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FUND**

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18 September 2017

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# Consideration of accreditation proposals

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## **Summary**

This document presents an overview of accreditation progress up to 31 August 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. The document also presents accreditation proposals 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) The process of 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 August 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. The document also presents accreditation proposals 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.18/09 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, B.15/09 and B.17/13);
- (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) “Interim policy on fees for accredited entities” (annex II to decision B.11/10);
- (q) “Initial monitoring and accountability framework for accredited entities” (decision B.11/10);
- (r) “Strategic plan for the Green Climate Fund” (decision B.12/20);
- (s) “Strategy on accreditation” (decisions B.13/19 and B.14/08);
- (t) “Progress and outlook report of the Readiness and Preparatory Support Programme” (GCF/B.18/07);<sup>1</sup>
- (u) “Policies related to prohibited practices, anti-money laundering and countering the financing of terrorism” (under preparation);<sup>2</sup> and
- (v) “Revised policy on fees for accredited entities” (under preparation).<sup>3</sup>

## 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 August 2017, 240 entities have been issued with accounts on the Online Accreditation System,<sup>4</sup> the web-based portal through which applicants submit their applications for accreditation.<sup>5</sup> Of these, 146 applications have been submitted, including those of the 54 AEs. The distribution of applications received as at 31 August 2017 is provided in the section “Number of entities at each stage” available on the GCF website<sup>6</sup> and is summarized in figure 1.

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

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

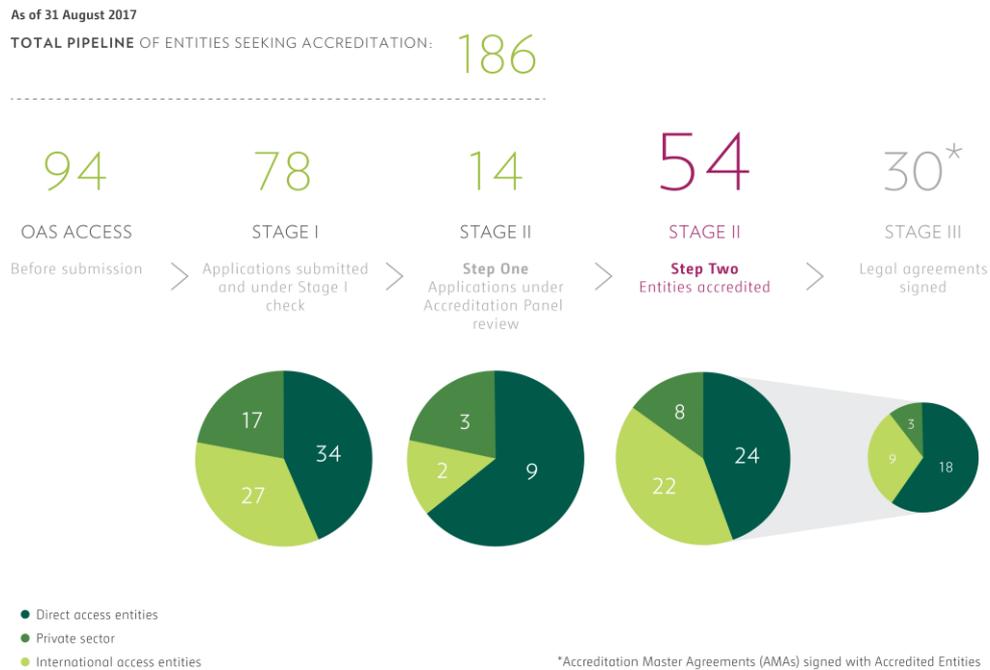
<sup>3</sup> As footnote 1 above.

<sup>4</sup> Available at <<https://accreditation.gcfund.org/>>.

<sup>5</sup> In decision B.07/02, paragraph (o), the Board requested the AP, in collaboration with the Accreditation Committee and the Secretariat, to report annually to the Board on the status of applications for accreditation.

<sup>6</sup> 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.

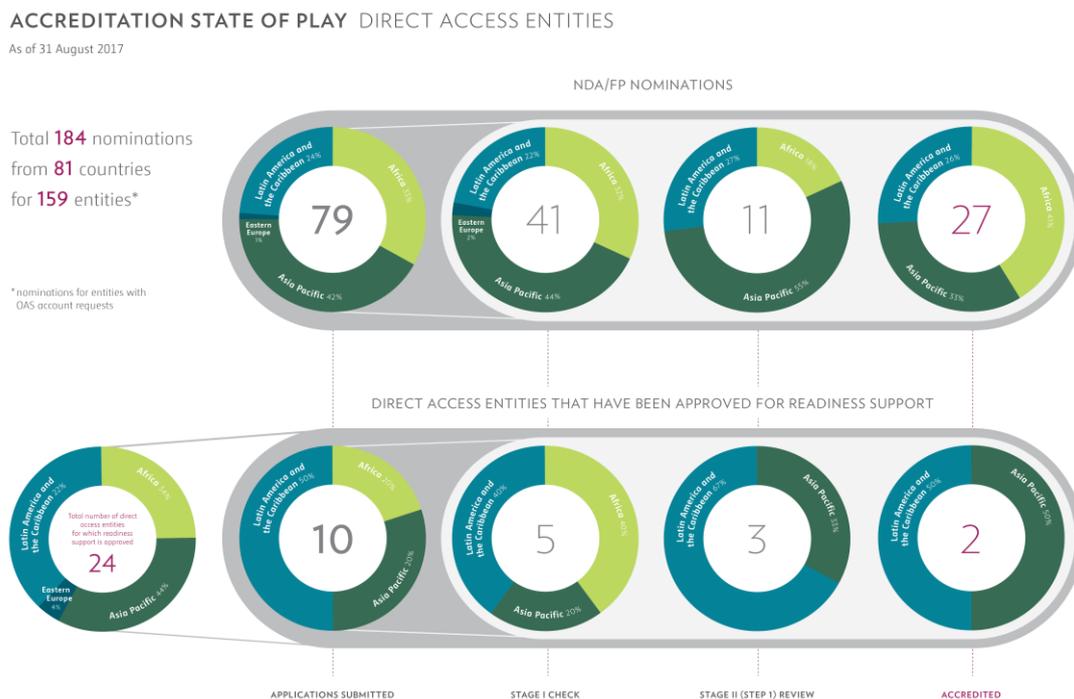
**Figure 1: Status of accreditation applications (as at 31 August 2017)**



Abbreviation: OAS = Online Accreditation System.

8. Figure 2 shows the geographical coverage for national and regional entities nominated for accreditation by national designated authorities (NDAs) or focal points, of which 79 entities have submitted an accreditation application, and of those 27 have been accredited.

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

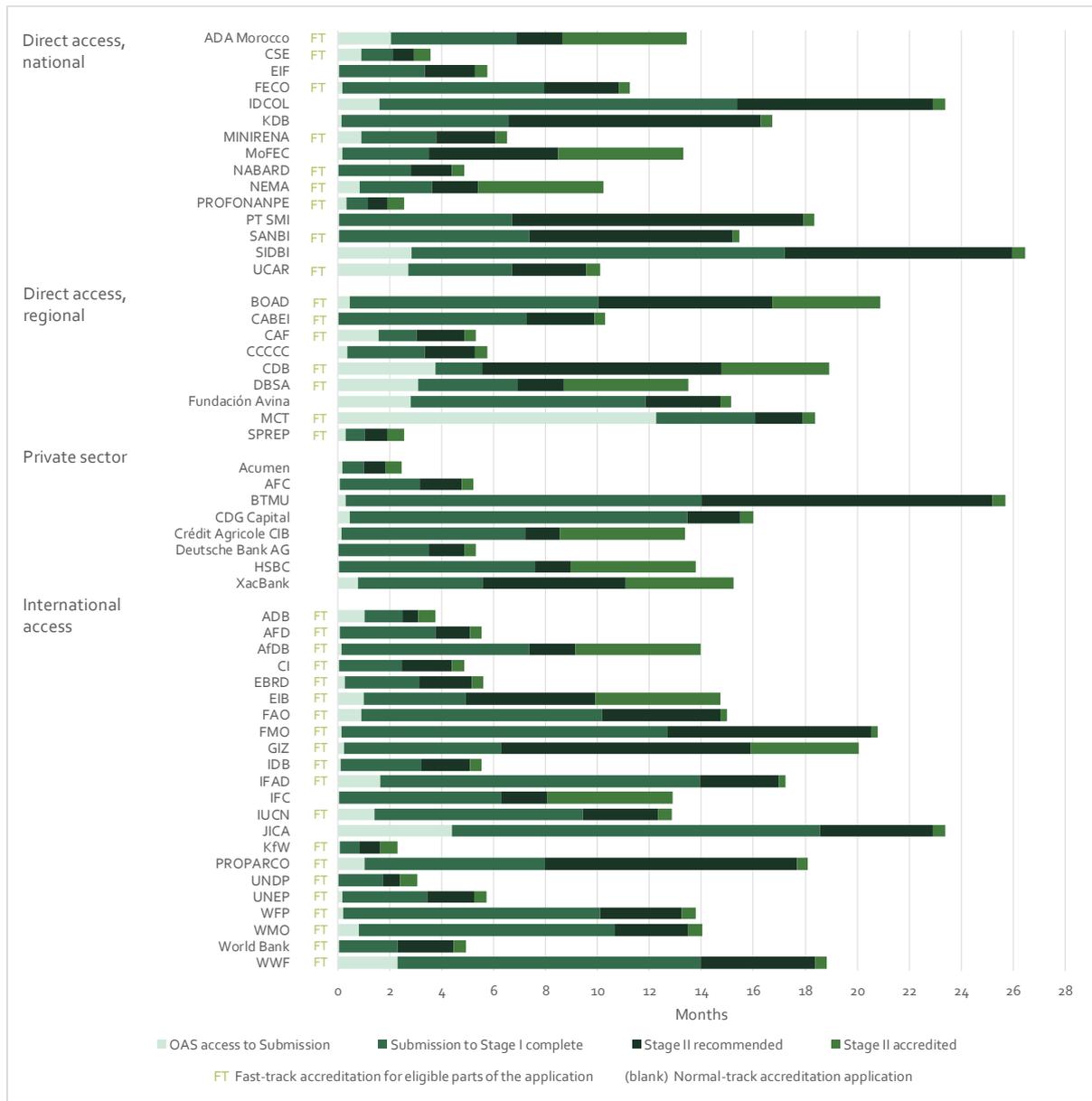


9. The submitted applications received to date reflect considerable diversity in geographical representation, the type of activities to be undertaken using GCF resources if accreditation is granted and the type of accreditation being sought (e.g. fiduciary function, environmental and social risk category and project/programme activity size), and whether they are 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 shown in figure 1.

10. In addition to applications for accreditation, six 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 five entities include one direct access regional AE currently under Stage II (Step 1), for which its upgrade application is recommended for consideration by the Board at its eighteenth meeting, two direct access national AEs and two international access AEs, which are currently under Stage I. The AEs are seeking to upgrade their accreditation type for increased size categories, additional fiduciary functions (e.g. grant award and/or funding allocation mechanisms) and higher environmental and social risk categories.

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. Based on the dates of key milestones and not accounting for actual active time spent by the applicants or the GCF, from opening an Online Accreditation System account to approval by the Board, it took between 2.3 and 26.5 months to accredit the 54 AEs – noting that 36 of them were fast-tracked – reflecting an average of 12.0 months (see figure 3). This includes an average time frame for application review by the Secretariat and the AP of 10.5 months; however, the active time for review is less. There is an increasing number of applications under the normal-track accreditation process and those applying for more criteria or functions, which generally require more time for review than applications that are fast-track eligible and those applying only for project management functions.

**Figure 3: Time frame from Online Accreditation System access to accreditation for the 54 accredited entities (as at 31 August 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), BTMU = Bank of Tokyo-Mitsubishi UFJ, Ltd., CABEI = Central American Bank for Economic Integration, CAF = Corporación Andina de Fomento, CCCCC = Caribbean Community Climate Change Centre, CDB = Caribbean Development Bank, CDG Capital = CDG Capital S.A., 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, FECO = 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, IDCOL = Infrastructure Development Company Limited, IFAD = International Fund for Agricultural Development, IFC = International Finance Corporation, IUCN = International Union for Conservation of Nature, JICA = Japan International Cooperation Agency, KfW = Kreditanstalt für Wiederaufbau, MCT = Micronesia Conservation Trust, 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, PROPARCO = Société de Promotion et de Participation pour la Coopération Economique, PT SMI = PT Sarana Multi Infrastruktur, SANBI = South African National Biodiversity Institute, SIDBI = Small Industries Development Bank of India, 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.

## 4.2 Implementing the prioritization of entities

12. 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.

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

- (a) Thirteen of the 17 entities (76 per cent) that have completed Stage I since decision B.14/08, and up to 31 August 2017 are direct access entities. Four of the 17 entities are private sector entities; and
- (b) Fifteen of the 20 entities (75 per cent) in Stage II (Step 1) are direct access entities and five (25 per cent) are private sector entities.

14. 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.

## 4.3 Support to direct access entities for accreditation

15. 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 146 direct access entities nominated by the NDAs or focal points of 68 countries in four regions throughout the application process, including via conference calls;
- (b) Providing institutional gap assessments for 24 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<sup>7</sup> 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. As at 31 August 2017, 517 users, including NDAs/focal points considering nominating entities and entities themselves, had completed the questionnaire; and

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<sup>7</sup> 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>>.

- (d) Engaging 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 Accelerating direct access

16. Readiness support has been approved for 24 direct access entities nominated by 21 countries from different geographical/regional areas by identifying institutional gaps and generating action plans based on the gap assessments (see annex II for details).

17. As at 31 August 2017, institutional assessments against the GCF standards and action plans had been completed for 15 entities nominated by 12 countries. Of these, 10 entities (nominated by Benin, Brazil, Cambodia, Chile, Colombia, El Salvador, Guatemala, Honduras, Kenya, Mexico, Micronesia (Federated States of), Pakistan, Palau and Paraguay) had submitted their accreditation applications. Two entities (the Central American Bank for Economic Integration and the Micronesia Conservation Trust) have been accredited; three entities are in Stage II (Step 1) and five entities are in Stage I. Some of the remaining entities are working towards closing the identified gaps and intend to thereafter submit their application, and others are in discussions with their NDA to seek additional readiness support in order to close their identified gaps.

18. 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 three 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.

#### 4.5 Enhancing direct access

19. In response to the request for proposals for a pilot phase enhancing direct access (EDA) to the GCF launched in June 2016,<sup>8</sup> as at 31 August 2017, 15 entities and one NDA had submitted a total of 17 concept notes or proposals<sup>9</sup> to the Secretariat:

- (a) Eight EDA concept notes or proposals were submitted by seven direct access entities already accredited at the time of the submission. One proposal was approved by the Board through decision B.14/07, paragraph (x);<sup>10</sup> and
- (b) Nine EDA concept notes or proposal have been submitted, including eight from seven direct access entities intending to seek accreditation or having applied for accreditation at the time of submission, and one from an NDA.<sup>11</sup> Of the direct access entities:
- (i) One direct access entity has been accredited following submission of its EDA proposal;

<sup>8</sup> 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).

<sup>9</sup> The EDA pilot concept notes and funding proposals received are at various stages of consultation with the NDAs.

<sup>10</sup> 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.

<sup>11</sup> A direct access entity is to be nominated.

- (ii) Three direct access entities are in Stage II (Step 1), of which two are being recommended for consideration for accreditation by the Board at its eighteenth meeting (refer to section VI below);
- (iii) Three direct access entities are in Stage I; and
- (iv) One direct access entity is in the process of preparing its application for accreditation.

20. 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.

## V. Overview of the portfolio of accredited entities

21. The Board accredited 54 entities through decisions B.09/07, B.10/06, B.12/30, B.14/10, B.14/11, B.15/09 and B.17/13. 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). 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.<sup>12</sup>

**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 August 2017)**

Region	Fiduciary functions <sup>a</sup>					E&S risk category <sup>a</sup>			Size of an individual project or activity within a programme <sup>b</sup>	
	Project management <sup>c</sup>	Providing grants, including through grant award and/or funding allocation <sup>d</sup>	Blended finance			A	B	C	Micro and small sizes	Medium and large sizes
			Loans	Equity	Guarantees					
Africa	16	20	19	16	18	16	31	37	37	26
Latin America and the Caribbean	13	21	17	15	15	16	26	32	32	23
Asia-Pacific	12	19	18	16	17	14	28	34	34	25
Eastern Europe	8	13	11	10	11	12	18	21	21	18
SIDS	12	21	16	14	15	17	25	30	30	23
LDCs	13	20	17	14	15	16	28	33	33	24

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

<sup>12</sup> Available at <<http://www.greenclimate.fund/how-we-work/tools/entity-directory>>.

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

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

<sup>c</sup> 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: 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 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.

<sup>d</sup> 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.

22. 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).

23. 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 August 2017, 30 AMAs were available on the GCF website.<sup>13</sup> Further details are contained in document GCF/B.18/Inf.01 titled "Status of accreditation master agreements".<sup>14</sup>

24. 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.

## 5.1 Entity work programmes

25. In line with the strategic plan for the GCF, the Secretariat is working with the 54 AEs in order to update or develop draft entity work programme (EWP) briefs. The Secretariat, in line with decision B.13/10, paragraph (c), 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

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<sup>13</sup> Available at <<http://www.greenclimate.fund/how-we-work/getting-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), Conservation International Foundation (CI), 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 Bank for Agriculture and Rural Development (NABARD), National Environment Management Authority of Kenya (NEMA), Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), PT Sarana Multi Infrastruktur (PT SMI), South African National Biodiversity Institute (SANBI), 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).

<sup>14</sup> To be considered by the Board at its eighteenth meeting.

are continuing to update their EWP briefs on a periodic basis; the latest update is currently in progress and will be reported to the Board upon finalization.

26. 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 (PPF), 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 enterprises<sup>15</sup> and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation.<sup>16</sup>

## 5.2 Support for accredited direct access entities

27. 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 GCF/B.16/Inf.08 titled “Facilitating an increase in proposals from direct access entities”.

28. With the intention of providing dedicated support, the Secretariat conducted country visits in the Latin America and Caribbean region from 26 June to 3 July 2017 in order to assist the direct access AEs visited in advancing post-accreditation requirements (accreditation conditions) and facilitate discussion on the project pipeline. The outcome of this mission was the negotiation of an AMA agreed text between the direct access AEs visited and the GCF, and the development of a consultative pipeline of projects for the region through the EWP. Such support and visits are also under discussion between the Secretariat and direct access AEs.

29. The Secretariat organized an empowering direct access workshop from 23 to 25 May 2017 at GCF Headquarters in Songdo, Incheon, Republic of Korea.<sup>17</sup> Following the workshop:

- (a) Three concept notes are at an advanced stage of development by the direct access AEs. The workshop also provided focused guidance on two EDA pilot proposals, one of which is at an advanced stage of review;
- (b) Five PPF<sup>18</sup> requests have been submitted;
- (c) Two direct access AEs have submitted applications to upgrade their accreditation types (e.g. size category, fiduciary functions, and environmental and social risk category). Further upgrade applications are expected to be received from direct access AEs; and

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<sup>15</sup> Decision B.10/11, paragraph (a).

<sup>16</sup> As footnote 18 above.

<sup>17</sup> Available at <<http://www.greenclimate.fund/meetings/2017/direct-access>>. Further information on the workshop may be found in document GCF/B.17/05 titled “Consideration of accreditation proposals”.

<sup>18</sup> Decision B.13/21.

(d) Two readiness proposals from direct access AEs for enhancing their institutional capacities have been submitted and are under review.

30. In addition, the Secretariat has continued to provide support for accreditation and direct access AEs via the Readiness and Preparatory Support Programme with a revised indicative list of activities, as contained in annex VII to decision B.13/32. 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 EWP briefs. Further information on the EWP briefs is contained in section 5.2 above.

### 5.3 Support for pipeline development and the Project Preparation Facility

31. As at 31 August 2017, the Secretariat had received and was engaging directly with AEs on a total of 31 requests for project preparation support through the PPF, with the relevant letters of no objection. Twelve of these requests were submitted in June to August 2017, and 11 are from direct access AEs in total. Two PPF requests have been approved to date, one of which is from the Ministry of Natural Resources of Rwanda (at the twelfth meeting of the Board for USD 1,498,841) and the other from the World Meteorological Organization (with GCF Executive Director approval for USD 515,833).

32. The Secretariat is undertaking a series of actions to substantially increase the pace and quantity of approved PPFs. As at 31 August 2017, substantive written feedback had already been provided by the Secretariat to AEs and NDAs for 20 of the 31 requests, each of which are pending refinement by the AEs. In the context of EWP briefs, the Secretariat has also engaged directly with AEs (particularly direct access AEs) on their project preparation efforts and the support they may require. Finally, the Secretariat is increasing capacity to help direct access AEs to develop successful PPF requests and associated underlying project concepts through the recruitment of three sector-focused project development consultants to support the direct access AEs and the countries where the projects would be located. While more effort is needed, these efforts are starting to bear fruit, and the number and balance of approved PPF requests is expected to increase throughout the remainder of 2017 and into 2018.

33. Additional details on activities to support direct access AEs in preparing projects through readiness support for project preparation and the PPF are contained in document GCF/B.18/Inf.03 titled “Status of the GCF portfolio: pipeline and approved projects”.

## VI. Recommendations for accreditation

34. 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, and the Stage I and Stage II (Step 1) reviews were completed, are presented in this document for consideration by the Board at its eighteenth 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.

35. Five new applicants (applicants 056 to 060) are presented by the AP for accreditation for consideration by the Board at its eighteenth meeting (see annexes V–IX). All of the applicants are entities applying under direct access (four which are national entities and one which is regional).

36. In addition, Acumen Fund, Inc. is recommended by the AP for an upgrade in its accreditation type for the specialized fiduciary criteria for grant award and/or funding allocation mechanisms (see annex X).

37. 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 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 micro-scale<sup>19</sup> and small-scale<sup>20</sup> projects or activities within a programme (four out of the five applicants, as well as one entity for medium-scale<sup>21</sup> projects or activities within a programme);
- (b) Intermediating resources in all cases, mainly through on-lending and/or blending (three out of five applicants) or awarding grants (four out of five applicants), as well as using resources to manage and implement projects (all five applicants);
- (c) With capacities to manage projects/programmes with minimal to no environmental and social risk and impact levels (Category C/I-3)<sup>22</sup> (two out of five) and medium risk (Category B/I-2)<sup>23</sup> (three out of five); and
- (d) Four of five applicants meet the gender requirements of the GCF.

38. 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 or a limited track record, conditions have been recommended to be met at the project-level within a specific time frame.

39. Such conditions 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 one case, 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

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<sup>19</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

<sup>20</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

<sup>21</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

<sup>22</sup> As per annex I to decision B.07/02, category C is defined as "activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "when an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

<sup>23</sup> As per annex I to decision B.07/02, category B is defined as "activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and intermediation 2 is defined as "when an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

level). The AP also provides a small number of remarks that the applicants may wish to consider.

40. The applicants are presented in this document, as contained in annexes V–X, for consideration by the Board for accreditation. A summary of recommendations by the AP for entities to be considered by the Board for accreditation is presented in table 2.

41. 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 2: Summary of recommended accreditation types and conditions**

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
<b>APL056</b> <b>China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center)</b>	Direct access, national	Medium	Basic fiduciary standards; and  Specialized fiduciary standard for project management	Medium risk (Category B/Intermediation 2 (I-2)) <sup>c</sup>	<p><u>Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide documentary evidence of the establishment of an adequately staffed and fully functional internal audit unit; and</li> <li>2. Adopt a policy on the disclosure of E&amp;S information consistent with the GCF Information Disclosure policy; and</li> </ol> <p><u>Condition to be met on an annual basis for the three consecutive years starting from the date 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"> <li>1. Provide documentary evidence of oversight and assessment of the procurement procedures of executing entities in GCF-funded projects/programmes funded by the GCF.</li> </ol>
<b>APL057</b> <b>Department of Environment (DOE) of Antigua and Barbuda</b>	Direct access, national	Micro in relation to the specialized fiduciary standard for on-lending and/or	Basic fiduciary standards;  Specialized fiduciary standard for project management;  Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and	Medium risk (Category B/I-2)	<p><u>Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of having an approved procedure for the public disclosure of grant award decisions, which shall contain at least the following information:</li> </ol>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
		blending (for loans); and  Small (including micro) in relation to the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms	Specialized fiduciary standard for on-lending and/or blending (for loans)		<ol style="list-style-type: none"> <li>a. Name, address and nationality (in case of individuals) or place of incorporation (in case of legal entities) of the beneficiary;</li> <li>b. Purpose of the grant; and</li> <li>c. Grant amount awarded and, where applicable, the maximum percentage of grant co-financing; and</li> </ol> <ol style="list-style-type: none"> <li>2. Provide evidence of an approved technical manual and an environmental and social safeguards policy that establish the procedures and requirements related to environmental and social safeguards for projects/programmes; and</li> </ol> <p><u>Conditions to be met on an annual basis for the three consecutive years starting at the beginning of the second year of implementation (with the first deadline falling at the end of the first quarter of the second year of implementation) of the first GCF-funded project/programme through a grant award and/or funding allocation mechanism:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of the public disclosure of the monitoring and evaluation reports for any GCF-funded project/programme implemented through the applicant's grant award programme, as well as of the annual reports on the results of the operation of the revolving fund programme; and</li> <li>2. Provide the minutes of the applicant's technical evaluation committee meetings evidencing the process of consideration and approval of any grant proposals received under a grant award project/programme.</li> </ol>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
APL058 Fiji Development Bank (FDB)	Direct access, national	Micro	<p>Basic fiduciary standards;</p> <p>Specialized fiduciary standard for project management;</p> <p>Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and</p> <p>Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)</p>	Minimal to no risk (Category C/Intermediation 3 (I-3)) <sup>d</sup>	<p><u>Conditions to be met prior to the submission of the first funding proposal to the GCF:</u></p> <ol style="list-style-type: none"> <li>1. Develop its information disclosure policy and provide evidence of an established system of disclosure which complies with the requirements of the GCF fiduciary standard for on-lending and/or blending for the disclosure of project/programme information, including providing access to information on the applicant's website;</li> <li>2. Provide an anti-money laundering and countering the financing of terrorism policy consistent with the GCF interim policy on prohibited practices, including providing access to this policy on the applicant's website. Furthermore, the applicant is required to provide evidence of an established system mainstreamed in its lending manuals to ensure consistency with the GCF interim policy on prohibited practices both for its own operations and that of its executing entities for projects/programmes financed by the GCF. This includes making provision for prohibited practices in financing agreements and the procurement of goods and services, where relevant;</li> <li>3. Provide an organizational chart indicating where the designated staff members responsible for making E&amp;S risk categorization decisions are located in the organization and their reporting lines; and</li> <li>4. Finalize and provide the new gender policy that is under development and identify the associated procedures,</li> </ol>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
					<p>tools and competencies required to implement the gender policy; and</p> <p><u>Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to any E&amp;S-related complaints;</li> <li>2. Complete the design of, and integrate in its operations (strategy, policy, procedures, systems), the applicant's enterprise-wide risk management and control framework as anticipated in the applicant's Enterprise Wide Risk Management Development and Implementation Plan, including provision within the control framework for an independent evaluation function which reviews the applicant's Credit Assessment Memorandum;</li> <li>3. Develop a procurement policy for GCF-funded projects/programmes which is disclosed on the applicant's website, and mainstream the policy in the applicant's lending manuals to ensure that the procurement processes for all of the projects financed by the GCF are fair and transparent, promote efficient procurement and provide for a dispute resolution process and public disclosure of contract award;</li> <li>4. Provide a written progress report from the applicant's management to demonstrate the steps the applicant has</li> </ol>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
					<p>taken to address all of the recommendations of the independent credit review. The progress report should, among other things, include:</p> <ul style="list-style-type: none"> <li>a. A thorough risk audit prior to any new activities being commenced, which would include the plans to become a deposit-taking institution and the re-introduction of any new micro-finance lending activities by the applicant; and</li> <li>b. An update or completed review of the applicant's credit policy, which should include further guidance on the exceptions to the applicant's credit policy; and</li> </ul> <p>5. Update the terms of reference of the credit risk subcommittee of the applicant's board;</p> <p><u>Conditions to be met on an annual basis for three consecutive years starting with the applicant's financial year 2017/2018:</u></p> <ul style="list-style-type: none"> <li>1. Provide an annual audit plan and an annual audit report including an external audit of the first GCF-funded project, if any and, if different, of the first GCF-funded project that involves guarantees and equity investments by and from the GCF, respectively, once the project is under implementation, and a final independent evaluation. The period of reporting may be extended depending on the commencement date of the project(s); and</li> <li>2. Provide progress reports on the items mentioned in the credit review, as listed in paragraph 47(b)(ii)(4) in annex VII of this document.</li> </ul>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
APL059 Palli Karma-Sahayak Foundation (PKSF)	Direct access, national	Small	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)	Minimal to no risk (Category C/I-3)	<p><u>Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of an assessment of the effectiveness of the applicant's internal audit function;</li> <li>2. Provide a copy of a policy on the disclosure of financial conflicts of interest;</li> <li>3. Provide a copy of a whistle-blower protection policy or mechanism;</li> <li>4. Provide a copy of a policy on the public disclosure of project/programme monitoring and evaluation reports, including information on the periodic progress of individual projects; and</li> <li>5. Provide a copy of a policy and guidelines on the public disclosure of information on the applicant's decisions on on-lending and blending operations;</li> </ol> <p><u>Conditions to be met within the first 15 months of the first disbursement by the GCF for the first approved project/programme undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of the implementation of a policy on the public disclosure of project monitoring and evaluation reports, including information on the periodic progress of individual projects; and</li> <li>2. Provide evidence of the implementation of a policy and guidelines on the public disclosure of information on the</li> </ol>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
					<p>applicant's decisions on on-lending and blending operations; and</p> <p><u>Condition to be met on an annual basis for three consecutive years, starting after the twelfth month following the first disbursement for any GCF-financed project/programme undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of the publication of project monitoring and evaluation reports of all GCF-funded projects/programmes.</li> </ol>
<b>APL060 Sahara and Sahel Observatory (OSS)</b>	Direct access, regional	Micro	<p>Basic fiduciary standards;</p> <p>Specialized fiduciary standard for project management; and</p> <p>Specialized fiduciary standard for grant award and/or funding allocation mechanisms</p>	<p>Medium risk (Category B/I-2)</p>	<p><u>Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of the launch of the call for proposals, records of work of the Grant Evaluation Committee on evaluating grant proposals received, and evidence of the publication of the grant award decisions of the said committee;</li> <li>2. Provide a sample M&amp;E report on actions taken for E&amp;S risk mitigation and performance improvement measures in line with the applicant's performance standards under its E&amp;S policy (adopted in April 2016); and</li> <li>3. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to E&amp;S complaints; and</li> </ol> <p><u>Condition to be met on an annual basis for three consecutive years starting after the twelfth month following the first disbursement by the GCF for the first GCF-funded</u></p>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category	
					<p><u>project/programme through a grant award and/or funding allocation mechanism to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence of the public disclosure of periodic monitoring and evaluation reports, including information on budget utilization in respect of the relevant GCF-funded project/programme.</li> </ol>
<b>Accredited Entity Acumen Fund, Inc. (Acumen)</b>	Direct access, regional, private sector	Micro	<p>Basic fiduciary standards;</p> <p>Specialized fiduciary standard for project management;</p> <p>Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and</p> <p>Specialized fiduciary standard for on-lending and/or blending (for loans and equity only)</p>	Minimal to no risk (Category C/I-3)	<p><u>Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Fully implement all actions which are listed in the action plan provided in the “Implementation Roadmap” document as having a target completion date on or before the end of the second quarter of 2018; and</li> <li>2. Provide documentary evidence of the implementation of the actions mentioned above; and</li> </ol> <p><u>Condition to be met within one year of the first disbursement by the GCF for an approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Provide evidence that the applicant has engaged an external auditor to review the TAF; and</li> </ol> <p><u>Other condition to be met by the applicant:</u></p> <ol style="list-style-type: none"> <li>1. Submit the first audit report of the TAF within 15 months of an external auditor having been appointed.</li> </ol>

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

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

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

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

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.18/09 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 056 (APL056) is the China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center) based in China, as contained in, as contained in annex V;
  - (ii) Applicant 057 (APL057) is the Department of Environment (DOE) of Antigua and Barbuda, as contained in annex VI;
  - (iii) Applicant 058 (APL058) is the Fiji Development Bank (FDB), based in Fiji, as contained in annex VII;
  - (iv) Applicant 059 (APL059) is the Palli Karma-Sahayak Foundation (PKSF), based in Bangladesh, as contained in annex VIII; and
  - (v) Applicant 060 (APL060) is the Sahara and Sahel Observatory (OSS), based in Tunisia, as contained in annex IX
- (b) Accredits applicants APL056, APL057, APL058, APL059 and APL060 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;
- (c) Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicants seeking to upgrade its accreditation type:
  - (i) Acumen Fund, Inc. (Acumen), based in the United States of America, as contained in annex X;
- (d) Agrees to upgrade the accreditation type of Acumen Fund, Inc. as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex X;
- (e) Takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat, in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex XI; and
- (f) Decides that those entities referred to in annex XI 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 3: Status of readiness support for gap assessment and the generation of action plans for direct access entities seeking accreditation (as at 31 August 2017)**

	Country	Delivery partner	Amount (USD)
<b>Status: Finalized<sup>a</sup></b>			
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
<b>Status: Under implementation<sup>b</sup></b>			
13	Bangladesh	PwC	34,620
14	Cook Islands	PwC	29,722
15	Gabon	PwC	33,415
16	Peru	PwC	33,415
17	Senegal	PwC	29,722
<b>Status: Approved<sup>c</sup></b>			
18	Antigua and Barbuda	PwC	30,209
19	Georgia	PwC	33,915
20	Uruguay	PwC	28,203
21	Zimbabwe	PwC	35,722
	<b>Total</b>		<b>843,943</b>

Abbreviation: PwC = PricewaterhouseCoopers.

<sup>a</sup> "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.

<sup>b</sup> "Under implementation" indicates that the activities of developing the gap assessment and action plan are in progress.

<sup>c</sup> "Approved" indicates that the readiness proposal for the gap assessment and action plan for addressing any identified gaps has been approved.

**Table 4: Status of readiness and project development support for direct access accredited entities (as at 31 August 2017)**

	<b>Country</b>	<b>Recipient</b>	<b>Support</b>	<b>Amount (USD)</b>	<b>Status</b>
1	Morocco	Agency for Agricultural Development of Morocco	Readiness support for strengthening institutional capacities	300,000	Approved
2	Namibia	Environmental Investment Fund of Namibia	Readiness support for strengthening institutional capacities	391,009	Approved
3	Rwanda	Ministry of Natural Resources of Rwanda	Project Preparation Facility	1,498,841	Approved
4	Senegal	Centre de Suivi Ecologique	Readiness support for strengthening institutional capacities	208,000	Approved
5	South Africa	South African National Biodiversity Institute	Readiness support for strengthening institutional capacities	380,000	Approved
6	Vanuatu	Secretariat of the Pacific Regional Environment Programme	Readiness support for project preparation	137,000	Approved
	<b>Total</b>			<b>2,914,850</b>	













	Accredited entity	Accredited entity short name	Fiduciary functions <sup>1</sup>					E&S risk category <sup>2</sup>			Size of an individual project or activity within a programme <sup>3</sup>			
			Project management <sup>4</sup>	Grant award and/or funding allocation <sup>5</sup>	Blended finance			C	B	A	Micro	Small	Medium	Large
					Loans	Equity	Guarantees							
53	World Wildlife Fund, Inc. <sup>58</sup>	WWF												
54	XacBank LLC <sup>59</sup>	XacBank												

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

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

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

<sup>4</sup> 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.

<sup>5</sup> 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.

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

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

<sup>8</sup> Annex XVII to decision B.12/30.

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

<sup>10</sup> Annex XI to decision B.12/30.

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

<sup>12</sup> Annex XV to decision B.17/13.

<sup>13</sup> Annex V to decision B.14/10.

<sup>14</sup> Annex XII to decision B.10/06 (annex XII to document GCF/B.10/17).

<sup>15</sup> Annex VI to decision B.14/10.

<sup>16</sup> Annex XI to decision B.17/13.

<sup>17</sup> Annex IX to decision B.15/09.

<sup>18</sup> Annex IV to decision B.09/07 (annex IV to document GCF/B.09/23).

<sup>19</sup> Annex XVI to decision B.10/06 (annex XVI to document GCF/B.10/17).

<sup>20</sup> Annex XI to decision B.10/06 (annex XI to document GCF/B.10/17).

<sup>21</sup> Annex XV to decision B.12/30.

<sup>22</sup> Annex XIV to decision B.10/06 (annex XIV to document GCF/B.10/17).

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- <sup>23</sup> Annex VIII to decision B.14/10.  
<sup>24</sup> Annex XIV to decision B.12/30.  
<sup>25</sup> Annex VIII to decision B.10/06 (annex VIII to document GCF/B.10/17).  
<sup>26</sup> Annex XVII to decision B.10/06 (annex XVII to document GCF/B.10/17).  
<sup>27</sup> Annex XVIII to decision B.12/30.  
<sup>28</sup> Annex VI to decision B.15/09.  
<sup>29</sup> Annex XI to decision B.14/11.  
<sup>30</sup> Annex X to decision B.15/09.  
<sup>31</sup> Annex XVI to decision B.12/30.  
<sup>32</sup> Annex XII to decision B.17/13.  
<sup>33</sup> Annex XVIII to decision B.10/06 (annex XVIII to document GCF/B.10/17).  
<sup>34</sup> Annex XX to decision B.10/06 (annex XX to document GCF/B.10/17).  
<sup>35</sup> Annex XIX to decision B.12/30.  
<sup>36</sup> Annex XII to decision B.14/11.  
<sup>37</sup> Annex XXI to decision B.12/30.  
<sup>38</sup> Annex XVI to decision B.17/13.  
<sup>39</sup> Annex VII to decision B.15/09.  
<sup>40</sup> Annex IX to decision B.09/07 (annex IX to document GCF/B.09/23).  
<sup>41</sup> Annex XIV to decision B.17/13.  
<sup>42</sup> Annex XII to decision B.12/30.  
<sup>43</sup> Annex IX to decision B.10/06 (annex IX to document GCF/B.10/17).  
<sup>44</sup> Annex X to decision B.10/06 (annex X to document GCF/B.10/17).  
<sup>45</sup> Annex XIII to decision B.12/30.  
<sup>46</sup> Annex XIII to decision B.14/11.  
<sup>47</sup> Annex V to decision B.09/07 (annex V to document GCF/B.09/23).  
<sup>48</sup> Annex VIII to decision B.15/09.  
<sup>49</sup> Annex VI to decision B.09/07 (annex VI to document GCF/B.09/23).  
<sup>50</sup> Annex XIII to decision B.17/13.  
<sup>51</sup> Annex XI to decision B.15/09.  
<sup>52</sup> Annex X to decision B.14/11.  
<sup>53</sup> Annex XX to decision B.12/30.  
<sup>54</sup> Annex X to decision B.09/07 (annex X to document GCF/B.09/23).  
<sup>55</sup> Annex XIX to decision B.10/06 (annex XIX to document GCF/B.10/17).  
<sup>56</sup> Annex XXII to decision B.12/30.  
<sup>57</sup> Annex XXIII to decision B.12/30.  
<sup>58</sup> Annex XII to decision B.15/09.  
<sup>59</sup> Annex VII to decision B.14/10.

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

1. During the ninth, tenth, twelfth, fourteenth, fifteenth and seventeenth meetings of the Board, 54 entities were recommended by the Accreditation Panel (AP) and accredited by the Board, some of which were accredited with conditions and/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 table 7, 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 seventeenth 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” all of their accreditation conditions:
  - (a) Acumen Fund, Inc. (Acumen);<sup>1</sup>
  - (b) Africa Finance Corporation (AFC);<sup>2</sup>
  - (c) Agency for Agricultural Development of Morocco (ADA Morocco);<sup>3</sup>
  - (d) Centre de Suivi Ecologique (CSE);<sup>4</sup>
  - (e) Corporación Andina de Fomento (CAF);<sup>5</sup>
  - (f) Development Bank of Southern Africa (DBSA);<sup>6</sup>
  - (g) International Union for Conservation of Nature (IUCN);<sup>7</sup>

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

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

<sup>3</sup> As footnote 2 above.

<sup>4</sup> As footnote 2 above.

<sup>5</sup> As footnote 2 above.

<sup>6</sup> As footnote 2 above.

<sup>7</sup> See annex XXI to decision B.12/30.

- (h) National Bank for Agriculture and Rural Development (NABARD);<sup>8</sup>
- (i) Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE);<sup>9</sup>
- (j) South African National Biodiversity Institute (SANBI);<sup>10</sup>
- (k) United Nations Environment Programme (UNEP);<sup>11</sup>
- (l) World Meteorological Organization (WMO);<sup>12</sup> and
- (m) XacBank LLC (XacBank).<sup>13</sup>

4. The following AEs have “fulfilled and closed” some of their accreditation conditions since the seventeenth meeting of the Board (refer to table 5 in annex IV of document GCF/B.17/05 for more details):

- (a) Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU);
- (b) Caribbean Community Climate Change Centre (CCCCC);
- (c) Korea Development Bank (KDB); and
- (d) Société de Promotion et de Participation pour la Coopération Economique (PROPARCO).

5. Table 7 includes the AEs for which conditions of accreditation, in part or whole, are “in progress”. These AEs may also have recommendations or remarks raised by the AP.

6. While the recommendations or remarks from the AP, as contained in the assessment for each AE, are not included in table 7, the AP and the Secretariat continuously follow up on the progress that AEs are making towards addressing such recommendations or remarks.

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<sup>8</sup> As footnote 2 above.

<sup>9</sup> As footnote 2 above.

<sup>10</sup> See annex X to decision B.14/11.

<sup>11</sup> See annex III to document GCF/B.11/03.

<sup>12</sup> As footnote 2 above.

<sup>13</sup> See annex IV to document GCF/B.16/13.

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

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Unidad Para el Cambio Rural (Unit for Rural Change) of Argentina <sup>1</sup>	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	Fulfilled and closed	The entity provided a document titled "Operation conditions for non-reimbursable contributions under Green Climate Fund Programs and Projects". This document contains the updated operations and procedures manual that the entity will apply to grant award programmes undertaken by the entity and financed with GCF funds

<sup>1</sup> Annex XX to decision B.12/30.

**Table 7: Status of accredited entities addressing accreditation conditions (as at 31 August 2017)**

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
African Development Bank <sup>1</sup>	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
			2. Undertaking in the funded activity agreement to provide the GCF on an annual basis for the first three consecutive years with annual audit	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

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			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		address the condition. This visit is pending confirmation from the entity
Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) <sup>2</sup>	Fiduciary	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 anti-money laundering and sanctions compliance programmes	Fulfilled and closed	The entity provided a letter containing sufficient details of the measures and actions it has taken to improve its anti-money laundering and sanctions compliance programmes
	Fiduciary, Gender	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:	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			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;	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
		c. Has an appropriate mechanism with clear terms of reference for continuous oversight of the ethics function;	Fulfilled and closed	The entity provided the terms of reference of its Global Compliance Division, which show that the Division is responsible for and	

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
					undertakes continuous oversight of the ethics function
			d. Has procedures for overseeing procurement activities of executing entities under GCF-funded activities;	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			e. Has a policy requiring the public disclosure of procurement policies and procedures, and procurement contract awards under GCF-funded activities;	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			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	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			g. Has adopted a gender policy in line with the GCF gender policy	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
		Condition to be met within one year of the first disbursement by	1. Provide evidence of the implementation of the items identified	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		the GCF for an approved project/programme to be undertaken by the applicant	in paragraph 46(b)(ii) of annex XV to decision B.17/13		response from the entity on the expected time frame for providing the information
Banque Ouest Africaine de Développement (West African Development Bank) <sup>3</sup>	Fiduciary, ESS and gender	Conditions prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Provide a plan for improving the monitoring of compliance with the applicant's fiduciary, environmental and social (E&S) and gender-related standards, as well as any conditions in general that it applies to its financing, including for projects financed by the GCF;	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the 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 AP is waiting for a response from the entity on the expected time frame for providing the information
		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 AP is waiting for a response from the entity on the expected time frame for providing the information
Caribbean Community	Fiduciary	Conditions prior to the first disbursement by	Relating to the internal audit function and 'know-your-customer' procedure:	Fulfilled and closed	Refer to document GCF/B.15/16

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Climate Change Centre (CCCCC) <sup>4</sup>		the GCF for an approved project/programme to be undertaken by the entity	(i) Adopt, through its audit committee, the audit charter as its frame of reference;		
			(ii) Submit its internal audit plan for the next financial year, 2016; and	Fulfilled and closed	The entity provided its 2016 internal audit plan for the financial year 2016. The AP concluded that the document is in line with the requirements of the GCF and sufficient to close this condition
			(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 indicated that the 2016 internal audit report could be submitted in September 2017
	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

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Caribbean Development Bank <sup>5</sup>	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 AP 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 AP is waiting for a response from the entity on the expected time frame for providing the information
CDG Capital S.A. <sup>6</sup>	Fiduciary	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	Submit a description of the approach the applicant will undertake to assess the financial intermediary as the executing entity	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
		Condition to be met prior to the first disbursement by the GCF for the first	Provide, on the applicant's website, a description of the arrangements and procedure for managing complaints	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		approved GCF project/programme to be undertaken by the applicant	before, during and after the investigation process		response from the entity on the expected time frame for providing the information
		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	Provide 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	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
	ESS	Conditions to be met for each funding proposal	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	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
	Gender	Conditions to be met for each funding proposal	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	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
	Fiduciary	Condition prior to the first disbursement by	1. Develop a process for publicly disclosing information on beneficiaries	In progress	The entity has been requested to provide information on the efforts it is taking to

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Crédit Agricole Corporate and Investment Bank <sup>7</sup>		the GCF for an approved project/programme to be undertaken by the entity	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		address the condition. The AP 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 entity has been requested to provide information on the efforts it is taking to address the condition. The AP 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 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 has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
Deutsche Bank Aktiengesellschaft AG (DB) <sup>8</sup>	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	Fulfilled and closed	Refer to document GCF/B.11/03

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			not limited to, risk management, management of operational risk and anti-money laundering and countering the financing of terrorism; and		
		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
	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 <sup>9</sup>	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 submitted documents to address the condition. The AP is currently reviewing these documents.

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Environmental Investment Fund of Namibia (EIF) <sup>10</sup>	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	Refer to document GCF/B.17/05
			2. Confirmation that its procurement practice complies with national law; and	Fulfilled and closed	Refer to document GCF/B.17/05
			3. A review of the new information technology control framework;	Fulfilled and closed	Refer to document GCF/B.17/05
			(ii) Submit the internal audit plan for the next financial year, 2016;	Fulfilled and closed	Refer to document GCF/B.15/16
			(iii) Submit the revised procurement policy and procedures; and	Fulfilled and closed	Refer to document GCF/B.17/05
			(iv) Publish information on its grant award mechanism and process on its website	Fulfilled and closed	Refer to document GCF/B.17/05

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		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 <sup>11</sup>	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 AP is waiting for a response from the entity on the expected time frame for providing the information
			(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 AP is waiting for a response from the entity on the expected time frame for providing the information
			(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 AP is waiting for a response from the entity on the expected time frame for providing the information

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			<p>(d) Decisions on grant awards, including, for individual grants, information on:</p> <ol style="list-style-type: none"> <li>1. The name, address and nationality of the beneficiary;</li> <li>2. The purpose of such grants; and</li> <li>3. The grant amount awarded and, where applicable, the maximum co-financing rate of the cost; and</li> </ol>	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			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 AP is waiting for a response from the entity on the expected time frame for providing the information
HSBC Holdings plc and its subsidiaries <sup>12</sup>	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	(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	Fulfilled and closed	No action from the AP or the entity is required

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		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.	overviews the applicant's progress in implementing stronger anti-money laundering and sanctions compliance mechanisms (Global Standards);		
			(f) Requests that the Accreditation Panel review prior to the fourteenth and sixteenth meetings of the Board, the applicant's progress in implementing its Global Standard, including a review of material external information. Further requests that the Accreditation Panel report to the Board on whether the results of these reviews would alter its recommendation to accredit the applicant;	Fulfilled and closed	Refer to document GCF/B.16/13
			(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
		Conditions prior to the first disbursement by the GCF for an approved project/programme to	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,	Fulfilled and closed	Refer to document GCF/B.15/16

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		be undertaken by the entity	including, but not limited to, risk management, management of operational risk, and anti-money laundering and countering the financing of terrorism;		
			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
	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
Infrastructure Development Company Limited (IDCOL) <sup>13</sup>	Fiduciary	Conditions to be met prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	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;	In progress	The entity informed the AP that it is consulting internally on the matter and an update with relevant information will thereafter be made available

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			b. Adopt a code of conduct, approved by the applicant's board;	In progress	The entity informed the AP that it is consulting internally on the matter and an update with relevant information will thereafter be made available
			c. Adopt a project closure policy, approved by the applicant's board;	In progress	The entity provided a copy of a draft project closure policy. The document provides guidance and templates for the closure of projects that would be funded by the GCF. It also has provisions for drawing lessons learned from the projects. While the policy is comprehensive, the entity will meet the applicable accreditation condition only when the draft policy has been approved by its 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	In progress	The entity provided a copy of a draft policy on monitoring and results measurement under projects that would be financed by the GCF. The manual lays out procedures for standardizing the methods and formats for collecting, analyzing and reporting data on results achieved for the renewable energy projects funded by the entity. While the policy is comprehensive, the entity will meet the applicable accreditation condition only when the draft policy has been approved by its board
			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	In progress	The entity informed the AP that it is consulting internally on the matter and an update with relevant information will thereafter be made available

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		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	Provide a copy of a procurement oversight/audit report; and	In progress	The entity has informed the GCF that it is consulting internally on the matter and an update with relevant information will be provided prior to or within the time frame stipulated in the condition.
		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	Provide evidence of monitoring of the observations contained in procurement oversight/audit reports and appropriate management response and actions	In progress	The entity informed the AP that it is consulting internally on the matter and an update with relevant information will thereafter be made available
Japan International Cooperation Agency (JICA) <sup>14</sup>	Fiduciary	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	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			2. Develop a policy of periodic independent reviews/external audits of all grant award programmes funded by the GCF	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			3. Develop policies/guidelines for providing information to the public regarding all decisions on blending operations funded by the GCF	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
		Condition to be met within one year of the	1. Provide evidence of the implementation of the items identified	In progress	The entity has been requested to provide information on the efforts it is making to

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	in paragraph 45(b)(i) of annex XVI to decision B.17/13		address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
Korea Development Bank (KDB) <sup>15</sup>	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	Fulfilled and closed	The entity has provided evidence that it has recruited a well-qualified gender specialist. The gender specialist has organized in-house training sessions to build capacity with regard to gender mainstreaming in projects. The entity also provided a sample gender assessment and action plan for a project in the Pacific islands that demonstrates the entity's capacity to implement the requirements of the gender policy
	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	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP 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 parties, such as the applicant's subsidiaries or private equity funds, shall not be accepted	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
Micronesia Conservation Trust (MCT) <sup>16</sup>	Gender	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	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
	Fiduciary	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	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			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	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			3. Provide an approved policy for the public disclosure of the decisions on grants awarded under a grant award programme	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
		Condition to be met within one year of the first disbursement by the GCF for an approved	1. Provide evidence of the implementation of the policies and procedures referred to in paragraph 37(b)(ii)(3) of annex XIV to decision B.17/13, with regard to the public	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		project/programme to be undertaken by the applicant	disclosure of the results of the grants awarded under a grant award mechanism, under the projects/programmes approved and funded by the GCF		
	ESS	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 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	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			2. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to E&S complaints	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia <sup>17</sup>	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 E&S expert had been recruited at the beginning of 2016 and that relevant documentation will be made available for review by the AP
			2. Develop an external communications mechanism, which provides a system to receive, document and respond to questions or complaints from the general public	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

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
	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 consistent with the requirements of the GCF monitoring and accountability framework for accredited entities	1. Report progress in respect of all projects and programmes being undertaken. The report should include: 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
			b. Budget variances and analysis;	In progress	No comments at this time
			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
			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
			2. Provide the annual audit reports of projects/programmes, including verification of assets, prepared by the office of the federal auditor general within four months of the close of each year to the GCF;	In progress	No comments at this time
			3. Provide the annual audit reports on procurement related to projects/programmes where substantial procurement has been undertaken by an	In progress	No comments at this time

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			executing entity, which is not a public sector body, to the GCF.		
Ministry of Natural Resources of Rwanda (MINIRENA) <sup>18</sup>	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 AP informed of developments in this regard

Entity	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) Preparing quarterly reports on case trends and maintaining a formal record of all complaints received; and	In progress	No comments at this time
		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 <sup>19</sup>	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 <sup>20</sup>	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	In progress	The entity has been requested to provide information on the efforts it is taking to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			the GCF interim 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 AP is waiting for a response from the entity on the expected time frame for providing the information
			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 AP 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 AP is waiting for a response from the entity on the expected time frame for providing the information
PT Sarana Multi Infrastruktur (PT SMI) <sup>21</sup>	Fiduciary	Condition(s) associated with the GCF fiduciary standards to be addressed prior to first disbursement by	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	In progress	The entity indicated that it is preparing the required documents to address this condition

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		the GCF for an approved project/programme to be undertaken by the applicant	standard process and provide for lessons learned. This should include provision for disclosure of contract awards on the applicant's website;		
			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 AML/CFT policy in the context of its new mandate;	In progress	The entity indicated that it is preparing the required documents to address this condition
			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

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			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 submitted documents to address this condition. The AP is currently reviewing the documents
	ESS	Condition(s) associated with the GCF interim ESS and gender policy to be addressed prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Demonstrate with one more example per procedural step, full 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	In progress	The entity indicated that it was preparing ESS and gender reports for five projects, including projects with the World Bank and AFD
			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
Small Industries Development Bank of India (SIDBI) <sup>22</sup>	Fiduciary	Conditions associated with the GCF fiduciary standards, to be met prior to the first	1. Develop a policy for the public disclosure of information regarding projects, including grant award programmes and on-lending/blending	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
		disbursement by the GCF for an approved project/programme to be undertaken by the applicant	<p>operations, to be undertaken with GCF funds. This policy must include, at the minimum, the following:</p> <ul style="list-style-type: none"> <li>a. Guidelines for the publication of independent project evaluation reports;</li> <li>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</li> <li>c. Identification of the media/channels through which the information will be disclosed, as well as the timeline for disclosure</li> </ul>		response from the entity on the expected time frame for providing the information
			2. Establish an independent project evaluation policy and capacity	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			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	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
			4. Develop the operating procedures the applicant will follow to ensure the executing entity's compliance with the	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
			policies and guidelines for the grant award programmes mentioned above		response from the entity on the expected time frame for providing the information
	ESS, Gender	Condition associated with the ESS and gender policy, to be met prior to submitting the first funding proposal to the GCF for consideration	1. Submit to the AP for its review a copy of the new entity-wide environmental and social management framework (ESMF) (2017 version) and the revised policies, procedures and organization chart highlighting the integration of the 2017 ESMF into the entity	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the expected time frame for providing the information
Société de Promotion et de Participation pour la Coopération (PROPARCO) <sup>23</sup>	Fiduciary	Condition(s) prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant	1. Formally adopt an external communication mechanism which provides a system to receive, document and respond to questions or complaints from the general public	In progress	The entity has been requested to provide information on the efforts it is making to address the condition. The AP is waiting for a response from the entity on the 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) for which it is seeking accreditation	Fulfilled and closed	The entity has provided further evidence of its guarantee portfolio track record, including a list of its portfolios, a product manual, new blending risk guarantee structures in the pipeline and an indication of its proposed engagement with GCF for this instrument. This information is indicative of the nascent status of guarantee instruments for climate finance; however, the entity is supportive of scaling up the involvement of the private sector, including the banking sector, in developing countries. Moreover, the applicant has

Entity	Standard	Time frame	Description of accreditation conditions	Status	Remarks
					indicated that it will seek to engage with the GCF with a view to developing a balanced risk-sharing profile for private sector projects

<sup>1</sup> Annex XVII to decision B.12/30.

<sup>2</sup> Annex XV to decision B.17/13.

<sup>3</sup> Annex V to decision B.14/10.

<sup>4</sup> Annex XII to decision B.10/06 (annex XII to document GCF/B.10/17).

<sup>5</sup> Annex VI to decision B.14/10.

<sup>6</sup> Annex XI to decision B.17/13.

<sup>7</sup> Annex XV to decision B.12/30.

<sup>8</sup> Annex XIV to decision B.10/06 (annex XIV to document GCF/B.10/17).

<sup>9</sup> Annex VIII to decision B.14/10.

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

<sup>11</sup> Annex X to decision B.15/09.

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

<sup>13</sup> Annex XII to decision B.17/13.

<sup>14</sup> Annex XVI to decision B.17/13.

<sup>15</sup> Annex VII to decision B.15/09.

<sup>16</sup> Annex XIV to decision B.17/13.

<sup>17</sup> Annex XII to decision B.12/30.

<sup>18</sup> Annex IX to decision B.10/06 (annex IX to document GCF/B.10/17).

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

<sup>20</sup> Annex XIII to decision B.14/11.

<sup>21</sup> Annex VIII to decision B.15/09.

<sup>22</sup> Annex XIII to decision B.17/13.

<sup>23</sup> Annex XI to decision B.15/09.

## Annex V: Accreditation assessment of Applicant 056 (APL056)

### I. Introduction

1. Applicant 056 (APL056), the China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center), is an entity that is mandated to build capacity in coping with and combating climate change and promoting sustainable economy growth at the national level in China. The China CDM Fund Management Center has funded projects with a focus on renewable energy and clean energy, energy efficiency, green transportation, forestry, new energy-efficient materials, and energy generation and access.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 January 2015. The Stage I institutional assessment and completeness check was completed on 23 June 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. The applicant received a national designated authority nomination for its accreditation application from China;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

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

3. The applicant applied 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 as an affiliate of the Ministry of Finance of China in 2006 and registered under the National Register of Administration of

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

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

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

Public Institutions. The applicant commenced its business as an operating entity of the China CDM Fund from 2010.

## 2.2 Institutional presence and relevant networks

5. The applicant, as an affiliate of the Ministry of Finance, is collectively governed and regulated by seven government bodies of China. The applicant is mandated to build capacity in the country to cope with and combat climate change, and promote a sustainable economic growth model. The applicant plays a key role in promoting the integration of government and capital markets, acting as a platform for soliciting new investment, business cooperation and sharing climate change information. It also aims to leverage public funds and private sector investment to fulfil China's significant investment needs in climate relevant projects and programmes. For example, the applicant has a national network working with finance bureaux in over 25 provinces in China to promote public-private partnerships to mobilize and manage resources in climate change mitigation and adaptation projects.

6. In addition, the applicant possesses strong connections with international organizations, foreign government institutions, financial organizations, and advisory and research institutes to promote international cooperation in climate change.

7. In order to advance the objectives of the GCF, the applicant intends to:

- (a) Conduct capacity-building activities to mainstream the green and low-carbon development concept and good practices in the market;
- (b) Mobilize financial institutions and enterprises to engage in low-carbon development;
- (c) Explore market-oriented mechanisms to enhance cooperation with financial institutions and to develop comprehensive investment instruments;
- (d) Support mitigation projects with significant greenhouse (GHG) emission reductions and facilitate the development and deployment of climate-friendly technologies; and
- (e) Conduct demonstration projects on adaptation to climate change and to guide and promote scaled-up adaptation actions in regions with different economic conditions.

## 2.3 Track record

8. The applicant has supported national efforts in the field of climate change mitigation and adaptation. In addition, it actively participated in international cooperation to further improve its capacity-building and to share its successful practices with other developing countries.

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

- (a) USD 65.88 million (loans) for Jiangxi Huadian Jiujiang Distributed Energy Station Project;
- (b) USD 33.82 million (loans) for the project Renovation of Carbon Dioxide Based Degradable Plastics Production;
- (c) USD 7.83 million (equity) for Shanghai Environment and Energy Exchange Cooperation Ltd.; and
- (d) USD 135.88 million (guarantees) for China Utility and Energy Efficiency Finance 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 has a suitable governance structure that enables it to effectively carry out its mandate. The applicant's governing board, which is the applicant's supreme body, comprises representatives of seven public institutions, including the Ministry of Finance of China. The applicant's board exercises its oversight role through several committees, including an audit committee. The committee has the requisite expertise and independence to carry out its designated role.
13. The applicant's financial statements are prepared in accordance with the China Accounting Standards and Principles for Enterprises which are consistent with International Financial Reporting Standards. The applicant has a financial information system which generates a broad range of financial reports required for effective financial management and decision-making. It also has a well-documented payment and disbursement system with appropriate policies and procedures for segregation of duties and delegation of authority.
14. The applicant has an internal audit unit with a skeleton staff of only two auditors. Almost all internal audit work is outsourced to external firms. However, the applicant has put in place an internal audit improvement plan which is scheduled to be completed by March 2018. Among other measures being taken, the plan envisages the recruitment of additional experienced auditors in order to enhance the internal audit unit's capacity to carry out the internal audit work, rather than outsourcing it to external firms. Internal audits are carried out in accordance with internationally recognized standards similar to those prescribed by the Institute of Internal Auditors.
15. The applicant's annual financial statements are audited by an independent external audit firm. However, as a public institution, the applicant is also subject to a mandatory annual audit by the National Audit Office in accordance with the Audit Law of China. The external audits are carried out in accordance with domestic audit regulations which are generally consistent with international standards.
16. The applicant has a well-documented internal control system to ensure that it operates within the confines of relevant laws and regulations, and that it achieves its operational and financial goals in an efficient and effective manner. Adequate risk-assessment processes are in place to proactively identify and address risks in each of the financial management and operational areas. The applicant has a procurement policy and guidelines that are consistent with recognized international practice. It also has an accessible and transparent procurement dispute resolution mechanism.
17. Although the applicant meets all other GCF requirements relating to administrative and financial capacities, it does not have an adequately staffed internal audit function and it has not provided evidence to show that it carries out assessments and oversight of the procurement procedures of beneficiary institutions, executing entities or project sponsors. The applicant is taking appropriate steps to address these shortfalls in meeting the GCF requirement for the basic fiduciary standards on key administrative and financial capacities.

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

18. The applicant has a code of conduct that defines ethical standards to be upheld by employees and all parties with a functional and/or contractual relationship with the organization. An ethics committee appointed by its governing board is responsible for oversight of the ethics function.

19. The applicant has a comprehensive financial management policy which is complemented by:

- (a) A financial disclosure policy that establishes the mechanisms for disclosure of conflicts of interest;
- (b) A policy on zero tolerance of fraud, financial mismanagement and other forms of misconduct;
- (c) A mechanism for protecting whistle-blowers who report violations; and
- (d) A separate function for investigating and handling allegations of fraud and other forms of misconduct.

20. The applicant has recently formulated and put into effect comprehensive anti-money laundering (AML) and countering the financing of terrorism (CFT) regulations based on the relevant national regulations and measures designed to control AML/CFT risks. The AML/CFT regulations are complemented by an equally comprehensive “know-your-customer” due diligence mechanism that includes, among other things, enquiries into the credibility of project owners/sponsors and their affiliates, verification of capital sources and scrutiny of project fund flows. The applicant also has a mechanism for monitoring electronic transfer of funds which is implemented in collaboration with commercial banks to ensure that funds are received from bona fide sources and remitted to the intended beneficiaries.

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

21. The applicant has a sound track record of capability and experience in project identification, preparation and appraisal. Project cycle management is guided by detailed project preparation, appraisal and risk assessment policies and procedures. The examples of project appraisal documents provided demonstrate the applicant’s effective use of the policies and procedures.

22. The applicant has a policy that guides its monitoring and evaluation function, the roles and responsibilities of which are clearly defined. The policy and structure relating to monitoring and evaluation provide for a segregation of the monitoring function from the project origination and supervision functions. Recent sample monitoring and evaluation reports were provided along with evidence showing that monitoring and evaluation reports are published in accordance with the applicant’s disclosure policy. The applicant also has a project-at-risk system for the early identification of project problems that may interfere with the achievement of project objectives if not addressed in a timely manner.

23. The applicant’s project closure policy and procedures include provisions for independent evaluation and reporting on results achieved, lessons learned and recommendations for improvement in the design of future projects. As required by the evaluation disclosure policy, evaluation reports and results are publicly disclosed and disseminated widely to parties directly or indirectly involved in the projects financed by the applicant.

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

24. 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**

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

## 3.2 Environmental and social safeguards

### 3.2.1 Section 6.1: Policy

26. The applicant's Handbook of Environmental and Social Risk Management (ESRM Handbook), which was endorsed by the applicant's management in June 2014, constitutes its environmental and social safeguards (ESS) policy. The ESRM Handbook was developed to align with the good practices of international financial institutions such as the International Finance Corporation (IFC), the World Bank and the Asian Development Bank. The applicant's ESRM Handbook requires its executing entities in implementing projects financed by the applicant to address cumulative impacts, associated facility impacts, analysis of alternatives, baseline data standards and mitigation hierarchy.

27. The ESRM Handbook requires the ESS assessment process to follow, where applicable, the IFC Performance Standards on Environmental and Social Sustainability (the IFC Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines. In cases where domestic law and the IFC Performance Standards differ, the higher standard is chosen, otherwise, justified deviation is required. The ESRM Handbook incorporates all applicable domestic ESS laws and regulations that the applicant's institution adheres to, including those to be followed by the host country according to international law. The ESRM Handbook has been endorsed by the applicant's Executive Committee and distributed to all the parties involved (e.g. its project investment department, its risk and performance management department, and its policy research department).

28. The applicant provided evidence indicating that training specific to the requirements of the ESRM Handbook (including applicable IFC Performance Standards) and its application has been provided to key staff of the relevant departments.

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

29. The ESRM Handbook describes the applicant's institutional process to guide its staff in identifying the environmental and social (E&S) risks and impacts of projects at the project preparation and appraisal stage, as well as during the project implementation stage. The ESRM Handbook contains a list of types of projects that may be considered under each of the E&S risk category. To ensure that the E&S-related performance of a new potential activity is consistent with the applicant's standards and requirements, the applicant has adopted a scoring system to analyse the ability of the executing entity to manage E&S risks in all aspects of the IFC Performance Standards at the project appraisal stage. The level of risk of new potential projects is determined by the highest level of significance and of identified risks across all potential risk areas in performance standards 1 to 8.

30. In addition to project E&S risk categorization, the scoring system also defines the key areas for project monitoring and management during and following project implementation. The applicant provided details of a sample of projects that include analysis of E&S risk category attributed to the projects.

### 3.2.3 Section 6.3: Management programme

31. The applicant's ESRM Handbook documents its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process, distinguishing between different categories of risk. If a project is classified as Category A or Category B, the applicant encourages the project owner to develop or adopt an environmental and social management system for the project and to prepare an environmental and social management plan.

32. The applicant provided a sample of environmental and social management plans for three projects as examples of its capabilities in implementing, supervising and assessing the mitigation measures for E&S risks.

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

33. The applicant provided its organizational chart, including a detailed write-up describing the organizational structure related to E&S management including the competency of the people responsible for the overall commitment and management of E&S objectives. The ESRM Handbook states that the coordinator for E&S risk management, who is in the risk and performance department, makes general arrangements of the risk identification and review, and organizes and coordinates the review panel. The applicant's Director General of the risk management department is responsible for the overall supervision of the process of risk identification and review, checking and approving the review report submitted by the review panel, and reporting to the applicant's Executive Committee. The Executive Committee makes decisions throughout the project approval cycle relating to each project and its fit with the applicant's mandate, policies and strategies, and sets conditions to its approval, as necessary.

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

34. The applicant's monitoring and review procedures are described in the ESRM Handbook. Monitoring and review is conducted once a year during the implementation of a project. For completed projects, the monitoring and review work is completed within a year after the contract ends. The applicant's department of internal review and control reports the review results in a timely manner and uses the results as the reference for decision-making and the assessment of project implementation. The applicant provided a sample of its monitoring and review reports which also addressed the E&S aspects.

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

35. The applicant's procedures for external communication is described in the ESRM Handbook. The applicant's E&S coordinator is responsible for its external communication. The applicant's website has an email address for the project-related communities and the public at large to express their concerns and provide comments and advice via email. The applicant checks the public email box periodically and, in a timely manner, transfers messages collected to the risk and performance department for review. The designated E&S coordinator in the risk and performance department is required to respond within a week. Significant messages will be reported to the applicant's Executive Committee.

36. The applicant provided its register which shows that it received no external enquiries or complaints during the three years prior to submitting its application.

37. The applicant's public consultation and disclosure policy and practice is not fully in line with the requirements of the GCF Information Disclosure policy, particularly in terms of the duration of the disclosure required for E&S information for Category B/1-2 projects. The applicant has therefore committed to apply the GCF Information Disclosure policy for projects financed using GCF resources.

38. The applicant provided a sample project which includes a grievance mechanism at the level of the applicant's own institution, as well as at the level of its executing entities.

## 3.3 Gender

39. The applicant provided its gender policy, which is in line with the GCF Gender policy. The applicant's commitment towards gender mainstreaming is also articulated in the applicant's ESRM Handbook, as one of its four overall core objectives, namely, to create opportunities for women and the disadvantaged to display their economic potential and to play key roles in stabilizing economic development and eradicating poverty.

40. The applicant provided a sample of three projects which demonstrate its capabilities in implementing, supervising and assessing the mitigation measures for E&S risks as well as gender aspects in projects. The applicant provided a selection of project documents as examples

of its experience with gender and climate change. The project documents also show that the applicant's executing entities have non-discriminatory practices in terms of benefits and remuneration for both male and female employees.

## IV. Conclusions and recommendation

### 4.1 Conclusions

41. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant meets the specialized fiduciary standard for project management, but only partially meets the requirements of the GCF basic fiduciary standard because it does not have an adequately staffed internal audit function and has not provided evidence to show that it carries out assessments and oversight of the procurement procedures for the projects it finances;
  - (b) The applicant partially meets the requirements of the interim ESS policy of the GCF in relation to the medium E&S risk (Category B/I-2). The applicant's policy and practice of disclosing E&S information for Category B/I-2 projects/programmes is not in line with that required by the GCF Information Disclosure policy; 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 GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

### 4.2 Recommendation on accreditation

42. The AP recommends, for consideration by the Board, applicant APL056 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or activity within a programme:** medium (including micro<sup>4</sup> and small<sup>5</sup>);
  - (ii) **Fiduciary functions:**
    - 1. Basic fiduciary standards; and
    - 2. Specialized fiduciary standard for project management; and
  - (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)<sup>6</sup>); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess

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

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

<sup>6</sup> As per annex I to decision B.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".

whether the conditions 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 the first approved project/programme to be undertaken by the applicant:
  - 1. Provide documentary evidence of the establishment of an adequately staffed and fully functional internal audit unit; and
  - 2. Adopt a policy on the disclosure of E&S information consistent with the GCF Information Disclosure policy; and
- (ii) Condition to be met on an annual basis for the three consecutive years starting from the date of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
  - 1. Provide documentary evidence of oversight and assessment of the procurement procedures of executing entities in GCF-funded projects/programmes funded by the GCF.

43. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 42 above, and agrees to the recommendation.

### 4.3 Remarks

44. The AP reviewed the applicant's internal audit improvement plan and concluded that if the plan is fully implemented, the applicant will meet the condition identified in paragraph 42 (b)(i)(1) above.

## Annex VI: Accreditation assessment of Applicant 057 (APL057)

### I. Introduction

1. Applicant 057 (APL057), the Department of Environment (DOE) under the Ministry of Health and the Environment of the Government of Antigua and Barbuda, is a national entity and government agency whose core mandate is to perform its functions for sustainable environmental protection and management in Antigua and Barbuda, including the implementation of various multilateral agreements on environment and climate change.
2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 13 September 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. The applicant received a national designated authority or focal point nomination for its accreditation application from Antigua and Barbuda;
  - (b) **Track:** fast-track under the Adaptation Fund;
  - (c) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
  - (d) **Fiduciary functions:**<sup>2</sup>
    - (i) Basic fiduciary standards;
    - (ii) Specialized fiduciary standard for project management;
    - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans); and
  - (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

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

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund accredited entity. Its application has been assessed by the Secretariat during

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

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

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

Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.12/30.<sup>4</sup>

## 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 DOE, formerly known as the Environment Division, was formed in 1996 by a cabinet decision and was transformed into a department of the Government by the passage of the Environmental Protection and Management Act (EPMA) by the Parliament of Antigua and Barbuda. The main goal of this transformation was to provide the DOE with more authority and independence to obtain and manage financial resources, as well as to develop innovative and cost-effective programmes on climate change adaptation and mitigation specifically tailored to local circumstances.

## 2.2 Institutional presence and relevant networks

5. As a part of its mandate under the EPMA, the DOE is tasked with consolidating, into one legal regime, the coordination and implementation of the multilateral environmental agreements to which Antigua and Barbuda is a party, and to establish and make operational the framework financial mechanism to implement the EPMA (the Sustainable Island Resource Framework Fund (SIRF Fund)).

6. As the national focal point of Antigua and Barbuda to the United Nations Framework Convention on Climate Change, the applicant is responsible for the implementation of strategies to address climate change impacts in the country. In particular, the applicant coordinated the preparation of the country's nationally determined contribution for the Paris Agreement. Additionally, the applicant, as a government department, has been a coordinating body that works closely with over 15 key government agencies, civil society and private sector entities in Antigua and Barbuda.

7. In order to achieve the GCF objectives for effectiveness and efficiency, the applicant intends to pioneer direct access in the eastern Caribbean, to enhance climate resilience across the subregions in the country and to leverage funding through the SIRF Fund, which is the core business model of the applicant and is a national fund to catalyse internal and external funding sources to enable the country to meet its climate and sustainability goals in a coordinated, systematic and cost-effective manner.

## 2.3 Track record

8. The applicant has implemented programmes and projects in the context of different financial mechanisms of multilateral agreements on environment and climate change, such as the Adaptation Fund and the Special Climate Change Fund under the Global Environment Facility. Such projects include policy development and implementation; integrated approaches to renewable energy; energy efficiency; resilience building; wetlands and waterway protection and restoration; biodiversity protection and management; and structuring sustainable

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<sup>4</sup> At the time of the proposal for Board consideration to expand the list of entities potentially eligible for GCF fast-track accreditation in line with decision B.08/03 (document GCF/B.12/07), which was adopted in decision B.12/30, the applicant's name was the Environment Division. In a letter received by the Secretariat from the applicant in March 2017, the applicant indicated a change in the name from "Environment Division" to "Department of Environment" and a change in the title of the head of the Department, with all other details and structures of the Department remaining unchanged.

financing. These projects may fall within the GCF environmental and social (E&S) Category B/I-2 or lower E&S risk levels.

9. The applicant's track record in financing climate change related projects includes the following, which fall within the GCF small size category:
- (a) USD 10 million (grant and receipt of loans) for An Integrated Approach to Physical Adaptation and Community Resilience in Antigua and Barbuda's Northwest McKinnon's Watershed;
  - (b) USD 15 million (receipt of loans) for the Hybrid Solar and Wind Power Project;
  - (c) USD 17 million (grant and receipt of loans) for Building Climate Resilience Through Innovative Financing Mechanisms for Climate Change Adaptation; and
  - (d) USD 30 million (grant and receipt of loans) for the International Renewable Energy Agency Project.

### 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.12/30.

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 of the accreditation application has been met by way of fast-track accreditation, 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.

14. Regarding item 4.2.4 of the accreditation application, 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 environmental regulations 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. With regard to investigation, reporting and the prosecution of fraud and corruption, the applicant follows the national legislation of Antigua and Barbuda that outlines the procedures for the receipt and investigation of the complaints, offences of fraud and corruption, and conducting corresponding inquiries and audits of the complaints. The legislation for the prevention of fraud and corruption establishes the relevant authorities to conduct the investigation process and decide on the follow-up measures.

16. The applicant has provided relevant audit reports for the years 2015–2016 and also a note on the investigation of two cases in the last three years, one of which was confirmed to be a case relating to a breach of fiduciary duties.

17. Regarding item 4.2.5 of the accreditation application, the applicant, as a government department, is regulated by the national anti-money laundering and countering the financing of terrorism acts, policies and procedures of Antigua and Barbuda. The applicant also complies with the national laws of Antigua and Barbuda with respect to prohibited practices. The definitions of the various prohibited practices are contained in a number of national laws of Antigua and Barbuda, and in general are found to be in line with the GCF interim policy on prohibited practices. Also, the reference to prohibited practices is included in the regulations of the applicant's SIRF Fund, the activities of which the applicant seeks to scale up using GCF resources.

18. Risk-based "know-your-customer" counterparty due diligence is carried out by the applicant's technical advisory committee through site visits and using templates to collect the necessary information on the credibility of the potential grants and loans beneficiaries, and on the eligibility of the potential grant award programme activities. The names of the organizations benefiting from the grants are made public on the applicant's website. Sample copies of recently undertaken "know-your-customer" due diligence reports and copies of the electronic transaction reports corresponding to the evaluated beneficiaries were provided.

19. The applicant has a sound mechanism for the approval and recording of the wire transfers, which targets payments that are undertaken through banking transactions. All purchases and goods and services received by the applicant have to be approved by the procurement committee, and the transfers occur in accordance with the procurement committee's decisions. The wire transfers are monitored by the authorized project coordinator for the respective approved project. Copies of the wire transfers to subcontractors, consulting services and for equipment purchases in accordance with the payment schedules within the projects were provided.

20. Due to the small amount of the payments, the applicant has not deemed it necessary to develop a complex in-house electronic payment system. However, the applicant's current system is considered adequate and acceptable by the AP given the size of the institution and the scale of projects/programme activities under the specialized fiduciary standard for project management, the specialized fiduciary criteria for grant award and/or funding allocation mechanisms and the specialized fiduciary criteria for on-lending and blending (for loans), such as micro loans under the applicant's SIRF Fund.

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

21. 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**

22. The applicant's grant award mechanism procedural framework is found to be mature and well developed. The applicant has extensive experience of working with a number of multilateral organizations, including the World Bank, the Inter-American Development Bank, the Global Environment Facility and the Adaptation Fund and, regarding the existing initiatives, has developed a pilot enhanced direct access programme to replicate and scale up successful arrangements to contribute to the region's climate change preparedness. The enhanced direct access programme is developed to provide micro-financing to households and grants to non-governmental organizations to build the resilience of buildings, and to support public sector infrastructure projects to cope with climate-related impacts.

23. The SIRF Fund was established by the applicant in order to increase the cost-effectiveness of the enhanced direct access programme implementation. The SIRF Fund is regulated under newly adopted national legislation and is being operationalized with assistance from several donors via projects and some grants. This revolving fund serves the role of a treasury for grants and micro loans disbursed to public or non-governmental agencies. The applicant's role in implementing such a fund structure and its institutional capabilities have been assessed by the AP during the accreditation review and found to be in line with the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms and the specialized fiduciary standard for on-lending and/or blending (for loans).
24. The environmental protection and management regulations of Antigua and Barbuda (2017) form the basis for grant management procedures and for the grants and revolving fund manual of the applicant. The manual includes clear standardized provisions for conducting calls for proposals, eligibility criteria for projects and potential grantees, evaluating proposals and awarding grants, due diligence procedures, and roles and responsibilities for grant proposal consideration, approval, disbursement and reporting.
25. The applicant's grant award management procedure includes: standardized provisions for the recovery of funds awarded to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of the funding for the 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. The relevant clauses on the conditions for the termination of grants and recovery of funds are included in the standardized grant agreement template.
26. The grant award programme is managed by the applicant through supporting manuals and tools that are to be used by its technical evaluation committee in the preparation of the recommendations on the grant awards to the applicant's general board of directors. The terms of reference and records of the work of the technical advisory committee, technical evaluation committee and the board of directors were provided and contain evidence of the competence and independence of their members and objectivity of their decision-making.
27. The applicant has provisions for the periodic review of its grant award activities and has provided examples of the monitoring and evaluation reports of the programmes implemented in the last five 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.
28. Although the applicant publishes information on grant award notices on its website, it does not have a formal procedure in place to provide public access to information on grant award decisions and grant award programme results. The applicant is currently in the process of finalizing the designated website to provide the relevant information on its grant award programmes and revolving fund operations. The development of the website is expected to be completed in September 2017. Therefore, in order to fully meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms and to demonstrate the effective implementation of the grant award procedure, the applicant would need to provide evidence of the public disclosure of grant award decisions and grant award programme results.
29. The applicant conducts close monitoring of the activities implemented under its grant award programme and undertakes regular site visits to support its beneficiaries before, during and after project/programme implementation. The applicant also disseminates best practices and maintains good relations with the grant awardees. A number of examples of such site visit reports were provided to demonstrate the effective implementation of the monitoring procedures.

30. Overall, following the assessment, the AP concludes 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 decisions and grant award programme results.

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

31. The applicant has established a micro-finance programme within the SIRF Fund. Specifically, it is a micro-financing revolving fund, which will provide loans at concessional rates directly to beneficiaries, which mainly comprise local households. The target group of the programme is vulnerable or “unbankable” households, who have limited income but have a desire to borrow to improve the resilience of their home or building to climate change. The loans will be provided for specific purposes to meet transformational policies, such as a new building code, or national laws related to climate change adaptation and mitigation. The loans will be unsecured, in the amount of less than USD 75,000 per loan, at 2 to 4 per cent interest, and with flexible repayment timeframes. The applicant is seeking to scale up this programme using GCF resources and is therefore applying for the specialized fiduciary criteria for on-lending and/or blending for loans. The applicant is authorized by the Government to conduct the revolving fund programme under the EPMA of 2015. The applicant will not use intermediaries for the programme, because the intermediary financial institutions may impose their rules and regulations that would make the vulnerable households ineligible for accessing traditional financing.

32. The applicant is currently establishing in-house capacity to support the programme. A designated team of specialists has been established to work on the loan applications, due diligence, site visits, consultations, monitoring and reporting.

33. The applicant has all of the necessary manuals and procedures in place to undertake due diligence, credit assessments and background checks on potential beneficiaries to ensure that borrowers have the capacity to repay and that the loan portfolio meets the objectives of this pilot programme – to assist vulnerable populations to adapt to climate change.

34. The applicant has established appropriate credit policies, internal control procedures, and procedures for evaluating loan applications. The relevant legislative and procedural framework documents, as well as a detailed financial analysis and financial model for the revolving fund, were provided.

35. In order to ensure the transparency and competency in the decision-making process of the SIRF Fund, the applicant has established multisectoral and multi-stakeholder technical review and decision-making committees, such as the SIRF Fund board and the loans board that include both members and observers from non-governmental organizations and the private sector.

36. The revolving fund programme’s financial risks are covered by the Ministry of Finance of Antigua and Barbuda, which provides the authorization to the applicant to manage financial and other risks. The applicant, on a quarterly basis, convenes risk assessment and monitoring meetings across units to update the risk registry.

37. The assets of the applicant belong to the Government of Antigua and Barbuda, and as such are managed on behalf of the Government to meet the EPMA requirements. The asset liability management is managed in-house by the applicant and is assisted by an assets and liabilities committee.

38. The treasury function of the applicant is managed by the accounts unit, and the operational function is managed by the project management unit, thus ensuring a clear separation between the two functions.

39. The applicant is planning to cooperate with the governments of the other smaller island States such as Dominica and Grenada on replicating the revolving fund model in the region. The

revolving fund is considered by the AP to be a show case of the innovative financial approach to assist vulnerable communities in adapting to climate change in small island developing States and least developed countries.

40. Since the revolving fund has not yet been fully operationalized, there is no evidence of the publication of the beneficiaries and results of the programme. Therefore, the corresponding accreditation condition is recommended in paragraph 57(b) below.

## 3.2 Environmental and social safeguards

### 3.2.1 Section 6.1: Policy

41. The applicant is a government entity with a mandate to promote and steward environmental protection and management in the country. Its main mandate is the implementation and oversight of environmental and social standards of all development activities, as described in the EPMA of 2015, and the Physical Planning Act of 2004. The EPMA is umbrella national legislation that addresses environmental protection, conservation of biodiversity and natural resources, waste management, environmental management and monitoring, as well as multilateral environmental agreements. It sets the broad objectives and principles for sustainable development and for climate mitigation and adaptation. The EPMA also sets national environmental standards as well as international conventions ratified by the country.

42. The applicant has also submitted drafts of an environmental and social safeguards policy and a technical manual that are designed to guide the applicant's operations. The technical manual will serve as a comprehensive guide for projects and programmes, including those funded by international partners, while the policy documents provide an overview of environmental and social safeguard requirements laid out in various pieces of legislation. Both documents are scheduled for finalization and approval at the end of 2017.

43. The EPMA defines the mandate of the applicant, and its role in upholding the requirements and provisions of the EPMA. Roles and responsibilities of the applicant regarding project and programmes are further detailed in the draft technical manual.

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

44. The applicant follows the process laid out in the EPMA and the Physical Planning Act. The latter provides a list of types of project that require a full environmental impact assessment, and describes a screening process for projects not included in the list. The process is also described in the draft technical manual to be finalized at the end of 2017. Although these procedures do not explicitly categorize projects in the same manner as the GCF for E&S risk levels, projects are differentiated by the type of environmental impact assessment required, based on potential environmental impacts and risks.

45. Screening of environmental risks and impacts is conducted by the applicant's technical staff, as is the preparation of terms of reference for the environmental assessments. Screening and scoping tools are available in the draft technical manual. Furthermore, the applicant has adopted a risk management framework that encompasses a wide variety of risks, including political, institutional, financial and compliance (including environmental) risks. Overall project risks are assessed in the early stages of design and documented in a risk registry. The risk registry is reviewed by the applicant's project management committee and the technical advisory committee.

46. The applicant has provided evidence from the last three years of projects it has implemented that would fall into the GCF E&S risk Category B/1-2. This is considered sufficient evidence of its capacity and track record. With respect to the assessment of alternatives and associated facilities, the applicant's sample documents show sufficient experience. With regards

to cumulative impact assessment, government legislation does not explicitly require cumulative impact assessments to be conducted for individual environmental and social impact assessments. Furthermore, the high cost and complex data requirements to analyse cumulative impacts have led the Government of Antigua and Barbuda to assume responsibility for addressing cumulative impacts through strategic environmental assessments and local area plans for watersheds.

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

47. The applicant has provided a draft technical manual, which was developed for the new organizational structure as the applicant transitions from a division to a department. The manual guides the management of projects as well as the mitigation of E&S risks and impacts. The applicant has stated that its draft technical manual will be updated to incorporate implications from: the upcoming ratification by the Government of Antigua and Barbuda of the Paris Agreement; internal organizational changes that the applicant is undergoing; and requirements that arise from the GCF accreditation. As the technical manual is an important element to guide the management of E&S mitigation efforts, it is important that the technical manual is finalized and approved by the applicant prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant if accredited.

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

48. Environmental and social safeguards has been a core function of the applicant since its days as a division within the Ministry of Health and the Environment. In its new, upgraded institutional status as a department, the environmental and social safeguards function will continue, and will make use of the institutional capacity and competence already established. A new organizational chart for the applicant has been provided in several documents, and a description of tasks related to the environmental and social management system is described in the draft technical manual.

49. The applicant has provided curriculum vitae showing competent technical staff, and demonstrates the applicant's experience in fostering long-term partnerships with reputable international and regional entities to provide long-term support for baseline data collection, E&S monitoring, project management, and so on. The partnerships and framework agreements were part of mitigation measures developed to overcome challenges in recruiting staff to the applicant organization, a result of being a small island nation.

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

50. The applicant's draft technical manual describes the monitoring requirements expected of executing entities, as well as the applicant's role (as regulator) in conducting inspections to confirm compliance. Non-compliance is reported to the office of the Attorney General. In addition, the applicant has indicated that it uses a modified monitoring framework from an international development partner for all its programmes/projects. The applicant provided sample documents which demonstrate that the environmental and social safeguards monitoring is incorporated. In the applicant's organization, environmental monitoring is done by the Monitoring, Evaluation and Data Management Unit, and is supported by an environmental information/data management system.

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

51. The applicant operates an external communications system that is available on its website, and has provided a sample of complaints from the public and how they were handled.

52. Specifically, for the disclosure of environmental documents, the applicant is prepared to implement the requirements of the GCF Information Disclosure policy for Category B/1-2 projects/programmes.

### 3.3 Gender

53. As part of the Government structure, the applicant is not mandated to have its own gender policy. Rather, it is required to follow national gender directives. Nonetheless, its draft technical manual has a section on a social and gender policy, which requires the applicant to comply with the gender requirements of major donors and financing entities, including the GCF.

54. All staff are sensitized to gender mainstreaming tools and techniques; and the applicant plans to establish a subcommittee on social and gender issues within the technical advisor committee that plays a critical role in project approval and monitoring. The applicant will also continue to foster strong relations with the Directorate for Gender Affairs, which is under the Ministry of Social Transformation, to provide technical support and oversight for gender mainstreaming.

55. The applicant has demonstrated experience in developing and implementing projects/programmes that benefit vulnerable groups, including women, young men, the elderly and those with physical disabilities. This includes a revolving fund that benefits poor households and small businesses (many led by women) to adapt to extreme weather conditions resulting from climate change.

## IV. Conclusions and recommendation

### 4.1 Conclusions

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

- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms and the specialized fiduciary standard for on-lending and/or blending (for loans). The applicant is working on the launch of the new website for the purpose of disclosing the detailed information on its grant programmes, and this is expected to be completed in September 2017. Consequently, the applicant could not provide evidence of the public disclosure of grant award decisions or of the grant award programme operation results and reports on the operation of the newly established SIRF Fund. Also, according to the new regulatory framework, the applicant must establish a technical evaluation committee to conduct the evaluation of the grant proposals. However, no records of the work of this newly formed committee so far have been provided;
- (b) The applicant partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to the medium E&S risk (Category B/I-2). The final version of the technical manual and environmental and social safeguards policy that establishes the procedures and requirements related to environmental and social safeguards for projects/programmes have not yet been approved by the Government of Antigua and Barbuda; 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 GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

### 4.2 Recommendation on accreditation

57. The AP recommends, for consideration by the Board, applicant APL057 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:**

1. micro<sup>5</sup> in relation to the specialized fiduciary standard for on-lending and/or blending (for loans); and
2. small (including micro) in relation to the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(ii) **Fiduciary functions:**

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management;
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
4. Specialized fiduciary standard for on-lending and/or blending (for loans); and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)<sup>6</sup>); and

(b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions 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 the first approved project/programme to be undertaken by the applicant:

1. Provide evidence of having an approved procedure for the public disclosure of grant award decisions, which shall contain at least the following information:
  - a. Name, address and nationality (in case of individuals) or place of incorporation (in case of legal entities) of the beneficiary;
  - b. Purpose of the grant; and
  - c. Grant amount awarded and, where applicable, the maximum percentage of grant co-financing; and
2. Provide evidence of an approved technical manual and an environmental and social safeguards policy that establish the procedures and requirements related to environmental and social safeguards for projects/programmes; and

(ii) Conditions to be met on an annual basis for the three consecutive years starting at the beginning of the second year of implementation (with the first deadline

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

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

falling at the end of the first quarter of the second year of implementation) of the first GCF-funded project/programme through a grant award and/or funding allocation mechanism:

1. Provide evidence of the public disclosure of the monitoring and evaluation reports for any GCF-funded project/programme implemented through the applicant's grant award programme, as well as of the annual reports on the results of the operation of the revolving fund programme; and
2. Provide the minutes of the applicant's technical evaluation committee meetings evidencing the process of consideration and approval of any grant proposals received under a grant award project/programme.

58. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 57(b) above, and agrees to the recommendation.

## Annex VII: Accreditation assessment of Applicant 058 (APL058)

### I. Introduction

1. Applicant 058 (APL058), the Fiji Development Bank (FDB), is a national public sector entity and Government-owned development bank based in Fiji. The applicant's main objectives are to facilitate and stimulate the promotion and development of natural resources, transportation and other industries and enterprises in Fiji and to give special consideration and priority to the economic development of the rural and agricultural sectors of the economy.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 December 2015. The Stage I institutional assessment and completeness check was completed on 13 May 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. The applicant received a national designated authority nomination for its accreditation application from Fiji;
- (b) **Track:** normal track;
- (a) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
- (b) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management; and
  - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (c) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

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

3. The applicant applied 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. FDB was established in 1967 under Chapter 214 of the

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

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

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

Laws of Fiji (Fiji Development Bank Act). The applicant indicated that it does not require a business permit or licence to operate as per the Act.

## 2.2 Institutional presence and relevant networks

5. All capital stock of the applicant is for the sole account of the Government of Fiji, and it has a strong presence at the national level with an emphasis on the social impacts of development assistance. This presence and focus have allowed the applicant to reach vulnerable groups and various beneficiaries including the private sector and to contribute to national policies through the projects it finances.

6. In order to advance the objectives of the GCF, the applicant intends to implement initiatives that have direct and positive impacts on climate change mitigation and adaptation. Particularly, it plans to promote:

- (a) Renewable energy: conversion of electricity generation from fossil fuel to renewable resources such as solar, hydro, biomass, biogas, wind and geothermal systems;
- (b) Energy efficiency in the housing sector; and
- (c) Reduction of carbon emissions through new technologies in the marine transport sector.

## 2.3 Track record

7. As a development bank, the applicant places a high value on environmental and social impacts. The applicant has undertaken relevant projects such as financing sustainable energy, providing guarantees for solar photovoltaic systems for rural areas, and providing micro loans to beneficiaries in the rural and agricultural sector.

8. The applicant's track record in financing climate change-related projects includes the following, which fall within the GCF micro size category:

- (a) USD 10 million (loans) for the Vuda Renewable Power Development project;
- (b) USD 2.5 million (loans) for the Risk Sharing Fund under Sustainable Energy Financing project;
- (c) USD 2 million (loans) for Agri Finance Scheme; and
- (d) EUR 29,018 (guarantee) for the project Improving reliable access to modern energy services through solar photovoltaic systems for rural areas (outer islands) of Tuvalu.<sup>4</sup>

## 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).

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

### 3.1 Fiduciary standards

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

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<sup>4</sup> The guarantee was provided to a limited liability company registered in Fiji.

11. The applicant's general, administrative and financial management operations are governed by its code of corporate governance (2012) which describes the responsibilities and obligations of the applicant's board and its subcommittees, management and its employees. The applicant's board is appointed by the Government (Ministry of Finance), and the board sets the strategic direction within the framework of its mandate and monitors operational performance. Business operations have been delegated to the executive management of the applicant under the leadership of the Chief Executive Officer. The governance structure provides for three board subcommittees, namely: the Audit Committee; the Credit Risk Committee; and the Human Resources Committee. The applicant's executive committee functions as the asset and liability committee, and reports to the applicant's board on a quarterly basis. The applicant's board is required to meet monthly and its subcommittees quarterly. The applicant confirmed that the frequency of meetings held by its board subcommittees has been addressed during the current financial year in order to bring the frequency in line with its policy.
12. The applicant has provided its board charter (2008), Credit Risk Committee charter (2010) and a terms of reference for its Human Resources Committee (2010). Given that the applicant's operations have been subject to a number of lending cycles and lessons learned since their drafting, the AP considers that these would benefit from a strategic review. The Credit Risk Committee charter is a specific case in point.
13. The applicant has provided evidence of its strategic plan for the current planning cycle and the associated action plans across six themes, including progress towards achieving the plan.
14. The applicant has provided its audited financial statements as contained in the Annual Financial Report which have been prepared in accordance with the International Financial Reporting Standards and the Reserve Bank of Fiji Guidelines. The Office of the Auditor General is mandated to audit the financial statements of the applicant. Moreover, the Office of the Auditor General has the authority to appoint an external audit firm to conduct the audit on its behalf. The applicant confirmed that its annual financial statements have been audited by an external auditor appointed by the Office of the Auditor General.
15. The internal audit function is required to adhere to the Institute of Internal Auditors' mandatory guidance including the definition of internal auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. Internal audit reports functionally are sent to the applicant's board Audit Committee and administratively to the Chief Executive Officer. The applicant has provided evidence of audit procedures and the ongoing activities of the internal audit function, including its annual audit plan, which includes mandatory annual audits of the key functions of the applicant and audit findings. Moreover, the applicant has demonstrated that it monitors audit findings and highlights for the attention of management where the audit findings have not been satisfactorily addressed.
16. The key issue in the applicant's capacity to meet the GCF basic fiduciary standard for key administrative and financial capacities is the lack of an enterprise-wide risk management and control framework. The applicant has provided a draft terms of reference and timelines to demonstrate that it has formally commenced work on addressing this gap. Given that the above-mentioned enterprise-wide framework will be implemented and demonstrated over time, the AP recommends that the GCF engagement (e.g. project origination, appraisal, monitoring and relationship management) be conducted via the Corporate Branch. The applicant has advised that this will be accommodated.
17. Regarding procurement, the AP notes that the applicant's systems do not provide for an assessment of procurement systems of the entities it provides funding to; however, it has indicated that it would be willing to introduce such processes. The applicant will be required to provide policy guidelines to ensure that the procurement processes for all of the projects it finances are fair and transparent, that they provide for a dispute resolution process and that awards are publicly disclosed.

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

18. The applicant has recently updated and improved its website and is making progress in addressing its level of transparency. In this regard it has included a complaints mechanism that is publicly available to guide the process for reporting complaints, including guidance for the purposes of reporting matters of fraud and corruption.

19. The applicant is guided by the country reporting requirements in applying its guidelines on anti-money laundering and countering the financing of terrorism. The Financial Transaction Reporting Act of Fiji requires that the applicant appoint a senior officer responsible for ensuring the applicant's compliance with the Act, the scope of which includes, among other things, reporting certain transactions above 10,000 Fiji dollars (FJD) to the Fiji Financial Intelligence Unit. The applicant has provided evidence of its reporting and the job description of the person responsible for the function. The above reporting requirement is contained in the applicant's financial control policy and procedure. However, the applicant's guidelines and processes for anti-money laundering and countering the financing of terrorism require further development to meet the GCF interim policy for prohibited practices.

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

21. The applicant's lending activities consist mainly of providing working capital loans across a number of sectors. The applicant has provided evidence of the policies and procedures associated with its mandate. The appraisal processes provide for a credit assessment methodology, which culminates in a credit quality rating (A-I) and a credit risk rating (1-9). The applicant's monitoring standards are guided by the outcome of the credit assessment.

22. The applicant has demonstrated its ability to incorporate technical, financial, economic and legal aspects into its lending operations, including key performance indicators. However, the AP noted that the applicant's procedures provide for exceptions from its policy, and the applicant has an embedded process in its procedures to accommodate exceptions. These exceptions could include relaxing security requirements, less emphasis on track record, extended terms of loans and so on. Moreover, the applicant has indicated that, given its development mandate, exceptions do indeed occur and information supporting that exceptions occur frequently has been observed by the AP. Generally, exceptions are rated as a high risk on the credit rating scale, which results in an elevated level of monitoring in line with the applicant's credit risk categorization procedure. In addition, the consequence of the frequent application of the exceptions could be one of the reasons that the applicant's loan portfolio is concentrated at the lower end (high risk) of the rating scale.

23. The applicant has provided evidence of its monitoring procedures, which are also linked to the credit rating methodology; however, some gaps in the implementation of the applicant's monitoring processes is evident and this has also been highlighted in an independent credit review that was commissioned by the applicant in 2015. The findings and recommendations of the credit review are very relevant for assuring the sustainability of the applicant's operations and are being addressed by its management. The recommendation related to a review of the applicant's credit policy is of particular relevance and reporting on the management's progress in addressing the findings have been included as part of the accreditation conditions recommended by the AP.

24. The AP notes that there is a significant emphasis on turnaround time for loan approvals, which is a key performance indicator; however, this might be contributing to added pressure on the approval of loans without the necessary time to complete the required level of due diligence. The AP suggests that the applicant might reconsider the emphasis on this key performance indicator, at least until such a time as it has reviewed its credit policy.

25. The applicant has provided evidence of its project-at-risk system, which is linked to its credit risk categorization procedure, as described in paragraph 21 above. Downgrading a loan to a non-performing status results in the migration of the loan to an asset management unit,

which is separate from the monitoring function. The AP notes that recommendations regarding further development of the applicant's project-at-risk systems have been included in the credit review.

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

26. 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**

27. The applicant has demonstrated its track record of on-lending and/or blending operations, which mainly consists of loans to small and medium-sized enterprises in the form of working capital loans, and a few larger clients in the tourism sector. However, its internal project finance capabilities are limited and, where required, it supplements its in-house resources with external expertise and guidance. The applicant has only partially demonstrated its track record with equity and guarantees, and the AP considers that any programme that includes these financial instruments should include an elevated level of due diligence and monitoring by the applicant and the GCF.

28. The applicant has provided evidence of its intermediated micro loans project, which includes a focus on women. Although the appraisal and subsequent recommendation for approval included exceptions to the applicant's credit policy, these have been transparently highlighted and motivated in accordance with the applicant's processes, which provide for exceptions to its policy. Moreover, the applicant has provided evidence of its monitoring of the project (as opposed to relying on monitoring reports of the financial institution).

29. Public access to information on projects and beneficiaries of projects/programmes that the applicant has financed is very limited and the applicant has indicated that information on the projects it finances is generally subject to non-disclosure provisions. The applicant will be required to draft and approve an information disclosure policy that meets the requirements of the GCF fiduciary standard for on-lending and/or blending, including information on the periodic monitoring and projects financed by the applicant.

30. The applicant's credit framework is guided by the Reserve Bank of Fiji, which requires that the applicant has credit risk grading systems that provide for the classification of its portfolio of loans and other credit facilities (including off-balance sheet exposures) according to a minimum of five categories (levels) of credit risk. The applicant's rating system provides for this credit risk categorization approach, as described in paragraph 21 above. The system includes a process for the identification, monitoring and rehabilitation of non-performing assets. However, given that the applicant is a development bank with a significant focus on sectors that generally cannot access commercial finance, the AP noted that the resulting rating distribution is concentrated at the lower end of creditworthiness, resulting in a significant level of underperforming loans.

31. To address the above-mentioned rating distribution, the applicant proactively procured the services of an independent external consultant in 2015 to undertake a credit review of its lending portfolio. The review concluded that the applicant's rating system is in line with international standards; however, the application of this system – given the nature of its target market and mandate – would benefit from a review of its credit policy. Other recommendations from the review are being addressed by the applicant's management and, given the relevance of such recommendations for the applicant's sustainability, the applicant will be required to report on progress in implementing the recommendations. This includes providing the revised credit policy and procedures to provide for the move to becoming a deposit-taking institution.

32. The applicant does not have a fully developed risk management framework; however, it has provided a draft overview of the scope of work associated with the development of the

enterprise-wide risk management framework, which includes addressing the control framework. This framework is anticipated to be implemented by mid-2018.

33. The applicant has provided evidence of its financial control policies and procedures which demonstrate that the applicant has systems in place to ensure sound investment management.

34. Evidence of the applicant's asset and liability meetings was provided, including evidence of its strategies to manage these risks. The limited extent to which risks can be managed in the context of the country and the applicant's access to funds are noted by the AP, as is the applicant's ability to request support from the Government of Fiji for impacts on its portfolio arising from foreign exchange and other exposures.

## 3.2 Environmental and social safeguards

### 3.2.1 Section 6.1: Policy

35. The applicant's environmental and social management system (ESMS) is embedded in its lending manual, which guides the applicant in complying with the National Environmental Management Act of 2005, the National Environmental Impact Assessment Process Regulation of 2007, the environment management plan template, the national environmental impact assessment guidelines and the national environmental strategy. The National Environmental Management Act is umbrella legislation for the protection of natural resources and the control and management of development, waste and pollution. However, as the applicant's ESMS and related practices (or lack of) do not reflect the environmental and social risks and impacts contained in the Performance Standards 1 to 8 of the GCF interim environmental and social safeguards (ESS) for Category B/I-2. The applicant has indicated that it intends to develop a new ESS policy and related implementation guidelines in accordance with the GCF interim ESS in the coming months that will govern its lending operations.

36. The Department of Environment (DoE), which is part of the Ministry of Local Government, Housing, Urban Development and Environment of the Government of Fiji, is responsible for screening and assigning environmental and social (E&S) risk categories for the applicant, as well as supervising and monitoring the applicant's projects. The applicant indicated that it will seek a memorandum of understanding with the DoE to further reaffirm and strengthen the relationship and division of labour between the two institutions regarding the sharing of expertise and in the implementation of existing procedures subject to the national ESS legislation. The applicant's conformance to the new ESS policy that it intends to develop will be the joint responsibility of the heads of the applicant and the DoE. The applicant's management has committed to ensure that its staff who are involved in projects financed by the GCF will undergo appropriate training and skill upgrading with respect to E&S policies, procedures and standards.

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

37. The applicant's E&S risks and impacts identification and assessment, including an E&S risk categorization framework, is described in the National Environment Impact Assessment Process Regulation of 2007 and national environmental impact assessment (EIA) guidelines. These describe the E&S due diligence and assessment procedures that the applicant is required to follow. The applicant also provided a list of projects that typically would fall within the E&S risk Category B/Intermediation 2 and Category C/Intermediation 3 (I-3),<sup>5</sup> illustrating the

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

application of its E&S risk screening process. However, the applicant could not provide evidence of the actual application of its E&S risk and impacts identification process, including E&S risk categorization, particularly for an E&S risk Category B/I-2 project/programme. Although the applicant provided a sample project document which addresses E&S impacts, it does not have a detailed assessment of the E&S risk categorization process, as required in the GCF accreditation framework<sup>6</sup> and the GCF interim ESS. The applicant has indicated that this requirement, including the responsibilities and the skills of the staff that undertake E&S risk categorization, will be addressed in its new ESS policy that is expected to be submitted in the coming months.

### 3.2.3 Section 6.3: Management programme

38. The DoE's EIA guidelines describe the requirements for addressing the E&S mitigation measures stemming from the applicant's identification of E&S risks and assessment of its projects. All of the applicant's loans, including those categorized as minimal to no E&S risk (Category C/I-3), are required to develop an environmental management plan (EMP). For higher E&S risk (Category B/I-2 and higher), the applicant adheres to its National Environmental Management Act of 2005, which requires project proponents to develop an EIA. The DoE has the overall management and clearance issuance responsibility, including the responsibility for E&S risk categorization and development of the terms of reference for EIAs and EMPs. The project proponent is required to ensure that they abide by DoE policies and practices. The applicant's loan officers are responsible for ensuring that all EIAs, EMPs and environmental clearances are well documented and made available to its management. Although the applicant has the appropriate procedures for E&S mitigation and management, the AP noted that these do not reflect Performance Standards 1 to 8 of the GCF interim ESS. The applicant provided a sample EIA for a resort development project; however, the EIA narrative does not reflect Performance Standards 1 to 8 of the GCF interim ESS. The applicant could not provide adequate evidence in the form of sample EMPs reflecting application of its E&S mitigation and management procedure, particularly for an E&S risk Category B/I-2 project/programme. The applicant's new ESS policy, which is expected to be developed in the coming months, should address this gap and should be applied to projects the applicant undertakes financed using GCF resources.

39. The applicant has not conducted an internal audit of the effectiveness of its ESMS. However, the applicant has indicated that as part of its holistic ESMS framework development, the internal audit of the effectiveness of management of its ESMS would be conducted for projects financed using GCF resources.

### 3.2.4 Section 6.4: Organizational capacity and competency

40. The applicant has not provided an organizational chart or an organizational structure that defines roles, responsibilities and authority to implement its current or proposed ESMS, which includes its senior management. The organizational structure that the applicant provided does not indicate any designated staff or their responsibilities relating to E&S matters in the applicant's operations. The applicant's specific requirements for loan officers and their interaction with the DoE in the ESS process can be found in the applicant's lending manual. The applicant's manager of the Enterprise Risk Business Development Unit, which is currently handling the GCF accreditation application, will also be involved in the recruitment of the technical officer (ESS and gender specialist), whose job description will be similar to that of the DoE officer and project officer with lending, project development, monitoring and evaluation expertise. The technical officer will assess and process GCF-funded projects and directly report to the applicant's risk committee and its board. The applicant has indicated that this officer will work with the DoE on the EIA and other environmental matters. The applicant has committed to provide its organizational structure to implement its new ESS policy in the coming months.

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<sup>6</sup> Annex I to decision B.07/02.

### 3.2.5 Section 6.5: Monitoring and review

41. The DoE's EIA guidelines contain the information on E&S monitoring and reporting requirements. The applicant has indicated that monitoring guidelines are developed for every project. Depending on the terms of reference, the monitoring plan could be a component of the EIA or the EMP. The monitoring plan outlines the frequency of monitoring and the monitoring tools to be used and, more importantly, specifies the personnel or organization responsible for undertaking the monitoring task or for reviewing the results of monitoring. The applicant has stated that the DoE provides monitoring and supervision while the applicant's senior management perform spot checks and unannounced field visits to sites regularly visited by the DoE inspectors. However, the applicant could not provide a document that describes in more detail the roles and responsibilities of the DoE in conducting monitoring of E&S matters in the applicant's projects, indication of whom the DoE submits its monitoring reports to and what the subsequent actions are. The applicant also could not provide evidence that the relevant DoE staff have the knowledge of Performance Standards 1 to 8 of the GCF interim ESS to carry out effective supervision and monitoring of the applicant's projects. Furthermore, the applicant could not provide a sample of DoE monitoring reports of the applicant's projects. Although one construction monitoring plan and some weekly monitoring plans were provided, these do not reflect the Performance Standards 1 to 8 of the GCF interim ESS. The applicant also has not clarified the roles and responsibilities of the applicant's own staff in monitoring and reporting on environmental management actions. The applicant indicated that all of the monitoring and reporting on ESS matters, including the demarcation of responsibilities and skills and competencies required between its own institution and that of the DoE will be addressed in its new ESS policy to be developed in the coming months.

### 3.2.6 Section 6.6: External communications

42. The applicant has not provided any information on its external communication channels such as a website that allow the applicant to: receive and register external communications from the public; screen and assess issues raised and determine how to address them; and provide, track and document responses. The applicant's website only has a section on customer complaints. The applicant provided its complaint guidelines, but these do not specifically mention anything about E&S-related matters. The applicant also provided a log of complaints received, but they are mostly found to be related to the applicant's commercial customer services and none are on E&S-related matters on its projects.

43. The applicant has a policy on the public disclosure of E&S information for E&S risk Category B/I-2 for 21 days in advance of project consideration by its board. However, the duration of public disclosure is not in line with the requirements of the GCF Information Disclosure policy for the public disclosure of E&S information for E&S risk Category B/I-2 projects/programmes. The applicant has indicated that it will develop a policy on the public disclosure of E&S information to be in line with the GCF Information Disclosure policy in due course. However, it should be noted that for E&S risk Category C/I-3, public disclosure of E&S information in advance of consideration by the GCF or the applicant's board is not required.

## 3.3 Gender

44. The applicant provided its draft gender policy and has recognized that it is not yet in line with the requirements of the GCF Gender policy. The applicant has stated that it will be working in consultation with a gender specialist on further development of the policy to conform to the national gender policy, as well as to the requirements of the GCF Gender policy. It expects to complete the policy by the end of October 2017 following internal and public consultations. The applicant has stated that its gender policy will indicate its intention to secure and formalize non-discriminatory practices in all of its future projects, including GCF-funded

projects/programmes. The applicant indicated its intention to identify and nominate personnel responsible for the development and implementation of its gender policy and related practices.

45. As of January 2017, the number of loans made directly to women totaled 491, comprising over FJD 20 million of the applicant's overall lending portfolio. Several of these loans include mitigation or adaptation-related initiatives; for example, funding to women to purchase solar equipment to start a store or business in a remote area (ranging from resort ownership to running a small village store). One key example of the applicant's involvement with climate change and gender financing involves sustainable energy financing, which is part of the Government of Fiji's plan to convert electricity generation from fossil fuel to renewable sources and to reduce fuel imports. Sustainable energy financing supports key renewable energy systems, including solar photovoltaic systems, pico (a hydro system and fuel switching system where coconut oil will be used as a diesel fuel alternative for generating electricity), wind, biomass, biogas, wave, tide and geothermal systems.

## IV. Conclusions and recommendation

### 4.1 Conclusions

46. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant partially meets the requirements of the basic fiduciary standards, specialized fiduciary standard for project management and specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees in relation to the GCF micro size category<sup>7</sup> only, and not for the GCF small size category. The main gaps are as follows: an enterprise-wide risk management framework; internal controls; public disclosure; third-party procurement standards; principles of prohibited practices; monitoring and application of the applicant's credit methodology; and an independent evaluation function. However, the applicant has demonstrated that for the most part it is proactively addressing these gaps. It should be noted that the applicant has a development mandate and as such the nature of its portfolio is transparently targeted to riskier projects and, therefore, it would benefit from blending GCF funds to enhance its ability to fund climate change-related projects. Regarding equity and guarantees, the applicant has not provided any significant information to demonstrate its track record, although the applicant offers two guarantee products and has relevant procedures for providing such offerings. The inclusion of these financial instruments as part of the AP's recommendation, therefore, provides for an elevated level of due diligence and monitoring of these instruments;
  - (b) The applicant partially meets the requirements of the GCF interim ESS in relation to the minimal to no E&S risk (Category C/I-3). The applicant's current ESMS, which is largely based on its national E&S regulations, is not in line with the GCF interim ESS in a number of respects, as described in section 3.2 above. The applicant does not meet the requirements of the GCF interim ESS in relation to the medium E&S risk (Category B/I-2); and
  - (c) Neither the applicant's current gender policy nor the competencies required to implement its gender policy are consistent with the GCF Gender policy. However, the applicant has provided sample of project documents as evidence of its experience in lending to both men and women, as well as with gender considerations in the context of

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<sup>7</sup> As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

climate change in its lending operations. The applicant has agreed to update its gender policy and develop associated procedures as well as the required competencies to implement its new gender policy.

## 4.2 Recommendation on accreditation

47. The AP recommends, for consideration by the Board, applicant APL058 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 on-lending and/or blending (for loans, equity and guarantees); and

(iii) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (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 conditions. The AP will thereafter assess whether the conditions 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 submission of the first funding proposal to the GCF:

1. Develop its information disclosure policy and provide evidence of an established system of disclosure which complies with the requirements of the GCF fiduciary standard for on-lending and/or blending for the disclosure of project/programme information, including providing access to information on the applicant's website;
2. Provide an anti-money laundering and countering the financing of terrorism policy consistent with the GCF interim policy on prohibited practices, including providing access to this policy on the applicant's website. Furthermore, the applicant is required to provide evidence of an established system mainstreamed in its lending manuals to ensure consistency with the GCF interim policy on prohibited practices both for its own operations and that of its executing entities for projects/programmes financed by the GCF. This includes making provision for prohibited practices in financing agreements and the procurement of goods and services, where relevant;
3. Provide an organizational chart indicating where the designated staff members responsible for making E&S risk categorization decisions are located in the organization and their reporting lines; and
4. Finalize and provide the new gender policy that is under development and identify the associated procedures, tools and competencies required to implement the gender policy; and

- (ii) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:
1. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to any E&S-related complaints;
  2. Complete the design of, and integrate in its operations (strategy, policy, procedures, systems), the applicant's enterprise-wide risk management and control framework as anticipated in the applicant's Enterprise Wide Risk Management Development and Implementation Plan, including provision within the control framework for an independent evaluation function which reviews the applicant's Credit Assessment Memorandum;
  3. Develop a procurement policy for GCF-funded projects/programmes which is disclosed on the applicant's website, and mainstream the policy in the applicant's lending manuals to ensure that the procurement processes for all of the projects financed by the GCF are fair and transparent, promote efficient procurement and provide for a dispute resolution process and public disclosure of contract award;
  4. Provide a written progress report from the applicant's management to demonstrate the steps the applicant has taken to address all of the recommendations of the independent credit review. The progress report should, among other things, include:
    - a. A thorough risk audit prior to any new activities being commenced, which would include the plans to become a deposit-taking institution and the re-introduction of any new micro-finance lending activities by the applicant; and
    - b. An update or completed review of the applicant's credit policy, which should include further guidance on the exceptions to the applicant's credit policy; and
  5. Update the terms of reference of the credit risk subcommittee of the applicant's board;
- (iii) Conditions to be met on an annual basis for three consecutive years starting with the applicant's financial year 2017/2018:
1. Provide an annual audit plan and an annual audit report including an external audit of the first GCF-funded project, if any and, if different, of the first GCF-funded project that involves guarantees and equity investments by and from the GCF, respectively, once the project is under implementation, and a final independent evaluation. The period of reporting may be extended depending on the commencement date of the project(s); and
  2. Provide progress reports on the items mentioned in the credit review, as listed in paragraph 47(b)(ii)(4) above.

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

### 4.3 Remarks

49. The applicant may wish to consider demonstrating a greater degree of ESMS maturity by building its experience in implementing higher risk projects and programmes, and through a system for public disclosure of E&S risk information. Regarding building its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, wish to consider applying for an upgrade in its accreditation scope for the medium E&S risk Category B/I-2.
50. The applicant has confirmed that the GCF engagement will be initiated, developed, appraised and monitored by the Corporate Division of the applicant.
51. The applicant is encouraged to seek readiness and preparatory support where applicable to assist it with meeting the conditions identified in paragraph 47(b)(i-ii) above.
52. The applicant is already taking steps to meet the conditions identified in paragraph 47(b)(ii)(2-3) above.

## Annex VIII: Accreditation assessment of Applicant 059 (APL059)

### I. Introduction

1. Applicant 059 (APL059), the Palli Karma-Sahayak Foundation (PKSF), is a national public sector direct access entity working as a sustainable platform for government to non-government organization collaboration based in Bangladesh, with a mission of sustainable poverty eradication in Bangladesh by undertaking multidimensional human-centered development programmes.
2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 14 November 2015. The Stage I institutional assessment and completeness check was completed on 2 February 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. 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:** small;<sup>1</sup>
  - (d) **Fiduciary functions:**<sup>2</sup>
    - (i) Basic fiduciary standards;
    - (ii) Specialized fiduciary standard for project management;
    - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans); and
  - (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).<sup>3</sup>

### 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. PKSF was established by the Government of Bangladesh in

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

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

<sup>3</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category 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”.

1990 and is registered under the Companies Act of 1913/1994 with the registrar of Joint Stock Companies as a not-for-profit company.

## 2.2 Institutional presence and relevant networks

5. The applicant has 276 partner organizations (which are grass roots level non-governmental organizations) in different districts of Bangladesh through which the applicant manages all of the lending and development activities. Its partnership organizations comprise some 12.37 million members, of which 91 per cent are women, working through 8,064 branches. The applicant has been working with its partners for the past 26 years and has acquired a track record in undertaking projects in the financial sector, agriculture and livelihood, health, education, community-based infrastructure, and cross-cutting sectors including environment and climate change.

6. The applicant has: nine core programmes, some of which include inclusive financial services; an enterprise development programme; social protection and capacity-building programmes; an advocacy and knowledge management programme; a research and development programmes; and environment and climate change programmes. In 2016, PKSF established its Environment and Climate Change Unit, which is comprises seven permanent staff and is headed by a director. This Unit is tasked with addressing climate change adaptation and mitigation issues such as climate resilient infrastructure and livelihoods, particularly at the community level.

7. In order to advance the objectives of the GCF, the applicant intends to undertake community-based adaptation and mitigation activities to enhance the resilience of people in Bangladesh to the adverse effects of climate change. Specifically, the applicant plans to promote energy saving by introducing improved cook stoves and biogas plants at the community level, and to undertake activities that will reduce greenhouse gas emissions, such as increasing the solar home systems and solar-powered irrigation systems at the community level.

## 2.3 Track record

8. The applicant intends to continue working with the Government of Bangladesh and its partner organizations in order to assist Bangladesh to enhance the resilience of its population to the adverse effects of climate change by implementing activities involving multiple dimensions of human livelihood.

9. The applicant has been working with partner organizations at the grass roots level and with people – particularly women – at the local community level. The applicant has indicated that it has successfully implemented its adaptation programmes and projects by maintaining management of environmental and social safeguard (ESS) issues. For example, the applicant provided capacity-building, social awareness training and knowledge management to beneficiaries during the implementation of projects.

10. The applicant has disbursed USD 3.5 billion to its partner organizations, which in turn have disbursed USD 31.06 billion to its members, through various activities. The applicant's track record in financing climate change related projects includes the following, which fall within the GCF small and medium size categories.

- (a) USD 13 million (grant and loan) for the Community Climate Change Project in Bangladesh;
- (b) USD 14.1 million (grant and loan) for the Food Security 2012 Bangladesh-Ujjibito, Ultra Poor Programme;

- (c) USD 22.45 million of USD 92.85 million (grant and loan) for the project Promoting Agricultural Commercialization and Enterprise to ensure food security and livelihood security in Bangladesh; and
- (d) USD 17 million (grant and loan) for Enhancing Resources and Increasing Capacities of the Poor Households towards Elimination of Their Poverty in Bangladesh.

### III. Stage II accreditation review assessment

- 11. 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).
- 12. 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

- 13. The applicant has a clearly defined governance structure that is designed to ensure that the institution achieves its mission. At the top of the structure is the General Body responsible for the overall policy direction of PKSF. Next in hierarchy is the Governing Body whose primary role is to ensure that the applicant's operations are consistent with its vision and mission. It carries out this role through the approval of loans, grants and other forms of financial assistance to the applicant's partner organizations. The governance structure comprises several other oversight bodies, including an ethics committee and an audit committee. The applicant's executive management team is headed by a managing director.
- 14. The applicant's financial statements are prepared in accordance with international accounting standards and international financial reporting standards, as adopted by the Institute of Chartered Accountants of Bangladesh. The applicant has a sound financial information system designed to ensure, among other things, proper record keeping, prudent revenue–expenditure management and an efficient payments and disbursements system. Disbursement of funds by the applicant's partner organizations and to the ultimate users of loan proceeds is periodically audited by the applicant's Internal Audit Department.
- 15. The applicant has an independent audit committee, which oversees the work of the Internal Audit Department and the applicant's external auditor with the emphasis on the audit of financial statements, control systems and reporting. The applicant's audit committee has the expertise and independence to effectively carry out its designated role. The applicant's internal audit function is independent and able to perform its duties objectively. The applicant has recently put in place a process and procedures to monitor and assess the overall effectiveness of the internal audit function, and will provide evidence of the implementation of the process and procedures after an assessment has been undertaken for the financial year 2017–2018.
- 16. The applicant's financial statements are audited by independent external auditors affiliated with international audit firms. The external auditors assert that the audits are conducted in accordance with International Standards on Auditing, as adopted in Bangladesh. The external auditor's observations and recommendations are regularly reviewed by the audit committee.
- 17. The applicant has a procurement policy which is based on the Public Procurement Rules of the Government of Bangladesh. For donor-funded projects the applicant follows the donors' guidelines where required. The applicant has an adequate mechanism for the assessment and oversight of the procurement procedures and practices of project executing entities. A procurement complaint handling mechanism has recently been put in place.

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

18. The applicant has a code of ethics which is applicable to all of its employees and other parties with which it has a functional relationship, including partner organizations through which PKSF implements its activities. An ethics committee appointed by the Governing Body is responsible for oversight of the ethics function. The code of ethics is complemented by a policy on zero tolerance of fraud, financial mismanagement and other forms of misconduct. A committee consisting of senior staff appointed by the Managing Director is responsible for investigating cases of fraud, corruption and other forms of misconduct.

19. The applicant has experience and a track record in accessing financial resources from national and international sources, such as the Asian Development Bank, the United Kingdom Department of International Development, the United States Agency for International Development and the World Bank. The applicant has demonstrated that it has capacity to effectively handle funding provided by the GCF.

20. To combat money laundering and the financing of terrorism, the applicant relies on the Bangladesh Central Bank's Anti-Money Laundering Act of 2012 and Guidance Notes on the Prevention of Money Laundering and Financing of Terrorism. The applicant has adequate "know-your-customer" due diligence procedures to ensure that the parties with which it has business relationships are not involved in money laundering or the financing of terrorism. The applicant does not use electronic fund transfers to make or receive payments. As such, it monitors payments and receipt of funds through the use of monthly bank reconciliation statements to check and verify that funds deposited into its accounts are from expected sources, and funds remitted from its accounts are remitted to bona fide recipients.

21. While the applicant meets all other GCF requirements for the basic fiduciary standard relating to transparency and accountability, it does not have:

- (a) A policy on financial disclosures of conflict of interest; or
- (b) A policy or mechanism for protecting whistle-blowers who report violations of the applicant's code of ethics and anti-fraud or anti-corruption policies.

22. However, the applicant is taking appropriate steps to address these shortfalls in meeting GCF requirements.

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

23. The applicant has well-established project preparation, appraisal and risk assessment policies and procedures. These provide guidance and templates for incorporating technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, into the funding proposal at the appraisal stage. Examples of projects undertaken in the last three years demonstrate effective implementation of the policies and procedures.

24. The applicant has a documented monitoring and evaluation function whose main purpose is to track and report on project status during the implementation phase. The applicant currently does not publish monitoring and evaluation reports as required by GCF fiduciary standard for project management. However, the applicant is in the process of putting in place and implementing the necessary disclosure policy for the publication of monitoring and evaluation reports in order to comply with GCF requirements.

25. The applicant's project closure policy and procedures include provisions for independent evaluation and reporting on results achieved, lessons learned and recommendations for improvement in the design of future projects. As required by the evaluation disclosure policy, evaluation reports and results are publicly disclosed and disseminated widely to parties directly or indirectly involved in the projects financed by the applicant. A list of institutions to which evaluation reports are disseminated was provided.

26. The applicant has a project-at-risk system for the early identification of project problems that may interfere with the achievement of project objectives, if not addressed in a timely manner. Examples of project problems identified and addressed to demonstrate effectiveness of the system were provided.

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

27. The applicant has a well-developed grant award system that includes defined roles and responsibilities of the management and staff responsible for the evaluation and approval of grant applications. Grant notices and calls for proposals are publicized on the applicant's website and in four national newspapers (two in Bangla and two in English) to ensure that the broadest possible number of potential recipients is aware of the grant opportunities and of the specific requirements and processes to be followed in the selection of grantees.

28. Based on the information and supporting documentation provided, the AP concluded that:

- (a) The applicant has a sound due-diligence framework for assessing the eligibility and capabilities of potential grant recipients;
- (b) The team responsible for the evaluation of grant applications has the required competencies and independence to undertake evaluations and recommend grant awards;
- (c) Grant evaluation and award decisions comply with the applicant's grant award policies and procedures; and
- (d) Grant award decisions are taken by the persons with the requisite authority.

29. The applicant also demonstrated that it has adequate checks and procedures in place for:

- (a) Ensuring that grants are not awarded retrospectively for activities already started or completed at the time of the application; and
- (b) The suspension or termination of grant awards in the event of the beneficiaries failing to comply with their obligations.

30. The applicant's grant award system also has adequate provisions for:

- (a) Procurement rules and procedures, which the grant beneficiaries are required to apply;
- (b) Periodic independent reviews and audits of its grant award activities;
- (c) Recovery of funds disbursed to recipients, in respect of expenditures which are unauthorized or fall outside the scope of the approved grant-funded activities; and
- (d) Monitoring and evaluation of the implementation progress of grant-funded projects.

31. It was noted that the applicant does not have a system in place for providing access by the public to information on the progress of individual projects. However, the applicant is in the process of putting such a system in place.

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

32. The applicant's on-lending and blending activities are guided by a set of operational policies, procedures and guidelines, including project preparation and appraisal guidelines, an operational manual, lending policy and credit risk management guidelines. The sample project appraisal reports provided are comprehensive and contain all the pertinent areas that are normally contained in a complete due diligence report. The applicant has a proven track record of receiving and on-lending and blending resources from different international and multilateral funding sources, such as the Asian Development Bank, the United Kingdom Department for

International Development, the United States Agency for International Development and the World Bank.

33. The applicant has a transparent disclosure policy through which it provides to the public access to information on beneficiaries and results of its on-lending and blending operations. While the evidence provided clearly demonstrates effective implementation of the public disclosure policy with respect to project beneficiaries and project results, the applicant has not put in place a policy on the provision of information to the public regarding its decisions on on-lending and blending operations as required by the GCF for the specialized fiduciary standard for on-lending and/or blending. However, the applicant is taking appropriate steps to develop and implement the required policy.

34. The applicant has appropriate procedures which provide the required assurance that the financing it provides is channelled transparently and used effectively. The applicant provided evidence of its audit function, which confirms that funds are channelled transparently and used effectively. It also provided information which shows that advantages to final beneficiaries of projects it finances are regularly monitored and evaluated.

## 3.2 Environmental and social safeguards

### 3.2.1 Section 6.1: Policy

35. As the activities planned for implementation by the applicant would be under the environmental and social (E&S) risk Category C/I-3, the applicant is not required to have a formal ESS policy. Nevertheless, in January 2012 the applicant adopted its environmental management framework (EMF) and social management framework (SMF), which together reflect the applicant's E&S objectives, key principles which guide the applicant, as well as the ESS standards it applies to its projects, which has been found to be consistent with the Performance Standards 1 to 8 of the GCF interim ESS.

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

36. The applicant's EMF and SMF describe its process to screen projects to identify E&S risks and impacts against Performance Standards 1 to 8 of the GCF interim ESS. The applicant has provided evidence in the form of sample projects that consistently confirm the E&S risk category as Category C/I-3. The project officers in the field having the necessary experience and skills are responsible for performing environmental screening using the screening form checklist to identify any potential adverse impacts likely to arise from the project activities.

### 3.2.3 Section 6.3: Management programme

37. The applicant's EMF and SMF describe its institutional process to identify and manage E&S risks (including unanticipated risks and impacts), and the applicant has in place experienced staff with designated roles and responsibility for implementing the projects. The applicant also provided a sample of quarterly project monitoring reports as evidence of its capability to manage mitigation measures related to the E&S risk and impacts identified in projects.

### 3.2.4 Section 6.4: Organizational capacity and competency

38. The applicant provided information on its organizational structure showing designated staff, including their qualifications and knowledge about Performance Standards 1 to 8 of the GCF interim ESS, who can properly categorize potential funding proposals through an E&S risk screening process. The applicant also provided evidence of its relevant staff having undertaken training on E&S matters.

### 3.2.5 Section 6.5: Monitoring and review

39. The applicant provided a description of its institutional system on the monitoring and review of projects to ensure that there have been no scope changes or unanticipated E&S impacts or risks requiring mitigation and management in line with the E&S risk Category C/I-3. The E&S risk focal person within the applicant's organization and its project office monitor the compliance of projects against E&S risk requirements. Quarterly reports of project compliance with E&S risk requirements are mandatory, and a sample of such reports were provided by the applicant.

### 3.2.6 Section 6.6: External communications

40. The applicant has provided information on its external communication channels including a website. It has introduced a grievance redress mechanism under its SMF, which addresses the issue of public comments and grievances. It also screens and assesses issues raised and determines how to address them, and tracks and documents responses. The applicant has a register for the redress of grievances, but it has not yet received any written complaints. The grievances communicated verbally are addressed in a group meeting at the project office-level working with the project beneficiaries.

41. The applicant agrees to comply with the GCF Information Disclosure policy regarding E&S information for funding proposals and projects/programmes. However, both the applicant and the AP note that as per the GCF Information Disclosure policy, no advance disclosure of E&S information is required for the E&S risk Category C/I-3 for which the applicant has applied for accreditation.

## 3.3 Gender

42. The applicant's gender policy, which was adopted in September 2015, as well as the applicant's competency in implementing its gender policy, are in line with the requirements of the GCF Gender policy. The applicant has been working for the past 26 years with the poor, ultrapoor and marginalized people. The applicant's project data shows that more than 90 per cent of its beneficiaries are women, as they are mostly poor and ultrapoor. The applicant provided a sample of projects which demonstrate the link between gender and climate change adaptation, and which shows that the projects benefit both men and women, and reflect non-discriminatory practices in terms of benefits and remuneration for both men and women.

## IV. Conclusions and recommendation

### 4.1 Conclusions

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

- (a) The applicant meets the requirements of the basic fiduciary standards for key administrative and financial capacities. However, it only partially meets the basic fiduciary standards for transparency and accountability, the specialized fiduciary standard for project management, the specialized fiduciary standard for grant award and/or funding allocation mechanisms, and the specialized fiduciary standard for on-lending and/or blending (for loans). The applicant does not have a policy on financial disclosure of conflicts of interest; nor a mechanism for protecting whistle-blowers. It currently does not publish monitoring and evaluation reports as required by the GCF fiduciary standard for project management and it does not have a system in place for providing access to the public to information on the progress of individual projects. The applicant also does not have in place a policy on the provision of information to the public regarding its decisions on on-lending and blending operations;

- (b) The applicant meets the requirements of the GCF interim ESS in relation to the minimal to no E&S risk (Category C/I-3); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

## 4.2 Recommendation on accreditation

44. The AP recommends, for consideration by the Board, applicant APL059 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or activity within a programme:** small (including micro<sup>4</sup>);
  - (ii) **Fiduciary functions:**
    1. Basic fiduciary standards;
    2. Specialized fiduciary standard for project management;
    3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    4. Specialized fiduciary standard for on-lending and/or blending (for loans); and
  - (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 conditions. The AP will thereafter assess whether the conditions 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 the first approved project/programme to be undertaken by the applicant:
    1. Provide evidence of an assessment of the effectiveness of the applicant's internal audit function;
    2. Provide a copy of a policy on the disclosure of financial conflicts of interest;
    3. Provide a copy of a whistle-blower protection policy or mechanism;
    4. Provide a copy of a policy on the public disclosure of project/programme monitoring and evaluation reports, including information on the periodic progress of individual projects; and
    5. Provide a copy of a policy and guidelines on the public disclosure of information on the applicant's decisions on on-lending and blending operations;

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

- (ii) Conditions to be met within the first 15 months of the first disbursement by the GCF for the first approved project/programme undertaken by the applicant:
  - 1. Provide evidence of the implementation of a policy on the public disclosure of project monitoring and evaluation reports, including information on the periodic progress of individual projects; and
  - 2. Provide evidence of the implementation of a policy and guidelines on the public disclosure of information on the applicant's decisions on on-lending and blending operations; and
- (iii) Condition to be met on an annual basis for three consecutive years, starting after the twelfth month following the first disbursement for any GCF-financed project/programme undertaken by the applicant:
  - 1. Provide evidence of the publication of project monitoring and evaluation reports of all GCF-funded projects/programmes.

45. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 44(b) above, and agrees to the recommendation.

### 4.3 Remarks

46. The applicant is already taking steps to meet the conditions identified in paragraph 44(b)(i) above.

47. The applicant demonstrates a greater degree of maturity in its environmental and social management than is required by the GCF interim ESS for the E&S risk Category C/I-3, against which the applicant is seeking accreditation. Building its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, wish to consider applying for an upgrade in its accreditation scope for the medium E&S risk Category B/Intermediation 2.

## Annex IX: Accreditation assessment of Applicant 060 (APL060)

### I. Introduction

1. Applicant 060 (APL060), the Sahara and Sahel Observatory (OSS), is a regional entity in Africa that aims to serve as an international framework for partnership and dialogue in the fight against desertification and in the attenuation of the effects of drought, the adaptation to climate change and the protection of biodiversity. The applicant supports the efforts of its member countries in the Sahara-Sahel region in the fields of natural resource management and sustainable development, particularly on key themes such as land degradation, desertification, drought and the adverse impacts of climate change on ecosystems and populations.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 11 February 2016. The Stage I institutional assessment and completeness check was completed on 30 June 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, regional. The applicant received a national designated authority or focal point nomination for its accreditation application from Tunisia;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** micro;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management;
  - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).<sup>3</sup>

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

3. The applicant is eligible for, and applied under, the fast-track accreditation process as 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 decision B.08/03.

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

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

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

## 2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. OSS was established as an international organization in Paris, France, on 15 May 1992, under the Declaration of the Inaugural Conference on the creation of the Sahara and Sahel Observatory. The agreement on the establishment and functioning of OSS was later concluded in Paris on 18 June 1999 between the Government of the Tunisian Republic and the United Nations Educational, Scientific and Cultural Organization, and has been ratified by Law No. 2000-12 of 7 February 2000.

## 2.2 Institutional presence and relevant networks

5. Based in Tunis, Tunisia, since 2000, the applicant has a strong regional presence in Africa and comprises 22 Member States in Africa,<sup>4</sup> six non-regional countries,<sup>5</sup> 13 member organizations<sup>6</sup> (including subregional organizations representing West Africa, East Africa and North Africa and non-governmental organizations) and various financial partners. OSS primarily operates in the Sahel and Sahara region (Burkina Faso, Cape Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Kenya, Libya, Mali, Mauritania, Morocco, Niger, Senegal, Somalia, Sudan, Tunisia and Uganda), but also in the Middle East and North Africa region (Algeria, Egypt, Jordan, Libya, Morocco and Tunisia).

6. In order to advance the objectives of the GCF, the applicant aims to catalyse impact beyond a one-off investment, by: ensuring environmental, social and economic co-benefits, as well as gender and youth-sensitive development impacts; addressing vulnerability; and being country-driven and country-owned. It also intends to provide a framework for international partnerships dedicated to sustainable development in the Sahara-Sahel region. In particular, OSS plans to focus its activities on:

- (a) Water: to promote cooperation on shared water resources and to bridge knowledge gaps on the Sahara-Sahel region's transboundary aquifer basins;
- (b) Land: to provide the knowledge base for natural resource management, and to strengthen national systems of environmental observation and monitoring-evaluation; and
- (c) Cross-cutting themes: climate and populations.

7. The applicant intends to focus its GCF-funded activities on the following GCF key results areas:

- (a) Adaptation: ecosystems and ecosystem services; livelihoods of people and communities; food, water security and health; and infrastructure and the built environment; and
- (b) Mitigation: land use, deforestation, forest degradation and transforming energy generation and access.

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<sup>4</sup> Algeria, Burkina Faso, Cape Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Kenya, Libya, Mali, Mauritania, Morocco, Niger, Senegal, Somalia, Sudan, Tunisia and Uganda.

<sup>5</sup> Belgium, Canada, France, Germany, Italy and Switzerland.

<sup>6</sup> Arab Maghreb Union, Centre d'Actions et de Realisations Internationales, Community of Sahel-Saharan States, Environment Development Action in the Third World, Food and Agriculture Organization of the United Nations, Intergovernmental Authority on Development, Lake Chad Basin Commission, Pan African Agency of the Great Green Wall, Permanent Inter-State Committee for Drought Control in the Sahel, Regional Center for Remote Sensing for North Africa States, Réseau Sahel Désertification, United Nations Convention to Combat Desertification, and United Nations Educational, Scientific and Cultural Organization.

## 2.3 Track record

8. With a focus on supporting the efforts of its member countries in the Sahara-Sahel region in the fields of natural resource management and sustainable development, the applicant's activities are in areas of climate change adaptation and resilience, environmental monitoring, joint management of transboundary aquifers, integrated water resources management, disaster-risk reduction, support for the implementation of multilateral environmental agreements, land degradation and desertification issues, socioeconomic and agricultural aspects pertaining to water demand, and transitioning to a green economy. Such activities fall within the GCF environmental and social (E&S) risk Category B/I-2 or lower E&S risk levels.

9. The applicant's track record in financing climate change-related projects includes the following, which fall within the GCF micro size category:

- (a) USD 5.36 million (grants) for Resilience Improvement of West African Populations to Environmental Changes;
- (b) USD 2.6 million (grants) for Système Aquifère du Sahara Septentrional III Operational Recommendations for a Sustainable Management of the Water Resource of the Northern Sahara Aquifer System;
- (c) USD 1.5 million (grants) for Building Resilience through Innovation, Communication and Knowledge; and
- (d) USD 1 million (grants) for the Middle East and North Africa Desert Ecosystems and Livelihoods Knowledge Sharing and Coordination project.

## 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 decision B.08/03.

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 of the accreditation application concerning transparency and accountability have been met by way of fast-track accreditation, 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.

14. Regarding item 4.2.4 of the accreditation application, the applicant has an investigation function and policies in place, as well as anti-fraud and anti-corruption policies which all the staff members of the organization as well as internal and external auditors are committed to uphold.

15. The applicant has incorporated controlling and preventive systems aimed at eliminating all forms of financial malpractice and mismanagement. The applicant has a designated bureau in place that has a mandate within the applicant's executive board to investigate potential incidents of fraud and corruption in an efficient and timely manner.
16. The whistle-blower protection policy, the investigation procedure and the mechanism that allows the public to launch complaints are available on a dedicated webpage. All staff members have to sign the declaration of non-acceptance of all forms of prohibited practices. Examples of forms signed by accounting and procurement staff members were provided.
17. The applicant has provided a statement that, due to the strict adherence to the anti-fraud and anti-corruption policies, there have been no fraud or corruption-related investigations in the three years prior to the submission of the application.
18. Regarding item 4.2.5 of the accreditation application, the applicant adheres to its internal procedure on prohibited practices (fraud prevention), which is available on the applicant's website, as well as to the anti-money laundering and countering the financing of terrorism policies contained in the regulations of the host country where the applicant's headquarters is located with regard to the operations of the commercial banks.
19. The applicant's policy on prohibited practices is found to be fully in line with the GCF interim policy on prohibited practices.
20. The regulations of the host country where the applicant's headquarters are located require banks to verify the origin of funds and the existence of pre-trade and financial relationships supporting the flow of all cash exceeding a threshold of USD 1,500. All of the cash flows are cross-checked against the original invoice to justify the transaction. For incoming transactions to the applicant's account a declaration is issued by the customs office before entering the host country territory. The applicant's policy bans the use of cash in order to comply with the regulation of the host country where the applicant's headquarters are located and with the applicant's statutes.
21. To ensure the absence of incidents of fraud, corruption, money-laundering and financing of terrorism, each project is managed by different experts with the applicant's organization, for which there are separate bank accounts, and each project must meet the requirements for the control of expenditures as specified in the relevant funding agreement. The designated financial controller of the applicant, together with the executive secretary, signs all of the payment orders that correspond to the disbursement schedule of the projects.
22. Due to the small amount of the payments, the applicant has not deemed it necessary to develop a complex in-house electronic payment system. However, the applicant's current system is considered adequate and acceptable by the AP given the size of the institution and the scale of projects/programme activities under the specialized fiduciary standard for project management and specialized fiduciary criteria for grant award and/or funding allocation mechanisms for which the applicant is seeking accreditation.
- 3.1.3 **Section 5.1: Specialized fiduciary standard for project management**
23. 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**
24. The applicant has extensive experience and knowledge in working with the developing countries in the region regarding the grant award and funding allocation mechanism. It supports the governments of its member countries in the development of projects and programmes for further submission to various donors and multilateral organizations to seek appropriate financing.

25. In its operations the applicant has been approaching the governments of member countries directly by official letters and using the regional/geographical approach for selecting the specific countries for the development of funding proposals. Also, it has been initiating the preparation of the concept notes for specific projects, and then developing them further with the particular governments into project proposals for potential grant funding.
26. To comply with the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms, the applicant has established a new procedural framework and corresponding supporting guidance documents that include provisions for the competitive grant mechanism, including guidance for conducting calls for proposals, evaluating proposals and awarding grants, eligibility criteria for projects and potential grantees, due diligence procedures of the beneficiaries, and has defined roles and responsibilities for grant disbursements and reporting.
27. As the new procedural framework has been recently adopted, the applicant has not yet demonstrated any experience in publishing the calls for proposals for the on-granting mechanism on its website. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.
28. Within the new procedural framework the applicant has established a grant proposal evaluation procedure that contains the information on the grant proposal evaluation process, including the requirements for the objectivity and impartiality of the decision-making process and competence of the decision-making committee. However, there are no records on the actual operation of the newly formed Grant Evaluation Committee for any of the projects/programmes selected for grant funding. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.
29. 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 funding for the projects, and 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.
30. The applicant has provisions for the periodic review of its grant award activities and has provided examples of the monitoring and evaluation reports of the programmes implemented in the three years prior to the submission of the application. In addition, the applicant provided reports compiled by its donor partners (multilateral organizations) containing positive observations and conclusions on the performance of the applicant regarding its management of projects and grant award programmes.
31. The applicant conducts close monitoring of the activities implemented under its grant award programmes and undertakes regular site visits. The applicant also conducts thematic workshops to support its beneficiaries, disseminate best practices and maintains good relations with the grant awardees. Examples of such site visit and workshop reports were provided to demonstrate the effective implementation of the applicant's monitoring procedures. The reports of the grant award results and the monitoring reports have not yet been published on the applicant's website, in accordance with the new procedures. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.
32. Overall, following the assessment, the AP concludes 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 fulfilment of the accreditation conditions recommended in paragraph 47(b) to address the gaps identified.

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

33. 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**

34. The applicant's E&S policy was formally adopted by its General Assembly in April 2016. The E&S policy describes the key E&S objectives and principles guiding the applicant in the management of the environmental, social and gender impacts during the preparation and implementation of programmes and projects. The applicant's E&S policy articulates ten performance standards, which include Performance Standards 1 to 8 of the International Finance Corporation (which have been adopted as the GCF interim environmental and social safeguards), on gender equity and women's empowerment, and access and equity and protection of human rights. In addition to the applicant's performance standards, the E&S policy also conforms to the applicant's national laws and local laws/regulations applicable to the applicant's beneficiary countries. The applicant has established a technical committee comprising internal and external experts with the knowledge necessary to provide policy advice for the consideration of E&S matters. The E&S policy was published on the applicant's website and has been communicated to all levels within the organization. The E&S policy underwent public consultation during its development.

35. The applicant's E&S policy requires that the E&S assessments and design and mitigation planning conducted by the executing entities that the applicant oversees include the following elements: assessment of cumulative impacts; assessment of associated facility impacts; and analysis of alternatives, baseline data standards and mitigation hierarchy. The applicant provided sample project documents as evidence of its track record for ensuring that these specific elements are adequately included in project E&S assessments.

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

36. The applicant has developed a process for the identification and assessment of E&S risks and impacts which is in line with good international industry practices, including the Performance Standards 1 to 8 of the interim environmental and social safeguards (ESS) of the GCF. The main objective of the applicant's procedure is to lead to a categorization of projects/programmes. A checklist in the procedure is used to guide in the screening and identification of preliminary potential E&S risks and impacts. Based on the results of this screening, projects/programmes are categorized according to three E&S risk categories, A (high), B (medium) or C (low), which is similar to the categorization system in the interim ESS of the GCF. The applicant's environment and water programme managers coordinate the development of project proposals and involve the staff/consultants responsible for E&S risks, as well as the gender/population officer in the identification of E&S risks. The applicant provided example of projects it has implemented as evidence of its capability in implementing its E&S risks and impact identification procedure.

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

37. The applicant's E&S policy addresses its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process provided, distinguishing between different categories of E&S risk. The applicant provided documents from the projects that it has implemented and executed that were funded by the World Bank, the Adaptation Fund and the Global Environment Facility as examples of how the applicant addressed and managed the potential E&S risks, including the mitigation measures.

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

38. The applicant provided its institution's organization chart and a description of the roles and responsibilities of its key staff dealing with E&S matters. The key staff have undergone the necessary training to support the capacity of its staff in the implementation of the E&S policy via a one-week training that was organized in January 2016, and implemented in the context of the Climate Finance Readiness Programme of Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH.

#### 3.2.5 Section 6.5: Monitoring and review

39. The applicant's E&S policy describes the executing entities' roles and responsibilities for the monitoring and evaluation (M&E) of projects/programmes supported by the applicant. The applicant is required to address all E&S risks identified by executing entities during project/programme assessment, design and implementation. The E&S policy requires that the executing entities' annual project/programme performance reports include a section on the status of implementation of any environmental and social management plan, including any measures required to avoid, minimize or mitigate E&S risks. The applicant requires that its M&E reports also include a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports are also required to include an evaluation of the project/programme performance with respect to E&S risks.

40. The applicant indicated that, due to the recent adoption of the E&S policy (April 2016), it does not currently possess sample M&E reports on actions taken for E&S risk mitigation and performance improvement measures in line with its performance standards. The applicant indicated that it plans to apply its new M&E procedure to a project funded by the Adaptation Fund which involves enhancing the resilience of communities to climate change through catchment-based integrated management. An M&E report for this project is expected to be available in early 2018. In the meantime, the applicant provided a sample of M&E reports on its climate resilience projects, which showed that the applicant did evaluate the E&S indicators relevant to the projects.

#### 3.2.6 Section 6.6: External communications

41. The applicant has avenues/channels including a provision on its website to receive and register external communications. The applicant provided its updated (June 2017) external communication procedure which reflects its policy to require the applicant itself and executing entities that the applicant oversees to publicly disclose and conduct consultations on E&S assessment documents. This policy is found to be in line with the GCF Information Disclosure policy requirements on the public disclosure of E&S information. The external communication procedure also specifies the requirement for grievance and redress mechanisms to be applied by the applicant's executing entities.

42. During the implementation of projects and programme activities, the applicant receives different kinds of enquiries and requests from project stakeholders and local populations. Those enquiries are generally submitted through semi-formal or informal means, such as letters sent to the applicant's headquarters, emails sent to the project/programme implementation unit and verbal enquiries submitted during meetings and workshops. The received enquiries are processed on a case-by-case basis by project managers and teams. The applicant indicated that it has not received enquiries or complaints, and therefore its register of enquiries connected to the online grievance mechanism is currently empty. However, the applicant indicated that following the adoption of the new external communication procedure, enquiries and complaints will be managed in a more centralized and systemic way. The applicant indicated its willingness to maintain a register of external enquiries/complaints on E&S matters received along with responses for GCF-funded projects/programmes.

### 3.3 Gender

43. The applicant's gender policy was adopted by the applicant's General Assembly in April 2016. The purpose of the applicant's gender policy is to provide the applicant with a framework for guiding its efforts to achieve gender equality, and particularly to support the diverse roles of women in the different development programmes and projects. The policy specifies the applicant's goal and vision relating to gender equality and outlines an accountability structure for ensuring policy oversight and the achievement of results. It accompanies and complements the applicant's E&S policy and responds to the investment guidelines and performance and reporting standards of international financial partners. The gender policy also includes an action plan to integrate and formalize all current actions that are already being carried out to integrate gender within the institution and within the projects that the applicant is implementing. The applicant's Strategy 2020 also integrates gender as one of the key objectives in the section on "society and the socio-economics of the environment".

44. In 2011, the applicant created a four-person gender working group with the necessary competencies and who were assigned, respectively, to the applicant's following four units: water, environment, communication and executive secretary. The applicant provided a sample of three projects it has implemented to demonstrate its experience with gender and climate change. The projects implemented by the applicant also provide evidence to show that projects and programmes managed by the applicant have non-discriminatory practices in terms of benefits and remuneration for both male and female employees.

45. Considering the above, the applicant's gender policy is assessed to be in line with the GCF Gender policy.

## IV. Conclusions and recommendation

### 4.1 Conclusions

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

- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant could not provide evidence of the launch of the call for proposals for the competitive grant scheme, because until recently it has been working on grant proposals directly with the governments of its member countries. Also, the applicant could not provide any records of the work of the newly established Grant Evaluation Committee, or evidence on the publication of the decisions of the committee on the awarding of grants. There is no evidence available with regard to the publication of the grant award results and periodic monitoring reports for the grant-funded projects on the applicant's website;
- (b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/I-2). The applicant could not provide evidence of the establishment of an external communication channel regarding E&S matters, which may include a website to receive, register and respond to E&S complaints. Also, the applicant could not provide a sample M&E report on actions taken for E&S risk mitigation and performance improvement measures in line with the applicant's performance standards under its E&S policy (April 2016); 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 GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

## 4.2 Recommendation on accreditation

47. The AP recommends, for consideration by the Board, applicant APL060 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:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)<sup>7</sup>); and

(b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions 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 the first approved project/programme to be undertaken by the applicant:

1. Provide evidence of the launch of the call for proposals, records of work of the Grant Evaluation Committee on evaluating grant proposals received, and evidence of the publication of the grant award decisions of the said committee;
2. Provide a sample M&E report on actions taken for E&S risk mitigation and performance improvement measures in line with the applicant's performance standards under its E&S policy (adopted in April 2016); and
3. 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

(ii) Condition to be met on an annual basis for three consecutive years starting after the twelfth month following the first disbursement by the GCF for the first GCF-funded project/programme through a grant award and/or funding allocation mechanism to be undertaken by the applicant:

1. Provide evidence of the public disclosure of periodic monitoring and evaluation reports, including information on budget utilization in respect of the relevant GCF-funded project/programme.

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

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

## Annex X: Accreditation assessment of upgrade application from Acumen Fund, Inc.

### I. Introduction

1. Acumen Fund, Inc. (Acumen), a private sector direct access entity headquartered in the United States of America and accredited through the direct access modality as an entity nominated by Kenya per decision B.09/07, is seeking to upgrade its accreditation type to include the specialized fiduciary standard for grant award and/or funding allocation mechanisms. With a strong global presence, the applicant raises charitable donations to invest patient capital in business models that deliver critical goods and services to the world's poor, mainly focusing on agriculture, energy, education, health, housing and water.

2. The applicant was accredited by the Board of the GCF on 26 March 2015 in decision B.09/07, paragraph (a)(iv)<sup>1</sup> for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, regional. The applicant received a national designated authority nomination for its accreditation application from Kenya;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** micro;<sup>2</sup>
- (d) **Fiduciary functions:**<sup>3</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management; and
  - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans and equity only); and
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).<sup>4</sup>

3. The applicant submitted its application for an accreditation upgrade of its fiduciary functions for the specialized fiduciary standard for grant and/or funding allocation mechanisms to the Secretariat via the Online Accreditation System on 2 January 2017.

4. The Stage I institutional assessment and completeness check was completed on 20 June 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, regional;
- (b) **Track:** normal track;
- (c) **Fiduciary functions:**

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<sup>1</sup> Document GCF/B.09/23.

<sup>2</sup> As per annex I to decision B.08/02, (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

<sup>3</sup> Decision B.07/02.

<sup>4</sup> 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".

- (i) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (d) **All other criteria for which the applicant was accredited:**<sup>5</sup> no change.

## II. Stage I institutional assessment and completeness check

5. 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

6. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. It was incorporated in 2001 and its wholly owned subsidiary Acumen Capital Partners LLC was registered under the Limited Liability Company Agreement of Acumen Capital Partners LLC, in accordance with the Delaware Limited Liability Company Act.

### 2.2 Institutional presence and relevant networks

7. The applicant, headquartered in the United States of America, has six investment regions (East Africa, India, Latin America, Pakistan, the United States and West Africa), and seven regional offices across the world Bogota, Colombia, London, England; Accra, Ghana; Mumbai, India; Nairobi, Kenya; and Karachi, Pakistan.

8. In order to advance the objectives of the GCF, the applicant offers long-term investments to companies, leaders and organizations to change the way the world tackles poverty. The applicant's investments have a social impact and follow a financially viable business model. The investments have a high tolerance for risk and long-term payback of capital, and they create new markets or disrupt existing markets. The entity has invested USD 110 million in over 100 companies and reached over 125 million lives since 2001.

9. Acumen Capital Partners LLC, a wholly owned subsidiary of the applicant, manages the KawiSafi Ventures Limited (KSV) fund, a USD 100 million impact fund designed to change how the world views off-grid energy access. The fund will invest across the off-grid energy ecosystem to create sustainable and scaled companies bringing clean, affordable energy to more than 15 million people in East Africa and demonstrate the efficacy of decentralized renewable power as a strategy to fight energy poverty and avert long-term climate crisis.

10. GCF has approved USD 20 million in investment capital to KSV and USD 5 million of grant capital for the KSV Technical Assistance Facility (TAF). The applicant is currently in the process of upgrading its accreditation with GCF in order to award grants through the TAF. The purpose of the TAF is to amplify the effectiveness and efficiency of KSV's investments in driving large-scale energy access and climate impact. The USD 5 million in approved GCF technical assistance funding is allocated to two broad issue areas: USD 2 million for gender-specific interventions, in support of women; and USD 3 million for consumer protection.

11. Separate from the USD 5 million in approved GCF technical assistance funding, Acumen Capital Partners LLC is also intending to raise additional technical assistance grant funding from a mix of private and public institutions. This additional funding has not yet been raised; the

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<sup>5</sup> For example, the maximum size of an individual project or activity within a programme, fiduciary functions and environmental and social risk category.

target is an additional USD 5 million. It will be focused on critical capacity-building and business development support for the KSV portfolio companies.

## 2.3 Track record

12. Acumen has almost 15 years of experience in providing funding for small and medium-sized enterprises that serve low-income communities in developing countries, primarily in Africa and the Asia-Pacific region. Acumen has financed projects that ranged between USD 20,000 and USD 5 million, with a project lifespan of 1 to 12 years. The applicant has a successful track record in sourcing and executing equity investment opportunities in the clean energy, agriculture and health-care sectors, which provide environmental and livelihood impacts, with project sizes falling within the GCF micro size category.

13. The results of its activities overlap with the results areas and impacts of the GCF in a number of areas. The applicant's activities, for example, include the distribution of solar lanterns, solar home systems, smoke-free cooking stoves and formal financial services, such as providing home improvement micro loans for low-income women and families in developing countries in Africa and the Asia-Pacific region.

## III. Stage II accreditation review assessment

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

15. As part of this assessment, the AP consulted the applicant's website and websites that comment on the track record and results of impact investment funds, and websites of foundations that have invested in funds managed by the applicant.

## 3.1 Fiduciary standards

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

16. The applicant's current grant award activities are focused on technical assistance grants provided directly to its investee companies. The existing grant award policies and procedures require further development to enable the applicant to appropriately manage separate technical assistance facilities (TAFs), such as that approved by the Board in decision B.11/11, paragraph (v), subject to an upgrade in Acumen's accreditation type for the specialized fiduciary criteria for grant award and/or funding allocation mechanisms.

17. The applicant's current grant award policies and procedures are suitable for the grant award activities it currently undertakes. Appropriate policies, procedures and guidance are in place to undertake due-diligence exercises, the evaluation of proposals and the awarding of grants. Furthermore, appropriate procedures are in place to monitor the correct use of grant funds, to ensure that funds which are not appropriately used can be recovered, and provisions are in place to ensure that the applicant can cancel, reduce or suspend grants in cases of misuse of funds.

18. The applicant's successful track record as an investment fund manager, and the information assessed during its initial accreditation process, provide a basis to conclude that the applicant has the requisite organizational controls and competencies to successfully implement the required improvements to its grant award policies and procedures, such that it is able to meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

19. The applicant has provided a detailed action plan for the implementation of the required improvements to its grant award policies and procedures, and this plan includes specific actions and completion dates. The action plan presented by the applicant addresses the following:
- (a) Terms of reference of the Technical Assistance Committee, including composition and functions of this governing body;
  - (b) Policies and procedures for the separate administration of the TAF funds;
  - (c) Development of the TAF Operational Manual. Furthermore, the applicant provided the proposed table of contents of this manual and, if properly implemented, the proposed operational policies and procedures would meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms regarding the management of grants awarded;
  - (d) Policies and procedures for procurement activities related to technical assistance financed through funds under a grant award and/or funding allocation mechanism;
  - (e) Procedures for the monitoring and evaluation of technical assistance activities financed through funds under a grant award and/or funding allocation mechanism, including guidelines for periodic reviews, reporting of results and evaluation of technical assistance impact;
  - (f) Policies and procedures for the publication of the grant award activities undertaken by the TAF, including a clear definition of the information to be published, the channels to be used and the timing of reporting; and
  - (g) A policy regarding the external audit of the TAF. The applicant will include provisions in its grant award procedures to ensure that the TAFs it manages are periodically audited, and that an external audit report is available, at least, on an annual basis.

## IV. Conclusions and recommendation

### 4.1 Conclusions

20. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant partially meets the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms. However, upon full implementation of the action plan provided in its application, the applicant will meet the GCF requirements in relation to this standard.

### 4.2 Recommendation on accreditation

21. The AP recommends, for consideration by the Board, Acumen for an upgrade in its accreditation type as follows:

- (a) **Accreditation type:**
  - (i) **Fiduciary functions:**
    1. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

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- (i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:
    - 1. Fully implement all actions which are listed in the action plan provided in the “Implementation Roadmap” document as having a target completion date on or before the end of the second quarter of 2018; and
    - 2. Provide documentary evidence of the implementation of the actions mentioned above; and
  - (ii) Condition to be met within one year of the first disbursement by the GCF for an approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:
    - 1. Provide evidence that the applicant has engaged an external auditor to review the TAF; and
  - (iii) Other condition to be met by the applicant:
    - 1. Submit the first audit report of the TAF within 120 days of year-end of the first year of TAF grant-making activity utilizing GCF funds.
22. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 21(b) above, and agrees to the recommendation.

### 4.3 Remarks

23. The action plan provided by the applicant references the TAF approved by the Board in decision B.11/11, paragraph (v), subject to an upgrade in Acumen’s accreditation type for the specialized fiduciary criteria for grant award and/or funding allocation mechanisms. It is understood, by the AP, that all of the grant award policies and procedures to be implemented under the referenced action plan, will be applicable to all TAFs developed by the applicant and funded by the GCF.

## **Annex XI: 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, B.15/09 and B.17/13 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, 17 December 2016 and 6 July 2017, respectively.
3. The entity presented below has been accredited by DG DEVCO since 6 July 2017. 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**

<b>Name</b>	<b>Acronym</b>
International Organization for Migration	IOM

4. The international organization listed in table 8 has been confirmed either by DG DEVCO to the Secretariat or via evidence provided by the organization regarding its successful assessment against DG DEVCO pillar assessments, meets the requirements of the relevant European Union legislation and is authorized to carry out European Union budget implementation tasks without conditions concerning its institutional compliance.