlife Fund, Inc., XacBank = XacBank LLC.

12. 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. In particular, a combined checklist is being finalized in order to reduce redundant questions, make the process more bespoke to various types of institutions and provide better guidance to applicants.

4.2 Implementing the prioritization of entities

13. In decision B.14/08, paragraph (d), the Board decided that future accreditation decisions by the Board should aim to bring forward AEs that fill the mandate on balance, diversity, coverage and ability to advance the objectives of the GCF. To that end, in paragraph (d)(i) of the same decision, the Board requested the AP and the Secretariat to establish a prioritization of entities applying for accreditation, and prioritized in 2016 and 2017 a list of entities, not listed in any particular order of priority, including national direct access entities.

14. The prioritization of entities in the pipeline has resulted in:

- (a) Nine of the ten entities that have completed Stage I since decision B.14/08, and up to 31 May 2017 are direct access entities, including three that are private sector entities; and
- (b) Eleven of the 13 entities (85 per cent) in Stage II (Step 1) are direct access entities and four (31 per cent) are private sector entities.

15. The Secretariat is continuing to work with direct access entities that have submitted applications for accreditation, and direct access entities seeking to launch an accreditation application. Additionally, through regional workshops and structured dialogue events, the Secretariat is working with NDAs and focal points to identify entities that may be nominated to seek accreditation to the GCF. For example, the regional workshop for Eastern Europe and Central Asia held in Tbilisi, Georgia, from 31 May to 2 June 2017, addressed a Board mandate from decision B.14/08 to prioritize in 2016 and 2017, among others, direct access entities in the Asia-Pacific and Eastern European regions. To this end, NDAs and focal points were encouraged to include representatives of potential direct access entities in their national delegations to the workshop. While there are no direct access entities already accredited to the GCF from the

Eastern Europe and Central Asia region, two countries from the region have nominated a total of three entities for accreditation and, in the sidelines of the workshop in Tbilisi, another three countries presented and discussed with the Secretariat their early plans for nominating direct access entities.

4.3 Support to direct access entities

16. 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 the 102 direct access entities nominated by the NDAs or focal points of 55 countries in four regions throughout the application process, including via conference calls;
- (b) Providing institutional gap assessments for direct access entities seeking accreditation and action plans to address any identified gaps (see annex II for details);
- (c) Using an online accreditation self-assessment tool in order to assess preparedness for the accreditation process, which may be accessed by any organization, as well as NDAs and focal points for the purposes of identifying organizations to nominate for accreditation; and
- (d) Building a roster of institutions that will provide technical and capacity-building support to both applicant and accredited direct access entities in environmental, social and gender aspects.

4.4 Self-assessment tool

17. Any entity can access the online GCF accreditation self-assessment tool.⁵ Based on feedback received from users and lessons learned from the first version of the tool, the second version was launched in October 2016. This version is more user-friendly and provides additional information to help institutions to assess whether or not they meet the accreditation requirements. In addition, the tool provides an overview of results to enable participants/institutions to gain an understanding of the accreditation process as well as the provision of readiness support in meeting the GCF accreditation requirements. As at 31 May 2017, 355 users, including NDAs/focal points considering nominating entities and entities themselves, had completed the questionnaire.

4.5 Accelerating direct access

18. Support under the Readiness and Preparatory Support Programme⁶ has been approved for 21 direct access entities nominated by 18 countries from different geographical/regional areas by identifying institutional gaps and generating action plans based on the gap assessments (see annex II for details).

19. As at 31 May 2017, 15 entities nominated by 12 countries had identified gaps during the assessment against the GCF standards and had developed action plans, and 9 of these entities

⁵ The tool, developed with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH and the World Resources Institute, is available at <<https://www.greenclimate.fund/partners/accredited-entities/self-assessment-tool>>.

⁶ Refer to annex VII to decision B.13/32 for a revised indicative list of activities that can be supported by the Readiness and Preparatory Support Programme.

(nominated by Benin, Brazil, Cambodia, Chile, Colombia, El Salvador, Honduras, Guatemala, Kenya, Micronesia (Federated States of), Palau, Pakistan and Paraguay) had submitted their accreditation applications. One entity (Central American Bank for Economic Integration) was accredited at the fifteenth meeting of the Board; two entities are in Stage II (Step 1) and six entities are in Stage I. Some of the remaining entities are working towards closing the identified gaps in order to submit their application, and others are in discussions with their NDA to seek additional readiness support in order to close their identified gaps.

20. The Secretariat has also compiled a roster of institutions that will provide technical and capacity-building support both to applicants and to accredited direct access entities in relation to environmental, social and gender aspects of their institutional capacities. The institutions selected for the roster have been notified and the legal arrangements are in progress. The Secretariat is working with entities, which have expressed their interest in accessing this support, in consultation with the respective NDA or focal point to develop terms of reference for this support.

4.6 Enhancing direct access

21. In response to the request for proposals for a pilot phase enhancing direct access (EDA) to the GCF launched in June 2016,⁷ 16 concept notes or proposals⁸ had been received by the Secretariat as at 31 May 2017, one of which had been approved by the Board through decision B.14/07, paragraph (q)(vii).⁹

22. The Secretariat is working with direct access entities that have submitted EDA pilot funding proposals and had provided initial feedback to 16 submissions as at 31 May 2017. Further efforts are being undertaken to support the development of EDA funding proposals and the facilitation of the accreditation of direct access entities with fiduciary capacities that would allow them to undertake EDA activities.

4.7 Recommendations for accreditation

23. Applicants that have completed both Stage I and Stage II (Step 1) may be recommended for accreditation by the AP for consideration by the Board when they reach Stage II (Step 2). Entities for which applications were received up to 31 May 2017, and the Stage I and Stage II (Step 1) reviews were completed, are presented in this document for consideration by the Board at its seventeenth meeting. Following the process applied for the review of applications recommended for the twelfth meeting of the Board, the AP continued to conduct mainly virtual meetings to conclude its recommendations on applicants under the Stage II (Step 1) review.

24. Six new applicants (applicants 050 to 055) are presented by the AP for accreditation for consideration by the Board at its seventeenth meeting (see annexes V–X). The applicants include four entities applying under direct access (three of which are national, one is regional and one is a private sector national entity) and two entities applying under international access (one public sector entity and one private sector entity).

25. The applicants have been found by the AP to be able to operate across a broad range of activities. The fit-for-purpose approach continues to provide the flexibility with which to match

⁷ For further information on the terms of reference for a pilot phase enhancing direct access to the GCF, see annex I to decision B.10/04 (annex I to document GCF/B.10/17).

⁸ The EDA pilot concept notes and funding proposals received are at various stages of consultation with the NDAs.

⁹ Funding proposal 024 titled “Empower to adapt: creating climate change resilient livelihoods through community-based natural resource management in Namibia”, as contained in document GCF/B.14/07/Add.07 and Add.17.

applicants' objectives and capacity on the one hand, with the objectives and requirements of the GCF on the other. The applicants are being recommended for various accreditation types:

- (a) Mainly large-scale¹⁰ and medium-scale¹¹ projects or activities within a programme (five out of the six applicants, as well as one entity for micro-scale¹² projects or activities within a programme);
- (b) Intermediating resources in all cases, mainly through on-lending and/or blending (five out of six applicants) or awarding grants (three out of six applicants), as well as using resources to manage and implement projects (four out of six);
- (c) Mainly with capacities to manage projects/programmes with high environmental and social risk and impact levels (Category A/Intermediation 1 (I-1))¹³ (two out of six) and medium risk (Category B/I-2)¹⁴ (three out of six), as well as one entity for minimal to no risk (Category C/I-3)¹⁵; and
- (d) Three of the applicants meet the gender requirements of the GCF.

26. For each of the applicants – in cases where the applicant does not fully meet the requirements of the GCF – the AP recommends conditions for those applicants on how to address these aspects by improving or further developing their policies, procedures and competencies, or their track record, for which technical support for direct access entities could be sought from the GCF. In cases where gaps have been identified at the institutional level (e.g. relate to systems, policies and procedures), conditions have been recommended by the AP to be met by the applicant prior to first disbursement for a GCF-approved project/programme. In cases where there is a lack of a track record, conditions have been recommended to be met at the project-level within a specific time frame.

27. Such conditions, which mostly should be implemented punctually, prior to the first disbursement from the GCF, have been proposed for fiduciary, environmental and social, and gender-related reasons in order to strengthen monitoring, project cycle management and intermediation activities, and external communications and the disclosure of information. In

¹⁰ 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".

¹¹ 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".

¹² 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".

¹³ 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".

¹⁴ 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".

¹⁵ 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".

two cases, the AP did not recommend that the applicant be accredited for various criteria for which the applicant had applied (e.g. size, fiduciary functions, and environmental and social risk level). The AP also provides a small number of remarks that the applicants may wish to consider.

28. The applicants are presented in this document, as contained in annexes V–X, for consideration by the Board for accreditation.

V. Overview of the portfolio of accredited entities

29. The Board accredited 48 entities through decisions B.09/07, B.10/06, B.12/30, B.14/10, B.14/11 and B.15/09. The AEs demonstrate a variety of accreditation types through the application of the fit-for-purpose approach, and reflect a geographical and institutional balance (see table 1 below). Information on the various accreditation types is contained in annex III. Details of entities accredited by the Board to date have been published on the GCF website, including the names of the entities, their contact details and the accreditation types.¹⁶

Table 1: Options for countries to partner with GCF accredited entities per region: the number of entities in each type of capacity (as at 31 May 2017)

Region	Fiduciary functions ¹					E&S risk category ¹			Size of an individual project or activity within a programme ²	
	Project management ³	Providing grants, including through grant award and/or funding allocation ⁴	Blended finance			A	B	C	Micro and small sizes	Medium and large sizes
			Loans	Equity	Guarantees					
Africa	16	19	17	14	16	14	28	34	34	23
Latin America and the Caribbean	13	20	16	14	14	14	24	30	30	21
Asia-Pacific	11	16	16	14	15	12	24	29	29	21
Eastern Europe	8	12	10	9	10	10	16	19	19	16
SIDS	11	19	15	13	14	15	23	27	27	21
LDCs	13	19	16	13	14	14	25	30	30	21

Abbreviations: E&S = environmental and social, LDCs = least developed countries, SIDS = small island developing States.

¹ Annex I to decision B.07/02 (annex I to document GCF/B.07/11).

² Annex I to decision B.08/02 (annex I to document GCF/B.08/45).

³ The specialized fiduciary standard for project management is contained in annex II to decision B.07/02. Project management underlying principles are: the ability to identify, formulate and appraise projects or programmes; competency to manage or oversee the execution of approved funding proposals (including those financed through

¹⁶ Available at <<http://www.greenclimate.fund/partners/accredited-entities/ae-directory>>.

grants), including the ability to manage executing entities or project sponsors and to support project delivery and implementation; and the capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal.

⁴The specialized fiduciary standard for grant award and/or funding allocation mechanisms is contained in annex II to decision B.07/02. Specific capacities for grant award and funding allocation mechanisms of grants in the context of programmes require: transparent eligibility criteria and an evaluation process; a grant award decision and procedures; public access to information on beneficiaries and results; transparent allocation and implementation of financial resources; and a good standing with regard to multilateral funding.

30. 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 IV, which is reported to the Board for information purposes in accordance with decision B.10/06, paragraph (e).

5.1 Stage III: legal arrangements and agreements

31. 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 AEs. As at 31 May 2017, 25 AMAs were available on the GCF website.¹⁷

32. Further details are contained in document "Status of accreditation master agreements" (GCF/B.17/Inf.05).¹⁸

33. The Secretariat has an initial 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.

5.2 Support for accredited direct access entities

34. In decision B.15/03, paragraph (b), the Board requested the Secretariat to prepare a document for consideration by the Board at its sixteenth meeting that outlines the actions to be taken by the Board in order to facilitate an increase in proposals from direct access entities in the pipeline. In response to this request, the Secretariat presented at the sixteenth meeting of the Board document "Facilitating an increase in proposals from direct access entities" (GCF/B.16/Inf.08). The Secretariat organized the empowering direct access workshop from 23 to 25 May 2017 at GCF Headquarters in Songdo, Incheon, Republic of Korea.¹⁹ The goal of the workshop was to facilitate engagement between the Secretariat and direct access AEs, and to build their knowledge base in order to strengthen the design of projects and programmes. In

¹⁷ Available at <<http://www.greenclimate.fund/partners/accredited-entities/get-accredited>>. AMAs have been signed with Acumen Fund, Inc. (Acumen), Agency for Agricultural Development of Morocco (ADA Morocco), Banque Ouest Africaine de Développement (BOAD), Corporación Andina de Fomento (CAF), Caribbean Community Climate Change Centre (CCCCC), Centre de Suivi Ecologique (CSE), Development Bank of Southern Africa (DBSA), Deutsche Bank Aktiengesellschaft (Deutsche Bank AG), European Bank for Reconstruction and Development (EBRD), Environmental Investment Fund of Namibia (EIF), Foreign Economic Cooperation Office (FECO), International Union for Conservation of Nature (IUCN), Korea Development Bank (KDB), Kreditanstalt für Wiederaufbau (KfW), Ministry of Natural Resources of Rwanda (MINIRENA), Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MoFEC), National Environment Management Authority of Kenya (NEMA), Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), PT Sarana Multi Infrastruktur (PT SMI), Secretariat of the Pacific Regional Environment Programme (SPREP), Unidad para el Cambio Rural (Unit for Rural Change) of Argentina (UCAR), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), World Meteorological Organization (WMO) and XacBank LLC (XacBank).

¹⁸ To be considered by the Board at its seventeenth meeting.

¹⁹ Available at <<http://www.greenclimate.fund/meetings/2017/direct-access>>.

addition, the aim of the workshop was to enhance peer-to-peer knowledge exchange, strengthen the capacity of entities and countries and build partnerships to address climate change. The workshop was attended by 68 participants, of which 41 were direct access AEs, 19 were NDAs and 8 were development partners.²⁰

35. As an outcome of a variety of learning sessions on capacity-building that were organized, the workshop offered an opportunity for the direct access AEs to discuss about 32 project ideas and concept notes with the Secretariat, and receive immediate feedback through focused bilateral meetings. In addition, the workshop also provided focused guidance on seven funding proposals put forward by direct access AEs, along with two enhancing direct access pilot proposals to get them ready for the next or final stage of review.

36. A number of readiness proposals were also advanced during the workshop, with six coming from countries and one from a direct access AE. Furthermore, six Project Preparation Facility (PPF)²¹ requests are expected to be submitted in the near term. The workshop also provided sessions where direct access AEs presented their best practices to other participants in order to promote peer-to-peer learning exchange. In addition, this engagement has also led to the earlier identification of potential upgrades in accreditation types for direct access AEs (e.g. size category, fiduciary functions, and environmental and social risk category) and potential gaps related thereto.

37. In addition, the Secretariat has continued to provide support via the Readiness and Preparatory Support Programme with a revised indicative list of activities, as contained in annex VII to decision B.13/32, for accreditation and direct access AEs. The Secretariat is also in the process of continually assessing/updating the demand for readiness support as identified by NDAs/focal points in their draft country programme briefs, and AEs in their entity work programme (EWP) briefs. Further information on the EWP briefs is contained in section 5.4 below.

5.3 Support for pipeline development and the Project Preparation Facility

38. As at 31 May 2017, the Secretariat had worked with AEs on a total of 19 PPF requests and had approved 1 PPF request from the Ministry of National Resources of Rwanda (at the twelfth meeting of the Board for USD 1,498,841). PPF activities are completed, and a funding proposal was submitted to the Secretariat on 30 April 2017. The Secretariat is currently working on reviewing other PPF requests, including five requests from direct access AEs, and has also been having discussions related to the PPF with other AEs (particularly direct access AEs) in the context of their EWP briefs. The Secretariat is also in the process of recruiting project development consultants to assist direct access entities in developing their PPF requests and funding proposals.

39. Additional details on activities to support direct access accredited entities in preparing projects through readiness support for project preparation and the Project Preparation Facility are contained in document “Status of the GCF portfolio: pipeline and approved projects” (GCF/B.17/09).

5.4 Entity work programmes

²⁰ Development partners are partners of the GCF for project development support.

²¹ Decision B.13/21.

40. In line with the strategic plan for the GCF, the Secretariat is working with the 48 AEs in order to update or develop draft EWP briefs. The Secretariat, in line with decision B.13/10, paragraph (c), compiled a document and reported to the Board on the development of 43 EWP briefs in document GCF/B.16/04/Add.01 (general distribution) titled “Implementation of the initial strategic plan of the GCF – addendum I: update on country programmes and entity work programmes” and related addenda GCF/B.16/04/Add.03 and Add.04 (limited distribution). AEs are continuing to update their EWP briefs on a periodic basis. As indicated in section 5.2 above, direct access AEs with their NDAs and focal points discussed their pipelines for projects based on their respective EWP briefs with the Secretariat during the empowering direct access workshop.

41. Aiming to strengthen the proactive and strategic approach of the GCF to programming in order to deliver country-owned, high-impact proposals, the EWP briefs include the following:

- (a) Engagement with the GCF, which may include the mission and objectives of the AE, and the envisaged partnership with the GCF;
- (b) Focus areas, if any, which may include geographical regions, sectors, types of activities, impact areas and other areas on which the AE may be focused; and
- (c) A potential pipeline with the GCF, which may include information on potential projects and programmes, as well as challenges, barriers, readiness needs and potential solutions to bringing the pipeline to the GCF. The entities may also indicate potential activities where support may be needed under the Project Preparation Facility, including those under the requests for proposals for the pilot phase for enhancing direct access, a pilot programme to support micro-, small- and medium-sized enterprises²² and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation.²³

²² Decision B.10/11, paragraph (a).

²³ As footnote 22 above.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.17/05 titled “Consideration of accreditation proposals”:

- (a) *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 050 (APL050) is the CDG Capital S.A. (CDG Capital) based in Morocco, as contained in, as contained in annex V;
 - (ii) Applicant 051 (APL051) is the Infrastructure Development Company Limited (IDCOL), based in Bangladesh, as contained in annex VI;
 - (iii) Applicant 052 (APL052) is the Small Industries Development Bank of India (SIDBI), based in India, as contained in annex VII;
 - (iv) Applicant 053 (APL053) is the Micronesia Conservation Trust (MCT), based in Micronesia (Federated States of), as contained in annex VIII;
 - (v) Applicant 054 (APL054) is the Bank of Tokyo-Mitsubishi UFJ Limited (BTMU), headquartered in Japan, as contained in annex IX; and
 - (vi) Applicant 055 (APL055) is the Japan International Cooperation Agency (JICA), headquartered in Japan, as contained in annex X;
- (b) *Accredits* applicants APL050, APL051, APL052, APL053, APL054 and APL055 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessments 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 XI;
- (c) *Takes note* that, pursuant to decision B.08/03, paragraph (k), the Secretariat, in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex XII; and
- (d) *Decides* that those entities referred to in annex XII 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: Readiness support for direct access entities

Table 2: Status of readiness support for gap assessment and the generation of action plans for direct access entities seeking accreditation (as at 31 May 2017)

	Country	Delivery partner	Amount (USD)
Status: Finalized			
1	Benin	PwC	37,000
2	Brazil	PwC	37,000
3	Cambodia	PwC	37,000
4	Colombia (2 entities)	PwC	74,000
5	Honduras (2 entities)	PwC	74,000
6	Kenya	PwC	37,000
7	Mexico	PwC	37,000
8	Micronesia (Federated States of) (2 entities)	PwC	74,000
9	Niue	PwC	37,000
10	Pakistan	PwC	37,000
11	Palau	PwC	37,000
12	Seychelles	PwC	37,000
Status: Under implementation			
13	Bangladesh	PwC	34,620
14	Peru	PwC	33,415
Status: Approved			
15	Cook Islands	PwC	29,722
16	Gabon	PwC	33,415
17	Senegal	PwC	29,722
18	Uruguay	PwC	28,203
	Total		744,097

Abbreviation: PwC = PricewaterhouseCoopers.

¹“Approved” indicates that the readiness proposal for gap assessment and the action plan for addressing any identified gaps has been approved for further process; “Under implementation” indicates that the activities for gap assessment and action plan generation are in progress; “Finalized” indicates that both the gap assessment and the action plan for addressing any identified gaps have been developed and sent to the entity for implementation.

Table 3: Status of readiness support for direct access accredited entities (as at 31 May 2017)

	Country	Recipient	Support	Amount (USD)	Status
1	Argentina	Unidad Para el Cambio Rural (Unit for Rural Change of Argentina)	Readiness support for strengthening institutional capacities	265,000	Approved
2	Morocco	The Agency for Agricultural Development of Morocco	Readiness support for strengthening institutional capacities	300,000	Approved
3	Namibia	Environmental Investment Fund of Namibia	Readiness support for strengthening institutional capacities	391,009	Approved
4	Rwanda	Ministry of Natural Resources of Rwanda	Project Preparation Facility	1,498,841	Approved



	Country	Recipient	Support	Amount (USD)	Status
5	Senegal	Centre de Suivi Écologique	Readiness support for strengthening institutional capacities	208,000	Approved
6	South Africa	South African National Biodiversity Institute	Readiness support for strengthening institutional capacities	380,000	Approved
7	Vanuatu	Secretariat of the Pacific Regional Environment Programme	Readiness support for project preparation	137,000	Approved
	Total			3,179,850	

	Accredited entity	Accredited entity short name	Fiduciary functions ¹					E&S risk category ²			Size of an individual project or activity within a programme ³			
			Project management ⁴	Grant award and/or funding allocation ⁵	Blended finance			C	B	A	Micro	Small	Medium	Large
					Loans	Equity	Guarantees							
41	South African National Biodiversity Institute ⁴⁶	SANBI												
42	Unidad para el Cambio Rural (Unit for Rural Change) of Argentina ⁴⁷	UCAR												
43	United Nations Development Programme ⁴⁸	UNDP												
44	United Nations Environment Programme ⁴⁹	UNEP												
45	World Food Programme ⁵⁰	WFP												
46	World Meteorological Organization ⁵¹	WMO												
47	World Wildlife Fund, Inc. ⁵²	WWF												
48	XacBank LLC ⁵³	XacBank												

¹ Annex I to decision B.07/02 (annex I to document GCF/B.07/11).

² E&S risk category = environmental and social risk category. Refer to annex I to decision B.07/02.

³ Annex I to decision B.08/02 (annex I to document GCF/B.08/45).

⁴ Annex I to decision B.08/02. The specialized fiduciary standard for project management is contained in annex II to decision B.07/02 (annex II to document GCF/B.07/11). Project management underlying principles are: ability to identify, formulate and appraise projects or programmes; competency to manage or oversee the execution of approved funding proposals (including those financed through grants), including the ability to manage executing entities or project sponsors and to support project delivery and implementation; and capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal.

⁵ The specialized fiduciary standard for grant award and/or funding allocation mechanisms is contained in annex II to decision B.07/02. Specific capacities for grant award and funding allocation mechanisms of grants in the context of programmes require: transparent eligibility criteria and an evaluation process; a grant award decision and procedures; public access to information on beneficiaries and results; transparent allocation and implementation of financial resources; and a good standing with regard to multilateral funding.

⁶ Annex VII to decision B.09/07 (annex VII to document GCF/B.09/23).

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

⁸ Annex XVII to decision B.12/30.

⁹ Annex XV to decision B.10/06 (annex XV to document GCF/B.10/17).

¹⁰ Annex XI to decision B.12/30.

¹¹ Annex VIII to decision B.09/07 (annex VIII to document GCF/B.09/23) .

¹² Annex V to decision B.14/10.

¹³ Annex XII to decision B.10/06 (annex XII to document GCF/B.10/17) .

¹⁴ Annex VI to decision B.14/10.

¹⁵ Annex IX to decision B.15/09.

¹⁶ Annex IV to decision B.09/07 (annex IV to document GCF/B.09/23) .

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

¹⁸ Annex XI to decision B.10/06 (annex XI to document GCF/B.10/17).

¹⁹ Annex XV to decision B.12/30.

²⁰ Annex XIV to decision B.10/06 (annex XIV to document GCF/B.10/17) .

²¹ Annex VIII to decision B.14/10.

²² Annex XIV to decision B.12/30.

²³ Annex VIII to decision B.10/06 (annex VIII to document GCF/B.10/17).

²⁴ Annex XVII to decision B.10/06 (annex XVII to document GCF/B.10/17).

²⁵ Annex XVIII to decision B.12/30.

²⁶ Annex VI to decision B.15/09.

²⁷ Annex XI to decision B.14/11.

²⁸ Annex X to decision B.15/09.

²⁹ Annex XVI to decision B.12/30.

³⁰ Annex XVIII to decision B.10/06 (annex XVIII to document GCF/B.10/17) .

³¹ Annex XX to decision B.10/06 (annex XX to document GCF/B.10/17) .

³² Annex XIX to decision B.12/30.

³³ Annex XII to decision B.14/11.

³⁴ Annex XXI to decision B.12/30.

³⁵ Annex VII to decision B.15/09.

³⁶ Annex IX to decision B.09/07 (annex IX to document GCF/B.09/23) .

³⁷ Annex XII to decision B.12/30.

³⁸ Annex IX to decision B.10/06 (annex IX to document GCF/B.10/17).

³⁹ Annex X to decision B.10/06 (annex X to document GCF/B.10/17).

⁴⁰ Annex XIII to decision B.12/30.

⁴¹ Annex XIII to decision B.14/11.

⁴² Annex V to decision B.09/07 (annex V to document GCF/B.09/23) .



⁴³ Annex VIII to decision B.15/09.

⁴⁴ Annex VI to decision B.09/07 (annex VI to document GCF/B.09/23).

⁴⁵ Annex XI to decision B.15/09.

⁴⁶ Annex X to decision B.14/11.

⁴⁷ Annex XX to decision B.12/30.

⁴⁸ Annex X to decision B.09/07 (annex X to document GCF/B.09/23).

⁴⁹ Annex XIX to decision B.10/06 (annex XIX to document GCF/B.10/17).

⁵⁰ Annex XXII to decision B.12/30.

⁵¹ Annex XXIII to decision B.12/30.

⁵² Annex XII to decision B.15/09.

⁵³ Annex VII to decision B.14/10.

Annex IV: Status of accredited entities addressing accreditation conditions

1. During the ninth, tenth, twelfth, fourteenth and fifteenth meetings of the Board, 48 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 accredited entities (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 of accreditation conditions, as contained in tables 5 and 6 below, is communicated to the Board by the Secretariat, on behalf of the AP, for information purposes.
2. Table 5 includes the AEs for which conditions of accreditation have been “fulfilled and closed” since the sixteenth meeting of the Board. These entities may have had recommendations or remarks raised by the AP as a part of those entities’ recommendation for accreditation, which may be “fulfilled” or “in progress”.
3. The following AEs have previously “fulfilled and closed” their conditions:
 - (a) Acumen Fund, Inc. (Acumen);¹
 - (b) Africa Finance Corporation (AFC);²
 - (c) Agency for Agricultural Development of Morocco (ADA Morocco);³
 - (d) Centre de Suivi Ecologique (CSE);⁴
 - (e) Corporación Andina de Fomento (CAF);⁵
 - (f) Development Bank of Southern Africa (DBSA);⁶
 - (g) National Bank for Agriculture and Rural Development (NABARD);⁷

¹ See annex III to document GCF/B.11/03 and annex V to document GCF/B.15/16.

² See annex V to document GCF/B.15/16.

³ See footnote 2 above.

⁴ See footnote 2 above.

⁵ See footnote 2 above.

⁶ See footnote 2 above.

⁷ See footnote 2 above.

- (h) Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE);⁸
- (i) United Nations Environment Programme (UNEP);⁹
- (j) World Meteorological Organization (WMO);¹⁰ and
- (k) XacBank LLC (XacBank).¹¹
4. Table 6 includes the accredited entities for which conditions of accreditation, in part or whole, are “in progress”. These entities may also have recommendations or remarks raised by the AP.
5. While the recommendations or remarks from the AP, as contained in the assessment for each AE, are not included in tables 5 or 6 below, the AP and the Secretariat continuously follow up on the progress AEs are making towards addressing such recommendations or remarks.

Table 5: Accredited entities that have closed accreditation conditions (since the sixteenth meeting of the Board and up to 31 May 2017)

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
International Union for Conservation of Nature ¹	Conditions	Fiduciary	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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	Fulfilled and closed	The entity submitted a grant operations manual titled “Grant Making in Support of Conservation Action” adopted in March 2017. The general principles and features for grant operations apply to all programmes in the same manner. Information on the awarded grants and project reports under grant financing is published on the corresponding programme website that is linked to the International Union for Conservation of Nature website. Based on the information provided, the Accreditation Panel (AP)

⁸ See footnote 2 above.

⁹ See annex III to document GCF/B.11/03.

¹⁰ See footnote 2 above.

¹¹ See annex IV to document GCF/B.16/13.

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
						concludes that the process for each grant programme is conducted in a transparent and efficient manner and is in line with GCF standards
South African National Biodiversity Institute (SANBI) ²	Conditions	Fiduciary	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	Submit at least one periodic monitoring report for each of the projects “Building resilience in the Greater uMngeni Catchment” and “Taking adaptation to the ground: a small grants facility for enabling local level responses to climate change in South Africa” developed by the applicant and approved by the Adaptation Fund in order to provide evidence of the track record of SANBI in monitoring projects under its grant award mechanism	Fulfilled and closed	<p>The entity has provided the first monitoring report that was approved by the Adaptation Fund on “Building resilience in the Greater uMngeni Catchment” and a first monitoring report on “Taking adaptation to the ground: a small grants facility for enabling local level responses to climate change in South Africa”</p> <p>Based on the review of both reports, the AP concludes that the reports provide sufficient evidence of the track record in monitoring projects under the SANBI grant award mechanism</p>

¹ Annex XXI to decision B.12/30.

² Annex X to decision B.14/11.

Table 6: Status of accredited entities addressing accreditation conditions (as at 31 May 2017)

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
African Development Bank ¹	Conditions	Fiduciary	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	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	In progress	The entity requested that the Accreditation Panel (AP) conduct a site visit to its headquarters in order to gain access to the confidential information required to address the condition. This visit is pending confirmation from the entity
			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	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	In progress	The entity requested that the AP conduct a site visit to its headquarters in order to gain access to the confidential information required to address the condition. This visit is pending confirmation from the entity
Banque Ouest Africaine de Développement (West African	Conditions	Fiduciary, ESS and gender	Conditions prior to the first disbursement by the GCF for an approved	1. Provide a plan for improving the monitoring of compliance with the applicant's fiduciary, E&S	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Development Bank) ²			project/programme to be undertaken by the applicant	and gender-related standards, as well as any conditions in general that it applies to its financing, including for projects financed by the GCF;		expected time frame for providing the information
		Fiduciary	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	2. Develop a process for publicly disclosing information on beneficiaries and the results of projects and programmes that are financed by the GCF; and	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
		Fiduciary	Conditions prior to submitting a request for GCF financing of a medium-sized grant award programme	3. Test and prove by way of having approved and successfully implemented for a minimum period of one year a small-sized grant award programme	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
Caribbean Community Climate Change Centre (CCCCC) ³	Conditions	Fiduciary	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Relating to the internal audit function and 'know-your-customer' procedure: (i) Adopt, through its audit committee, the audit charter as its frame of reference;	Fulfilled and closed	Refer to document GCF/B.15/16

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	(ii) Submit its internal audit plan for the next financial year, 2016; and	In progress	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 disbursement as part of the 2016 internal audit plan and to confirm the timeline for the completion of the audit
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	(iv) Establish a 'know-your-customer' procedure as part of its anti-money laundering and countering the financing of terrorism procedure	Fulfilled and closed	Refer to document GCF/B.12/07
			Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016	Relating to the internal audit function: Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016	In progress	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 indicated that the 2016 internal audit report would be submitted in September 2017

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		Gender	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Adopt a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	Fulfilled and closed	Refer to document GCF/B.12/07
Caribbean Development Bank ⁴	Conditions	Fiduciary	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	Demonstrate that the permanent external communications mechanism is fully functioning, in particular by identifying the staff assigned to manage, document and respond to communications, questions or complaints on the environmental and social performance of projects	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
		ESS	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	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	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Crédit Agricole Corporate and Investment Bank ⁵	Conditions	Fiduciary	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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	In progress	The AP had a virtual meeting with the entity in order to discuss the condition and the action required from the entity to address it. The GCF is waiting for a response from the entity on the expected time frame for providing the information
		ESS	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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	In progress	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 GCF is waiting for a response from the entity on the expected time frame for providing the information
		Gender	Condition prior to the first disbursement by the GCF for an approved project/programme	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	In progress	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 GCF is waiting for a response from the entity on the expected time frame for providing the information

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			to be undertaken by the entity	projects and programmes funded by the GCF		
Deutsche Bank Aktiengesellschaft AG (DB) ⁶	Conditions	Fiduciary	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Relating to internal controls: Provide the GCF, through the Secretariat, with a letter of comfort executed by the appropriate authority within the applicant entity stating that it is taking the necessary actions to strengthen its internal controls related to compliance with relevant regulations, including, but not limited to, risk management, management of operational risk and anti-money laundering and countering the financing of terrorism; and	Fulfilled and closed	Refer to document GCF/B.11/03
			Not required to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Provide the GCF, through the Secretariat, with its annual reports that disclose information on regulatory compliance	In progress	The entity indicated that it would provide the GCF with the annual report for the financial year 2016 once it had been published

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		Gender	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Develop a gender policy consistent with the gender policy of the GCF to be applied in projects and programmes funded by the GCF	Fulfilled and closed	Refer to document GCF/B.15/16
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH ⁷	Conditions	Fiduciary	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	Submit operational guidelines or an operational manual that describe(s) the fiduciary due diligence process the applicant would apply to GCF financing concerning transparency and accountability, with specific reference to standards on 'know-your-customer' and anti-money laundering	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Environmental Investment Fund of Namibia (EIF) ⁸	Conditions	Fiduciary	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	(i) Undertake an initial internal audit of its operations. The items to be addressed in the internal audit should include: 1. A sample review of three grant awards, including contractual arrangements for risk, assessed against its procedures;	Fulfilled and closed	The initial internal audit of EIF operations was completed as stipulated by the condition. The AP reviewed the internal audit report and noted that the scope of the audit covered the period of 1 January to 31 August 2015. During that time, no tenders were issued by the entity for awarding grants. The applicant subsequently commissioned an audit of three grants awarded earlier, and the outcome of the audit was provided. The audit has identified areas of improvement that relate to resources, record keeping and the alignment of processes with newly developed procedures. The AP concludes that the condition is fulfilled and closed The AP suggests that the entity consider including an audit of grants awarded using GCF resources in the terms of reference for the annual internal audit
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	2. Confirmation that its procurement practice complies with national law; and	Fulfilled and closed	The accredited entity provided evidence of its ability to comply with the procurement principles contained in the GCF fiduciary standards by way of an exemption of certain provisions contained in the country's national law for projects that are fully funded by the GCF. Moreover, the entity has clarified that this exemption applies to all projects financed by the GCF

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	3. A review of the new information technology control framework;	Fulfilled and closed	The accredited entity provided the information technology audit report and acknowledgement of the findings by the entity's management. Furthermore, it also provided a draft information technology policy. The AP notes that the entity is required as per condition (vi) below to provide, in the scope of the annual internal audit, for audits of the information technology framework
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	(ii) Submit the internal audit plan for the next financial year, 2016;	Fulfilled and closed	Refer to document GCF/B.15/16
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	(iii) Submit the revised procurement policy and procedures; and	Fulfilled and closed	The accredited entity provided its revised procurement policy and has published it on its website
			Conditions prior to the first disbursement by the GCF for an approved	(iv) Publish information on its grant award mechanism and process on its website	Fulfilled and closed	The entity's progress in publishing information on its grant award mechanism and process on its website is acknowledged. The AP noted that the

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			project/programme to be undertaken by the entity			entity's website still contains some unpopulated links to information, and the entity is working to address this
			Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016	Submit internal audit reports annually for three consecutive financial years, starting with the financial year 2016	In progress	The internal audit report for the financial year 2016 was provided. This condition still remains for the following two years and, as per the 2017 audit plan, must include progress on addressing the gaps flowing from audits conducted on the previous years
Fundación Avina ⁹	Conditions	Fiduciary	Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Develop its public disclosure procedures on: (a) Project implementation reports, including information on budget utilization;	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
			Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	(b) Project evaluation reports;	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
			Condition(s) prior to the first disbursement by the	(c) Grant award policy; and	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			GCF for an approved project/programme to be undertaken by the applicant			for a response from the entity on the expected time frame for providing the information
			Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	(d) Decisions on grant awards, including, for individual grants, information on: 1. The name, address and nationality of the beneficiary; 2. The purpose of such grants; and 3. The grant amount awarded and, where applicable, the maximum co-financing rate of the cost; and	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
			Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	2. Demonstrate the effectiveness of the above public disclosure procedures, provide evidence of the publication of the grant award policy, one grant award decision taken, one project implementation report and one project evaluation report.	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
HSBC Holdings plc and its subsidiaries ¹⁰	Conditions	Fiduciary	Condition to be met on an annual basis	Provide the Fund, through the Secretariat, with its annual reports that disclose information on regulatory compliance	In progress	The entity has been requested to provide the 2016 annual report when it becomes available in 2017
			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.	(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);	Fulfilled and closed	No action from the AP or the entity is required
			Conditions from decision B.12/30, paragraphs (e – g), contained in document GCF/B.12/32. The Accreditation Panel	(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,	Fulfilled and closed	Refer to document GCF/B.16/13



Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			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.	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;		
			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.	(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;	Fulfilled and closed	No action from the AP or the entity is required

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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;	Fulfilled and closed	Refer to document GCF/B.15/16
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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	In progress	The entity informed the GCF that it intends to align its process with GCF requirements. During the process of establishing the method for disclosing the relevant information, the entity will follow the mechanism adopted with export credit agencies' financings and will advise executing entities accessing GCF funding that the project benefits and GCF funding will be publicly divulged

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		Gender	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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	In progress	The entity informed the GCF that it is consulting internally on the matter and an update with relevant information will thereafter be made available
Korea Development Bank (KDB) ¹¹	Conditions	Gender	Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Provide evidence that the applicant has further strengthened its competencies to implement its gender policy	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
		Fiduciary	Additional condition(s): for every GCF funding proposal in which the applicant seeks to provide equity funds, the Secretariat shall ensure that the following conditions are met by the applicant	1. Disclosure of information regarding the equity exit strategy, including information regarding the intended purchasers of the equity participation upon the applicant's divestment; and	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
				2. The applicant shall be the equity investor of record in the proposed project; thus, equity investments through funds provided by third	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
				parties, such as the applicant's subsidiaries or private equity funds, shall not be accepted.		expected time frame for providing the information
Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia ¹²	Conditions	ESS	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	1. Finalize the recruitment of an E&S expert to help to oversee the project management cycle under the applicant's facility; and	In progress	The entity indicated that an environmental and social (E&S) expert had been recruited at the beginning of 2016 and that relevant documentation will be made available for review by the AP
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	2. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public	In progress	The entity indicated that an upgraded external communication registry to receive documents and respond to E&S related queries and complaints had been finalized and is available on the entity's website. Relevant documentation will be made available for review by the AP
		Fiduciary	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	1. Report progress in respect of all projects and programmes being undertaken. The report should include: a. Progress of activities vis-à-vis a plan with specific indicators;	In progress	The entity indicated that an external firm had been recruited to address the conditions related to annual audit reports and progress made in respect of projects and programmes being undertaken by the entity. Relevant documentation will be made available for review by the AP



Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			consistent with the requirements of the GCF monitoring and accountability framework for accredited entities			
			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	b. Budget variances and analysis;	In progress	No comments at this time
			Conditions to be met on an annual basis for the three consecutive years, starting with the financial year 2016. All information shall	c. Major risks and issues, if any, that may or are impacting the execution of a project/programme; and	In progress	No comments at this time

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			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			
			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	d. Brief qualitative write-up, including the likelihood of the project achieving its planned objectives (results, budget and schedule)	In progress	No comments at this time
			Conditions to be met on an annual basis for the three	2. Provide the annual audit reports of projects/programmes,	In progress	No comments at this time

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			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	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;		
			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	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.	In progress	No comments at this time

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Ministry of Natural Resources of Rwanda (MINIRENA) ¹³	Conditions	ESS	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	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	In progress	Refer to document GCF/B.11/03
		Fiduciary	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	Relating to the investigation function: (i) Publishing on its website the instructions and appropriate forms through which to log a complaint;	In progress	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
			Conditions prior to the first disbursement by the GCF for an approved	(ii) Preparing quarterly reports on case trends and maintaining a formal record	In progress	No comments at this time

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			project/programme to be undertaken by the entity	of all complaints received; and		
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	(iii) Submitting a report of the incidents recorded with its Office of the Ombudsman for investigation on a monthly basis	In progress	No comments at this time
National Environment Management Authority of Kenya ¹⁴	Conditions	ESS	Condition prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the entity	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	In progress	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
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden ¹⁵	Conditions	ESS	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Adopt and demonstrate effective implementation of policies and practices on the disclosure of project E&S assessments, as well as a stakeholder engagement strategy, in line with the GCF information disclosure policy and the GCF interim	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
				ESS (performance standard 1), respectively; and		
		Fiduciary	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Develop and demonstrate effective implementation of policies and procedures for providing information on results achieved and lessons learned, and their public disclosure, on a project-by-project basis;	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
			Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	2. Develop and demonstrate effective implementation of a policy on the disclosure of the evaluation reports on a project-by-project basis; and	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information
		Gender	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Adopt a gender policy in line with the GCF gender policy, and demonstrate progress in developing appropriate competencies to implement, and experience in applying, the policy	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
PT Sarana Multi Infrastruktur (PT SMI) ¹⁶	Conditions	Fiduciary	Condition(s) associated with the GCF fiduciary standards to be addressed prior to first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Provide a formal plan for mainstreaming the multilateral procurement framework into the applicant's operations, including plans for resourcing the function and making provision for an annual audit as a standard process and provide for lessons learned. This should include provision for disclosure of contract awards on the applicant's website;	In progress	The entity indicated that it is preparing the required documents to address this condition
				2. Further develop its grant management framework, ensuring the framework is mainstreamed into its overall operations. This includes further developing how the applicant intends to blend grants as part of both its direct and, in the future, its intermediated lending portfolio;	In progress	The entity indicated that it is preparing the required documents to address this condition
				3. Provide further evidence (in the form of two examples) of its compliance with its most recent	In progress	The entity indicated that it is preparing the required documents to address this condition

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
				AML/CFT policy in the context of its new mandate;		
				4. Provide for project disclosure on its website, including monitoring and evaluation of its projects;	In progress	The entity indicated that it is preparing the required documents to address this condition
				5. Provide the approved version of the risk management guidelines and procedures, including information on the segregation of duties;	In progress	The entity indicated that it is preparing the required documents to address this condition
				6. Provide two examples of reports from its management information system; and	In progress	The entity indicated that it is preparing the required documents to address this condition
				7. Provide an English version of the outcome of the recent regulation associated with government guarantees where relevant for the applicant's sustainability.	In progress	The entity indicated that it is preparing the required documents to address this condition
		ESS	Condition(s) associated with the GCF interim ESS and	1. Demonstrate with one more example per procedural step, full	In progress	The entity indicated that it was preparing ESS and gender reports for five projects, including projects with the World Bank

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			gender policy to be addressed prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	application of the 2016 guidance including its 10 ESS, as well as the application of its gender policy (i.e. provide one screening exercise, one environmental and social impacts assessment (ESIA), one gap analysis, one corrective plan, one gender assessment, one project disclosure report, one monitoring report and one environmental and social impacts assessment (ESMP); and		and AFD, with the aim of finishing the reports in early 2017
				2. Provide proof of employment of an external expert acceptable to the GCF to prepare the ESIA and ESMP of the first project to be submitted to the GCF, in full compliance with its 2016 ESS guidelines.	In progress	The entity indicated that the employment of external experts for the ESIA would be the experts for the geothermal project, in cooperation with the World Bank and the New Zealand Aid Programme. The proof of employment is expected to be submitted along with other documentation
Société de Promotion et de Participation pour	Conditions	Fiduciary	Condition(s) prior to the first disbursement by the GCF for an approved project/programme	1. Formally adopt an external communication mechanism which provides a system to receive, document and respond to	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The GCF is waiting for a response from the entity on the

Entity	Accreditation condition	Standard	Time frame	Description of accreditation conditions	Status	Remarks
la Coopération (PROPARCO) ¹⁷			to be undertaken by the applicant	questions or complaints from the general public; and		expected time frame for providing the information
			Condition(s) prior to the submission of a funding proposal to the GCF that includes a guarantee operation	1. Provide two examples to fully demonstrate the applicant's capacity and ability to undertake a guarantee operation of a project/programme that is of the large size category and high E&S risk (Category A/I-1) it is seeking accreditation for.	In progress	The AP and entity discussed the documentation required in order for the entity to address the condition. The entity is in the process of preparing the required information for submission
Unidad Para el Cambio Rural (Unit for Rural Change) of Argentina ¹⁸	Conditions	Fiduciary	Condition prior to the approval of the first funding proposal for a grant award programme submitted by the applicant to the GCF	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	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The GCF is waiting for a response from the entity on the expected time frame for providing the information

¹ Annex XVII to decision B.12/30.

² Annex V to decision B.14/10.

³ Annex XII to decision B.10/06.

⁴ Annex VI to decision B.14/10.

⁵ Annex XV to decision B.12/30.

⁶ Annex XIV to decision B.10/06.

⁷ Annex VIII to decision B.14/10

⁸ Annex VIII to decision B.10/06.

⁹ Annex X to decision B.15/09.



- ¹⁰ Annex XVI to decision B.12/30.
- ¹¹ Annex VII to decision B.15/09.
- ¹² Annex XII to decision B.12/30.
- ¹³ Annex IX to decision B.10/06.
- ¹⁴ Annex XIII to decision B.12/30.
- ¹⁵ Annex XIII to decision B.14/11.
- ¹⁶ Annex VIII to decision B.15/09.
- ¹⁷ Annex XI to decision B.15/09.
- ¹⁸ Annex XX to decision B.12/30.

Annex V: Accreditation assessment of Applicant 050 (APL050)

I. Introduction

1. Applicant 050 (APL050), the CDG Capital S.A. (CDG Capital), is a national entity based in Morocco, with a project portfolio that is composed of a variety of sectors and financial instruments. The applicant has provided financing through equity, loans and guarantees for both public and private sector projects in sectors such as power generation and distribution, port infrastructure, water supply infrastructure, real estate, rail, highways, telecommunications, services and industry.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 19 March 2016. The Stage I institutional assessment and completeness check was completed on 20 April 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. 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, private sector. The applicant received a national designated authority nomination for its accreditation application from Morocco;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** large;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (e) **Maximum environmental and social risk category:** medium risk (Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

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

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The Caisse de Dépôt et de Gestion was authorized to create

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and Intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

CDG Capital S.A. as a subsidiary by decree no. 2-06-178 issued on 4 April 2006 by the Moroccan authorities.

2.2 Institutional presence and relevant networks

5. CDG Group, including the applicant, has a track record of blending its own funds with international partners such as the European Investment Bank, Kreditanstalt für Wiederaufbau and Caisse de Dépôt et de Gestion. CDG Group is also a member of the International Development Finance Club supporting climate finance initiatives. It has recently voiced its support for the “common principles for climate mitigation finance tracking” aiming at further increasing transparency and credibility of mitigation finance reporting.

6. The applicant is the fully owned asset management, financing and investment banking arm of CDG Group, serving both private and public clients. The applicant, along with the larger CDG Group, intends to continue supporting the implementation of the national climate strategy in Morocco and to develop adaptation projects to adjust to the consequences of climate change in the following sectors: energy, landfill gas management, water management, agriculture and forestry, transport, and housing and urbanization (including new cities).

7. CDG Capital seeks accreditation to the GCF in order to:

- (a) Support efforts to promote the paradigm shift towards low-emission and climate-resilient development pathways in Morocco;
- (b) Make available relevant financial instruments and resources for economic operators to achieve scalable energy efficiency and renewable energy projects;
- (c) Protect vulnerable communities by investing in water security projects; and
- (d) Share knowledge on climate change mitigation and adaptation topics with partners in Morocco and other African countries who need technical and financial assistance to fight climate change.

2.3 Track record

8. The applicant has placed socially responsible investment and climate change as one of its main objectives. The applicant indicated that it has previously partnered with government, the national utility supplier, the private sector, civil society organizations and local communities in Morocco to achieve climate change mitigation and adaptation projects.

9. The applicant’s track record in financing climate change-related projects includes the following:

- (a) USD 3.5 million of USD 21 million (Emission Reduction Purchase Agreement through the clean development mechanism) for a wind farm project in Morocco;
- (b) USD 10.2 million of USD 818 million (loans, investment credit line) for the Moroccan public utility supplier (financing the electricity distribution network) in Morocco;
- (c) USD 15.3 million of USD 90 million (equity) for the Agadir Desalination project in Morocco;
- (d) USD 4.1 million of USD 816 million (loans) for the Moroccan public utility supplier (overdraft credit line in the energy sector) in Morocco; and
- (e) USD 6.2 million of USD 81.6 million (guarantees) for the Casablanca bus transport concessionaire, financing the purchase of new equipment in Morocco.

III. Stage II accreditation review assessment

10. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).
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.

3.1 Fiduciary standards

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

12. The applicant has an organizational and corporate governance structure that is appropriate for the size and scope of its activities. The applicant's board of directors has two oversight committees: audit and risk management. In addition, the applicant has six internal committees: credit, conduct and ethics, steering committee of internal control, recovery and litigation, and provisions. The corresponding terms of reference, and descriptions of the roles and composition for each committee were provided by the applicant. The applicant has a process for setting long- and short-term objectives aligned with its overall mission; a process for preparing annual budgets and monitoring of these budgets; and a process for monitoring and assessing the performance of the entity against the set objectives.
13. The applicant's consolidated annual financial statements for the years 2012, 2013 and 2014 were prepared in accordance with the requirements of the International Accounting Standards Board, which include the International Financial Reporting Standards and the International Accounting Standards. The financial statements present comprehensive corporate financial information, including information on the evaluated assets and liabilities, cash flows, taxes, costs, interest expenditure and value, other business revenues, cost of risk, shareholders' equity, earnings per share, investments in associates and joint ventures, subsidiaries, and consolidation principles.
14. The applicant has a well-developed financial information system in place that reflects the cash flow reports on the entities' operations, including private equity funds. The applicant has transparent and consistent payment and disbursement systems in place with documented procedures and clear allocation of responsibilities.
15. The applicant has an established internal audit process under which activities are directly and regularly monitored by the applicant's audit and investigation department, which reports to the audit committee. The operation of the internal audit in accordance with its audit charter is evidenced by appropriate evidence such as minutes of meetings, audit plans, sample audit reports and reports on the status of actions taken with regard to the recommendation of the internal auditors, which were provided by the applicant. The applicant complies with international standards and the code of ethics of the Institute of Internal Auditors and also undertakes the periodic assessment of the overall effectiveness of the internal audit function.
16. The applicant has appointed an external auditor to independently review financial statements at an overall organizational level. The external audit controls were carried out in accordance with professional standards applicable in Morocco and in accordance with Moroccan accounting standards. In the opinion of the external auditor the consolidated financial statements, in all significant aspects are true and fair, and correctly reflect the financial performance and cash flows for the corresponding financial years. The recommendations of the external auditor were shared with the applicant's board of directors and management of the entity, and all the actions taken in response to the recommendations were further recorded.
17. The applicant has a well-developed internal control framework, which is outlined in the internal control charter document. The internal control function covers supervision of the

measures for strengthening and improving the ongoing monitoring system for the applicant's performance and its subsidiaries. The details of the control records are contained in the summary of the internal monitoring and audit committee reports, and in documentation with regard to the control consolidation meetings with the business lines and the meetings of the steering committee for internal monitoring, as well as records of audit and risk committee meetings.

18. The applicant has procurement policies and procedures that are found to be comprehensive and adequate for its procurement activities. The applicant's procurement is based on the following principles: the promotion of fairness and transparency, sustainable development and responsible purchasing; development of e-commerce; continuous improvement of service quality; the promotion of innovation; economic performance; optimization of expenditures; and asset protection. The applicant's procurement policy rules, regulations and guidelines ensure free access to the ordering and purchasing process, competitive bidding principles, equal treatment of competitors and transparency in the choice of service providers.

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

19. The applicant has in place the appropriate processes, authorities and key documents for supporting ethical behaviour of the employees and other parties associated with the applicant's operations, such as an ethics and professional conduct committee, a code of professional conduct and relevant guidelines. The code of professional conduct, as well as supporting policies, also addresses the issues related to the conflict of interest and management of confidentiality.

20. Prevention of financial mismanagement is regulated by a specific set of internal financial policies with regard to fraud prevention. The applicant's management team have committed to a zero-tolerance policy in relation to fraud, and have adopted the general principles of prohibited practices that are in compliance with the GCF interim policy on prohibited practices.

21. The applicant has provided the evidence that the investigative function is carried out by its audit and investigation department. The investigation process, as well as the process of handling complaints, is described in the new internal investigation procedure. The procedure covers occurrence of fraud, incident, actual or potential significant loss and other serious issues. In response to the occurrence of serious issues, which can considerably affect the interests of the bank, its customers, shareholders and partners, the audit and investigation department undertakes special missions of investigation and reports on the outcomes to the board of directors. The web link to receive complaints on suspected fraud cases from the general public is posted on the applicants' website. However, the link does not provide the information on the process of handling complaints received from the general public.

22. The applicant has provided a statement that there have been no cases of violation of the code of ethics in the past three years.

23. The applicant provided its policy on anti-money laundering and countering the financing of terrorism, which has been approved by its board of directors. The policy establishes the rules for the examination of the customer and its risk profile, and the methods for the identification of suspicious activities. The policy also contains the general principles and types of prohibited practices to be developed by the applicant, which are found to be in a full compliance with the list of the prohibited practices contained in the GCF interim policy on prohibited practices.

24. The applicant's due diligence process of its customers and counterparts with regard to combating money laundering and the prevention of financing terrorism is established and operating in accordance with the corresponding policies and manuals, and is found to be transparent, efficient and mature. The applicant requires all the customers, including independent persons and legal entities to provide the complete information on their business

following the 'know-your-customer' (KYC) due diligence manual. The system is supported by the well-established procedure and in-house electronic control system for undertaking KYC due diligence, as well as for close monitoring of the electronic fund transfers. The corresponding sample KYC due diligence reports, as well as sample reports on the electronic transfers were provided.

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

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

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 is the fully owned asset management, financing and investment banking arm of the larger financial group and, as such, has profound experience in undertaking strategic investments and financing sustainable development projects, while also providing various financial services for both private and public group clients, such as asset management services, providing financial guarantees, debt and equity financial structuring and bonds issuance, and the management of private equity funds and of one-off infrastructure funds. The financial group to which the applicant belongs is the 100 per cent government-owned manager of public pension funds and regulated deposits of Morocco, with over USD 20 billion assets under management.

28. The applicant has a mature set of procedures on the determination of the equity and debt investments in the projects, as well guidelines on providing financial guarantees. The funding mix of the project is determined considering the project's risk allocation principles, risk diversification strategy and market standards for the relevant type of project.

29. The applicant has also demonstrated sound investment policies for asset management, private equity and infrastructure funds investment policies, investment financial risk and management policies, supported by the regular corporate risk diversification reports. The applicant also has in place procedures and organizational structures that ensure appropriate segregation of the duties of the treasury function and operations.

30. The applicant has a documented framework for undertaking due diligence of the financial opportunities, with clearly defined roles and responsibilities and applicable guidelines and procedures for assessing the capabilities of the organizations seeking financing or a guarantee from the applicant. Sample due diligence reports in respect of its equity financing and on-lending and blending operations, as well as samples of the guarantee agreements, show effective use of and compliance with the existing policies and procedures.

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

32. The applicant stated that currently it does not lend to financial institutions, therefore it does not have any assessment reports on the lending portfolio of such intermediaries. However, it also stated that it might use the services of a financial institution in the future, for example as a managing company to run an equity fund where the applicant has an equity stake. In this case it would need to provide the corresponding assessment report of the intermediary contracted for the management of the project(s) approved by the Board.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

33. The applicant provided its environmental and social safeguard (ESS) policy, which came into effect in July 2016. The applicant's ESS policy is endorsed by its management, as indicated in the introductory letter signed by the general management in the original version in French. The ESS policy was communicated by the applicant's management to all of its staff by email on 21 September 2016. The policy covers the scope, purpose, objectives and principles which guide the applicant in its decision-making processes and includes the roles and responsibilities of various units. Furthermore, the policy refers to the performance standards 1 to 8 of the GCF interim ESS, including adherence to the country's obligations under international law. The applicant has expressed its commitment to comply with the GCF interim ESS for both Intermediation 2 and 3. The ESS policy includes the requirement that its executing entities, when they execute projects financed by the applicant, address cumulative impacts, analysis of alternatives, baseline data standards and mitigation hierarchy.

34. As evidence of the applicant's implementation of the performance standards, the applicant provided guidelines and checklists that will be used in screening projects against performance standards 1 to 8 of the GCF interim ESS.

3.2.2 Section 6.2: Identification of risks and impacts

35. The applicant has provided its procedure for environmental and social (E&S) risk and impacts identification in line with performance standards 1 to 8 of the GCF interim ESS. The procedure also provides an E&S risks and impacts identification form, which systematically addresses performance standards 1 to 8 of the GCF interim ESS. The applicant has provided the terms of reference and job description of the person in charge of implementing the E&S risks and impacts identification procedure, who is the environmental and social specialist. The applicant's ESS team is in charge of performing E&S risk identification and categorization. The applicant has also provided sample projects showing an identification of E&S risk and impacts analysis carried out per the International Finance Corporation's performance standards, indicating the applicant's capability of undertaking this task in line with the GCF interim ESS.

3.2.3 Section 6.3: Management programme

36. The applicant has committed to develop and provide the GCF full E&S risk mitigation and management reports for projects that it will finance using GCF resources. Similarly, the applicant has committed to develop and provide the GCF with an audit report to improve the effectiveness of its institutional management related to programmes financed using GCF resources.

37. The applicant provided a sample of a monitoring plan for a wind farm project, and the sample is quite extensive in terms of key technical indicators. However, the key indicators did not cover social issues such as grievances received/resolved. In addition, the full monitoring report was not provided.

3.2.4 Section 6.4: Organizational capacity and competency

38. The applicant has provided its overall organization chart, which includes identification of all departments that would be involved with the applicant's ESS team and a detailed chart of the ESS team, which reports to its chief executive officer. The ESS project cycle chart describes the tasks and interactions of the ESS team with other teams in the design and implementation of projects. The ESS team is made up of a manager and two environmental specialists. External consultants are used to support the team in its tasks, as necessary. Job descriptions of the duties of the environmental and social specialist and of the ESS and gender manager, are also provided in line with the GCF interim ESS. This set up of the applicant's organization capacity and competencies is sufficient to undertake I-2 and I-3 projects and programmes.

3.2.5 Section 6.5: Monitoring and review

39. The applicant's ESS monitoring procedures provide a detailed description of actions and guidelines to ensure the consistent application of the monitoring programme. It addresses how the projects will be monitored periodically and systematically with a clear monitoring methodology (planning, data collection, analysis, corrective action tracking, issue resolution and reporting); tools/reporting templates; and description of responsibilities. The procedures on internal monitoring describe the annual reporting to the chief executive officer by the ESS team and the annual meeting of the ESS committee to review the effectiveness of the applicant's environmental and social management system. In addition, an external audit will ensure E&S compliance of the financing channelled by the applicant.

40. The applicant has not provided adequate sample monitoring reports except for the monitoring planning phase, because its procedures are new (July 2016). The applicant has made a commitment to develop a track record for further and more robust E&S-related monitoring of its projects, particularly for projects it will finance using the GCF resources, and to share reports of periodic performance reviews with its senior management on the effectiveness of the environmental and social management system.

3.2.6 Section 6.6: External communications

41. The applicant's updated external communications procedure provide a detailed description of the ESS-related disclosure and a consultation policy for Intermediation 2 and Intermediation 3, which also addresses the grievance mechanism. The procedure includes the location of the procedure on its website, as well as the description of the assigned responsibilities for those who would manage the communication and disclosure process.

42. The applicant has indicated that it has no register of enquiries or complaints available because its policies are new, and that it has not received any complaints on its past programmes. The applicant is willing to develop and maintain a register for the applicant's projects financed using GCF resources.

3.3 Gender

43. The applicant has provided its gender policy which has been endorsed by its management. The applicant has also provided its gender procedures, which describe the action plan to ensure gender mainstreaming in the applicant's operations (both in projects and in-house). The procedure also includes tools for:

- (a) The identification of gender risks;
- (b) The management of gender risks;
- (c) Monitoring; and
- (d) External communications.

44. As the applicant's gender policy and procedures are relatively new, it has no track record with regards to gender and related competencies. However, the applicant has provided a detailed action plan to develop internal capacity and competency in line with the GCF Gender policy.

IV. Conclusions and recommendation

4.1 Conclusions

45. 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 and specialized fiduciary standard for on-lending and/or blending for loans, equities and guarantees. In some respects the applicant's policy is new (e.g. information disclosure), and there is no evidence yet of implementation. In the case of complaints in general, information is not disclosed to the public. There is also no track record of working through a financial intermediary and corresponding policy;
- (b) The applicant has applied for GCF large size category. However, the applicant did not demonstrate any track record on providing project financing of an amount higher than USD 55 million. Therefore, the AP can only recommend the accreditation of the applicant for the medium size category;
- (c) The applicant partially meets the requirements of the interim ESS of the GCF in relation to medium E&S risk (I-2). As the applicant's ESS policy and procedures are relatively new, it has not been able to demonstrate its track record in terms of E&S mitigation and management, and E&S monitoring and external audit. The applicant has also committed to enhance its external communications procedure regarding ESS public consultation and disclosure, and for receiving and responding to E&S-related complaints; and
- (d) As the applicant's gender policy and related procedures are relatively new, it has not demonstrated its competencies to implement its gender policy consistent with the GCF Gender policy. The applicant has also not demonstrated that it has experience with gender considerations in the context of climate change. However, the applicant has submitted a work programme to address these shortcomings.

4.2 Recommendation on accreditation

46. The AP recommends, for consideration by the Board, applicant APL050 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** medium⁴ (including micro⁵ and small⁶);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 2. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
 - (iii) **Maximum environmental and social risk category:** medium risk (I-2) (including lower risk (I-3⁷)); and

⁴ 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".

⁵ 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".

⁶ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁷ As per annex I to decision B.07/02, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;
- (i) Condition to be met by the applicant prior to submitting the first funding proposal to the GCF wherein the applicant would be providing GCF resources through a financial intermediary:
 - 1. Submit a description of the approach the applicant will undertake to assess the financial intermediary as the executing entity;
 - (ii) Conditions to be met for each funding proposal:
 - 1. Provide in its funding proposal an E&S management framework that describes the applicant's project-specific approach to E&S risk and impact categorization, mitigation and management, E&S monitoring and reporting; and
 - 2. Provide in its funding proposal a gender action plan that reflects the applicant's adequate competency in terms of human and financial resources and a system for maintaining data that addresses gender aspects in line with the GCF Gender policy;
 - (iii) Condition to be met prior to the first disbursement by the GCF for the first approved GCF project/programme to be undertaken by the applicant:
 - 1. Provide, on the applicant's website, a description of the arrangements and procedure for managing complaints before, during and after the investigation process; and
 - (iv) Condition to be met on an annual basis for three consecutive years starting with the end of the first year of the implementation of the first GCF-funded project/programme:
 - 1. Provide the evidence that the reports on beneficiaries and results during implementation of all GCF-funded activities were prepared and published in accordance with the applicant's procedures for public access to information.
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.

Annex VI: Accreditation assessment of Applicant 051 (APL051)

I. Introduction

1. Applicant 051 (APL051), the Infrastructure Development Company Limited (IDCOL), is a national entity in Bangladesh with a vision to help to ensure the economic development of the country and to improve the standard of living of the people of Bangladesh through sustainable and environmentally-friendly investments. The applicant has been promoting and financing in the private sector since its inception in 1997, focusing on infrastructure, renewable energy and energy efficiency projects. The applicant seeks accreditation to the GCF in order to scale up its renewable energy projects with innovative technologies and new sustainable business models in order to generate a greater impact countrywide.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 10 September 2015. The Stage I institutional assessment and completeness check was completed on 3 November 2016 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. 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 nomination for its accreditation application from Bangladesh;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans); and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).^{3, 4}

II. Stage I institutional assessment and completeness check

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

¹ 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”.

² Decision B.07/02.

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

⁴ The applicant initially applied for environmental and social (E&S) Category A/Intermediation 1, however, it had not provided an adequate track record for this category and subsequently indicated that it wished to apply for Category B/I-2 instead.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was incorporated by the Government of Bangladesh under the Companies Act (XVIII) of 1994.

2.2 Institutional presence and relevant networks

5. The applicant has 12 regional offices in Bangladesh from which the applicant manages the projects and programmes that it implements. It has well-established partnerships with government institutions; the private sector, which includes but is not limited to micro-finance institutions, non-governmental organizations; as well as bilateral and multilateral development agencies. Together with its partners, the applicant has acquired a track record mainly in investing in sustainable infrastructure, renewable energy and energy efficiency that is assisting Bangladesh to migrate towards climate-resilient development pathways.

6. The applicant seeks to contribute towards furthering the climate mitigation and adaptation objectives of the GCF by using its experience in managing projects and programmes in the areas of renewable energy, energy efficiency, infrastructure, agriculture and environmental services. Through piloting new renewable energy technologies in collaboration with the private sector, the applicant has been able to design a sustainable business model that ensures the delivery of clean, affordable and reliable energy services to the end users living mostly in remote areas. With the support of GCF resources, the applicant can scale-up these intervention schemes countrywide, which in turn could reduce the overall carbon emissions of the country.

7. Furthermore, the applicant seeks to strengthen country ownership by providing technical assistance in the form of training and capacity-building services to its local partners.

2.3 Track record

8. The applicant leverages its partnerships to mobilize financial resources from the Government of Bangladesh through national institutions, and by engaging with bilateral and international organizations. The applicant intends to continue cooperating with its partners in order to assist Bangladesh to achieve sustainable development that mainstreams climate change by implementing infrastructure projects in that country.

9. The applicant undertakes climate-resilient sustainable development by mainstreaming climate mitigation and adaptation in all the sectors that it operates in. The applicant has a track record in financing infrastructure, renewable energy, agriculture and energy efficiency projects in Bangladesh. Its track record in financing sustainable development and climate change projects in these sectors to date includes the following:

- (a) USD 997 million (loans, grants and equity) for the Solar Home System Programme;
- (b) USD 380 million (loans, grants and equity) for the 450MW Meghnaghat-1 Power Plant;
- (c) USD 14.69 million (loans, grants and equity) for the Domestic Biogas and Biogas-fertilizer Programme; and
- (d) USD 10.2 million (loans, grants and equity) for the Solar Mini-grid and Solar Irrigation Programmes; and
- (e) USD 8 million (grants) for the Improved Cook Stove Programme.

III. Stage II accreditation review assessment

10. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).
11. As part of this assessment, the AP consulted the applicant's website 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. The applicant's governance structure includes several internal oversight bodies: an audit committee, ethics committee, credit risk management committee and asset liability management committee. The audit committee comprised five members from both the public and private sectors. Profiles of the committee members and sample minutes of committee meetings provided show that the members have the expertise and experience to carry out their responsibilities adequately.
13. The applicant's financial statements are prepared in accordance with the country's financial reporting standards, Companies Act 1994, Financial Institutions Act 1993, and other applicable laws and regulations. The country's financial reporting standards meet the standards required by the International Financial Reporting Standards. Evidence of certification by the International Financial Reporting Standards was provided by the applicant. The applicant uses a customized data management system for the recording of day-to-day financial transactions and year-ending financial reporting.
14. The applicant has its own disbursement policies and procedures which are detailed in its accounting, audit and internal control manual, but also follows the disbursement guidelines of its development partners, where required. Its procedures provide for a clear segregation of approval and disbursement responsibilities and authorities. Audits of the applicant's payment and disbursements system are carried out periodically.
15. The applicant has a well-established and adequately staffed internal audit department. In order to ensure its independence, the department reports directly to the applicant's board. The applicant's annual financial statements are audited by an external audit firm. The sample external audit reports provided show that the financial statements were audited in conformity with the International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh. Complete external audit reports for the past three financial years were provided by the applicant.
16. The applicant has a comprehensive internal control framework which is overseen by an internal control and compliance committee to ensure the efficiency and effectiveness of organizational activities, reliability, completeness and timeliness of financial and management information, compliance with applicable laws and regulations, and accountability to the applicant's board.
17. The applicant has a detailed procurement policy that guides the procurement of goods and services. In addition to its own procurement policy, the applicant follows the respective procurement policies of the donor agencies under the project they finance. The sample procurement documents provided show that the applicant's procurement policies are consistent with recognized international practice. The applicant also has uniform procurement guidelines for the executing agencies under the projects its finances. It conducts procurement audits on its partner organizations, which are affiliated with different projects and programmes funded by the applicant. For the resolution of procurement disputes, the applicant generally follows the provisions under country's Public Procurement Rules.
18. While the applicant meets all other GCF requirements relating to administrative and financial capacities, it does not have a process in place to monitor and assess the overall

effectiveness of the internal audit function, and it has not provided evidence to show that checks and audits of its procurement activities are carried out. The applicant is taking the appropriate steps to address these shortfalls in meeting GCF requirements.

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

19. The applicant has a draft code of conduct (pending its board's approval) that defines ethical standards to be upheld by employees and all parties functionally related to the organization. Even though it is still in draft form, the code of conduct is communicated to the employees and the other targeted parties through appointment letters and signed contracts, respectively.

20. Oversight of the applicant's ethics is carried out by an integrity committee, the terms of reference of which were provided along with the sample minutes of meetings of the committee.

21. The applicant has a financial mismanagement policy, which is detailed in the accounting, audit and internal control manual. A sample case demonstrating the procedures for handling financial mismanagement was provided. The information provided demonstrates the applicant's experience and track record in accessing financial resources from international sources, including the main multilateral development banks and bilateral aid agencies.

22. The applicant has a "Zero tolerance policy against fraud corruption and other sanctionable practices", which is posted on the applicant's website, including a provision for reporting fraud, corruption and other forms of misconduct. The applicant has put in place a whistle-blower protection policy and conflict of interest review and resolution procedures. The policy on zero tolerance of fraud is complemented by a detailed mechanism for investigating cases of suspected or alleged fraud and other forms of misconduct. In order to ensure objectivity, investigations are carried out by an inquiry commission comprised of senior staff from three different departments rather by a single officer. A copy of the case register that shows details of the cases investigated and their current status or final disposition was provided by the applicant.

23. In order to combat money laundering and to counter the financing of terrorism, the applicant recently put in place:

- (a) An anti-money laundering and countering the financing of terrorism policy which is based on the "Guidance notes on prevention of money laundering and anti-terrorist financing" formulated by the country's Central Bank; and
- (b) A comprehensive 'know-your-customer' due diligence process.

24. The applicant also has a detailed mechanism for monitoring the electronic transfer of funds which is implemented in collaboration with commercial banks and parties with which the applicant has business relationships.

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

25. The applicant has well-documented operational procedures, including project preparation, appraisal, credit risk management, monitoring and evaluation policies and guidelines. The applicant has also recently prepared a draft project closure policy which is awaiting approval by its board. Their effective use is demonstrated by sample project appraisal reports and other supporting documents provided, which also show that the applicant has the capacity to examine and incorporate the technical, financial, economic and legal, environmental and social aspects of the project at the appraisal stage.

26. The applicant has satisfactory procedures and processes for undertaking project quality reviews through a sequential review process involving several units within the organization, such as the business unit, credit risk management unit, credit risk management committee, credit committee and the board of directors. Sample reports of the quality reviews undertaken during project preparation and appraisal process for two different projects were provided.

27. The applicant has a mature monitoring and evaluation function. The function places emphasis on continuous oversight of the project implementation process and periodic reporting on the project's implementation status to the applicant's operations committee, which comprises the heads of the relevant department of project executing agencies and is chaired by the applicant's chief executive officer. Sample implementation status reports as well as sample minutes of operations committee meetings were provided.

28. The applicant does not have an in-house capability for the independent evaluation of project results at implementation completion. Instead, it relies on external expertise to carry out the independent evaluations normally under the funding of respective donor agencies. The terms of reference for independent evaluation and the sample evaluation reports provided demonstrate that the evaluation function complies with recognized professional standards and methods.

29. As part of its project implementation monitoring process, the applicant has a project-at-risk system to identify and address project problems before they become entrenched and inhibit the attainment of project objectives. The system is primarily managed by project relationship officers who are responsible for the follow-up of project activities at different stages in coordination with the monitoring and technical teams.

30. Although the applicant meets all other requirements related to the specialized fiduciary standard for project management, it has only recently developed some of the required policies and procedures which are yet to be approved by its board. These include policies relating to project closure, the publication of monitoring and evaluation reports on GCF-financed activities, the independent evaluation of results of GCF-funded activities, and the public disclosure of evaluation reports. The applicant is taking appropriate steps to address these shortfalls in meeting GCF requirements, including securing the approval of the draft policies and procedures by the applicant's board.

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

31. 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**

32. The applicant's on-lending and blending operations are supported by a set of policies, procedures and guidelines, including a project appraisal manual, lending policy and credit risk management guidelines. The applicant has been involved in on-lending and/or blending activities since its inception in 1997. It has a proven track record in receiving and on-lending and/or blending resources from major funding agencies such as the World Bank, the Asian Development Bank, the Japan International Cooperation Agency, the United Kingdom Department for International Development, Kreditanstalt für Wiederaufbau and the United States Agency for International Development. Examples of on-lending, including information on the intermediaries and sources of funding, were provided by the applicant. The sample project appraisal reports provided are comprehensive and contain all the pertinent areas that are normally contained in a completed due diligence report.

33. The applicant has appropriate operating guidelines which ensure that the funds it provides are channelled transparently and used effectively. The applicant's disbursement process and the utilization of funds by its partner organizations are audited by external auditors to ensure that the funds are used for the intended purposes. Copies of sample disbursement audit reports were provided. The applicant also provided information on two projects, which shows that advantages to the final beneficiaries of projects funded by the applicant are regularly monitored and evaluated.

34. In order to comply with the guidelines of the country's financial sector regulatory authority on "Managing core risks of financial institutions and asset liability management", the

applicant has put in place robust financial risk management guidelines which bolster its capability to assess, identify and address key financial risks in its on-lending and blending activities. The attention paid to financial risk management is evident from the sample minutes of recent meetings of the applicant's asset and liability committee.

35. The applicant partially meets the GCF requirements relating to the specialized fiduciary standard for on-lending and/or blending (for loans), as it has only recently developed the required policy on the disclosure of information to the public regarding the applicant's decisions on on-lending and/or blending operations, and a policy on publication of monitoring and evaluation reports on projects that would be funded by the GCF. The applicant is taking the appropriate steps to address these shortfalls in meeting GCF requirements, including securing approval from its board of the draft policies and procedures.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

36. The applicant's environmental and social management system (ESMS) includes its E&S policy, environmental and social management framework (ESMF) and environmental and social safeguard framework (ESSF). The applicant's renewable energy financing portfolio, including its solar home system programme, solar irrigation, solar mini-grid, biogas programme, biogas-based electricity, and improved cook stove programme, is guided by its ESMF, which was accepted by all development partners and adopted by the applicant in 2014. On the other hand, the applicant's infrastructure financing is guided by its ESSF, which was adopted in 2011 and applies to solar roof-top and solar grid-tied projects the applicant finances.

37. The applicant is now updating its ESMS to be compatible with operational policy 4.03 of the World Bank,⁵ which is to be followed by the applicant for solar roof-top and solar grid-tied projects, taking into account performance standards 1 to 8 of the GCF interim environmental and social safeguards (ESS). The ESMF and ESSF are consistent with performance standards 1 to 8 of the GCF interim ESS; are endorsed by the applicant's senior management; and are communicated to all levels of its organization and communicated publicly on its website. The applicant has confirmed its willingness to require its executing entities, when they execute projects implemented or financed by the applicant, to address cumulative impacts where relevant, provide an analysis of alternatives, and employ baseline data standards and mitigation hierarchy.

38. In view of the above, the applicant's ESMS comprising an ESMF and ESSF, is in line with the GCF interim ESS.

3.2.2 Section 6.2: Identification of risks and impacts

39. The applicant's ESMS describes the environmental and social (E&S) risk identification criteria for classifying projects based on its red, orange or green (i.e. high, moderate or low) risk categories which have been harmonized with the Asian Development Bank's safeguards system for classifying Categories A, B, C and FI (for financial institutions) projects, which is also consistent with the GCF interim ESS.

40. The applicant's ESMS includes a business process flow chart, which includes the applicant's environmental and social safeguard unit. This unit has the responsibility for the implementation of E&S risks and impacts identification and is consistent with good international industry practice and PS 1 to 8 of the GCF interim ESS. The applicant has provided

⁵ World Bank. 2013. Operational policy 4.03, "Performance Standards for Private Sector Activities". Available at <<https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0822f7442.pdf>>.

evidence of its track record in terms of sample project documents for E&S risk Categories B/I-2 and C/I-3.

3.2.3 **Section 6.3: Management programme**

41. The applicant's ESMS describes the applicant's institutional process for managing mitigation measures and actions stemming from the E&S risk identification process, which is also shown in the business flow chart. This is further complemented by several protocols containing guidelines for ensuring proper disposal of batteries and other wastes generated from solar home systems, and mini-grid and biogas projects. The applicant has provided sample projects showing how this institutional process is applied for Category B/I-2 and Category C/I-3 projects.

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

42. The applicant has provided an organization chart showing the placement of its environmental and social staff and their roles, responsibilities, reporting lines and authority for implementation of the ESMS. The applicant's environment and social safeguards management unit is responsible for institutionalizing the environmental and social management in its operation. The ESMS includes a flow chart of the process at each stage of the project cycle and interaction with the various relevant departments such as investment, legal, etc. The applicant has provided the curricula vitae of two full-time environmental specialists under its renewable energy department. The applicant has provided a list of various E&S related training undertaken by its technical staff to enhance their knowledge of PS 1 to 8 of the GCF interim ESS and to properly categorize potential funding proposals.

3.2.5 **Section 6.5: Monitoring and review**

43. The ESMS describes a monitoring and review process, including the institutional structure responsible for its implementation, and timelines for various types of reports submitted to its senior management for approval before being disclosed on the applicant's website. Evidence of communication related to approval by senior management for disclosure purposes was provided by the applicant. Sample monitoring reports for Category B/I-2 and C/I-3 projects have also been provided, including information on or examples of how supervision and auditing have helped to improve the effectiveness of the management review and have resulted in an updating of the ESMS.

3.2.6 **Section 6.6: External communications**

44. The applicant's ESMS indicates that it follows the Asian Development Bank's disclosure policy for Category A projects, which requires disclosure of E&S assessment documents 120 days in advance of the consideration and approval of the project. However, no clear policy is mentioned regarding Category B projects for which the GCF Information disclosure policy requires 30 days. The applicant has agreed to apply the GCF Information disclosure policy for activities financed using GCF resources.

45. The operational procedure section of the ESMS includes the description of the applicant's information disclosure policy and practice. The applicant discloses on its website various monitoring reports on the environmental and social aspects of its renewable energy projects. The applicant has provided weblinks to project documents as evidence of project-level disclosure carried out as a requirement of international funding agencies through its own website. The applicant has a provision on its website to receive and register external communications. It duly responds to grievances, queries and suggestions received through its website as well as through Facebook, as applicable. The applicant has indicated that no complaints regarding environmental or social safeguard issues have been received.

3.3 Gender

46. The applicant adopted a gender policy which was put into effect in January 2016 to systematically address gender-related issues. The gender policy was circulated to all of the applicant's employees. The applicant's ESMS also contains the gender action framework developed for the project and it has also provided its gender action plan. The applicant has provided supporting documentation, including the curricula vitae of its staff to demonstrate the competencies to implement gender considerations in its project lending. The applicant has also provided sample climate change project documents with specific references to men and women that have benefitted from them. The applicant has further provided examples of projects of its executing entities which show that the projects to which the applicant lends have non-discriminatory practices in terms of benefits and remuneration for both men and women employees.

IV. Conclusions and recommendation

4.1 Conclusions

47. 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, specialized fiduciary standard for project management, and specialized fiduciary standard for on-lending and/or blending (for loans);
- (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). While the applicant initially applied for E&S Category A/I-1, it did not provide an adequate track record for Category A/I-1 and subsequently indicated that it wished to apply for Category B/I-2 instead; and
- (a) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the Gender policy of the GCF, and has demonstrated that it has experience with gender consideration in the context of climate change.

4.2 Recommendation on accreditation

48. The AP recommends, for consideration by the Board, applicant APL051 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** medium (including micro⁶ and small⁷);
 - (i) **Fiduciary functions:**
 1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management; and

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

⁷ As per annex I to decision B.08/02, "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".

3. Specialized fiduciary standard for on-lending and/or blending (for loans); and
- (ii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3⁸)); 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) Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
 1. Provide evidence of the establishment and introduction of the policies and processes listed below:
 - a. Establish a process to monitor and assess the overall effectiveness of the internal audit function, including its procurement activities;
 - b. Adopt a code of conduct, approved by the applicant's board;
 - c. Adopt a project closure policy, approved by the applicant's board;
 - d. Adopt a policy on the public disclosure of project monitoring and evaluation reports, and project results, approved by the applicant's board; and
 - e. Adopt a policy on the public disclosure of information regarding the applicant's decisions on on-lending and/or blending operations, approved by the applicant's board; and
 - (ii) Conditions to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
 1. Provide a copy of a procurement oversight/audit report; and
 2. Provide evidence of monitoring of the observations contained in procurement oversight/audit reports and appropriate management response and actions.
49. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 48 above, and agrees to the recommendation.

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

Annex VII: Accreditation assessment of Applicant 052 (APL052)

I. Introduction

1. Applicant 052 (APL052), the Small Industries Development Bank of India (SIDBI), is a national entity focusing on promoting and financing the development of micro-, small- and medium-sized enterprises (MSMEs), primarily those in the manufacturing and services sectors. The applicant also supports national action plans on climate change and has taken initiatives to promote responsible business practices, including sustainable financing, energy efficiency and cleaner production in the MSMEs sector through both financial and non-financial support.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 16 July 2015. The Stage I institutional assessment and completeness check was completed on 27 September 2016 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. 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 nomination for its accreditation application from India;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** large;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (e) **Maximum environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)).³

II. Stage I institutional assessment and completeness check

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

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and Intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established in 1990 under an Act of the Parliament of India (no. 39 of 1989).

2.2 Institutional presence and relevant networks

5. The applicant is the principal financial institution for the promotion, financing and development of the MSME sector and for the coordination of the functions of the institutions engaged in similar activities in India. It has partnered with multilateral agencies to raise resources at attractive rates and thus incentivizes and motivates MSMEs through the extension of concessional loans, equity, guarantees and technical and capacity-building assistance.

6. The applicant seeks accreditation to the GCF in order to encourage innovative mitigation and adaptation programmes for adopting low-emission and climate-resilient practices. These programmes would help MSMEs to adopt green technology options and to generate a demonstrative effect to encourage other financial intermediaries to adopt climate mitigation policies in their lending strategies. The intended climate change programmes to be implemented with GCF support include, but are not limited to:

- (a) Assistance for green, smart and eco-cities projects through public-private partnerships;
- (b) Increasing energy efficiency and cleaner production investments in green infrastructure, sustainable transport, waste to energy projects, waste recycling and management, etc.;
- (c) Providing end-to-end energy efficiency solutions to Indian MSMEs;
- (d) Providing direct assistance to solar energy and solar power projects; and
- (e) Providing training and education to stakeholders in order to increase awareness of climate change and capacity to manage resulting risks and realize opportunities.

2.3 Track record

7. The applicant has taken initiatives to promote responsible business practices, including sustainable financing, energy efficiency and cleaner production in the MSME sector with assistance from domestic, bilateral and multilateral funding. These initiatives have resulted in a total investment of around USD 928 million and benefited more than 6,000 MSMEs with an estimated annual electricity saving of 1,043 million kilowatt-hours and a reduction of 909 kilotonnes of carbon dioxide annually.

8. The climate change mitigation and adaptation activities undertaken by SIDBI include:
- (a) USD 55 million (loans) for the Environmental Line and Cleaner Production of Credit Project to promote investment in cleaning production;
 - (b) USD 241 million (loans) for the Financing MSMEs Energy Saving Project to promote energy efficiency; and
 - (c) USD 564 million (loans and guarantees) for the MSMEs Financing and Development Project.

III. Stage II accreditation review assessment

9. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1). It is noted that the AP did not assess any of the applicant's subsidiaries and has not issued a recommendation for any of the applicant's subsidiaries (e.g. this recommendation pertains to SIDBI itself).
10. As part of this assessment, the AP consulted the applicant's website and 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 established organization structure and oversight bodies, which are appropriate for its size and scope of operations. Its main internal oversight bodies are its board of directors, risk committee, audit committee and executive committee and, as a state-owned financial institution, it is subject to the oversight of the national parliament and is supervised by the national financial authorities.
12. The applicant maintains a financial and accounting reporting system that includes the required financial statements. As a state-owned regulated financial entity, the financial and accounting information is prepared in accordance with the guidelines established by the banking regulators and by the national Institute of Chartered Accountants.
13. The applicant's risk management framework includes a risk management function independent from the business units, documented risk management procedures and risk management tools required of a financial entity. The risk management committee of the applicant's board meets periodically and reviews the entity's risk management policies and procedures.
14. The SIDBI internal control structure is clearly documented and decision authority is clearly established in the delegation of powers documents. The applicant's board of directors oversees the internal control framework and promotes the internal control environment required of financial entities. Furthermore, the applicant's internal and external audit structure provides assurance of an effective internal control environment. The relevant regulations issued by the country's Central Bank regulate the applicant's internal audit function, including the responsibilities of the audit committee of the applicant's board. In addition to the requirements of local regulations, the applicant has established a framework of regular audits at the head office level as well as at the branch office level.
15. The applicant's procurement activities are regulated by internal regulation and by the national regulations applicable to contracts to which the state is a party. 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.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

16. The applicant's code of ethics is established in its staff regulations and its fair banking practices documentation, which are communicated to all employees. These documents establish the standards of conduct that are to be observed when performing activities on behalf of the applicant. In addition to its internal documentation, the applicant complies with the ethical guidelines and requirements established in the national regulations for public sector entities.

17. The function of an ethics committee is undertaken by the applicant's human resources department, supported by the vigilance and internal audit departments, which have the designated authority to ensure that all the actions undertaken by the applicant's employees, while fulfilling their professional duties comply with the applicant's ethical standards defined in its internal ethics documents and the applicable national regulations.

18. The applicant's investigation function is performed by the vigilance department and the internal audit department. The framework for the investigation function is based on appropriate internal regulations, the guidelines of the national vigilance commission and national banking regulations. Furthermore, the applicant has an established whistle-blower policy and is subject to the oversight of the country's central vigilance commission.

19. 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 part of its regular operations. The applicant's AML/CFT policies and procedures are developed based on the requirements of the local banking authorities, including regular reporting to the country's financial intelligence unit, as well as on international standards such as those established by the Financial Action Task Force.

20. In order to comply with local regulations regarding AML/CFT, the applicant has appropriate 'know-your-customer' due diligence processes, which incorporate the following critical aspects:

- (a) A policy for customer on-boarding;
- (b) Well-defined customer identification procedures;
- (c) Procedures for the monitoring of transactions; and
- (d) Risk management based on the assignment of an AML/CFT risk score to each of its customers.

21. Furthermore, the applicant has the required automated systems to monitor suspicious transactions, these automated systems include verifying the specially designated individuals and sanctioned jurisdiction lists issued by the country's central bank.

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

22. For the assessment of projects, the applicant undertakes due diligence following established guidelines. The project assessment and approval guidelines include clearly defined tasks to be completed and the recording of information in the credit support systems.

23. The applicant's project management policies and procedures include at-risk project management tasks that allow for the identification of early warning signs and effective corrective actions.

24. SIDBI indicated that within its organization structure there is no independent project evaluation unit, nor does the applicant have an independent project evaluation policy. However, the evidence of independent third-party project evaluation reports was provided.

25. The applicant indicates that there is no specific policy for the disclosure of project information. However, the applicant did reference the national regulations concerning right to information, which provide mechanisms for the public to access project information that is not protected by banking secrecy regulations.

26. The applicant's project assessment and management procedures are well-documented in its loan policy, credit policy and loan recovery policy. As a financial institution, the applicant's project assessment and management procedures are contained within the credit approval process, which includes appropriate financial, 'know-your-customer' and technical analysis guidelines.

27. As an apex financial entity, the applicant has developed the required competencies and standard operating procedures to appropriately assess, monitor and evaluate the performance of the intermediaries through which it disburses project resources.

28. The applicant's procedures to monitor projects ensure that appropriate oversight is exercised and that project risks are appropriately managed. Periodic reviews aimed at identifying resource inputs, the relevance of project activities and the achievement of project performance indicators are periodically undertaken. The applicant has standardized procedures to undertake project monitoring. Project monitoring is assigned to the business units in charge of the client relationship. In order to provide assurance of the effectiveness of the project monitoring activities, the applicant has standardized procedures for the regular project oversight by the internal audit and risk functions.

29. The applicant has an established track record and experience in project management, with expertise in assessing project viability and monitoring project performance during the development and operational stages. The applicant, as its country's apex entity established to meet the financial and capacity-building needs of the MSME sector, has successfully acted as the nodal agency for financing programmes established by its country's government, as well as programmes implemented with assistance from international development entities.

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

30. The applicant's grant award policies and procedures satisfy the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms. Both the documented policies and the practical evidence provided, demonstrate uniform procedures for grant evaluation and award, appropriate the execution of eligibility criteria, as well as effective monitoring and evaluation of grant award programmes.

31. The applicant's grant award procedures include the clear delegation of decision authority, the establishment of appropriate grant award committees, mechanisms to ensure the appropriate use of funds as well as mechanisms for the recovery of funds that are misused.

32. The strengths of the applicant's internal controls and internal audit function provide the assurance of appropriate control over grant funds, as well as their disbursement and appropriate use.

33. The applicant has an established track record for the management of awarding grants. The applicant's track record in awarding grants includes grant programmes funded by its country's central government and those funded by international development agencies. The applicant has demonstrated its capacity to effectively serve as the nodal agency for government designed grant programmes, as well as the executing agency for international development entity-designed grant programmes.

34. In addition to the grant award programmes in which the applicant serves as the nodal or executing agency, as part of its corporate social responsibility programmes, the applicant has implemented and executed grant award programmes directed towards capacity-building efforts. These programmes are executed following appropriate grant award procedures, including the use of clear guidelines for the grant appraisal and award committees, appropriate control over the good use of funds and appropriate internal controls over the disbursement of funds.

35. It is noted that the applicant has published extensive information on its grant award programmes, however, further disclosure of grant award information (e.g. beneficiaries) will be required for programmes funded by the GCF.

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

36. The applicant, as its country's main apex financial entity for the MSME sector, has established policies and procedures for managing lending activities through financial intermediaries. The applicant has guidelines for evaluating financial intermediaries, which include performance indicators, and it does so periodically. The applicant provided evidence of its experience as an executing agency for credit programmes funded by international and regional development banks.

37. It is noted that the main component of the applicant's balance sheet is its refinance portfolio. However, the applicant has also implemented credit analysis and risk tools for its direct MSMEs portfolio, including risk rating tools and well-defined credit assessment and approval mechanisms.

38. The applicant provided documentation regarding its loan policy, credit manual and loan recovery policy. These documents contain the guidelines for loan operations that are required in a financial entity, such as the applicant. Furthermore, copies of credit due diligence reports, credit approval documents and loan monitoring reports were provided for assessment by the AP.

39. The applicant provided information on the specific risk metrics it calculates to assess, monitor and evaluate its risk exposures. The availability of the appropriate information, the independence of the internal auditor and of the risk management function, and the supervision of the national financial regulators provide assurance of the adequacy of the applicant's risk management environment.

40. The applicant provided extensive information regarding its financial management policies and their implementation. It has clear delegations of power and appropriate separation of functions within its treasury unit, and between the business focused units, operational units, risk management units and control units.

41. The applicant also provided copies of the minutes of its asset and liability management committee which validate the effective functioning of this committee, and copies of its investment policy and its asset and liability management policy.

42. The applicant has a proven track record deploying equity resources, however the applicant notes that it does not deploy equity on a stand-alone basis, instead it deploys equity as part of a financing package that includes quasi-equity financing such as subordinated debt. The due-diligence procedures for quasi-equity and equity include appropriate assessment of business potential and financial aspects, as well as the use of due diligence reports prepared by venture capital funds and external rating agencies.

43. The applicant has provided information regarding its capacity to issue guarantees. The information provided demonstrates the applicant's capacity to issue and manage financial guarantees. The credit due-diligence processes are appropriate and based on the same principles used for the credit analysis of loans.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

44. The applicant formulated its environmental and social risk management framework (ESMF) in 2004 (revised in 2014) for its programmes financed by the World Bank. The ESMF, available on the applicant's website, covers performance standards (PS) 1 to 4 and 6 of the GCF interim environmental and social safeguards (ESS); the applicant does not finance projects involving land acquisition (PS 5), indigenous peoples (PS 7) or cultural heritage (PS 8).

45. It is important to note that the ESMF has already been adopted and applied within loan programmes to 10,000 MSMEs. The applicant complies with the national environmental and

social impact assessment regulation (which covers the assessment of cumulative and ancillary facility impacts and the use of a mitigation hierarchy) and has demonstrated the capacity to comply with other international environmental and social (E&S) standards through its successful projects with the World Bank, the Japan International Cooperation Agency, Kreditanstalt für Wiederaufbau, the Asian Development Bank, and the Department for International Development of the United Kingdom. The applicant is in the process of developing a new entity-wide ESMF, which will be rolled out from 2017 to 2020, to fully align with GCF interim ESS (e.g. it will cover PS 1 to 8 and GCF information disclosure requirements).

3.2.2 Section 6.2: Identification of risks and impacts

46. Under the existing ESMF, all candidate borrowers complete a screening form. The Relationship Manager (or headquarters staff in the case of projects industries with high pollution potential (E-I)) will check the information during the due diligence site visit and then determine the risk category. The regional credit officer will integrate the E&S requirements into a project's risk rating before submitting the project to the credit committee.

47. The ESMF, which applies to the applicant's programmes financed by the World Bank, categorizes those projects into the following three E&S risk groups:

- (a) E-I, industries with high pollution potential;
- (b) E-II, industries associated with some pollution; and
- (c) E-III, industries that have negligible discharge.

48. Two lists were provided, showing projects that were categorized from E-I to E-III. A project classified as E-I within the MSME sector is not typically a Category A/I-1 project, due to its small scale.

3.2.3 Section 6.3: Management programme

49. E&S risk management is integrated into the applicant's project cycle. The candidate borrower must have a certificate for its establishment and one to operate from the state pollution control board. These certificates are checked during the appraisal visit and loan sanctioning process. After the safeguards due diligence, the Regional Credit Officer integrates risk management measures into disbursement conditions and covenants.

50. When deciding on whether to approve a loan, the credit committee considers the appraisal note, credit risk rating, E&S risk category, status of regulatory compliance and proposed mitigation measures. The credit committee may approve, reject or stipulate additional pre- or post-E&S disbursement conditions and covenants.

51. The Relationship Manager checks that pre-disbursement conditions are met. Internal audits track loan performance during project implementation. At this time, the E&S risk management framework targets directly financed projects. The new entity-wide ESMF (2017 version) will cover the direct and indirect financing modality.

52. The AP notes that the assessment framework for an MSME sector programme has to be adapted to the MSME sector, given that a programme may involve thousands of small entities, each with a very small pollution load, but with some potential for cumulative impacts. One tool that has proven useful to assess multiple, similar projects in different locations is a programme-level strategic environmental assessment.

3.2.4 Section 6.4: Organizational capacity and competency

53. E&S tasks are integrated into the responsibilities of bank officers at various levels, as mentioned in sections 3.2.2 and 3.2.3 above. In addition, there are environmental staff at the central level to support the regional managers and local credit officers. The applicant provided E&S job descriptions, the curricula vitae of key in-house E&S staff, and the list of officers who have attended E&S training.

54. The applicant has conducted about 40 E&S capacity-building programmes for MSMEs, industrial associations and various industrial clusters to generate demand for energy efficiency and to build awareness of the benefits of E&S management and monitoring.

55. In order to operationalize the new ESMF (2017 version), the applicant will assess the staffing needs (e.g. its need to hire a social expert). It will revise related policies and procedures (e.g. loan policy and monitoring system) and the organization chart based on the ESMF requirements.

3.2.5 **Section 6.5: Monitoring and review**

56. The applicant reviews its clients' compliance to national environmental and labour legislation during the loan appraisal process. After loan sanction and disbursement, the relationship managers monitor and follow-up on E&S covenants through site visits. The field reports are submitted to management.

57. The applicant monitors and evaluates its international projects in collaboration with the funding agencies to comply with each agency's approach. Four progress reports and two external audits were provided to show the monitoring and evaluation of international projects. Examples were provided to show that E&S lessons were used to improve the ESMF system (e.g. integration of the code of conduct assessment).

58. The ESMF (2017 version) will provide a framework to monitor and evaluate the E&S performance of its direct and indirect financing modalities.

59. Similar to the point made in paragraph 52, on environmental assessment in the MSME sector, the AP notes that a monitoring and auditing framework for an MSME sector programme has to be adapted to the MSME sector, given that a programme may involve thousands of small entities, each with a very small pollution load, but with some potential for cumulative impacts. Typically, a representative sample number of industries can be audited, and appropriate action can be taken based on the routine monitoring reports and/or auditing results. The monitoring, evaluation, and auditing framework must provide a reasonable approach that fits the characteristics of the MSME sector programme.

3.2.6 **Section 6.6: External communications**

60. The applicant complies with the national Right to Information Act (2005). The applicant received 274 applications seeking information in 2016 and all were adequately addressed. Policies, financial statements and project-level monitoring and evaluation reports are in the public domain and on the applicant's website.

61. An enquiry or grievance, including an E&S complaint, can be received through branch and regional offices, head office, the applicant's website, or through a national government-operated grievance-redressal system. Public information officers in the applicant's complaints unit register and process enquiries and complaints, all of which are reported to a customer service committee on a quarterly basis. The applicant also has officers to process appeals. E&S complaints have not been received to date.

62. MSME projects under national law are not required to issue public notices, hold hearings, conduct environmental and social impact assessments, or strategic environmental assessments, or develop environmental and social management plans (ESMPs). If accredited by the GCF, the applicant has indicated that it will comply with GCF requirements to disclose E&S information as per the GCF Information disclosure policy.

3.3 Gender

63. The applicant complies with labour laws, the national gender policy, and the Convention on Elimination of All Forms of Discrimination against Women. Women employees are provided

with equal opportunities. There are also regulations that support maternity leave and protect staff from workplace sexual harassment. Although the applicant does not have an entity-wide gender policy, it has implemented programme-/project-level gender policies, programme-/project-specific gender analysis and gender training programmes.

64. Within its various projects and programmes, the applicant shows significant experience in providing microfinance to women of low income and linking to women's particular needs in health, sanitation, green energy, and savings and financial literacy. Some of its programmes have provided women entrepreneurs with easier access to credit or equity for income-generating activities.

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant meets the requirements of the GCF basic fiduciary standards, and partially meets the 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, guarantees and equity);
- (b) The applicant only partially meets the requirements of the interim ESS of the GCF in relation to high E&S risk (Category A/I-1);
- (c) The applicant has demonstrated that it has competencies, policies and procedures to implement the national gender policy, which is found to be partially consistent with the gender policy of the GCF. It has demonstrated that it has experience in integrating gender considerations into its programmes/projects.

4.2 Recommendation on accreditation

66. The AP recommends, for consideration by the Board, applicant APL052 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** large (including micro⁴, small⁵ and medium⁶);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management;

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

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

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

3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 4. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2⁷) (including lower risk (Category C/I-3⁸)); 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) Conditions associated with the GCF fiduciary standards, to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Develop a policy for the public disclosure of information regarding projects, including grant award programmes and on-lending/blending operations, to be undertaken with GCF funds. This policy must include, at the minimum, the following:
 - a. Guidelines for the publication of independent project evaluation reports;
 - b. Guidelines for the public disclosure of information on beneficiaries of grant awards and/or loans disbursed, purpose of the grants and/or loans and amounts disbursed; and
 - c. Identification of the media/channels through which the information will be disclosed, as well as the timeline for disclosure;
 2. Establish an independent project evaluation policy and capacity;
 3. Develop, for GCF-funded grant award programmes to be implemented through executing entities, the policies and guidelines to be followed by the executing entity; and
 4. Develop the operating procedures the applicant will follow to ensure the executing entity's compliance with the policies and guidelines for the grant award programme mentioned in the previous paragraph; and
- (ii) Condition associated with the ESS and gender policy, to be met prior to submitting the first funding proposal to the GCF for consideration:

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

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

1. Submit to the AP for its review a copy of the new entity-wide ESMF (2017 version) and the revised policies, procedures and organization chart highlighting the integration of the 2017 ESMF into the entity.

67. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 66 above, and agrees to the recommendation.

4.3 Remarks

68. It is noted that, as previously mentioned, the applicant has served as the implementing agency for grant programmes designed by the central government and/or international development agencies. However, the applicant has limited experience independently designing grant programmes. Therefore, special attention needs to be given to the design of grant award programmes that the applicant may seek GCF funding for.

69. In this regard, the applicant indicated that specific guidelines are developed with the assistance of international development entities. It is expected that the appropriate guidelines will be developed in a similar way for programmes funded by the GCF.

70. The AP will assess whether the new ESMF is fully aligned with GCF interim standards, and will specifically confirm that the new ESMF sufficiently provides for the direct and indirect financing modality. If the AP identifies any significant gap with respect to GCF requirements, additional measures should be integrated into each specific GCF project/programme.

71. With respect to completing the environmental assessment of a programme to be funded by the GCF, the AP recommends that the applicant employ external expert(s) of international standing:

- (a) To conduct a strategic environmental assessment (SEA) (or similar assessment) for Category B/I-2 programmes; and
- (b) To prepare an ESMP for such programmes based on the results of the SEA (or similar assessment).

72. The SEA (or similar assessment) as well as the ESMP should:

- (a) Comply with GCF requirements for information disclosure and gender analysis;
- (b) Exclude any subproject that could be classified as Category A;
- (c) Provide a monitoring, evaluation and auditing system adapted to the MSME sector; and
- (d) Address both direct and indirect financing modalities (e.g. cases wherein the applicant executes part or all of the programme or in cases where the applicant works through executing entities to execute part or the entire programme on behalf of the applicant).

73. The applicant applied for the high E&S risk Category A/I-1. Given the applicant's experience and typical mandate, the AP recommended accreditation for Category B/I-2. The AP recognizes that the MSME sector typically encompasses thousands of small entities, with each entity conducting small-scale activities within industrial zones. Each subproject is likely to be Category B/I-2 or Category C/I-3. However, there are some MSME activities, no matter how small scale, which could be Category A/I-1 (e.g. projects involving the production of pesticides). All Category A/I-1 activities should be excluded at this time (see para. 72(b) above).

74. However, the applicant may wish to apply for an upgrade in its accreditation type related to the E&S risk category once it has demonstrated a track record of successfully applying GCF requirements for Category B/I-2 and Category C/I-3 projects/programmes, and has accrued a track record of implementing Category A projects/programmes under the 2017 ESMF (while using other funding sources). This could be within the first five-year accreditation period.



75. The applicant is encouraged to seek readiness and preparatory support, where applicable, to assist it with:
- (a) Rolling out the 2017 ESMF;
 - (b) Revising the policy and procedural framework in the light of the 2017 ESMF in the context of GCF financing;
 - (c) Preparing a programme-specific ESMP;
 - (d) Implementing a programme-specific strategic environmental assessment;
 - (e) Developing an independent project evaluation function; and
 - (f) Designing grant award programmes.

Annex VIII: Accreditation assessment of Applicant 053 (APL053)

I. Introduction

1. Applicant 053 (APL053), the Micronesia Conservation Trust (MCT), is an entity based in Micronesia (Federated States of) operating in that country with a mission to promote biodiversity conservation and related sustainable development. In order to achieve its mission, it focuses on providing long-term sustained funding through grant programmes, building the capacity of organizations of the Federated States of Micronesia to design and manage conservation and climate adaptation programmes, providing regional forums for collaborations among government, the private sector, the community and non-profit organizations to collectively address the challenges of natural resource management and climate adaptation, and managing endowment funds and other piloting revolving funds for ecosystem services.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 31 December 2016. The Stage I institutional assessment and completeness check was completed on 26 April 2017 and was progressed to the Stage II (Step 1) accreditation review, which was concluded with the publication of this assessment. 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 nominations for its accreditation application from the national designated authorities of the Micronesia (Federated States of) and Palau;
- (b) **Track:** fast track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund accredited 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.

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category C is defined as „Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant is constituted as a non-profit corporation, subject to the provisions of the non-profit corporation charter, Articles of Incorporation and Bylaws of the Corporation filed with the Federated States of Micronesia Registrar of Corporations of the, and to the laws of Micronesia (Federated States of) in 2002.

2.2 Institutional presence and relevant networks

5. The applicant is a civil society organization comprised of 10 full-time staff and is governed by a 10-member independent board of trustees. The applicant supports biodiversity conservation, climate change adaptation and related sustainable development for the people of the Marshall Islands, Micronesia (Federated States of), the Northern Mariana Islands, Palau and the Territory of Guam. The applicant has been active in small-sized grant-making at the community level, sustaining operations and working with the government, United Nations agencies and other donors. The applicant has a diverse network at both the regional and national levels.

6. In order to advance the objectives of the GCF, the applicant aims to build the resilience of communities of the Federated States of Micronesia through ecosystem-based adaptation strategies, capacity-building, and sustainable and innovative funding mechanisms. It intends to direct resources to community stakeholders based on resource management plans, policy frameworks and strategies that have been driven primarily by community-identified needs and priorities and informed by science and other technical inputs.

7. The applicant anticipates addressing emission reductions from energy generation and access as well as increasing the resilience of health, food and water security, and livelihoods and communities. It will also continue managing the Micronesia Challenge Endowment to serve as a resource providing bridging funding for new initiatives.

2.3 Track record

8. The applicant has been working with local partner organizations and people at the community level, and undertakes projects largely focused on climate change adaptation. It has implemented projects related to marine and forestry conservation, the management of protected areas in small-scale and capacity-building activities.

9. The applicant's track record in financing climate change related projects includes the following:

- (a) USD 1.1 million (grants) for Building the Resilience of Communities and their Ecosystems to the Impacts of Climate Change in Micronesia and Melanesia;
- (b) USD 850,000 (grants) for Supporting More Effective Natural Resource Management in Micronesia Fisheries, management, terrestrial and nearshore conservation, scholarships;
- (c) USD 600,000 (grants) for Enhancing sustainable coral reef monitoring and management capacity for the Micronesia Challenge, and beyond;
- (d) USD 150,000 (grants) for Increasing Coastal Resilience of Micronesia's Mangroves – Terrestrial Conservation, mangrove conservation/climate change resilience; and

- (e) USD 115,000 (grants) for the implementation of Micronesia Challenge and Climate Adaptation Plans for Forest Areas in Micronesia (Federated States of) – Terrestrial conservation, Micronesia Challenge Terrestrial Goals.

III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, 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 and B.10/06.
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.

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 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 10 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 and countering the financing of terrorism policies, have been met by way of fast-track accreditation.
14. Regarding item 4.2.4, the applicant has an investigation function in place, including a transparent formalized process for the submission and handling of complaints and concerns regarding actual or suspected violations of national law and actual or suspected violations of the applicant's internal policies for misconduct in the projects financed by the applicant. The whistle-blower protection policy and the mechanism that allows the public to launch complaints are available on a dedicated webpage.
15. The applicant's operations manual specifies the corresponding authorities for conducting an investigation. In particular, if the report of a concern is directed at an employee, the investigation function is carried out under the authority of the executive director, who takes a decision on the action taken regarding the disciplinary process. In cases where the complaint is directed to the executive director, the investigation function is carried out by the applicant's board executive committee that decides on actions to be taken. However, the existing investigation procedures do not describe the process of conducting the investigation itself, once the merit of it is recognized by the corresponding authority. The applicant has indicated to the AP that it is currently in the process of updating the corresponding clauses in its operations manual in order to clearly spell out the investigation process and corresponding follow-up actions.
16. The applicant has provided a statement that there have been no fraud or corruption-related investigations in the last three years.
17. Regarding item 4.2.5, the applicant has anti-money laundering and countering the financing of terrorism policies, which are approved by the applicant's board of trustees. Both policies include a statement on adherence to the corresponding national laws, the Patriot Act of the United States of America and the United Nations General Assembly resolution A/RES/70/291, and they contain the requirement to check on the United Nations and United States of America's federal list of debarred individuals or entities. However, the anti-money

laundering and countering the financing of terrorism policies do not include a definition of the prohibited practices as is required to be fully in line with the list of the prohibited practices contained in the GCF interim policy on prohibited practices.

18. Risk-based 'know-your-customer' counterparty due diligence is carried out by the applicant using specific operational tools and worksheets to collect and analyse the necessary information on the credibility of the potential grantee organization, as well as on the eligibility of the potential on-granting project activity. The sample copies of recently undertaken 'know-your-customer' due diligence reports were provided.

19. The applicant has a sound mechanism for the approval and recording of the wire transfers that targets payments that are undertaken through banking transactions. Specifically, the mechanism aims to ensure that payments are approved by the designated authority and processed in accordance with a specific banking instruction. Copies of the wire transfers to the sub-contractors were provided. Due to the small amount of payments, the applicant has not deemed it necessary to develop a complex in-house electronic payment system. However, this is considered acceptable by the AP given the size of the institution and the scale of projects financed through the grant award mechanism.

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

20. As per paragraph 10 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**

21. The applicant's grant award mechanism procedural framework is found to be mature and well-developed. The grant management procedure, contained in the policy and operations manual, as well as its supporting guidance documents include clear standardized provisions for conducting calls for proposals, evaluating proposals and awarding grants, eligibility criteria for projects and potential grantees, due diligence procedures, as well as roles and responsibilities for grant disbursements and reporting.

22. The applicant's grant award management procedure also includes standardized provisions for the recovery of funds paid to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of the funding for projects, procedures for the suspension, reduction or termination of grants in the event of the beneficiary failing to comply with its obligations and systems to prevent irregularities in the use of grant funds.

23. The competitive grant award programme is managed by the applicant through the supporting manuals and scoring tools that are used by its technical committee in the preparation of the recommendations on the grant awards to the applicants' board of trustees. The terms of reference and records of the work of the technical committee and the board of trustees were provided and contain evidence of the competence and independence of their members and objectivity of the decision-making.

24. The applicant has provisions for the periodic reviews of its grant award activities and has provided the examples of the mid-term reviews of the programmes implemented in the last two years. In addition, the applicant provided reports compiled by its donor partners (multilateral organizations) containing positive observations and conclusions on the performance of the applicant in respect of its management of projects and grant award programmes.

25. Although the applicant publishes information on grant award notices on its website in the form of a press release, it does not have a formal procedure in place to provide public access to information on the grant award decisions and grant award programme results, mainly because the local communities in Micronesia (Federated States of) still do not have access to the Internet and newspapers. The applicant is currently in the process of creating a system of

knowledge management to record and effectively communicate project and programme information, results and lessons learned to the wider community. The development of the system is expected to begin in September 2017 and to be finalized by the end of 2017. Therefore, in order to fully meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms, the applicant would need to provide a policy for the public disclosure of grant award information and results, as well as to demonstrate the effective implementation of the policy.

26. The applicant conducts close monitoring of the projects implemented under its grant award programme and undertakes regular site visits to support its beneficiaries, disseminate best practices and maintain good relations with the grant awardees. Examples of such site visit reports were provided to demonstrate the effective implementation of the monitoring procedures.

27. Overall, following the assessment, it has been concluded that the grant award mechanisms implemented by the applicant are mature and well-established and can be applicable to GCF-funded activities subject to the development and implementation of the policy for the public disclosure of grant award information and results.

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

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

3.2 Environmental and social safeguards

3.2.1 **Section 6.1: Policy**

29. While an environmental and social (E&S) policy is not required for Category C/I-3, the applicant has provided its E&S policy that was approved by its board of trustees in October 2016. This policy was developed in order for the applicant to meet the requirements of the Adaptation Fund, and also with the view to becoming accredited to the GCF.

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

30. The applicant has provided its updated guide to project performance, environmental and social risk assessment and management framework (dated May 2017). This document guides the applicant's staff in identifying the E&S risks and impacts of projects and programmes as they evolve over the project life cycle. The framework includes an environmental and social risk rating matrix, which rates the consequences of projects as minimal, limited or significant. These correspond to the GCF E&S risk Categories C, B and A, respectively. The applicant indicated that its grants officers, conservation programme manager or capacity building programme manager will have the primary responsibility for managing the applicable grant award and the associated projects and contracts. The applicant provided a list of project examples, and their retrospective categories (i.e. applying the newly established procedure to existing experience), indicating that the projects fall under E&S risk Category C/I-3. The applicant has planned further training of its staff in implementing its newly established E&S risk and impacts identification procedure.

3.2.3 **Section 6.3: Management programme**

31. The applicant has stated that currently no document describing an institutional process to identify and manage risks (including unanticipated risks and impacts) exists. The applicant's Monitoring and Evaluation Specialist is in the process of developing an institutional monitoring and evaluation system to include the requisite processes for monitoring mitigation measures, including unanticipated risks and impacts, which is expected to be available by September 2017. The document will also include designated roles and responsibilities for implementing the projects and programmes.

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

32. The applicant has provided an organization chart and indicated roles and responsibilities of its staff related to E&S risks and impacts identification and management. The staff have adequate knowledge of performance standards 1 to 8 of the GCF interim environmental and social safeguards, and are able to properly categorize potential funding proposals through a screening process.

3.2.5 **Section 6.5: Monitoring and review**

33. The applicant has provided a description of its project monitoring process in its operations manual, and in the use of the grant instruments. However, it has not provided sample project monitoring reports with respect to E&S requirements. The applicant is willing to maintain such data for projects and programmes financed using GCF resources.

3.2.6 **Section 6.6: External communications**

34. The applicant's documented procedure with assigned responsibilities for receiving, registering and handling complaints is provided in its policy and operations manual. The applicant's website for sharing relevant E&S reports with the public is under design. The applicant indicated that its register for receiving and responding to E&S related complaints does not currently exist, however, there have been no complaints launched against it. However, the applicant is willing to maintain such a registry for projects financed using GCF resources.

3.3 Gender

35. The applicant has provided its final approved gender policy, which is in line with the GCF Gender policy. The applicant also provided its gender assessment tool to implement its policy. The applicant stated that all of the projects to which the applicant provides financing have non-discriminatory practices. The applicant's staff have undergone gender training and it has demonstrated its project and programme experience with gender consideration in the context of climate change. However, the applicant could not provide sample projects showing gender disaggregated data and non-discriminatory practices in terms of benefits and remuneration for both men and women employees.

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, meets the specialized fiduciary standard for project management and partially meets the specialized fiduciary standard for grant award and/or funding allocation mechanisms. In the course of the accreditation assessment, some minor procedural gaps were identified, in particular with regard to the investigation procedures and a procedure for making information on the grant award decisions and grant award results publicly available;
- (b) The applicant partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to the minimal to no E&S risk (Category C/I-3). The applicant's system to systematically carry out and document E&S mitigation and management measures and related subsequent E&S monitoring of its programmes is under development. The applicant's external communications system, particularly its

channels and website to receive, register and respond to E&S related complaints, is under development; and

- (c) The applicant's gender policy and related assessment tools demonstrate that it has the required competencies, policies and procedures in order to implement its gender policy in line with the GCF Gender policy. However, the applicant did not provide adequate evidence of track record in implementing its gender policy.

4.2 Recommendation on accreditation

37. The AP recommends, for consideration by the Board, applicant APL053 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 2. Specialized fiduciary standard for project management; and
 - 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iii) **Maximum environmental and social risk category:** minimal to no risk (Category C/I-3); 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 to be met for each funding proposal:**
 - 1. Provide in its funding proposal a gender action plan that reflects the applicant's adequate competency in terms of human and financial resources and a system for maintaining data that addresses gender aspects in line with the GCF Gender policy;
 - (ii) **Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:**
 - 1. Provide an investigation procedure containing the description of the investigation process and corresponding follow-up actions to be taken;
 - 2. Provide anti-money laundering and countering the financing of terrorism policies that are fully in line with the GCF interim policy on prohibited practices;
 - 3. Provide an approved policy for the public disclosure of the decisions on grants awarded under a grant award programme;
 - 4. Provide evidence of the adoption of the applicant's procedures for the mitigation, management and monitoring of the E&S risks and impacts, including those that are unanticipated, of its programmes; and
 - 5. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to E&S complaints; and

- (iii) Condition to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
 - 1. Provide evidence of the implementation of the policies and procedures referred to in paragraph 37(b)(i) above, in regard to the public disclosure of the results of the grants awarded under a grant award mechanism, under the projects/programmes approved and funded by the GCF.

38. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 37 above, and agrees to the recommendation.

4.3 Remarks

39. The applicant may wish to consider providing to the AP, through the Secretariat, information on the knowledge management system referred to in paragraph 25 once it is launched.

Annex IX: Accreditation assessment of Applicant 054 (APL054)

I. Introduction

1. Applicant 054 (APL054), the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), is an international private-sector entity headquartered in Japan. As one of the largest commercial banks in Japan, BTMU provides comprehensive financial services and products globally through a variety of financial instruments. The applicant has funded sustainable development and climate projects with a focus on renewable energy, including hydropower, geothermal, solar power and wind, and infrastructure including railways, with a goal to contribute towards solving social issues through core financial businesses, as well as realizing a sustainable society.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 23 May 2015. The Stage I institutional assessment and completeness check was completed on 14 July 2016 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. 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:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** large;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (e) **Maximum environmental and social risk category:** high risk (Intermediation 1 (I-1)).³

II. Stage I institutional assessment and completeness check

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

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established in 2006 from the merger of The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited, and was authorized by the Ministry of Finance under Kura No. 8950.

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and Intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

2.2 Institutional presence and relevant networks

5. The applicant provides finance globally and has a strong presence and operations in about 50 countries across Africa, Asia, Eastern Europe and Latin America. As one of the largest commercial banks in Japan, the applicant has also provided financing as a part of Japan's overseas development assistance in the environmental field. With the capability to provide financial support for climate change mitigation and adaptation projects, the applicant aims to expand its support as an implementing intermediary of the GCF by providing the following financial services, which may include:

- (a) Providing funds, such as loans, received from the GCF, to be blended with the applicant's own resources;
- (b) Intermediating subordinated loans from the GCF and co-financing senior loans with other banks or funds; and
- (c) Structuring projects and making projects feasible by applying guarantees through the GCF for risks which commercial banks cannot undertake.

6. In particular, the applicant plans to prepare developing countries for accessing climate finance by catalysing its readiness support programme to allow them to adopt climate-resilient development pathways. It also intends to improve its capacity to finance larger projects that have broader positive impacts on the environment. Additionally, the applicant intends to support country ownership by assisting subnational and national entities to meet the requirements of the GCF by using its own accreditation experience.

2.3 Track record

7. The applicant mobilizes financial resources for its climate change projects and programmes by partnering with other financial institutions and international organizations. It also participates in public-private partnerships through collaborations with national and subnational entities. The applicant intends to continue cooperating with the public and private sector organizations in order to achieve adaptation and mitigation of climate change impacts.

8. The applicant has a track record in financing sustainable development and climate change-related projects in the areas of renewable energy and transportation, using loans, equity and guarantees as financial instruments. In 2016, the applicant was ranked No.1 in Bloomberg's Lead Arranger for Clean Energy & Smart Technologies league table⁴ by closing USD 2.9 billion of the relevant projects. This was largely attributable to the initiatives the applicant has undertaken in renewable energy (solar, hydropower, wind and thermal) around the world.

9. The applicant's climate change-related projects include the following:

- (a) USD 273.52 million (loans) for the Barka Independent Water Desalination Project in Oman;
- (b) USD 644.72 million (loans) for the 290 MW Nam Ngiep I Hydropower Plant Project in Laos;
- (c) USD 1,170.0 million (loans) for the 321 MW Sarulla Geothermal Project in Indonesia; and
- (d) USD 225.0 million (loans) for the 115 MW Parque Eolico El Arrayan Wind Power Plant in Chile.

⁴ The information is available at <<https://data.bloomberglp.com/bnef/sites/14/2017/01/BNEF-2016-Clean-Energy-EST-League-Tables-1.pdf>>.

III. Stage II accreditation review assessment

10. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).

11. As part of this assessment, the AP carried out a site visit to the applicant's headquarters, consulted the applicant's website and third-party websites, such as the Financial Action Task Force on Money Laundering, 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. The applicant has an established organizational structure and oversight bodies which are appropriate for its size and the global scope of its operations. The applicant's main oversight bodies include the governance committee of its board (whose main role is oversight of corporate governance, policies and operational approach), the internal audit and compliance committee (which oversees the internal audit, financial reporting and regulatory compliance functions), and the risk committee (which handles matters relating to risk management and control).

13. The applicant's financial information is disclosed as part of the reporting of its parent company, Mitsubishi UFJ Financial Group (MUFG). The parent company files financial statements to both the Japanese authorities and the Securities and Exchange Commission of the United States of America. Preparation of the financial statements follows the Japanese Generally Accepted Accounting Principles and the United States Generally Accepted Accounting Principles. The applicant's annual financial statements are audited by an independent external audit firm. The information provided in the audit reports shows that the external auditors conduct the audits in accordance with auditing standards generally accepted in Japan. Copies of consolidated audited annual financial statements for MUFG for the past five years were provided. The applicant also demonstrated that it has a sound information and reporting system, which generates timely and accurate information required for managerial decisions and regulatory reporting.

14. The applicant's internal audit framework is based on the International Professional Practice Framework issued by the Institute of Internal Auditors. A process for periodic assessment of the overall effectiveness of the internal audit function is in place. An assessment carried out by one of the big four global accounting firms in 2013 concluded that there were no major gaps between the applicant's internal audit system and that prescribed by the Institute of Internal Auditors.

15. The applicant has in place a control framework which is in line with the "Internal Control Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The control framework is adopted to meet regulatory requirements in the jurisdictions in which the applicant operates. The applicant has a comprehensive written guide which sets internal policies, procedures and delegation of authority for disbursements. The procedures provide for a clear segregation of approval and disbursement responsibilities and authorities.

16. The applicant has a well-documented risk assessment and management process that allows it to identify, assess and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent.

17. The applicant has documented standards and procedures which specify procurement requirements, accountability and authority to make procurement decisions. The procedures

provide reasonable assurance that the vendor selection process is appropriate, that procurement is conducted in a transparent manner and that suppliers are treated in an equitable manner.

18. While the applicant meets all other GCF requirements relating to the GCF basic fiduciary standard on key administrative and financial capacities, it has not provided evidence of:

- (a) The checks and audits of the payment and disbursement of funds under projects financed by the applicant;
- (b) The required procedures for overseeing procurement activities of executing entities under activities that would be funded by the GCF;
- (c) A policy requiring public disclosure of procurement policies/procedures and awards under projects that would be funded by the GCF; and
- (d) An accessible and transparent procurement dispute resolution process in respect of activities that would be funded by the GCF.

19. However, the applicant is currently in the process of developing the required policies and procedures to meet the requirements of the GCF.

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

20. The applicant has a code of ethics, known as the “Principles of Ethics and Conduct”, which applies to all of its employees. The code is available through the applicant’s internal portal and booklets distributed to all employees, who are also required to attend mandatory training sessions. To ensure compliance with the code, a whistle-blowing system exists through which employees can contact a “compliance hotline”. The applicant has appointed independent law firms as external whistle-blowing contacts for employees to report possible violations of laws and regulations to ensure the independence and integrity of the process is maintained. The applicant’s “Principles of Ethics and Conduct” is complemented by a financial disclosure policy that establishes the necessary financial disclosures of possible, actual, perceived or apparent conflicts of interest by its employees.

21. The applicant has a structure for investigating cases of misconduct. Investigations are handled either internally or through the use of third parties such as law firms, depending on the nature of the case. Information on investigated cases of misconduct is eventually reported to the internal audit and compliance committee of the applicant’s board.

22. The applicant has a comprehensive anti-money laundering (AML) and countering the financing of terrorism (CFT) policy detailed in its standard compliance manual. The policy has four pillars:

- (a) Verification of customer identification by official documents;
- (b) Conducting know-your-customer due diligence to provide reasonable assurance that the customer is not using the bank for illegal or improper activities;
- (c) A strict embargo on providing services or products to shell companies that have no physical presence in any jurisdiction; and
- (d) The identification and reporting of suspicious transactions to authorities in all jurisdictions where the applicant operates.

23. As part of its ‘know-your-customer’ due diligence process, the applicant uses the questionnaire procedures which are widely adopted by global banks to obtain the required customer information. The applicant’s overall AML/CFT policies are based on international best practice standards, specifically the 40 recommendations of the Financial Action Task Force, as well as the requirements of the regulators in the countries where the applicant operates.

24. The applicant uses a transaction filtering system and “due diligence decision sheets” to monitor electronic funds transfers. Copies of recent electronic funds transfer monitoring reports were provided. The information provided demonstrates the presence of a mechanism for tracing and monitoring the electronic transfer and wiring of funds.

25. In spite of having a comprehensive AML/CFT policy in place, the applicant has been subject to regulatory action due to failures in its internal control and compliance systems. The regulatory actions have been settled at a significant financial cost to the institution. The applicant has taken actions to address the weaknesses in its regulatory compliance in the United States and in the United Kingdom of Great Britain and Northern Ireland (only applicable to paragraph 25(d) below) jurisdictions. Specifically, the applicant has:

- (a) Installed an independent consultant for a term of one year to evaluate risk controls relating to sanctions compliance and the implementation of appropriate corrective measures;
- (b) Taken measures to improve its United States Bank Secrecy Act and AML-related sanctions compliance programmes, policies and procedures, and to enhance management oversight of those programmes;
- (c) Relocated its United States Bank Secrecy Act and AML compliance and Office of Foreign Assets Control sanctions compliance programmes to New York to facilitate compliance oversight by relevant authorities in the United States of these programmes; and
- (d) Developed and implemented measures to enhance the sharing of information relating to regulatory investigations with authorities in jurisdictions where the applicant has operations.

26. In order to fully meet the requirements relating to the GCF basic fiduciary standard on transparency and accountability the applicant needs to develop and put in place an appropriate mechanism with clear terms of reference for continuous oversight of the ethics function. The applicant should also provide evidence to show that an independent assessment of the effectiveness of the measures and actions for improving its AML and sanctions compliance programmes has been carried out.

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

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

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

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

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

29. The applicant, a global commercial bank with presence and operations in about 50 countries across Africa, Asia, Eastern Europe and Latin America, has an established track record, institutional experience and capacities for on-lending and blending with resources from other international commercial banks and multilateral development finance institutions. Its on-lending and blending operations are supported by comprehensive operational procedures that guide the due diligence process. All of the applicant’s transactions are required to undergo a “Ringi” process – an assessment and approval procedure. As an institution that has adopted the Equator Principles (EP), the applicant also carries out environmental impact assessments as part of the due diligence process.

30. The applicant is a global leader in project finance and has a proven track record as a mandated lead arranger. This track record demonstrates that the applicant has the required controls and procedures to adequately manage financial resources received from third parties as well as for ensuring that the financing it provides is channelled transparently and used

effectively. Project examples that demonstrate the applicant's capacity to manage projects that use loans, guarantees and equities as the investment instrument were provided.

31. The applicant provided ample evidence of its expertise in successfully structuring and closing project finance transactions. These transactions require the securing of funds from various sources and the use of a variety of instruments (e.g. loans, guarantees and equity investments). The applicant's credibility to attract investors to co-finance the transactions it structures is demonstrated by the global market leadership position it has attained.
32. The applicant has been rated by each of the three rating agencies. Its long-term rating by Standard & Poor's Rating Service, Moody's Investor Service and Fitch Group is A+, A1 and A, respectively.
33. While the applicant meets all other GCF requirements relating to the specialized fiduciary standard for on-lending and/or blending for loans, equities and guarantees, it does not have policies or guidelines for providing information to the public regarding its decisions on on-lending and/or blending operations in respect of projects that would be funded by the GCF. However, the applicant is currently in the process of developing the required policies to meet the requirements of the GCF.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

34. The applicant's environmental and social management system (ESMS) has been built around the EP, which is based upon the Performance Standards of the International Finance Corporation. The applicant first adopted the EP in December 2005 and started applying the EP II to all of its projects since July 2006. In June 2013, the EP went through another revision and the applicant started applying EP III⁵ in January 2014. As an EP financial institution, the applicant adheres to all of the EP requirements when extending loans to projects and its ESMS has achieved substantial progress in tandem with the EP progress since 2013. The applicant's ESMS is therefore in line with the GCF interim environmental and social safeguards (ESS). The ESMS includes the requirement that the applicant's executing entities, in implementing projects financed by the applicant, address cumulative impacts, analysis of alternatives, baseline data standards and mitigation hierarchy.

3.2.2 Section 6.2: Identification of risks and impacts

35. The applicant's environmental and social (E&S) risks and impacts identification and assessment procedure is conducted in line with the implementation guidelines for EP III. The procedure is integrated into the business process as described in the applicant's business workflow process. The applicant's Social & Environmental Risk Assessment Office (SERAO) is responsible for the E&S risks and impacts identification and assessment. SERAO conducts the E&S risks and impacts identification and assessment following its operation guideline, which provides the procedure for the E&S risks and impacts identification and assessment. The applicant uses an environmental and social impact assessment checklist for the risk assessment

⁵ EP III extended its scope of applicable products to project-related corporate loans and bridge loans. Growing attention to climate change led to the EP requirement for the project proponent to publicly report the project's greenhouse gas emission levels annually during operation when greenhouse gas emission levels exceed 100,000 tonnes of carbon dioxide equivalent. In terms of transparency, the EP requires that the project's environmental and social impact assessment summary is accessible and available online, and each EP financial institution is required to report project information to the EP association so that the EP association may post the information on its website subject to the project proponent's consent. Monitoring is another aspect of the EP III that has been strengthened from its previous iteration. To assess project compliance with the EP III and to ensure ongoing monitoring and reporting after financial close and over the life of the loan, the appointment of an independent environmental and social consultant is required for all Category A and, as appropriate, Category B projects.

of the Intermediation 1 and Intermediation 2 projects in line with the requirements of the performance standards 1 to 8 of the GCF interim ESS. The environmental and social impact assessment and categorization procedure of the applicant was externally audited as shown in the independent assurance report indicating the applicant's adherence to its policies. The applicant also provided a list of projects from the past three years and their E&S risk categories determined in line with the performance standards 1 to 8 of the GCF interim ESS.

3.2.3 **Section 6.3: Management programme**

36. The applicant conducts E&S assessments per its internal procedures for the application of the EP using the environmental and social impact assessment checklist. For the Intermediation 1 and Intermediation 2 projects, the applicant requires the borrower of Intermediation 1 and Intermediation 2 projects to establish and maintain an ESMS. The applicant's borrowers are required to have an independent environmental and social consultant not directly associated with the client to prepare an environmental and social impact assessment and an environmental and social management plan (ESMP) regarding the matters identified in the assessment process. The establishment of an ESMS for all Intermediation 1 and Intermediation 2 projects is checked by SERAO. The applicant's environmental and social impact assessment review may also receive and integrate comments by an independent environmental and social consultant. In addition, compliance with the ESMP and periodic reports, which document compliance with the ESMP, is reflected in financing agreements for all Intermediation 1 and Intermediation 2 projects.

37. The applicant provided examples of an environmental and social impact assessment and an ESMP. The applicant also provided a sample independent assurance report conducted by the independent auditor to review the applicant's E&S assessment process, indicating compliance with its application of the EP.

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

38. The applicant has provided its organizational structure related to E&S considerations and its reporting lines and responsibilities including its senior management and the experience of its staff as it relates to the application of performance standards 1 to 8 of the GCF interim ESS. The applicant's SERAO has the primary responsibility for the review of implementation of the EPs. SERAO consists of a general manager and four team members. The key responsibilities and implementation process are communicated through an internal website and through the internal education and training programme conducted by SERAO. The team members of SERAO also attend training programmes such as the International Finance Corporation's Performance Standard Community of Learning on a regular basis. The site visit conducted by the AP further confirmed the applicant's E&S organizational capacity and experience on E&S matters.

3.2.5 **Section 6.5: Monitoring and review**

39. The applicant has provided a description of its internal processes to support project monitoring as per the implementation guidelines for the EP. For all E&S risk Intermediation 1 and Intermediation 2 projects, the periodic reports prepared by in-house staff or third-party experts document compliance with the ESMP, and provide representations of compliance with relevant local, state and host country environmental and social laws, regulations and permits by a borrower based on the financial agreement with the applicant. The applicant checks the compliance with the covenants in the financial agreement by regular reporting submitted by a borrower in the case of project finance. Monitoring reports prepared by the members of SERAO are submitted to senior management every quarter to acknowledge the conditions of the projects.

40. Based on its experience with supervision, the applicant has improved the effectiveness of the management as evident from the updated checklist and the applicant's adoption of progressive improvements in the application of the EP. The results of E&S supervision and

auditing are made available on the applicant's website to help disseminate the EP implementation process both internally and to the public.

3.2.6 Section 6.6: External communications

41. The applicant's external communication process is contained in its implementation guidelines for the EP, and in the internal procedures for the application of the EP. The information related to the applicant's implementation of the EP is communicated externally through its website. The applicant has an organizational structure for environmental and social communications and receives a wide range of information and proposals on social and environmental initiatives through dialogue with stakeholders, including non-governmental organizations. The applicant takes such information into consideration when making decisions on project financing. Additionally, project information is published by the EP association on its website in the case of project finance.

42. In the past three years, the applicant has not received any enquiries, complaints or responses regarding the projects or the implementation of the EPs. The applicant has provided details of one specific complaint it had received from a non-governmental organization in 2011 and how it was assessed and responded to. The applicant also shared its corporate social responsibility report with the public, including its E&S activities, to receive public opinion through its bank holding company in which the applicant serves as the core retail and commercial banking arm.

43. The applicant has provided its procedure on the public consultation and disclosure procedures it will apply for activities financed using the GCF resources. The applicant's procedure for the public disclosure and consultation with project stakeholders of E&S project documents, including a grievance mechanism at the level of the applicant's own institution as well as at the level of its executing entities, is in line with the GCF Information Disclosure policy.

3.3 Gender

44. The applicant has provided its draft gender policy which is in line with the GCF Gender policy. Although the applicant's gender policy has not yet been adopted, the applicant has provided sample projects it has financed that demonstrate experience with gender and climate change, including a track record of lending to both men and women as well as evidence to show that projects to which the applicant lends have non-discriminatory practices in terms of benefits and remuneration for both men and women employees.

IV. Conclusions and recommendation

4.1 Conclusions

45. 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 and specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees;
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the high E&S risk (I-1); and
- (c) Although the applicant's gender policy has not yet been adopted, the applicant has demonstrated that it has competencies 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

46. The AP recommends, for consideration by the Board, applicant APL054 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** large (including micro,⁶ small⁷ and medium⁸);
 - (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 2. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
 - (iii) **Maximum environmental and social risk category:** high risk (I-1) including lower risk (Intermediation 2⁹ and Intermediation 3¹⁰); 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 to be met prior to signature of the accreditation master agreement for completion of Stage III of the accreditation process:
 - 1. Provide a report on an independent assessment of the effectiveness of the applicant's measures and actions for improving its AML and sanctions compliance programmes; and
 - (ii) Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
 - 1. Provide evidence to show that the applicant:

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

⁷ As per annex I to decision B.08/02, "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".

⁸ 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".

⁹ 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".

¹⁰ 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".

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- a. Carries out checks and audits of the payment and disbursement of funds under projects financed by the applicant;
 - b. Has a publicly accessible and transparent procurement dispute resolution process;
 - c. Has an appropriate mechanism with clear terms of reference for continuous oversight of the ethics function;
 - d. Has procedures for overseeing procurement activities of executing entities under GCF-funded activities;
 - e. Has a policy requiring the public disclosure of procurement policies and procedures, and procurement contract awards under GCF-funded activities;
 - f. Has a policy and guidelines on the public disclosure of information regarding the applicant's decisions on on-lending and/or blending operations in respect of activities that would be funded by the GCF; and
 - g. Has adopted a gender policy in line with the GCF Gender policy; and
- (iii) Condition to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Provide evidence of the implementation of the items identified in paragraph 46(b)(ii) above.
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.

Annex X: Accreditation assessment of Applicant 055 (APL055)

I. Introduction

1. Applicant 055 (APL055), the Japan International Cooperation Agency (JICA), is an entity headquartered in Japan with a strong global presence. The applicant has been providing financial and technical support to climate change mitigation and adaptation projects, focusing on energy efficiency, renewable energy, public transport systems, stable water supply, climate-resilient agriculture, sustainable forest management, disaster risk reduction and coastal protection. Building upon international best practices, the applicant aims to make the best use of Japanese knowledge, experience and technologies in driving a paradigm shift towards a low-carbon and climate-resilient society in developing countries.
2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 4 December 2015. The Stage I institutional assessment and completeness check was completed on 8 February 2017 and was progressed to the Stage II (Step 1) accreditation review, which was concluded with the publication of this assessment. JICA has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:
 - (a) **Access modality:** international access;
 - (b) **Track:** normal track;
 - (c) **Maximum size of an individual project or activity within a programme:** large;¹
 - (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for blending); and
 - (e) **Maximum environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)).³

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 accreditation process.

2.1 Legal status, registration, permits and licences

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented. High level of intermediation (I1): When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. JICA was established by the Government of Japan in 1974 and is registered under the Act on General Rules for Incorporated Administrative Agency (1999). This law does not allow the applicant to borrow long-term money from international organizations like the GCF, however, the applicant has a track record in financing projects by blending resources from international sources to increase the project viability and impacts. As such, the applicant applied for the specialized fiduciary standard for on-lending and/or blending for blending only (see para. 2 (d)(iv) above).

2.2 Institutional presence and relevant networks

5. The applicant has a strong global presence and operations in the Asia-Pacific region, Africa, Latin America, the Middle East, as well as Europe. This global presence has allowed the applicant to establish and deepen relationships with national governments and other national and international institutions, and to contribute towards the environmental resiliency of developing countries through the projects it finances.

6. As a Japanese Government organization, the applicant has indicated that it is in a position to make the best use of Japanese advanced knowledge, technology and experience in combating climate change. Particularly, it intends to provide new solutions to the small island developing States in the areas of energy, coastal ecosystem and resources management, water and waste management.

7. The applicant seeks accreditation to the GCF in order to:

- (d) Support climate actions of the small island developing States;
- (e) Support climate-related disaster risk reduction projects; and
- (f) Apply innovative technologies to climate change mitigation and adaptation projects.

8. In addition, the applicant plans to provide on-site capacity support and training programmes for potential national entities to meet GCF accreditation criteria in areas of internal audit, financial management, procurement, stakeholder engagement and environmental and social standards.

2.3 Track record

9. Over the past 43 years, the applicant has contributed to the United Nations Millennium Development Goals, infrastructure improvement, human resource development, global environment development, rural development, industrial development and public policy and initiatives such as public-private partnerships.

10. In particular, the applicant has contributed towards both climate change mitigation and adaptation by introducing renewable energy and energy-saving projects, improving urban public transportation system, developing forest management and afforestation projects, providing tailored capacity-building for individual countries and providing support for climate change measures in developing countries.

11. The applicant has a track record in financing climate change related projects in the sectors of energy, transport, forestry, land use, institutional systems, infrastructure, water management and ecosystem. Activities related to climate change financed by the applicant include:

- (a) JPY 992 million (technical cooperation) for the Participatory Forest Management Project in Belete-Gera Regional Forest Priority Area (Phases 1 and 2) in Ethiopia;

- (b) JPY 683 million (grant) for the Project for Upgrading of the Mechanical System for Sewerage and Drainage Service in Faisalabad in Pakistan;
- (c) JPY 268.1 billion (concessional loans) for Mass Transit System Project (Phases I to III) in Bangkok (Red Line) in Thailand;
- (d) JPY 6.7 billion (grant) for the Project for Rehabilitation of Baluchaung No. 2 Hydropower Plant in Myanmar; and
- (e) JPY 80 billion (concessional loans) for the Support Programme to Respond to Climate Change (Phases I to VII) in Vietnam.

III. Stage II accreditation review assessment

12. The applicant applied under the normal-track accreditation process. Its application has been assessed against by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the accreditation requirements.
13. As part of this assessment, the AP carried out a site visit to the applicant's headquarters and consulted the applicant's website 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

14. The applicant has a well-established governance structure with several oversight bodies, including its board of directors, audit committee, finance oversight committee and procurement oversight committee. The independent audit committee comprises three independent auditors, while the other committees comprise senior managers within the organization. The committees have clear terms of reference and their composition clearly shows that the members have the experience and expertise to effectively carry out their designated roles.
15. JICA prepares five-year medium-term strategic plans based on which it composes annual management plans along with corresponding budgets. Both the medium-term strategic plan and the annual plans are aligned with the applicant's broad mission.
16. The applicant has an internal audit office headed by a senior executive at the rank of Director General. An assessment of the effectiveness of the audit office carried out by the Institute of Internal Auditors shows that the audit office is independent and complies with the Institute of Internal Auditors' "Guidelines for the Practice of Internal Auditing".
17. The applicant uses a customized, "People Soft" financial reporting system to control revenue and expenditure accounting and financial accounting. The applicant's annual financial statements are comprehensive and allow for comparability of financial statements in terms of consistency over different reporting periods. The financial statements are audited by an independent external audit firm and the external auditor's reports provided indicate that the financial statements are prepared, presented and audited in conformity with generally accepted accounting and auditing principles (applicable to incorporated administrative agencies in Japan).
18. The applicant has a well-documented internal control framework the principal purpose of which is to ensure operational effectiveness and efficiency, compliance with applicable laws and regulations, asset preservation and proper financial reporting. The applicant's procurement activities are guided by internal regulations, which together with other evidence provided, show that the applicant's procurement practices are consistent with international practice.

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

19. The applicant has a code of ethics which applies to all employees and all contracted parties. A compliance and risk management committee is responsible for oversight of the ethics function. The applicant has documented strategies and active measures for preventing financial malpractices. These include a strong internal control framework and “Anti-Corruption Guidance”, which in addition to being publicized on the applicant’s website, is distributed to all employees, related parties such as consultants and contractors, and is disseminated to governments of partner countries and participating entities. In order to encourage the reporting of misconduct, the applicant has put in place a mechanism for protecting whistle-blowers. JICA has an in-house independent and objective function for investigating allegations of fraudulent and corrupt practices. The function is headed by a senior deputy director, a high rank in the applicant’s management hierarchy.

20. The applicant’s policy on anti-money laundering and countering the financing of terrorism is contained in its compliance manual which includes a specific section on “Rules on Response to Antisocial Forces”. As part of its ‘know-your-customer’ due diligence process, the applicant takes the necessary steps to ensure that all parties with which it has business relationships are not associated with “antisocial forces” by requiring a written pledge from the parties to this effect and checking the parties’ information against databases such as those issued by the public organization affiliated with the National Police Agency of Japan. The applicant also complies with sanction lists published by Japanese Government which reflect international measures against money laundering and countering the financing of terrorism, such as resolutions of the United Nations Security Council.

21. In order to confirm that funds’ remittances are received by the intended beneficiaries, the applicant monitors the electronic transfer of funds through two key documents: a ‘remittance specification’ letter which the applicant receives when it requests a commercial bank to remit funds, and a ‘remittance letter’ which the commercial bank sends to the applicant when the transaction is complete.

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

22. As one of the world’s largest bilateral aid agencies, with its significant experience and proven track record in financing and managing projects in 154 developing countries and over USD 20 billion in annual commitments, the applicant has comprehensive operational policies and procedures that guide project cycle management from project preparation to closure. The applicant’s procedures include guidelines for incorporating the projects’ technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, and relevant assessments thereof, into the funding proposals at the appraisal stage.

23. The applicant has well-documented project risk assessment procedures, including the development of appropriate risk mitigation and management strategies. The risk management function is differentiated from project implementation and supervision responsibilities. The sample project preparation, appraisals, monitoring and closure reports provided demonstrate the effective use of the operational policies and procedures. The applicant uses a two-stage project-at-risk system as an early warning system to identify and address project problems in a timely manner. At the operational level, the applicant’s implementing department identifies risks during the project monitoring process. The risks are shared/reviewed with the applicant’s related departments and recipient countries. All the parties involved participate in devising measures to address the risks; and if the risks become serious, they are elevated to the high level meeting / monitoring process, in which the applicant’s board members are involved. Examples of project problems identified and the mitigation actions taken to demonstrate the effectiveness of the system were provided.

24. The applicant has a policy and operational systems, procedures and formats for the preparation of project implementation plans as well as the periodic reporting and publishing of

the status of projects during the implementation phase. Project implementation planning is supplemented by a strong monitoring and evaluation function.

25. The applicant has a policy on independent evaluation of project results. For projects considered by the applicant to be large (i.e. those over 1 billion yen) and those with a high likelihood of providing valuable lessons, ex-post evaluations are conducted by independent external experts. The sample evaluation reports provided demonstrate that the evaluation function follows impartial, widely recognized, documented and professional standards and methods. The applicant also has an evaluation disclosure policy which requires the disclosure of all external evaluation reports on the applicant's website to enhance transparency.

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

26. The applicant has a mature grant award system that includes the defined roles and responsibilities of the grant evaluation committee, the grant approval authority and other relevant personnel. The applicant provided evidence relating to a review undertaken by the Global Fund regarding its experience in the handling of grant funds. The applicant issues grant notices in the form of grant application guides which are posted on its website to attract a wide range of potential grantees. The grant award system relies on a documented framework and formats for undertaking due diligence to assess the eligibility and capabilities of potential grant awardees and benefits from the applicant's significant experience and track record in managing a transparent grant award mechanism and awarding grants on the basis of clearly defined eligibility criteria. The due diligence process includes checking of the legality of the operations to be undertaken with the grant funds.

27. Grant award decisions are taken by the applicant based on the recommendations and consultation from external entities such as the evaluation committee which comprises staff of the applicant and representatives of selected third-party entities. The terms of reference and composition of the grant evaluation committee are disclosed on the applicant's website for transparency. The relevant ministries in Japan check to ensure that grant proposals do not include activities that contravene government laws and policies. Grant award decisions are adequately publicized on the applicant's website. Evidence documents provided by the applicant demonstrate transparency and objectivity in decision-making. While the applicant notifies all entities applying for grants of its decisions in writing, the reasons for rejection are explained in face-to-face consultation meetings with the unsuccessful grant applicants who request such meetings. The applicant uses this approach to avoid misunderstandings and disputes and to provide the grant applicant with constructive feedback on how to improve the rejected proposal should it reapply to JICA in the future.

28. The procedures for undertaking audits and checks of the expenditures made by the grantees are laid out in the applicant's accounting guidelines. The applicant has suitable procedures for the recovery of funds paid to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of the funding for the project. The applicant's right to conduct audits/checks is stipulated in the grant agreements which also include the procurement rules and procedures which the grant beneficiary is required to apply, and procedures for the suspension, reduction or termination of the grant in the event of the beneficiary failing to comply with its obligations.

29. While the applicant meets all other GCF requirements relating to the awarding of grants, it does not have the required policy in place for providing public access to information on the periodic progress of individual projects, or a policy requiring periodic independent review and external audit of grant award activities, which will be required for GCF funding. However, the applicant is currently in the process of developing the required policies to fully meet the GCF requirements for this standard.

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

30. As indicated in paragraph 4 above, by its statute, the applicant is not permitted to obtain funds from external sources for on-lending purposes. For this reason, it intends to use GCF funds only for “blending” operations. The applicant has documented policies and procedures for its blending operations. The sample due diligence reports and related supporting documents provided by the applicant demonstrate the effective use of these policies and procedures.
31. In order to enhance rigour in credit risk management, the applicant, though not a deposit taking institution, conducts self-assessments of its credit risk management practices based on the “Inspection Manual for Deposit-Taking Institutions”, which are regulated by the Government Financial Services Agency of Japan. An overview of the applicant’s planned and implemented financial and credit risk management strategies are disclosed in its annual report which is posted on the applicant’s website. The information provided also demonstrates that the applicant has the capacity and systems in place to channel funds transparently and effectively, and, if accredited, to transfer the GCF funding advantages to final beneficiaries.
32. Based on the evidence documents provided, the applicant has also demonstrated sound financial risk and asset and liability management policies, procedures and governance and organizational structures that ensure the appropriate segregation of duties of the treasury function and operations.
33. The applicant has been rated by Standard & Poor's Rating Services as A+ (stable).
34. While the applicant meets all other GCF requirements relating to blending operations, it does not have the required policy in place for providing information to the public regarding its decisions on blending operations, or a policy requiring periodic audits of the use of funds that would be provided by the GCF. However, the applicant is in the process of developing the required policies to fully meet the GCF requirements for this standard for blending operations.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

35. The applicant’s environmental and social (E&S) guidelines published in 2010 constitute its E&S policy which articulates overarching E&S objectives and principles guiding the institution. The E&S guidelines state that the E&S standards the institution adheres to, including laws implementing host country obligations under international law. The E&S guidelines are endorsed by the applicant’s senior management and indicate the specific units within the institutions responsible for ensuring conformance with the policy execution and are communicated to all levels of its organization as well as publicly. The applicant’s policy requires its executing entities in implementing projects financed by the applicant to address cumulative impacts, the analysis of alternatives, baseline data standards and mitigation hierarchy. The applicant, being an active member of the Multilateral Development Bank’s Environmental Group, has as part of harmonizing E&S procedures across multilateral development banks, have kept abreast of international norms and practices on the environmental assessment and reflected them in its own environmental and social management system.

3.2.2 Section 6.2: Identification of risks and impacts

36. The applicant’s E&S guidelines referred to in paragraph 35 above also describe its E&S risks and impact the identification and assessment procedure. The operational department (e.g. regional department, sectorial department and the representative office in the applicant’s partner country), and credit risk analysis and environmental review departments also participate in the environmental and social considerations of applicant’s lending operations. The operational department has the primary responsibility for categorization, confirmation of the adequacy of environmental and social considerations, and monitoring for individual projects. The environmental and social consideration review division of the credit risk analysis and environmental review department checks compliance with the applicant’s E&S guidelines.

In addition, when a project is categorized as Category A/Intermediation 1 (i.e. a potentially high E&S impact project), the environmental division staff, including Safeguard Specialists conduct an environmental and social review of the project by performing an on-site inspection and report to the applicant's E&S advisory committee and the committee gives advice as needed. The applicant also provided a list of projects from the past three years and their E&S risk categories.

37. The applicant has provided a checklist that addresses how each of the performance standards 1 to 8 of the GCF interim environmental and social safeguards is assessed. The applicant has provided sample project documents as evidence of its track record with E&S risks and impacts identification and assessment procedure in line with the performance standards. The applicant has also provided a sample external audit report which indicates that the applicant's internal control system is in compliance with its E&S policy and procedure.

3.2.3 **Section 6.3: Management programme**

38. The applicant's procedure for environmental and social considerations provides documented institutional processes for managing E&S risks and impacts mitigation measures and actions stemming from the E&S risk identification process. The applicant has provided sample project documents as evidence of the effectiveness of the implementation of its procedures. The applicant has provided a brief write up on its practices relating to the audit of its overall operations. Additionally, the applicant provided a sample of external audit reports as evidence of the effectiveness of its institutional management programme for mitigation actions.

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

39. The applicant has provided its organization chart, including the roles, responsibilities, reporting lines and authority to implement the environmental and social management system, which includes its senior management. The technical staff with the direct responsibility for the project or programme performance have the knowledge, skills and experience necessary to understand and ensure the implementation of performance standards 1 to 8. The applicant has provided information on its technical staff E&S training as well as a sample of work of their work as evidence of their knowledge of performance standards 1 to 8.

3.2.5 **Section 6.5: Monitoring and review**

40. The applicant's E&S procedure describes its internal processes to support a monitoring and supervision programme that tracks and ensures the completion of mitigation and performance improvement measures. The internal process defines the roles and responsibilities and timelines to monitor and supervise a project in a separate document on procedures for review supervision. Project monitoring results on the effectiveness of the applicant's implementation of its environmental and social management system are reported every six months to the applicant's advisory committee for environmental and social considerations. The applicant has provided evidence of its senior management's participation and guidance to ensure that the intent of the institutions policy is met and that procedures, practices and plans are implemented appropriately.

3.2.6 **Section 6.6: External communications**

41. The applicant provided its external communications procedure which includes a website for receiving external comments and complaints on the project's environmental and social aspects. The applicant also provided a link to its complaints register on complaints received and how they were addressed and resolved. Its procedure for public disclosure and consultation with project stakeholders of E&S project documents, including a grievance mechanism at the level of the applicant's own institution as well as at the level of its executing entities, are in line with the GCF Information disclosure policy.

3.3 Gender

42. The applicant's mission statement published in 2008 reflects its vision on gender equality and women empowerment. The applicant's vision for gender mainstreaming is articulated in its policy, organization structure and operational procedure. The operational procedure published in 2009 describe a step-by-step process in terms of project screening from a gender perspective at the appraisal stage, followed by the relevant department integrating a gender perspective into projects and an implemented project is subsequently monitored and evaluated by relevant departments in consultation with the unit for gender equality and poverty reduction. The applicant has designated a vice-president in charge of gender supported by a gender-dedicated unit for gender equality and poverty reduction.

43. The applicant has provided sample project documents which contain specific reference to women and men who have benefitted from climate change projects. The applicant has also provided sample standard bidding documents reflecting non-discrimination and equal opportunity clauses as evidence of the applicant's requirements of its executing entities' non-discriminatory practice. The applicant's gender policy, procedures and competency are in line with the GCF Gender policy and Gender action plan.

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, but partially meets the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms and specialized fiduciary standard for blending;
- (b) The applicant meets the requirements of the interim environmental and social safeguards of the GCF in relation to the high E&S risk (Category A/I-1); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures 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

45. The AP recommends, for consideration by the Board, applicant APL055 for accreditation as follows:

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

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

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

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

- (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 blending only); and
- (iii) **Maximum environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2⁷ and Category C/I-3⁸)); 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) Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Develop a system for providing public access to information on the periodic progress of all GCF-funded activities;
 2. Develop a policy of periodic independent reviews/external audits of all grant award programmes funded by the GCF; and
 3. Develop policies/guidelines for providing information to the public regarding all decisions on blending operations funded by the GCF; and
- (ii) Condition to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
1. Provide evidence of the implementation of the items identified in paragraph 45(b)(i) above.
46. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 45 above, and agrees to the recommendation.

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

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

Annex XI: Summary of recommendations

1. A summary of recommendations by the Accreditation Panel (AP) for entities to be considered by the Board for accreditation is presented in the table below.
2. For all conditions of accreditation proposed, the entity 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.

Table 7: Summary of recommended accreditation types and conditions

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
APL050 CDG Capital	Direct access, national, private sector	Medium	Basic fiduciary standards; and Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)	Medium risk (I-2) ³	<p><u>Condition to be met by the applicant prior to submitting the first funding proposal to the GCF wherein the applicant would be providing GCF resources through a financial intermediary:</u></p> <ol style="list-style-type: none"> 1. Submit a description of the approach the applicant will undertake to assess the financial intermediary as the executing entity. <p><u>Conditions to be met for each funding proposal:</u></p> <ol style="list-style-type: none"> 1. Provide in its funding proposal an E&S management framework that describes the applicant's project-specific

¹ "Size" refers to the total projected costs at the time of application, irrespective of the portion that is funded by the GCF, for an individual project or an activity within a programme. Four size categories (micro, small, medium and large) are defined in annex I to decision B.08/02 (annex I to document GCF/B.08/45).

² Decision B.07/02.

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

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
					<p>approach to E&S risk and impact categorization, mitigation and management, E&S monitoring and reporting; and</p> <p>2. Provide in its funding proposal a gender action plan that reflects the applicant's adequate competency in terms of human and financial resources and a system for maintaining data that addresses gender aspects in line with the GCF Gender policy.</p> <p><u>Condition to be met prior to the first disbursement by the GCF for the first approved GCF project/programme to be undertaken by the applicant:</u></p> <p>1. Provide, on the applicant's website, a description of the arrangements and procedure for managing complaints before, during and after the investigation process.</p> <p><u>Condition to be met on an annual basis for three consecutive years starting with the end of the first year of the implementation of the first GCF-funded project/programme:</u></p> <p>1. Provide the evidence that the reports on beneficiaries and results during implementation of all GCF-funded activities were prepared and published in accordance with the applicant's procedures for public access to information.</p>
APL051 IDCOL	Direct access, national	Medium	Basic fiduciary standards; Specialized fiduciary standard for project management; and	Medium risk (Category B/1-2)	<u>Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
			Specialized fiduciary standard for on-lending and/or blending (for loans)		<p>1. Provide evidence of the establishment and introduction of the policies and processes listed below:</p> <ul style="list-style-type: none"> a. Establish a process to monitor and assess the overall effectiveness of the internal audit function, including its procurement activities; b. Adopt a code of conduct, approved by the applicant's board; c. Adopt a project closure policy, approved by the applicant's board; d. Adopt a policy on the public disclosure of project monitoring and evaluation reports, and project results, approved by the applicant's board; and e. Adopt a policy on the public disclosure of information regarding the applicant's decisions on on-lending and/or blending operations, approved by the applicant's board. <p><u>Conditions to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ul style="list-style-type: none"> 1. Provide a copy of a procurement oversight/audit report; and

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
					2. Provide evidence of monitoring of the observations contained in procurement oversight/audit reports and appropriate management response and actions.
APL052 SIDBI	Direct access, national	Large	Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)	Medium risk (Category B/1-2)	<p><u>Conditions associated with the GCF fiduciary standards, to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Develop a policy for the public disclosure of information regarding projects, including grant award programmes and on-lending/blending operations, to be undertaken with GCF funds. This policy must include, at the minimum, the following: <ol style="list-style-type: none"> a. Guidelines for the publication of independent project evaluation reports; b. Guidelines for the public disclosure of information on beneficiaries of grant awards and/or loans disbursed, purpose of the grants and/or loans and amounts disbursed; and c. Identification of the media/channels through which the information will be disclosed, as well as the timeline for disclosure; 2. Establish an independent project evaluation policy and capacity;

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
					<p>3. Develop, for GCF-funded grant award programmes to be implemented through executing entities, the policies and guidelines to be followed by the executing entity; and</p> <p>4. Develop the operating procedures the applicant will follow to ensure the executing entity's compliance with the policies and guidelines for the grant award programme mentioned in the previous paragraph.</p> <p><u>Condition associated with the ESS and gender policy, to be met prior to submitting the first funding proposal to the GCF for consideration:</u></p> <p>1. Submit to the AP for its review a copy of the new entity-wide ESMF (2017 version) and the revised policies, procedures and organization chart highlighting the integration of the 2017 ESMF into the entity.s</p>
APL053 MCT	Direct access, regional	Micro	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for grant award and/or funding allocation mechanisms	Minimal to no risk (Category C/I-3) ⁴	<p><u>Condition to be met for each funding proposal:</u></p> <p>1. Provide in its funding proposal a gender action plan that reflects the applicant's adequate competency in terms of human and financial resources and a system for maintaining data that addresses gender aspects in line with the GCF Gender policy.</p>

⁴ 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".

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
					<p><u>Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Provide an investigation procedure containing the description of the investigation process and corresponding follow-up actions to be taken; 2. Provide anti-money laundering and countering the financing of terrorism policies that are fully in line with the GCF interim policy on prohibited practices; 3. Provide an approved policy for the public disclosure of the decisions on grants awarded under a grant award programme; 4. Provide evidence of the adoption of the applicant's procedures for the mitigation, management and monitoring of the E&S risks and impacts, including those that are unanticipated, of its programmes; and 5. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to E&S complaints. <p><u>Condition to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Provide evidence of the implementation of the policies and procedures referred to in paragraph 37(b)(i) of annex VIII of this document, in regard to the public

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
					disclosure of the results of the grants awarded under a grant award mechanism, under the projects/programmes approved and funded by the GCF.
APL054 BTMU	International access, private sector	Large	Basic fiduciary standards; Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)	High risk (I-1) ⁵	<p><u>Condition to be met prior to signature of the accreditation master agreement for completion of Stage III of the accreditation process:</u></p> <ol style="list-style-type: none"> 1. Provide a report on an independent assessment of the effectiveness of the applicant's measures and actions for improving its AML and sanctions compliance programmes. <p><u>Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Provide evidence to show that the applicant: <ol style="list-style-type: none"> a. Carries out checks and audits of the payment and disbursement of funds under projects financed by the applicant; b. Has a publicly accessible and transparent procurement dispute resolution process; c. Has an appropriate mechanism with clear terms of reference for continuous oversight of the ethics function;

⁵ 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".



Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
					<p>d. Has procedures for overseeing procurement activities of executing entities under GCF-funded activities;</p> <p>e. Has a policy requiring the public disclosure of procurement policies and procedures, and procurement contract awards under GCF-funded activities;</p> <p>f. Has a policy and guidelines on the public disclosure of information regarding the applicant’s decisions on on-lending and/or blending operations in respect of activities that would be funded by the GCF; and</p> <p>g. Has adopted a gender policy in line with the GCF Gender policy.</p> <p><u>Condition to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <p>1. Provide evidence of the implementation of the items identified in paragraph 46(b)(ii) contained in annex IX of this document.</p>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size ¹	Fiduciary functions ²	Environmental and social risk category	
APL055 JICA	International access	Large	Basic fiduciary standards; Specialized fiduciary standard for project management; Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and Specialized fiduciary standard for on-lending and/or blending (for blending only)	High risk (Category A/I-1)	<p><u>Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Develop a system for providing public access to information on the periodic progress of all GCF-funded activities; 2. Develop a policy of periodic independent reviews/external audits of all grant award programmes funded by the GCF; and 3. Develop policies/guidelines for providing information to the public regarding all decisions on blending operations funded by the GCF. <p><u>Condition to be met within one year of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Provide evidence of the implementation of the items identified in paragraph 45(b)(i) of annex X to this document.

Annex XII: 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 accredited by 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 the relevant paragraphs of the decision.
2. In decisions B.10/06, B.12/30, B.14/09 and B.15/09 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, 9 March 2016, 14 October 2016 and 17 December 2016, respectively.
3. The entity presented below has been accredited by DG DEVCO since 17 December 2016. No new entities have been accredited by the AF or the GEF since that time.

II. Directorate-General for International Development and Cooperation

Table 8: Directorate-General for International Development and Cooperation

Name	Acronym
Center for International Forestry Research	CIFOR

4. The international organizations listed in table 8 have been confirmed either by DG DEVCO to the Secretariat or via evidence provided by the organizations regarding their successful assessment against DG DEVCO pillar assessments, 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.