

**GREEN
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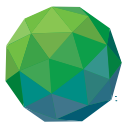
Meeting of the Board
18 – 21 August 2020
Virtual meeting
Provisional agenda item 18

GCF/B.26/09
17 September 2020

Decisions of the Board – twenty-sixth meeting of the Board, 18 – 21 August 2020

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Agenda item 1: Opening of the meeting

1. The Co-Chairs opened the meeting on Tuesday, 18 August 2020 at 9:01 PM Korea Standard Time (KST).

Agenda item 2: Adoption of the agenda and organization of work

2. The Board adopted the agenda as set forth below:
 1. Opening of the meeting
 2. Adoption of the agenda and organization of work
 3. Adoption of the report of the twenty-fifth meeting of the Board
 4. Board decisions proposed between the twenty-fifth and twenty-sixth meetings of the Board
 5. Report on the activities of the Secretariat
 6. Reports from Board committees, panels and groups
 7. Report on the activities of the independent units
 8. Report on the activities of the Co-Chairs
 - (a) Guidelines on decision-making without a Board meeting
 9. Status of GCF resources, pipeline and portfolio performance
 10. Consideration of accreditation proposals, including consideration of the reaccreditation deadline
 11. Consideration of funding proposals
 12. Readiness and Preparatory Support Programme – Annual Report 2019 and Work Programme and Budget 2020-2021
 13. Review of the Multilateral Organisation Performance Assessment Network (MOPAN)
 14. Matters related to the Head of the Independent Evaluation Unit
 15. Dates and venues of upcoming Board meetings
 16. Other matters
 17. Report of the meeting
 18. Close of the meeting

Agenda item 3: Adoption of the report of the twenty-fifth meeting of the Board

3. The Co-Chairs drew the attention of the Board to the report of the twenty-fifth meeting of the Board as circulated to the Board in document GCF/B.25/16 and its limited distribution addenda Add.01 and Add.02 titled “Report of the twenty-fifth meeting of the Board, 10 – 12 March 2020”.
4. The Board took note of the report of the twenty-fifth meeting of the Board.

Agenda item 4: Board decisions proposed between the twenty-fifth and twenty-sixth meetings of the Board

5. The Board took note of document GCF/B.26/Inf.01 titled “Board decisions proposed between the twenty-fifth and twenty-sixth meetings of the Board”.
6. No decision was taken under this agenda item.

Agenda item 5: Report on the activities of the Secretariat

7. The Board took note of document GCF/B.26/Inf.09 titled “Report on the activities of the Secretariat”, its addendum GCF/B.26/Inf.09/Add.01 titled “Report on the execution of the 2020 administrative budget of the GCF” and its limited distribution addendum GCF/B.26/Inf.09/Add.02 titled “Status of accreditation master agreements and funded activity agreements”.
8. No decision was taken under this agenda item.

Agenda item 6: Reports from Board committees, panels and groups

9. The Board took note of document GCF/B.26/Inf.10 and its addendum titled “Reports from committees, panels and groups of the Board of the Green Climate Fund”.
10. No decision was taken under this agenda item.

Agenda item 7: Reports on the activities of the independent units

11. The Board took note of the following documents:
 - (a) Document GCF/B.26/Inf.02 titled “Advisory report of the Independent Redress Mechanism: Prevention of Sexual Exploitation, Abuse and Harassment in GCF projects or programmes (P&PrSEAH): Learning from the World Bank’s Inspection Panel cases” and its addendum Add.01 titled “Secretariat management response”;
 - (b) Document GCF/B.26/Inf.03 titled “Report on the activities of the Independent Redress Mechanism”;
 - (c) Document GCF/B.26/Inf.04 titled “Report on the activities of the Information Appeals Panel”;
 - (d) Document GCF/B.26/Inf.05 titled “Report on the activities of the Independent Evaluation Unit”; and
 - (e) Document GCF/B.26/Inf.13 titled “Report on the activities of the Independent Integrity Unit”.
12. No decision was taken under this agenda item.

Agenda item 8: Report on the activities of the Co-Chairs

13. The Board took note of document GCF/B.26/Inf.11 and its limited distribution addendum Add.01 titled “Report on the activities of the Co-Chairs”.
14. No decision was taken under this agenda item.

(a) Guidelines on decision-making without a Board meeting

15. No decision was taken under this agenda item.

Agenda item 9: Status of GCF resources, pipeline and portfolio performance

16. The Board took note of documents GCF/B.26/Inf.06 titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests”, its two limited distribution addenda Add.01 titled “List of funding proposals” and Add.02 titled “List of concept notes”, GCF/B.26/Inf.07 titled “Status of the GCF portfolio: approved projects and fulfilment of conditions” and GCF/B.26/Inf.08 titled “Status of the Green Climate Fund resources”.

17. No decision was taken under this agenda item.

Agenda item 10: Consideration of accreditation proposals, including consideration of the reaccreditation deadline

18. The Board took note of document GCF/B.26/03 and its limited distribution addenda Add.02 and Add.03 titled titled “Consideration of accreditation proposals, including consideration of the reaccreditation deadline” and its addendum GCF/B.26/03/Add.01 titled “Status of the fulfilment of conditions”.

19. The Board adopted the following decision:

DECISION B.26/01

The Board, having considered document GCF/B.26/03 titled “Consideration of accreditation proposals, including consideration of the reaccreditation deadline”:

- (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 099 (APL099) is La Banque Agricole (LBA) based in Senegal, as contained in annex II;*
 - (ii) *Applicant 100 (APL100) is the Sumitomo Mitsui Banking Corporation (SMBC) based in Japan, as contained in annex IV to document GCF/B.26/03; and*
 - (iii) *Applicant 101 (APL101) is the United Nations Industrial Development Organization (UNIDO) based in Austria, as contained in annex III;*
- (b) *Approves the accreditation of applicants APL099 and APL101, pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants, and subject to the completion of Stage III of the accreditation by having an effective accreditation master agreement, in accordance with decision B.23/11;*
- (c) *Decides, at the request of APL100, to defer the consideration of APL100, as contained in annex IV to document GCF/B.26/03, until no later than the twenty-eighth meeting of the Board;*
- (d) *Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicant seeking to upgrade its accreditation type:*

- (i) *Pegasus Capital Advisors, L.P. (PCA) based in the United States of America, as contained in annex IV;*
- (e) *Agrees to upgrade the accreditation type of the Pegasus Capital Advisors, L.P. as contained in decision B.21/16, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex IV;*
- (f) *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 V;*
- (g) *Decides that those entities referred to in annex V are also eligible to apply under the fast-track accreditation process for the standards of GCF in accordance with decision B.08/03, paragraph (f), for entities under the Adaptation Fund;*
- (h) *Also decides, pursuant to decision B.24/13, paragraph (a), and on an extraordinary basis due to the COVID-19 virus pandemic, that the Secretariat may issue a one-time extension for a period of six months to the deadline for submission of a re-accreditation application, subject to a justified request from the accredited entities to GCF;*
- (i) *Agrees that, during the extended period referenced in paragraph (h) above, the accredited entity shall not be able to submit any new funding proposals or Project Preparation Facility requests to GCF for consideration. The accredited entity may, through the relevant national designated authority(ies), seek support through the Readiness and Preparatory Support Programme; and*
- (j) *Decides that the Secretariat may still issue the extension established in paragraph 18 of annex XXVI to decision B.24/13 should GCF require additional time for review and consideration of re-accrediting an accredited entity.*

Agenda item 11: Consideration of funding proposals

20. The Board took note of document GCF/B.26/02/Rev.02 and its addenda Add.01–15 (general distribution) and Add.16–19 (limited distribution) titled “Consideration of funding proposals”.

21. The Board adopted the following decision, which includes approval of funding proposal 139 pursuant to a vote in which 23 of the Board members present voted in favour and 1 of the Board members present voted against, and in respect of which none of the Board members present abstained from the vote:

DECISION B.26/02

The Board, having considered document GCF/B.26/02/Rev.02 titled “Consideration of funding proposals”:

- (a) *Takes note of the following funding proposals:*
 - (i) *Funding proposal 129 titled “Afghanistan Rural Energy Market Transformation Initiative – Strengthening Resilience of Livelihoods Through Sustainable Energy Access”, by the United Nations Development Programme, as contained in document GCF/B.26/02/Add.01 and Add.19;*
 - (ii) *Funding proposal 130 titled “Indonesia REDD-plus RBP for results period 2014-2016”, by the United Nations Development Programme, as contained in document GCF/B.26/02/Add.02 and Add.19;*

- (iii) *Funding proposal 131 titled “Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal”, by the International Union for Conservation of Nature, as contained in document GCF/B.26/02/Add.03 and Add.19;*
 - (iv) *Funding proposal 132 titled “Enabling Implementation of Forest Sector Reform in Georgia to Reduce GHG Emissions from Forest Degradation”, by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as contained in document GCF/B.26/02/Add.04 and Add.19;*
 - (v) *Funding proposal 133 titled “Resilience to hurricanes in the building sector in Antigua and Barbuda”, by the Department of Environment, Ministry of Health and Environment of Antigua and Barbuda, as contained in document GCF/B.26/02/Add.05 and Add.19;*
 - (vi) *Funding proposal 134 titled “Colombia REDD+ Results-based Payments for results period 2015-2016”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.26/02/Add.06 and Add.19;*
 - (vii) *Funding proposal 135 titled “Ecosystem-based Adaptation in the Indian Ocean – EBA IO”, by the Agence Française de Développement, as contained in document GCF/B.26/02/Add.07 and Add.19;*
 - (viii) *Funding proposal 136 titled “Resilient Landscapes and Livelihoods Project”, by the World Bank, as contained in document GCF/B.26/02/Add.08 and Add.19;*
 - (ix) *Funding proposal 137 titled “Ghana Shea Landscape Emission Reductions Project”, by the United Nations Development Programme, as contained in document GCF/B.26/02/Add.09 and Add.19;*
 - (x) *Funding proposal 138 titled “ASER Solar Rural Electrification Project”, by the Banque Ouest Africaine de Développement, as contained in document GCF/B.26/02/Add.10 and Add.19;*
 - (xi) *Funding proposal 139 titled “Building resilience in the face of climate change within traditional rain fed agricultural and pastoral systems in Sudan”, by the United Nations Development Programme, as contained in document GCF/B.26/02/Add.11 and Add.19;*
 - (xii) *Funding proposal 140 titled “High Impact Programme for the Corporate Sector”, by the European Bank for Reconstruction and Development, as contained in document GCF/B.26/02/Add.12 and Add.16;*
 - (xiii) *Simplified approval process (SAP) funding proposal 014 titled “Forest resilience of Armenia, enhancing adaptation and rural green growth via mitigation”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.26/02/Add.13 and Add.19;*
 - (xiv) *Simplified approval process (SAP) funding proposal 015 titled “Promoting zero-deforestation cocoa production for reducing emissions in Côte d’Ivoire (PROMIRE)”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.26/02/Add.14 and Add.19; and*
 - (xv) *Simplified approval process (SAP) funding proposal 016 titled “Fiji Agrophotovoltaic Project in Ovalau”, by the Fiji Development Bank, as contained in document GCF/B.26/02/Add.15 and Add.17; and*
- (b) *Approves funding proposal 129 for the amount of USD 17,198,843, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;*

- (c) Also approves funding proposal 130 for the amount of USD 103,781,250, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (d) Further approves funding proposal 131 for the amount of USD 27,404,139, submitted by the International Union for Conservation of Nature, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (e) Approves funding proposal 132 for the amount of EUR 32,791,621, submitted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (f) Also approves funding proposal 133 for the amount of USD 32,706,595, submitted by the Department of Environment, Ministry of Health and Environment of Antigua and Barbuda, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (g) Further approves funding proposal 134 for the amount of USD 28,208,123, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (h) Takes note of the absence of an internationally agreed definition on high forest cover, low deforestation (HFLD) countries;
- (i) Also takes note of the recommendations by the independent Technical Advisory Panel and the Secretariat in relation to funding proposal 134 to consider the specific circumstances of Colombia as a high forest cover, low deforestation (HFLD) country for the purpose of the pilot programme for REDD-plus results-based payments;
- (j) Decides that the approval of the funding proposal 134 does not set a precedent for future proposals that may request payments from the GCF for REDD-plus results under the pilot programme nor prejudge any future decisions of the Board on the establishment or form of a future REDD-plus results-based payment programme;
- (k) Approves funding proposal 135 for the amount of USD 38,000,000, submitted by the Agence Française de Développement, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (l) Also approves funding proposal 136 for the amount of USD 165,237,592, submitted by the World Bank, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (m) Further approves funding proposal 137 for the amount of USD 30,100,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (n) Approves funding proposal 138 for the amount of EUR 75,445,176, submitted by the Banque Ouest Africaine de Développement, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (o) Also approves, pursuant to a vote in which 23 of the Board members present voted in favour and 1 of the Board members present voted against, and in respect of which none of the Board members present abstained from the vote, funding proposal 139 for the amount of USD 25,645,114, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;

- (p) Further approves funding proposal 140 for the amount of USD 258,030,000, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.16;
- (q) Approves simplified approval process (SAP) funding proposal 014 for the amount of USD 10,000,000, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (r) Also approves simplified approval process (SAP) funding proposal 015 for the amount of USD 10,000,000, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.19;
- (s) Further approves simplified approval process (SAP) funding proposal 016 for the amount of USD 5,000,000, submitted by the Fiji Development Bank, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.26/02/Add.17;
- (t) Reaffirms that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (u) Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.

22. The Board took note of limited distribution document GCF/B.26/04 titled “Status of approved funding proposals: extension of deadline in respect of FP114 (Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana)”.

23. The Board adopted the following decision:

DECISION B.26/03

The Board, having considered limited distribution document GCF/B.26/04 titled “Status of approved funding proposals: extension of deadline in respect of FP114 (Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana)”:

Decides to extend the deadline until 19 December 2020 for the submission by the accredited entity of a certificate or legal opinion, in form and substance satisfactory to the Secretariat, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project for the following approved funding proposal:

- (i) *FP114, titled “Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana”.*

24. The Board took note of limited distribution document GCF/B.26/07 titled “Status of approved funding proposals: extension of deadline in respect of FP122 (Blue Action Fund (BAF): GCF Ecosystem Based Adaptation Programme in the Western Indian Ocean)”.

25. The Board adopted the following decision:

DECISION B.26/04

The Board, having considered document GCF/B.26/07 titled “Status of approved funding proposals: extension of deadline in respect of FP122 (Blue Action Fund (BAF): GCF Ecosystem Based Adaptation Programme in the Western Indian Ocean)”:

Decides to extend the deadline until 13 November 2020 for the execution of the funded activity agreement, in a form and substance satisfactory to the Secretariat, for the following approved funding proposal:

- (i) *FP122, titled “Blue Action Fund (“BAF”): GCF Ecosystem Based Adaptation Programme in the Western Indian Ocean”.*

Agenda item 12: Readiness and Preparatory Support Programme – Annual Report 2019 and Work Programme and Budget 2020-2021

26. The Board took note of document GCF/B.26/05 titled “Readiness and Preparatory Support Programme – work programme and budget 2020–2021”.

27. The Board adopted the following decision:

DECISION B.26/05

The Board, having considered document GCF/B.26/05 titled “Readiness and Preparatory Support Programme – work programme and budget 2020–2021”:

- (a) *Reaffirms that the Readiness and Preparatory Support Programme is a strategic priority for GCF to enhance country ownership and access to GCF, and strengthen strategic programming during 2020–2023;*
- (b) *Recalls decision B.22/11, and reaffirms that the objectives and outcomes for the revised Readiness and Preparatory Support Programme in document GCF/B.22/08 remain for 2020–2021;*
- (c) *Adopts the proposed work programme for 2020–2021 as contained in annex VI;*
- (d) *Requests the Secretariat to ensure that readiness support for resilient recovery efforts is fully consistent with the existing mandates and decisions of the Board with respect to the Readiness and Preparatory Support Programme and follows a country-driven and country ownership principle;*
- (e) *Notes the estimated budget for the period 2020–2021 as included in the work programme for 2020–2021 contained in annex VI;*
- (f) *Approves an additional amount of USD 162.39 million to be made available for the execution of the Readiness and Preparatory Support Programme;*
- (g) *Requests the Secretariat to report on the implementation of the Readiness and Preparatory Support Programme at the second Board meeting of each year; and*
- (h) *Further requests the Secretariat to ensure full compliance with Board-approved integrity policies, standards and decisions in the Readiness Guidebook, Administrative Instruction and Standard Operating Procedures developed for the Readiness and Preparatory Support*

Programme, as well as other relevant enhanced Standard Operating Procedures or procedures bearing implications on the Readiness and Preparatory Support Programme.

Agenda item 13: Review of the Multilateral Organisation Performance Assessment Network (MOPAN)

28. Document GCF/B.26/Inf.12 titled “Review of the Multilateral Organisation Performance Assessment Network (MOPAN)” was issued to the Board for consideration under this agenda item.
29. This information item was opened, but due to time constraints, it was not closed.

Agenda item 14: Matters related to the Head of the Independent Evaluation Unit

30. Document GCF/B.26/08 titled “Matters related to the Head of the Independent Evaluation Unit” was issued to the Board on a limited distribution basis for consideration under this agenda item.
31. No decision was taken under this agenda item.

Agenda item 15: Dates and venues of upcoming Board meetings

32. Document GCF/B.26/06 titled “Dates and venues of upcoming meetings of the Board” was issued to the Board for consideration under this agenda item.
33. This agenda item was not opened.

Agenda item 16: Other matters

34. No other matters were included under this agenda item.
35. This agenda item was not opened.

Agenda item 17: Report of the meeting

36. The decisions as adopted and their corresponding annexes are included in this document.

Agenda item 18: Close of the meeting

37. The meeting was closed on Saturday, 22 August 2020 at 2:20 AM KST.

Annex I: List of conditions and recommendations

1. The approval of the funding proposals approved by the Board pursuant to decision B.26/02 shall be conditional upon the satisfaction of the conditions set out in tables 1 and 2.

Table 1. General conditions applicable to all funding proposals

FP number	Conditions
All proposals	<p>(a) Signature of the funded activity agreement (“FAA”) in a form and substance satisfactory to the GCF Secretariat within 180 days from the date of Board approval, or the date the accredited entity has provided a certificate or legal opinion set out in paragraph (ii) below, or the date of effectiveness of the accreditation master agreement (“AMA”) entered into with the relevant accredited entity, whichever is later.</p> <p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <p>(i) Completion of the legal due diligence to the GCF Secretariat’s satisfaction; and</p> <p>(ii) Submission of a certificate or a legal opinion in a form and substance that is satisfactory to the GCF Secretariat, within 120 days after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme.</p>

Table 2. Conditions specific to individual funding proposals

FP number	Conditions
FP129 (UNDP Afghanistan)	<p><i>Relevant Board conditions</i></p> <p><u>Inclusion of the following covenant in the FAA:</u></p> <p>The accredited entity shall include in the final operational manual submitted to the GCF prior to the second disbursement:</p> <p>(a) a governance structure in the form of a matrix that defines the roles and responsibilities of the Government of the Host Country acting through MRRD and its institutional arrangements, including its dedicated personnel and resources, the relevant communities and the renewable energy services companies (RESCOs), to support the implementation of the project;</p> <p>(b) a description of the mechanism for consultations and communication by the Government of the Host Country acting through MRRD with the communities involved in the project and benefiting from the project, including the way in which the Government of the Host Country acting through MRRD will regulate payment by communities of monthly tariffs and collect overdue payments;</p> <p>(c) a description of the governance oversight process of UNDP and the Government of the Host Country, acting through MRRD for the entire duration of the project, emphasizing accountability of all individual and institutional stakeholders and establishing a clear monitoring and supervision process, with mechanisms in place to deal in a timely manner with any grievances; and</p> <p>(d) an indicative plan for the three-phased process of developing the mini-grid market in Afghanistan, outlining how RESCOs are intended to gradually absorb more sector-specific and operational risks and mobilise and upscale</p>

	private sector investments after the end of implementation of the project (provided however that the Accredited Entity shall not have (or be deemed to have) any ongoing obligation in relation to such a road map or exit strategy after the Project Completion Date).
FP130 (UNDP Indonesia)	<i>None.</i>
FP131 (IUCN Nepal)	<i>None.</i>
FP132 (GIZ Georgia)	<i>None.</i>
FP133 (DOE_ATG Antigua and Barbuda)	<i>None.</i>
FP134 (FAO Colombia)	<p><i>Relevant Board conditions</i></p> <p><u>Inclusion of the following covenants in the FAA:</u></p> <p>(a) The accredited entity shall require under the RBP Transfer Agreement and monitor that:</p> <p>(i) The host country will reduce emissions from deforestation in a way that reverts 3,174,672.3 tCO₂e surplus emissions generated in the period covering years 2013 to 2017 inclusive, and demonstrates reductions of up to 20 Mio tCO₂e up until the end of the implementation period of the funded activity, in order to avoid compromising REDD+ RBP commitments or agreements in Colombia. The reverted volume will be discounted from the baseline of potential GCF REDD+ results-based payments in subsequent periods; and</p> <p>(ii) The host country will enhance the environmental integrity of results, including through increasing future accuracy of results and more ambitious measures included in the FREL and the updated NDC to be submitted to the UNFCCC, while operationalizing the RENARE as a functional, transparent and comprehensive registry system that incorporates accounting at different scales, including private sector initiatives.</p> <p>(b) The accredited entity shall report on and demonstrate progress in the implementation of the abovementioned conditions under the APRs.</p> <p><u>Satisfaction of the following condition prior to disbursement under the FAA:</u></p> <p>(c) Prior to the disbursement under the FAA, the accredited entity shall provide, in form and substance satisfactory to the GCF Secretariat, a definition of the condition above in (a)(i) “in order to avoid compromising its REDD+ RBP commitments or agreements”. This definition and implications for emission reductions shall have been made in agreement with the respective partners of such commitments or agreements within the first quarter of 2021.</p> <p><i>Relevant independent TAP conditions</i></p> <p><u>Inclusion of the following covenants in the FAA:</u></p> <p>The accredited entity shall:</p> <p>(a) Require the Host Country under the RBP Transfer Agreement to increase its ambition in reducing emissions from deforestation during the implementation period of the project, in such a manner that at least reverts</p>

	<p>the emission surplus generated in the period covering years 2013 to 2017 inclusive (i.e. 3,174,672.3 tCO₂eq), as reflected in the independent TAP assessment report in relation to the Funding Proposal, and monitor the Host Country's compliance thereto; and</p> <p>(b) Report in the APRs to be submitted to the Fund on the actions taken and progress by the Host Country in increasing its ambition to reduce emissions from deforestation in accordance with (a) above, including how the actions are reflected in the corresponding national registry.</p>
FP135 (AFD EBAIO)	<i>None.</i>
FP136 (World Bank Ethiopia)	<i>None.</i>
FP137 (UNDP Ghana)	<p><i>Relevant independent TAP conditions</i></p> <p>Prior to the second disbursement in respect of the project, the accredited entity shall submit to the Secretariat a sustainability report, in a form and substance satisfactory to the Secretariat, which contains:</p> <p>(a) The financial sources and agreements to fund the CREMA (Community resource management area) funds during and after project completion;</p> <p>(b) Details of agreements of the Forestry Commission of Ghana with the private sector to use their committed resources and to provide further support to sustain the shea landscapes after project completion; and</p> <p>(c) An economic analysis of the opportunities to sustain both income generation by communities compared with accurate costs for maintaining shea plantations, modified taungya system plantations and savannah forests/woodlands to maintain sustainable productive landscapes in order to ensure that communities receive sufficient income to cover the costs plus additional profits to support better livelihoods. The analysis should propose financial options to ensure the sustainability of the project interventions after project completion. This analysis should be done in a participatory manner with communities to ensure a bottom up approach.</p>
FP138 (BOAD Senegal)	<i>None.</i>
FP139 (UNDP Sudan)	<p><i>Relevant Board conditions</i></p> <p><u>Inclusion of the following covenants in the FAA:</u></p> <p>The accredited entity shall:</p> <p>(a) provide to the Fund, together with the Inception Report, a recent updated comprehensive conflict situation analysis which shall include a community-level governance review to assess the different interest groups, community-level resource control, decision-making, and traditional conflict management and resolution mechanisms, in a form and substance satisfactory to the GCF Secretariat;</p> <p>(b) provide to the Fund, together with the Independent Interim Evaluation Report, in a form and substance satisfactory to the GCF Secretariat, a review of the modalities put in place in respect of (i) the operation and maintenance of the water infrastructure constructed or rehabilitated under Sub-Activities 2.1.3, 2.2.3, 2.3.2 and 2.3.3 of the Project; and (ii) the national and state level coordination and governance arrangements for the Project.</p>

<p>FP140 (EBRD High Impact)</p>	<p><i>Relevant Board conditions</i></p> <p>(a) The Accredited Entity shall, following requests by the GCF and at the GCF's cost, provide to the GCF two additional evaluations with focus on verifying the greenhouse gas emissions reduction results in relation to each sub-project under component 2 of the Funded Activity. Such evaluations shall be carried out by an independent entity during the Funded Activity's lifetime, and will be conducted at or around the end of year 7 and year 9 from the effectiveness of the FAA, and their results shall be made available to the GCF upon their completion. The Terms of Reference for such evaluations shall be mutually agreed between the GCF Secretariat and the EBRD, and made available to the Board upon request.</p> <p>(b) Satisfaction to the GCF Secretariat of the following condition prior to the Accredited Entity submitting the first request for disbursement of GCF Proceeds for financing sub-projects under the Programme:</p> <p>(i) Prior to submitting the first request for disbursement of GCF Proceeds for financing sub-projects under the Programme, the Accredited Entity shall deliver to the GCF an updated Stakeholder Engagement Plan, as part of its Programme management, to reflect the additional engagement that will take place periodically with the National Designated Authority and the national and local partners in each host country.</p> <p>(c) Each APR shall include details of the engagement referred to para (b) (i) above.</p> <p><i>Relevant independent TAP condition</i></p> <p><u>Inclusion of the following covenant in the FAA:</u></p> <p>(a) The accredited entity shall include in the performance reports provided to the GCF, an assessment of MWs installed and MWhs consumed, Terajoules saved and GHG emission reductions achieved by each sub-project of the Programme, which are measured and monitored by the accredited entity in accordance with its policies and procedures, subject to laws and regulations.</p> <p><i>Relevant Secretariat condition</i></p> <p><u>Condition prior to the signing of the FAA:</u></p> <p>(a) Inclusion in the FAA of provisions dealing with matters relating to (i) environmental and social safeguards requirements (including disclosure of environmental and social safeguards documentation for category B sub-projects and relevant provisions in relation to land rights, to the extent deemed applicable to the Funded Activity), and (ii) gender requirements and representation, to the satisfaction of the GCF Secretariat and the Accredited Entity.</p>
<p>SAP014 (FAO Armenia)</p>	<p><i>None.</i></p>
<p>SAP015 (FAO Cote d'Ivoire)</p>	<p><i>Relevant independent TAP conditions</i></p> <p>Prior to the second disbursement of the project, the accredited entity shall submit to the Secretariat a report, in a form and substance satisfactory to the Secretariat, that contains:</p>

	<p>(a) A sustainability plan including the details of the agreements reached with the cocoa private sector companies and the Micro-financial Institutions willing to support the project; and</p> <p>(b) A detailed plan on the way that the project activities will complement those of PAMOFOR (Projet d'Amélioration et de Mise en Œuvre de la Politique Foncière Rurale de Côte d'Ivoire), which is developing systems for land titling in the host country.</p>
SAP016 (FDB Fiji)	<i>None.</i>

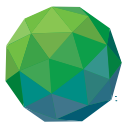
2. In addition, it is recommended that, for all approved funding proposals, disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.

3. It is also recommended that the accredited entity implements the following recommendations during the implementation of the relevant project or programme.

Table 3. Project-specific recommendations

FP number	Recommendations
FP129 (UNDP Afghanistan)	<i>None.</i>
FP130 (UNDP Indonesia)	The independent TAP further recommends that Indonesia strengthen its quality assurance/quality control procedures in order to avoid errors in the calculations of the FREL and the results in the future. Additionally, certain areas for future improvement were already identified during the technical assessment, and the revision of the BUR technical annex by the AT and LULUCF experts needs to be addressed.
FP131 (IUCN Nepal)	The independent TAP recommends that the accredited entity engage upfront with the policy-making groups for advocacy so that necessary policy and legal gaps may be addressed towards creating institutional enabling conditions to sustain the RBO (River Basin Organization) and EbA (Ecosystem-based Adaptation) in Nepal.
FP132 (GIZ Georgia)	<p>The independent TAP recommends that the GCF Secretariat include in the FAA a request for the following information in the annual performance report to be submitted by the AE to the Secretariat:</p> <p>(a) Report of the lessons learned by the key stakeholders who will be involved in and/or carry out all the activities in this project implementation. Such lessons, when documented, will ensure that useful lessons are applied during the replication of the success of this project in other forest areas not covered by this intervention in Georgia and beyond; and</p> <p>(b) The GHG emission reductions achieved throughout the duration of the project lifetime. This emission reduction reporting should cover:</p> <p>(i) Project parameters monitored by name, value and confidence interval;</p> <p>(ii) Emission reduction calculation methodologies utilized;</p> <p>(iii) The procedure used to develop the database; and</p>

	(iv) The quality assurance/quality control methods used in preparing and reporting the data and the emission reduction calculations.
FP133 (DOE_ATG Antigua and Barbuda)	<i>None.</i>
FP134 (FAO Colombia)	<i>None.</i>
FP135 (AFD EBAIO)	To increase the programme's focus on the most vulnerable groups, the independent TAP recommends that the distribution of funds for EbA between participating countries is reviewed, taking into account the economic development and financial capacity of each country.
FP136 (World Bank Ethiopia)	<i>None.</i>
FP137 (UNDP Ghana)	<i>None.</i>
FP138 (BOAD Senegal)	<p>The independent TAP recommends that the Secretariat include in the funded activity agreement with the AE the requirement:</p> <ul style="list-style-type: none"> (a) For the AE to report to the GCF in the annual performance reports (APRs) on the lessons learned by the key stakeholders who will be involved and/or carry out all project activities, in order to ensure that the lessons learned can be applied during the implementation of this project as well as in any subsequent replication of the project in Senegal or outside Senegal; (b) For the AE to report annually to the GCF on the GHG emission reductions (ER) achieved by the operating project covering the duration of the project lifetime. This ER reporting should cover: <ul style="list-style-type: none"> (i) Project parameters monitored by name, value and confidence interval; (ii) ER calculation methodologies utilized; (iii) The procedures used to achieve the database; and (iv) The quality assurance/quality control methods used in preparing and reporting the data and the emission reduction calculations.
FP139 (UNDP Sudan)	<p>The independent TAP recommends the following actions:</p> <ul style="list-style-type: none"> (a) That the AE create opportunities through the awareness-raising programme on adaptation regarding sanitation and hygiene, and that it also creates opportunities to finance the improvement of sanitation infrastructure through the locally operated micro-finance services. This will increase the probability of improving the health and quality of life of the project target groups including women and children; (b) That the project ensures women are included in decision-making positions on local-level project management committees so that the sanitation-related agenda is prioritized along with the supply of drinking water; and (c) That the AE include measures to prohibit the promotion of genetically modified organisms while promoting drought-tolerant seed varieties, and that the AE include such prohibitive measures in the environment and social protection plan of the project.



FP140 (EBRD High Impact)	<i>None.</i>
SAP014 (FAO Armenia)	<i>None.</i>
SAP015 (FAO Cote d'Ivoire)	<i>None.</i>
SAP016 (FDB Fiji)	<p>The independent TAP recommends that the GCF Secretariat include in the funded activity agreement with the AE the requirement:</p> <ul style="list-style-type: none">(a) For the AE to report to the GCF in the annual performance reports (APRs) on the lessons learned by the key stakeholders who will be involved in and/or carry out all project activities, in order to ensure that the lessons learned can be applied during the implementation of this project as well as in any subsequent replication of the project in Ovaulu, in other parts of Fiji or outside of Fiji;(b) For the AE to report annually to the GCF on the GHG emission reductions achieved during the project's lifetime. This emission reduction reporting should cover:<ul style="list-style-type: none">(i) Project parameters monitored by name, value and confidence interval;(ii) Emission reduction calculation methodologies utilized;(iii) The procedure used to develop the database; and(iv) The quality assurance/quality control methods used in preparing and reporting the data and the emission reduction calculations.

Annex II: Accreditation assessment of applicant 099 (APL099)

I. Introduction

1. Applicant 099 (APL099), La Banque Agricole (LBA) (formerly, Caisse Nationale de Crédit Agricole du Sénégal (CNCAS)), is a direct access, private sector entity based in Senegal. The applicant specializes in the financing of agricultural value chains with the aim of promoting activities in rural areas of Senegal and improving economic, social and environmental development and sustainability. The applicant promotes responsible and sustainable investments, resulting in an increased number of projects to upgrade agricultural infrastructures with increased resource efficiency and greater adoption of clean and environmentally sound technologies. In order to contribute to the priority sectors of Senegal's economy, the applicant provides investments in the areas of clean energy, energy generation and access, agricultural practices, infrastructure modernization, waste management and resource efficiency, clean technologies and adaptation to climate change.

2. The applicant submitted its application for accreditation to the Secretariat via the online accreditation system on 5 June 2018. Accreditation fees were received from the applicant on 28 January 2019, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 7 February 2020 and the applicant 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 GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Senegal;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** small;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for on-lending and/or blending (for loans); and
- (e) **Maximum environmental and social risk category:** minimal to no risk (intermediation 3 (I-3)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied and was assessed by the Secretariat during Stage I under the normal track accreditation process in accordance with the GCF policies and standards below:

- (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);

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

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

- (b) “Guidelines for the operationalization of the fit-for-purpose accreditation approach” (decision B.08/02);
- (c) “Interim Policy on Prohibited Practices” (Exhibit A of the accreditation master agreement considered in decision B.12/31);
- (d) “Policy on Prohibited Practices” (decision B.22/19);
- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10);
- (h) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (i) “Gender Policy and Action Plan” (decision B.09/11); and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

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 (formerly, CNCAS) was established as a public limited company under the Dakar Trade and Personal Property Credit Register (Ref. SN-DKR84/B/130).

5. As part of the implementation of the applicant’s strategic plan titled “Synergie 2022”, the applicant has changed its corporate name, logo and signature to La Banque Agricole to better reflect and reaffirm its commitment to contributing to the sustainable growth of Senegal’s economy, particularly through the growth of its operations in the agriculture sector and climate finance. The applicant’s change of name was certified under the Dakar Trade and Personal Property Credit Register on 11 September 2019 (Ref. No. 2712/2019). The applicant has confirmed that the change of its name does not affect its policies, operational procedures and internal organizational structure and capacities compared with those in effect under CNCAS. As part of the Stage III legal arrangements, should the Board accredit the applicant, the Secretariat will seek a legal opinion to confirm the statement provided by the applicant and any other relevant matters, such as its independent legal status prior to signing the accreditation master agreement.

2.2 Institutional presence and relevant networks

6. The applicant, with over 300 employees and 38 local offices and agencies, has a broad national network to fulfil its mission of financing and improving the rural economy in Senegal. The applicant has developed partnerships with various stakeholders (e.g. governments, local enterprises, non-governmental organizations and international financial institutions) to diversify its sources of funds and investments.

7. The applicant is strongly committed to the realization of the nationally determined contributions of Senegal. In order to assist the country to achieve its objective of reducing national greenhouse gas emissions by 21 per cent and reducing the vulnerability of Senegal’s economy, which is heavily reliant on agriculture and fisheries, the applicant aims to actively participate in projects covering adaptation, mitigation and cross-cutting areas with a focus on agriculture, land-use management, conservation of natural resources, and fisheries.

8. In order to advance the objectives of GCF, the applicant intends to leverage GCF finance to undertake the following activities:
- (a) Developing, constructing, operating and maintaining, for a period of 25 years, an independent kinetic power plant of 5-megawatt capacity. The project will facilitate the transfer of new technology to Senegal, which could contribute to the improvement of the energy mix and increase the share of renewable energies in electricity generation;
 - (b) Installing a solar energy supply solution for the Guédé Chantier pumping station to enable full solarization of two of the four existing pumps using a photovoltaic pumping system to achieve a significant decrease in the cost of energy based on actual average consumption;
 - (c) Partially renewing a fleet of trucks to mitigate carbon dioxide emissions, reduce pollution and the risk of accidents, and increase energy efficiency;
 - (d) A project to transition from diesel pumps to solar pumping equipment for agricultural irrigation: the applicant aims to scale-up an existing pilot project under implementation in the Niayes Arrondissement to other areas in Senegal in order to address the needs expressed by farmers and contribute to greenhouse gas emissions reductions;
 - (e) Promoting young women- and women-owned start-up companies in the climate change resilient space by funding innovative technologies in the production and processing of agricultural and forestry products; and
 - (f) Scaling-up the applicant's biodigester installation programme in rural zones with funding from small- and medium-sized enterprises specializing in the production of domestic gas for cooking and lighting, as well as the production of organic fertilizers marketed by producers.
9. In addition, the applicant plans to stimulate additional adaptation initiatives by utilizing GCF resources and sharing its experience in the agriculture and forestry fields (particularly in adaptative technologies in the process of products, such as the use of improved seeds), with its stakeholders. It also plans to develop a partnership with other GCF accredited entities and implement an action plan focused on achieving Senegal's climate change objectives using GCF resources with the support of the Ministry of Environment and Sustainable Development of Senegal.

2.3 Track record

10. The applicant is strongly committed to responsible and sustainable investments. It promotes clean energy investments that are applicable to the agriculture sector and supports innovative projects that have a transformative impact across the entire value chain, from land management to processing and marketing of agricultural products.
11. The applicant's track record in financing sustainable development to date includes implementing – in line with its environmental and social management system and sustainable governance objectives – the following projects:
- (a) USD 31.17 million (loans) for the Textile Fibres Development Corporation (La SA SODEFITEX) for a cotton farming project in Senegal;
 - (b) USD 13.1 million (loans) for an agricultural project by La SA SODEFITEX in Senegal;
 - (c) USD 8.6 million (loans) for the SEDAB Limited Liability Company for a fertilizer marketing project in Senegal; and

- (d) USD 6.9 million (loans) for an agricultural project in Senegal as part of the implementation of the Banque Ouest Africaine du Développement (West African Development Bank) special programme for food security in the West African subregion.

III. Stage II accreditation review assessment

12. The applicant applied under the normal track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of GCF in accordance with the accreditation requirements set out in the GCF policies and standards identified in paragraph 3 above.

13. During and as an outcome of the Stage I assessment, the Secretariat recommended that the applicant consider applying for the medium E&S risk category (intermediation 2 (I-2))⁴, including minimal to no risk (I-3). Following further discussion between the applicant and the AP during Stage II (Step 1), the applicant decided to apply for the medium risk category. As such, the Stage II (Step 1) AP review was conducted against the medium risk category (I-2).

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

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

15. LBA is a limited company licensed to operate as a bank in Senegal. It is regulated by the Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest (BCEAO)) and is fully compliant with BCEAO and the West African Monetary Union (WAMU) banking rules and regulations. Prior to September 2019, the applicant was known as CNCAS. As indicated in section 2.1 above, the name of the applicant was changed to LBA to better reflect the nature of its business. As such, the change was for branding purposes and the applicant has stated that all the policies and procedures that applied to CNCAS apply equally to LBA following the name change.

16. While LBA is majority-owned by State-controlled entities, it is managed as a private company. Shareholders include the State of Senegal, BCEAO, Banque Ouest Africaine du Développement (the West African Development Bank) and the Agence Française de Développement. LBA has 11 directors on its board, including a chairperson. Most directors are representatives of the shareholders, but there are currently two non-shareholder directors. Both the Senegalese Minister of Economy and Minister of Agriculture are board directors. Under new BCEAO regulations, one third of the directors must be independent. LBA is currently recruiting new independent directors to ensure compliance with this regulation by June 2020, when the number of board directors will be increased to 12, with 4 of them being independent. Directors serve for a three-year term and receive a modest fee for each meeting they attend.

17. There are three sub-committees of the LBA board: audit; risk and portfolio supervision; and organization and human resources. Each sub-committee has a minimum of three members, including at least one independent member with specific knowledge of the respective discipline. The applicant is managed by a team headed by a General Manager who is appointed by the

⁴ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), 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".

board. There are four key management committees covering internal audit; compliance, control and risk; quality control; and strategy. There is also an ethics committee, established in July 2018 with four members, which reports to the General Manager and is operationally under the board audit committee.

18. LBA has provided a comprehensive 2018–2022 business plan outlining its mission to be the leader in agricultural value chains, as well as the chosen partner of the State of Senegal in the structural transformation of the economy while providing excellent service to its customers and employees. The online information technology platform Synergie 2022 is used to record and facilitate implementation and progress of the various projects in the annual action plans resulting from the strategy, and to align them with associated budgets. The platform allows deliverables to be shared with staff and is used to generate weekly reports for departmental managers and semi-annual and annual reports for senior management and the board. The applicant’s management produces a pre-established schedule of steering committee meetings to implement, monitor and evaluate departmental objectives and targets.

19. The applicant’s financial accounts and annual reports are prepared in accordance with the accounting rules of the Organisation pour l’Harmonisation en Afrique du Droit des Affaires (Organization for the Harmonization of Business Law in Africa (OHADA)) as required within WAMU. The OHADA accounting rules are fully aligned with the International Financial Reporting Standards (IFRS). A financial report application called “SAP Business Object” is used to produce detailed financial management reports on a regular basis. The internal audit function is governed by a comprehensive charter in accordance with the WAMU Banking Commission’s rules on internal controls of credit institutions and consistent with the guidelines of the Institute of Internal Auditors. LBA’s audit committee is responsible for reviewing and monitoring the findings and recommendations of the internal auditors. Detailed internal audit plans have been provided by the applicant for 2016–2018 and demonstrate how progress on the implementation of recommendations is closely monitored.

20. Information on detailed procurement policies and procedures has been provided by the applicant, together with two sets of procurement documents which demonstrate an effective track record of applying adequate procurement processes. However, LBA does not currently have procedures to oversee and assess the procurement processes of executing entities.

21. The AP finds that the applicant’s policies, procedures and capacity, supported by evidence of its track record, partially meet the GCF basic fiduciary standards on key administrative and financial capacities. The relevant gap is identified in paragraph 20 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.1.2. **Basic fiduciary standards: transparency and accountability**

22. The applicant’s comprehensive code of conduct addresses conflicts of interest, disclosure procedures and protection of whistleblowers, fraud management and prohibited practices. The code of conduct is provided to all staff and contractors who work for and with the applicant and who are all required to sign a certificate confirming that they will adhere to the code. As such, LBA is an organisation with a culture conducive to high ethical standards. There have been no breaches of the code in the past three years and only one previous minor case of conflicts of interest involving family members working in the same area, which was resolved when the persons involved resigned.

23. LBA has sound policies and procedures for detecting possible fraud, and the applicant’s management has committed to upholding the GCF Policy on Prohibited Practices.⁵ The applicant has not been able to demonstrate a track record of managing investigations because, as mentioned in paragraph 22 above, there have been no breaches of its code of conduct or

⁵ Decision B.22/19 and annex XIV thereto.

reported cases of fraud to investigate. However, the applicant has provided information on the detailed procedures for handling investigations of possible fraud and malpractice. Possible incidences of fraud can be reported via various dedicated means, including on the applicant's website. This sets in motion a process where the management rules, steps, risks, controls, key documents and players are identified at the outset. A preliminary investigation is then conducted, followed by interviews and an in-depth analysis of the facts and findings. The investigation function is headed by the Director of Audit and Inspection who reports to the General Manager and the audit sub-committee of the board. As a result of the GCF accreditation process, the applicant's information technology department is in the process of publishing the terms of the applicant's investigations process on the LBA website.

24. The applicant's policy on anti-money-laundering and countering the financing of terrorism (AML/CFT) meets the requirements of the GCF Policy on Prohibited Practices. Together with its associated "know-your-customer" (KYC) procedures, the applicant complies with local and international banking regulations in this area. The applicant provided copies of electronic fund transfers that demonstrated the fully functional monitoring system for fund transfers.

25. LBA has a successful track record of working as a financial intermediary with three international development agencies: the West African Development Bank, the Arab Bank for Economic Development in Africa and Agence Française de Développement.

26. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses,⁶ the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.⁷

3.1.3. **Specialized fiduciary standard for project management**

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

3.1.4. **Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

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

3.1.5. **Specialized fiduciary standard for on-lending and/or blending (for loans)**

29. LBA is licensed in Senegal to provide on-lending as part of its activities as a financial institution. As mentioned in paragraph 25 above, LBA has a successful track record of channelling on-lending funds from international development agencies to end beneficiaries, primarily for agricultural and energy efficiency projects in Senegal. LBA has provided information on its policies and procedures for financial management and on-lending, including its sustainable and responsible investment policy and credit instruction procedures. The examples of on-lending due diligence provided by the applicant demonstrate its effective credit assessment and processes.

30. LBA reviews the credit portfolios of intermediaries and develops refinancing relationships in accordance with its credit risk assessment procedures. LBA also analyses the financial statements of intermediaries and reviews the nature and volume of credits provided by the intermediary. However, LBA does not currently have formal procedures for evaluating the loan portfolios of executing entities, but is willing to establish a framework for such evaluations for GCF-funded projects/programmes.

⁶ Decision B.21/25 and annex II thereto.

⁷ Decision B.18/10 and annex XIV thereto.

31. The applicant has provided its investment management policy, which has been reviewed by the AP. However, the applicant is not regularly active in investing in market securities. When it does, it only invests in fixed-income securities that can be refinanced with the Central Bank of West Africa. As such, the applicant's investment management policy is conservative and low risk. Risk assessment and management are part of the applicant's overall control framework. The risk management policy has been provided by the applicant and reviewed by the AP together with the applicant's risk management strategies for recent years.

32. Evidence has been provided of the monitoring and evaluation function of projects supported by the applicant's on-lending programmes. The reports indicate the final beneficiaries of the funds provided. The on-lending programmes are well supported by sound asset liability management policies. The applicant has an effective and well-functioning asset liability committee and minutes of a recent committee meeting have been provided. The committee will meet at the end of June 2020 to review the half-year results. The applicant also provided details of the adequate segregation of duties of the treasury function from lending and operations.

33. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the GCF specialized fiduciary standard for on-lending and/or blending for loans. The relevant gap is identified in paragraph 30 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2 Environmental and social safeguards

3.2.1. Environmental and social policy

34. The applicant's "Environmental and Social Management System Environmental and Social Policy Note" (ESMS/E&S Policy Note) of 2018, was updated in May 2020. It outlines the applicant's commitment to sustainable development and related principles. The focus of the ESMS/E&S Policy Note is on complying with national and international requirements, applying International Finance Corporation (IFC) Performance Standards 1 to 8 (PS 1–8), analysing E&S risks in all credit operations and within all partnerships, and preventing or minimizing negative E&S impacts. The ESMS/E&S Policy Note describes the roles, responsibilities and procedures. The applicant also provided a copy of some related policies (e.g. the sustainable and responsible investment policy of 2018). All staff have been informed about the ESMS/E&S Policy Note, which is available on the applicant's website.

35. The AP finds that the applicant's ESMS/E&S Policy Note, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy⁸ and GCF interim environmental and social safeguards (ESS) standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.2. Identification of E&S risks and impacts

36. The ESMS/E&S Policy Note provides an exclusion list similar to that of IFC; a proposal will be rejected if it includes activities listed on the exclusion list. Allowable projects then undergo an E&S screening procedure. The risks under each performance standard are assessed and assigned a score. All risk scores and the scale and nature of the proposed activity are considered when classifying a project from I-1⁹ (high risk/activities that are likely to have significant adverse E&S effects) to I-3 (low risk or activities with little to no negative E&S

⁸ Decision B.19/06 and annex X thereto.

⁹ As per annex I to decision B.07/02, intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

impacts). The ESMS/E&S Policy Note contains the E&S screening form. Project officers complete the intranet version of the screening form, which records the screening results. The project category is then reviewed by the Environmental Unit. The applicant provided two I-2 project examples of applying its screening and categorization framework (namely, a project on the production of organic bananas funded through a loan using a line of credit from Agence Française de Développement, and a solar pump energy project).

37. The AP finds that the applicant's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.3. Management programme

38. The ESMS/E&S Policy Note describes the institutional process for E&S management and provides a flow chart showing all the steps, stages and decision points. The stages include initial review (as described in section 3.2.2 above), due diligence, credit decision, disbursement and monitoring. The due diligence on projects/programmes categorized as I-3 entails checking whether the activity/client includes activities listed on the exclusion list and whether the client complies with the applicant's E&S requirements. The due diligence on projects/programmes categorized as I-2 also entails an in-depth analysis, including a site visit by the applicant's E&S staff and a comprehensive desk review (e.g. a review of the client's environmental and social impact assessment, E&S performance, stakeholder engagement and labour practices). External experts can be hired to support the E&S due diligence in the case of higher-risk projects. The recommendations and environmental and social action plan (ESAP) are documented on the E&S screening form and shared with management and stakeholders.

39. The applicant's decision-making body (Credit Committee) considers the E&S findings when making the funding decision. All loan contracts include generic E&S provisions to ensure compliance with the exclusion list and national laws. The Environmental Unit and the legal officer ensure that E&S conditions and the ESAP (where relevant) are annexed to the loan contract. The ESMS/E&S Policy Note provides a template to develop an ESAP. The applicant provided two sample ESAP reports (e.g., for a project on the production of organic bananas and solar pump project).

40. The ESMS/E&S Policy Note was updated in 2020 to provide more detailed tools and procedures to cover the IFC PS 1–8, the GCF Environmental and Social Policy and the GCF interim ESS standards. For instance, the ESMS/E&S Policy Note now explicitly requires the applicant to assess cumulative impacts and the impacts of associated facilities and use a mitigation hierarchy to manage negative impacts. This represents a gap and the applicant will need to demonstrate a track record of applying the updated tools and procedures of the updated ESMS/E&S Policy Note.

41. The AP finds that the applicant's environmental management programme fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8. However, the applicant needs to demonstrate a track record of implementing the updated tools and procedures. The relevant gap is identified in paragraph 40 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2.4. Monitoring and review

42. The E&S monitoring objectives include assessing the E&S impacts of projects/programmes, assessing the client's progress in, and compliance with, the ESAP, and identifying and reporting on changes that could lead to new impacts. The ESMS/E&S Policy Note provides the related tools (e.g. performance indicators) and templates (e.g. a template to

monitor E&S performance covering IFC PS 1–8 and a template to report on ESAP implementation).

43. E&S issues are monitored by the applicant’s project staff and E&S staff on an annual basis (or according to the frequency stipulated in the loan contract). The E&S staff manage and follow up on the monitoring process. An external consultant or the local national agency may assist with E&S monitoring in the case of higher-risk projects. Various types of reports are prepared, including an annual report on the performance of the ESMS/E&S Policy Note, an annual E&S performance monitoring report and accident reports. The three types of E&S reports document lessons learned.

44. The applicant provided two sample E&S monitoring reports on the implementation of the ESAP for a project on the production of organic bananas and one E&S monitoring report for a solar pump project (two E&S risk category I-2 projects). The applicant provided a recent example of an external review on the implementation of the ESAP showing lessons learned from a project financed by Agence Française de Développement.

45. The AP finds that the applicant’s system of monitoring and review, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.5. External communications, consultations, information disclosure and grievance redress mechanism at the institutional level

46. The applicant provided its general complaints management procedure. The ESMS/E&S Policy Note contains the E&S complaints mechanism: “Mechanism for handling complaints and grievances related to Bank financing”. The E&S complaints mechanism provides the timelines for processing inquiries and complaints. The applicant’s code of conduct and E&S complaints mechanism provide whistleblower protection, including protection from retaliation and provisions for preserving confidentiality.

47. All inquiries and complaints received by physical or electronic mail are sent to the General Manager, who then forwards the matter to the Audit and Inspection Division (DAI). DAI maintains the inquiry/complaints register. Both DAI and the Compliance and Control Division (DCCP) respond to a complaint. The investigators within DAI and DCCP operate and act independently, and separately from project/programme operations. If there is a serious E&S issue, the project officer may need to investigate the matter further and discuss with the client whether to implement a corrective action plan. Where needed, the applicant can also contract an independent expert to resolve a complicated matter. The applicant provided the curriculum vitae of the five officers from DAI and DCCP who manage the E&S complaints mechanism.

48. The E&S complaints mechanism applies to all partners, including financial intermediaries, and requires the establishment of a project-level complaints mechanism. Complainants are in general encouraged to resolve issues at the project level; if a grievance cannot be resolved at the project level, it can be submitted to the applicant’s entity-level channel. The applicant indicated that in line with its ESMS/E&S Policy Note, it builds the capacity of its clients to establish an independent, project-level complaints mechanism, where needed.

49. The applicant provided a register of complaints for 2017 to 2019. The register shows the date of receipt of the complaint, the name of the complainant, the issue raised, the date of transmission to the General Manager and the decision/resolution. To date, the applicant has not received any E&S project-level complaints on its external communications channel.

50. The principles of the applicant’s communications policy are in line with best practices for information disclosure (e.g. the need for clarity, transparency, comprehensiveness,

relevance, timeliness and interaction). The communications channels include the applicant's website, social networks, reports, seminars, public information displays and press releases. The ESMS/E&S Policy Note commits the applicant and its executing entities to establishing and implementing a stakeholder engagement plan based on IFC PS 1–8. The updated ESMS/E&S Policy Note contains a revised information disclosure policy in line with the requirements of the GCF Information Disclosure Policy¹⁰ for category I-2 projects/programmes. This represents a gap in track record and the applicant will need to demonstrate implementation of the revised information disclosure policy when it submits its first GCF project/programme.

51. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism at the institutional level, supported by evidence of its track record, partially meets the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8. The gap related to track record is identified in paragraph 50 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2.6. Organizational capacity and competency

52. The applicant provided its organizational chart, showing the reporting lines for E&S-related matters. The ESMS/E&S Policy Note summarizes the E&S responsibilities over the loan cycle (e.g. from initial review to disbursement). In brief, the applicant's executive board and/or senior management ensure the availability of E&S human and financial resources. The Inspection and Audit Department ensures compliance with policies, while the Compliance and Control Division ensures compliance with operational procedures.

53. The Management Control, Studies and Strategy Department implements, monitors and continuously improves the ESMS/E&S Policy Note. Specifically, the Head of the Department assesses E&S impacts; reviews E&S documents; determines E&S loan clauses; conducts site visits on higher-risk projects; compiles data for the E&S reports; provides or coordinates E&S training; and supports other departments to conduct E&S tasks. The E&S monitoring and evaluation officer monitors and ensures compliance with E&S requirements. The applicant provided the curriculum vitae of the Head of the Department and the curriculum vitae of the E&S monitoring and evaluation officer to demonstrate its E&S capacity.

54. The loan officer reviews the ESAP with the client, conducts E&S compliance field visits and ensures the integration of E&S considerations into credit procedures.

55. All staff receive general training on the ESMS/E&S Policy Note; some staff receive in-depth E&S training, based on their E&S role. The ESMS/E&S Policy Note contains the generic training plan. The applicant also provided its E&S training plan for 2020. The training plans list the targets of the training (e.g. the Audit Department or project officer) and the applicable training modules (e.g. E&S risk categorization and IFC PS 1–8). The applicant provided two training reports, with participant lists, to demonstrate E&S capacity development. The applicant confirmed that in line with its ESMS/E&S Policy Note, the capacity of its executing entities to implement E&S requirements will be appraised during the due diligence process related to potential projects/programmes seeking GCF financing, and strengthened, where needed.

56. The AP finds that the applicant's organizational capacity and competency, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

¹⁰ Decision B.12/35 and annex XXIX thereto.

3.3 Gender

57. The applicant provided its gender policy adopted in 2018. The policy principles include: reducing gender inequalities; establishing a chain of accountability; and allocating human and financial resources. The gender policy also includes a gender action plan. The strategy to implement the gender policy consists of three components:

- (a) Institutionalizing gender (e.g. conducting gender training; establishing a focal point system; conducting gender analysis; and integrating gender into policies, procedures, results, evaluations and reporting);
- (b) Mainstreaming gender at the decentralized level (e.g. supporting each branch to develop and monitor a gender action plan); and
- (c) Disseminating gender knowledge and good practices.

58. The applicant implements a non-discrimination policy by implementing the related provisions of its code of ethics, code of conduct and gender policy. The three documents highlight that staff must avoid all forms of discrimination based on gender. They also recommend prioritizing vulnerable people and indicate that salary and benefits are governed by job classification, merit and the applicant's salary scale.

59. The applicant provided the terms of reference and curriculum vitae of the gender consultant hired to develop its gender policy; the same gender expert continues to provide the applicant with gender expertise on an ad hoc basis. The interim gender focal point is the focal point for environment-and-climate-related matters, who coordinated the development of the gender policy. This represents a capacity gap and the applicant will need to strengthen its gender mainstreaming capacity by designating a permanent gender focal point, establishing a gender committee, and conducting gender training, as foreseen in its gender policy.

60. The applicant is reviewing existing gender resources and tools (e.g. GCF guidance on mainstreaming gender in GCF projects). The applicant will need to adapt and adopt gender tools and procedures to implement its gender policy and comply with the Updated GCF Gender Policy (e.g. gender screening tool; gender analysis/assessment guidelines). The applicant will also need to provide a dedicated budget line to implement its gender policy.

61. The applicant has financed projects with gender elements for 30 years. For instance, it provided financing to women's groups and young people in its Federation of Maize Producers project. Its Fédération des organisations productrices BIO (FOPROBIO) project supported equitable conditions for small and medium-sized producers of hibiscus, baobab, dates and moringa, with this work mainly implemented through a women's cooperative of producers and processors. Its Kuwait Fund for Economic Development project provided micro credits and small loans to women for agricultural processing, storage and marketing of food products (e.g. a woman's yoghurt business).

62. The AP finds that the applicant's gender policy, procedures and capacities partially meet the Updated GCF Gender Policy. The relevant capacity gap identified in paragraph 59 above and the tools and procedural gaps identified in paragraph 60 above are reflected by the corresponding conditions for accreditation in section 4.2.

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy and the specialized fiduciary standard for on-lending and/or blending for loans. As reflected in paragraphs 20 and 30 above, the applicant does not currently have procedures to oversee and assess the procurement processes of executing entities; and does not have formal procedures for evaluating the loan portfolios of executing entities. The related gaps are addressed in the corresponding conditions for accreditation in section 4.2;
- (b) The applicant partially meets the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk category I-2. The gaps related to the need to demonstrate a track record of applying the tools and procedures of the updated ESMS/E&S Policy Note are reflected in paragraphs 40 and 50 above and addressed in the corresponding conditions for accreditation in section 4.2; and
- (c) The applicant has demonstrated that it partially meets the requirements of the Updated GCF Gender Policy. The gaps relate to strengthening its gender mainstreaming capacity and to developing and applying gender tools and procedures and are reflected in paragraphs 59 and 60 above and addressed in the corresponding conditions for accreditation in section 4.2.

4.2 Recommendation on accreditation

64. The AP recommends, for consideration by the Board, applicant APL099 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** small (including micro¹¹);
- (ii) **Fiduciary functions:**
1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for on-lending and/or blending (for loans); and
- (iii) **Maximum environmental and social risk category:** medium risk (I-2) (including minimal to no risk (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 with the submission of the first funding proposal to GCF:
1. Provision of evidence by the applicant of the adoption of procedures to oversee and assess the procurement processes of executing entities and beneficiaries of GCF projects/programmes;

¹¹ As per annex I to decision B.08/02, “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme”.

2. Provision of evidence by the applicant of the adoption of procedures for evaluating the loan portfolios of executing entities for GCF projects/programmes;
3. Provision of evidence by the applicant of applying the updated tools and procedures of the updated ESMS/E&S Policy Note in the development of its first funding proposal submitted to GCF. Relevant evidence includes the environmental and social management framework or environmental and social management plan, showing E&S risk and impact identification, assessment and management, and E&S information disclosure;
4. Provision of evidence by the applicant that it has developed gender procedures and tools;
5. Provision of evidence by the applicant of applying the gender procedures and tools in the development of the first funding proposal submitted to GCF. Relevant evidence includes an adequate project-/programme-level gender action plan and associated budget; and
6. Provision of evidence by the applicant of building its gender mainstreaming capacity. Relevant evidence must include at least:
 - a. Designation of a gender focal point with gender expertise within the applicant's organization;
 - b. Establishment of a gender committee (e.g. adoption by senior management of the terms of references for the gender committee); and
 - c. Provision of a gender capacity development plan for the headquarter and branch-levels and evidence of the initiation of the implementation of the gender capacity development plan. Relevant evidence must include evidence from at least one gender training activity.

65. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 64 above, and agrees to the recommendation.

4.3 Remarks

66. The applicant may wish to seek, through a Readiness and Preparatory Support Programme proposal made by the national designated authority, support to address the accreditation conditions identified in paragraph 64(b)(ii)(4) to (6) above.

67. The applicant is already taking steps to meet the conditions identified in paragraph 64(b)(ii)(1) and (2) above.

Annex III: Accreditation assessment of applicant 101 (APL101)

I. Introduction

1. Applicant 101 (APL101), the United Nations Industrial Development Organization (UNIDO), is an international organization based in Austria. The applicant is a specialized agency of the United Nations that promotes and leads international efforts on industrial development for poverty reduction, inclusive globalization and environmental sustainability. With a mandate to promote and accelerate inclusive and sustainable industrial development in developing countries and economies in transition, the applicant has identified four programmatic fields, which include: creating shared prosperity for all; advancing economic competitiveness; safeguarding the environment; and strengthening knowledge and institutions. Each of these programmatic fields contains a number of individual programmes including, but not limited to, agribusiness and rural development, women and youth in productive activities, competitive trade capacities and corporate responsibility, resource-efficient and low-carbon industrial production, clean energy access for productive use, and implementation of multilateral environmental agreements.

2. The applicant submitted its application for accreditation to the Secretariat via the online accreditation system on 31 July 2015. Accreditation fees were received from the applicant on 17 August 2015, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 23 February 2020 and the applicant 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 GCF:

- (a) **Access modality:** international access;
- (b) **Track:** fast-track under the Global Environment Facility (GEF);
- (c) **Maximum size of an individual project or activity within a programme:** small;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (category B).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF 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 and in accordance with the GCF policies and standards below:

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

² Decision B.07/02.

³ As per annex I to 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”.

- (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) “Interim Policy on Prohibited Practices” (Exhibit A of the accreditation master agreement considered in decision B.12/31);
- (d) “Policy on Prohibited Practices” (decision B.22/19);
- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10);
- (h) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (i) “Gender Policy and Action Plan” (decision B.09/11); and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

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. UNIDO was established in 1966 by United Nations General Assembly resolution 2152 (XXI) and its constitution was adopted in 1979 at the United Nations Conference on the Establishment of the United Nations Industrial Development Organization as a Specialized Agency at its second session held in Vienna, Austria.

5. The constitution established UNIDO as a specialized agency of the United Nations with the objective of promoting and accelerating industrial development in developing countries and with the capacity to extend assistance to developing countries and assist them, at the request of the governments of those countries, in obtaining external financing for specific industrial projects.

2.2 Institutional presence and relevant networks

6. As an international organization, the applicant has 170 Member States and maintains a field network comprising 48 regional and country offices operating in all regions around the world. In addition, the applicant has created various platforms, centres, forums and networks in order to fulfil its mandate and mission to promote industrial development in developing countries and economies in transition. It has established partnerships with entities, national governments, United Nations agencies, civil society organizations and development banks to identify project concepts aligned with national priorities.

7. In order to advance the objectives of GCF, the applicant intends to maintain its field network to actively and proactively engage with national designated authorities and other stakeholders to identify and implement projects that are aligned with countries’ nationally determined contributions under the Paris Agreement. In addition, the applicant intends to contribute to GCF programming by supporting efficient and environmentally sustainable industrial resource utilization patterns. With regard to climate change mitigation, the applicant intends to implement programmes aimed at helping developing countries to increase the

competitiveness of their industries by reducing industrial energy intensity and to enhance the viability of their enterprises by increasing access to modern and renewable energy services. With regard to climate change adaptation, the applicant intends to build resilience in areas related to agro value chains and in various industrial sectors, thus benefiting not only the rural poor, but also the growing populations in urban and industrialized areas.

8. In addition, the applicant intends to generate projects by crowding in enterprise-level investments, utilizing GCF funding by partnering with private sector entities to stimulate private sector finance and ultimately leading to a paradigm shift towards low-emission and climate-resilient development. It intends to collaborate with GCF on addressing the need for innovative and transformative programmes and to bridge the gap between public and private finance, national development priorities and climate change commitments, and enterprise needs and private sector interests. It aims to unlock markets for climate technology innovation, low-emission transport and e-mobility, industrial energy efficiency, and urban–industrial symbiosis and infrastructure.

2.3 Track record

9. The applicant is accredited by the GEF with no accreditation conditions. Starting with the fourth replenishment of resources to the GEF Trust Fund (GEF-4) in 2006 and continuing into the GEF-7 replenishment period since 2018, the applicant has demonstrated its ability to manage projects across various focal areas, such as renewable energy, energy efficiency, water management, clean technology, climate resilience, sustainable cities and institutional capacity-building. The applicant has developed revolving funds and other financial mechanisms with third-party national and regional financial institutions in the context of its GEF projects. No reflows are usually expected from GEF grant-funded projects.

10. The applicant's track record in financing climate change-related projects to date includes the following:

- (a) USD 3.3 million (grants) for Integrated Solutions for Energy, Water, Food, and Ecosystem Security under Rapid Global Change at the global level;
- (b) USD 19.2 million (grants) for facilitating access to finance for low carbon and climate resilient projects and businesses across 27 countries in Africa, South East Asia and the Caribbean. This support is under a multi-donor trust fund, which, in 2019, raised USD 232 million in investment for Private Finance Advisory Network-supported projects and businesses;
- (c) USD 87.4 million (grants and – through local financial institutions – loans) for Improving Energy Efficiency and Promoting Renewable Energy in the Agro-Food and other Small and Medium Enterprises in Ukraine; and
- (d) USD 156 million (grants and – through public and private sector co-investment – loans and equity) for the Global Cleantech Innovation Programme for accelerating cleantech start-ups/entrepreneurs and assisting governments in building an enabling ecosystem for the commercialization of home-grown climate technology and resilience innovation in Cambodia, Indonesia, Kazakhstan, Moldova, Morocco, Nigeria, South Africa, Turkey, Ukraine and Uruguay.

2.4 Potential support for direct access entities

11. Over the past decades, UNIDO has developed a track record in capacity-building at the global, regional, national and subnational levels through its projects and programmes. The applicant engages and collaborates with developing country institutions and local service

providers to propagate best practices for industrial development. If accredited to GCF, the applicant aims to continue undertaking various capacity-building exercises and providing direct technical support to increase the capacity of enterprises, governments, environmental service providers, intergovernmental entities and other stakeholders in order to assist them to adopt holistic environmental management policies and standards and promote investments in more resource-efficient and cleaner patterns of production.

12. The applicant also intends to strengthen the capacity of potential subnational, national and regional direct access entities in their accreditation to GCF. Through its field offices, the Global Network of Regional Sustainable Energy Centres, the Climate Technology Centre and Network and the Global Network for Resource Efficient and Cleaner Production (RECPnet), the applicant intends to proactively partner with direct access entities to also assist in building their capacity for the design, development, submission and implementation of paradigm-shifting mitigation and adaptation projects and programmes.

13. Both accredited and applicant direct access entities would be provided with information on a vast range of climate technologies; offered opportunities for South-South knowledge transfer and peer learning from members of these networks; invited to participate in the applicant's climate-related events as well as policy and technical training courses that can be tailored to the specific country and recipient needs. As such, the applicant aims to establish its own special support programme with the objective of supporting various national and regional centres and RECPnet members, where nominated by their national designated authorities, in seeking GCF accreditation and becoming involved in project execution.

14. Furthermore, the applicant intends to utilize the expertise of the Private Financing Advisory Network to provide guidance to direct access entities in the areas of economic feasibility, project structure, investment and financing, and preparation of bankable projects. UNIDO would also closely work with national designated authorities to identify partners at the national and sub-national levels that may become candidates for accreditation as direct access entities.

III. Stage II accreditation review assessment

15. The applicant is eligible for, and applied under, the fast-track accreditation process as a GEF agency. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the accreditation standards of GCF and the gaps identified in decision B.08/03, and in accordance with the accreditation requirements set out in the GCF policies and standards identified in paragraph 3 above.

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

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

17. As per paragraph 15 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track accreditation.

3.1.2. Basic fiduciary standards: transparency and accountability

18. As per paragraph 15 above, the basic fiduciary standards concerning transparency and accountability, with the exception of items regarding prohibited practices and whistleblowers

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

19. The applicant's relevant policies, including its Code of Ethics, Fraud Prevention Policy and Conflict of Interest Policy, define prohibited practices in a manner that is consistent with the definitions of such practices contained in the GCF Policy on Prohibited Practices. However, AML/CFT is not explicitly defined as a prohibited practice in the applicant's policies; an explicit definition is required for full compliance with the GCF Policy on Prohibited Practices.

20. The applicant's Protection Against Retaliation for Reporting Misconduct or Cooperating with Audits or Investigations Policy (whistleblower policy) satisfies the requirements of the GCF Policy on the Protection of Whistleblowers and Witnesses. In addition to its whistleblower policy, the applicant provided its internal audit charter and its investigation guidelines which further ensure that the applicant's organizational policies and procedures comply with the requirements of the GCF Policy on the Protection of Whistleblowers and Witnesses.

21. The applicant's operations are not materially exposed to AML/CFT risks. Its operating environment is positively influenced by the recognized entities from which it receives funding, the due diligence procedures implemented to evaluate private sector partners, the control procedures implemented for the disbursement of funds and the independent oversight exercised by the applicant's Internal Audit Department.

22. The applicant has not adopted a specific AML/CFT policy; nevertheless, as indicated above, it has the required internal control and due diligence procedures, as well as the oversight exercised by independent audit units, that demonstrate its overall capacity to appropriately prevent the use of its operations for money-laundering or the financing of terrorism. Due to the absence of an AML/CFT-specific policy, the applicant would only partially comply with the requirements of the GCF AML/CFT Policy.⁴

23. The applicant could benefit from implementing a specific AML/CFT policy. However, considering:

- (a) The adequacy of the applicant's control procedures and oversight units;
- (b) The appropriate AML/CFT enhancements the applicant is implementing; and
- (c) The low AML/CFT risk environment in which it operates;

the AP concludes that the applicant can meet, in the absence of a specific AML/CFT policy, the GCF basic fiduciary standard concerning transparency and accountability pertaining to AML/CFT and the GCF AML/CFT Policy. The AP's conclusion is contingent upon the applicant's inclusion of AML/CFT-specific clauses and the definition of AML/CFT as a prohibited practice in the general conditions of the agreements it enters into with executing entities and third parties.

24. The applicant demonstrated that it exercises appropriate due diligence procedures when selecting project executing entities. The applicant's due diligence procedures are defined in its manual for the approval of private sector project partners and in its manual for the closing and management of project implementation arrangements with its partner organizations.

25. As per paragraph 15 above, the basic fiduciary standards concerning transparency and accountability are considered to have been met by way of fast-track accreditation. The AP finds that the applicant's policies, procedures and capacity meet the GCF Policy on the Protection of Whistleblowers and Witnesses,⁵ and partially meet the GCF Policy on Prohibited Practices⁶ and the GCF AML/CFT Policy. The relevant gaps are identified in paragraphs 19 and 23 above and are reflected by the corresponding conditions for accreditation in section 4.2.

⁴ Decision B.18/10 and annex XIV thereto.

⁵ Decision B.BM-2018/21 and annex I thereto.

⁶ Decision B.22/19 and annex XIV thereto.

3.1.3. Specialized fiduciary standard for project management

26. As per paragraph 15 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

3.1.4. Specialized fiduciary standard for grant award and/or funding allocation mechanisms

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

3.1.5. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and/or guarantees)

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

3.2 Environmental and social safeguards

3.2.1. Environmental and social policy

29. The applicant's environmental and social management system is incorporated in its Environmental and Social Safeguards Policies and Procedures (ESSPP), issued in January 2015 and last updated in July 2017. The ESSPP is a comprehensive document with well-articulated objectives and principles, based on the E&S safeguards requirements and policies of the GEF,⁷ the GCF Environmental and Social Policy and the GCF interim environmental and social safeguards (ESS) standards, as well as the United Nations Framework for Advancing Environmental and Social Sustainability in the United Nations System.⁸ The ESSPP is accessible to the applicant's staff and the general public both through the applicant's intranet and its external website. Responsibility for its implementation lies with the applicant's Partnerships Coordination Division, Department of Programme and Partnership Coordination under the Directorate of Programmes, Partnerships and Field Coordination.

30. The ESSPP (July 2017) applies to all UNIDO projects and, following the applicant's accreditation, will thus also apply to GCF projects. It states that the applicant is committed to promoting inclusive and sustainable industrial development to harness the full potential of industry's contribution to the achievement of sustainable development and lasting prosperity for all. In addition, the ESSPP sets out the applicant's belief that E&S sustainability is a fundamental aspect of achieving outcomes consistent with its mandate, and recognizes that projects that foster E&S sustainability rank among the highest priorities of the applicant's activities. The ESSPP includes a section on an Integrated Safeguard Policy Statement, which lays out the policy principles and describes the common objectives of the applicant's safeguards. The standards adopted in the ESSPP are consistent with the International Finance Corporation's environmental and social performance standards 1–8.

31. The AP finds that the applicant's environmental and social management system, comprising the ESSPP, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8.

3.2.2. Identification of E&S risks and impacts

32. The ESSPP describes the applicant's procedure for E&S risk and impact identification, including categorization of projects, and is consistent with good international industry practice

⁷ Available at <<https://www.thegef.org/documents/environmental-and-social-safeguard-standards>>.

⁸ Available at <<https://sustainabledevelopment.un.org/content/documents/2738sustainabilityfinalweb-.pdf>>.

and the GCF interim ESS standards. The applicant uses well-developed E&S risk screening templates and rigorous review processes to enable E&S issues to be carefully mainstreamed into project design and implementation. In particular, the section of the ESSPP on environmental and social safeguard tools provides the applicant's project development teams with the tools to screen projects for E&S risks. There are several layers of review within the Department of Programme and Partnership Coordination before final conclusions are reached. The outcome allows the applicant to both analyse risk and maximize E&S opportunities, depending on whether the project is classified as category A, B or C.

33. The AP reviewed the E&S assessment documents for category B and C projects implemented by the applicant comprising a tannery, a small hydropower, a bamboo plantation, a husk-fired power plant, and non-combustion facilities for polychlorinated biphenyls and persistent organic pollutants. All these projects underwent the E&S risk and impact identification and assessment procedure in line with the ESSPP.

34. The AP also reviewed the applicant's experience with an E&S risk category A project. The applicant submitted documents related to a project launched in 2015 that is still being implemented, titled "Mainstreaming Climate Change Adaptation through Water Resource Management in Leather Industrial Zone Development". The project has included the construction of a central effluent treatment plant; taking into consideration the potential significant impacts on the environment and affected peoples of such an intervention, the project has been classified as category A. Among other outputs, as a result of the E&S screening conducted, a full environmental and social impact assessment and environmental and social management plan were developed in line with the applicant's policies. The applicant should continue to document its E&S assessment experience with implementing category A projects, including newer projects that it will be developing in the future, so as to enable the applicant to apply for an upgrade at a later time.

35. The AP finds that the applicant's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1-8.

3.2.3. Management programme

36. The applicant's ESSPP includes sections on operational safeguards, which consist of a set of 10 programmatic and two framework safeguards requirements that the applicant's project development teams should follow when addressing E&S impacts and risks, and a section on the ESS steps that are part of the applicant's project cycle, which provides guidance on the specific procedures that the applicant's E&S team should follow to ensure that operations meet the requirements of the operational safeguards at each stage of the project cycle.

37. The management of mitigation measures is guided by the above-mentioned sections of the ESSPP and the applicant has provided reports and assessments from the projects referred to in paragraph 33 above and from the category A project cited in paragraph 34 above to illustrate this.

38. As observed in paragraphs 33 and 34 above, the AP was able to assess several category B projects and one category A project implemented by the applicant. The applicant, as evidenced through the project monitoring and assessment reports it has provided, has shown that it is able to manage the mitigation measures of such projects.

39. The AP finds that the applicant's management programme fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1-8.

3.2.4. Monitoring and review

40. The ESSPP describes the applicant's process related to its E&S monitoring and reporting system. Issues identified by the applicant during the environmental and social impact assessment or in the environmental and social management plan are managed and monitored during project implementation. Commitments are followed up in regular monitoring reports as part of annual project implementation reports and midterm reviews, and assessed within the context of terminal evaluations.
41. Monitoring and compliance functions to track projects and ensure compliance with the ESSPP and with agreed ESS mitigation measures are embedded within the context of the applicant's Department of Programme and Partnership Coordination.
42. The applicant provided E&S monitoring and assessment reports for the projects identified in paragraph 33 above. As observed in paragraphs 33 and 34 above, the AP was able to assess several category B projects and one category A project being implemented by the applicant. The applicant, as evidenced through the project monitoring and assessment reports it has provided, has shown that it is able to monitor and review E&S impacts and actions.
43. The AP finds that the applicant's system of monitoring and review fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8.

3.2.5. External communications; consultations, information disclosure and grievance redress mechanism at the institutional level

44. The applicant has a well-developed external communications system. Its website provides clear and updated information on its projects. It also has a web page dedicated to the submission of complaints, including for adverse E&S impacts of its projects, which provides a clear description of the complaints procedure.
45. The applicant has a well-developed Information Disclosure and Public Consultation Policy among its operational safeguards, which describes in detail the norms and procedures related to implementation of the policy, including free and prior informed consent and other best practices in stakeholder engagement. Of particular interest is the Open Data Platform developed by the applicant. It displays an interactive world map with detailed information on the applicant's programmes and projects.
46. The applicant has a well-developed grievance procedure. Complaints, including on E&S issues, are handled by a compliance officer, the Internal Oversight Division, or, if necessary, by the UNIDO grievance mechanism (which includes a grievance panel), which is the applicant's institutional-level grievance redress mechanism. There is, however, a gap in this system in that the applicant does not specifically require its executing entities to establish a grievance mechanism at the project level itself, but rather to promote and utilize the UNIDO mechanism.
47. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track record, partially meet the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8. The relevant gap is identified in paragraph 46 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2.6. Organizational capacity and competency

48. Implementation of the ESSPP is under the direct responsibility of the Director General of UNIDO, with the Directorate of Programmes, Partnerships and Field Coordination taking the lead in implementing ESSPP-related mandates and processes. Under the Directorate and within the Department of Programme and Partnership Coordination, the responsibility for compliance related tasks with the ESSPP lies with the Partnership Coordination Division.

49. The applicant also has several technical offices that work on E&S and climate projects, including the Climate Technology and Innovation Division, the Energy Systems and Infrastructure Division and the Energy Technologies and Industrial Applications Division in the Directorate of Environment and Energy.
50. The AP reviewed the organizational chart provided by the applicant and the curriculum vitae of the managers and staff performing ESS functions and finds these to be adequate. The applicant has also implemented several ESS training programmes for managers and staff, which are integrated into the applicant's human resources programme.
51. The AP finds that the applicant's organizational capacity and competency, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B projects/programmes with respect to GCF performance standards 1–8.

3.3 Gender

52. The applicant updated its Policy on Gender Equality and the Empowerment of Women in 2019. More recently, the applicant also adopted the Strategy for Gender Equality and the Empowerment of Women (2020–2023), as requested by its Member States. The policy outlines clear gender equality roles and responsibilities of all personnel, while the strategy elaborates on the applicant's approach to and implementation of gender equality and women's empowerment both through targeted actions following a unified theory of change, as well as through gender mainstreaming in all policies, projects, programmes and organizational practices. Both documents are intended to guide the applicant's work on gender equality, which is also guided by best practices in the United Nations system.
53. Among other things, the applicant seeks to identify and integrate the different needs, constraints, contributions and priorities of women and men into its project designs and implementation. Where possible, according to its gender strategy, the applicant will enhance the positive gender impacts of projects by developing mitigation measures to reduce any potential gender-specific and disproportionate adverse impacts on gender. It has adopted strategic objectives for the implementation of its gender policy, which in turn have led the applicant to identify additional objectives, develop tools (e.g. its Gender Analysis Tool, Gender Marker Guide and Gender Compliance and Marker Form) and establish mechanisms and procedures (for mainstreaming gender considerations, such as the gender review conducted by the applicant and incorporated in its project development and approval process) to implement its gender policy and strategy.
54. The applicant has an Office for Gender Equality and Empowerment of Women, which has a multi-annual budget. It also has several positions for gender experts at the headquarters, which are supported by the work of the applicant's Gender Focal Point Network, as well as Gender Experts at the project and national levels. In addition, training sessions to build gender capacity have been held by the applicant, including on the nexus of gender and energy.
55. The applicant provided evidence of its experience in incorporating gender into climate/environment projects, namely energy efficiency projects in Africa and a tannery project in Asia, where gender issues and mainstreaming strategies were specifically incorporated into the projects based on the gender tools adopted by the applicant. For those projects, a gender analysis was conducted to develop indicators that would demonstrate the projects' impact on empowering women.
56. The AP finds that the applicant's gender policy, procedures and capacities, supported by evidence of its track record, fully meet the Updated GCF Gender Policy.⁹

⁹ Decision B.24/12 and annex XXIII thereto.

IV. Conclusions and recommendation

4.1 Conclusions

57. 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, the GCF Policy on the Protection of Whistleblowers and Witnesses and the specialized fiduciary standard for project management; and partially meets the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. The applicant provided sufficient evidence that the money-laundering and financing of terrorism risk implicit in its operations is low. However, the applicant must provide evidence that it has included AML and CFT clauses in the general conditions of the agreements entered into for project procurement and with project executing entities for GCF-funded projects. The relevant gaps are identified in paragraphs 19 and 23 above and are reflected by the corresponding conditions for accreditation in section 4.2;
- (b) The applicant partially meets the requirements of the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk (category B). The relevant gap relates to the applicant's policy on a grievance redress mechanism identified in paragraph 46 above and is reflected by the corresponding conditions for accreditation in section 4.2; and
- (c) The applicant has demonstrated that it has a policy, procedures and competencies in order to implement its gender policy, which is found to be consistent with the Updated GCF Gender Policy, and has demonstrated that it has experience with gender consideration in the context of climate change.

4.2 Recommendation on accreditation

58. The AP recommends, for consideration by the Board, applicant APL101 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** small (including micro¹⁰);
 - (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) (including lower risk (category C¹¹)); 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

¹⁰ 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 US\$ 10 million for an individual project or an activity within a programme".

¹¹ 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".

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 with the submission of the first funding proposal to GCF:
1. Provision by the applicant of evidence that it has incorporated into its standard contracts with its executing entities and third parties for GCF projects/programmes the definition of money-laundering and financing of terrorism as prohibited practices, requiring executing entities and third parties not to engage, directly or indirectly, in activities undertaken for the purpose of money-laundering or financing of terrorism;
 2. Provision by the applicant of evidence of either the establishment of a policy or the inclusion in an existing policy or policies of the requirement to establish a project/programme-specific grievance redress mechanism; and
 3. Provision by the applicant of evidence of either the establishment of a policy or the inclusion in an existing policy or policies of the requirement that its executing entities for GCF projects/programmes either:
 - a. Establish their own project/programme-specific grievance redress mechanism; and/or
 - b. Use the applicant's grievance redress mechanism as updated in accordance with paragraph 58(b)(i)(2) above for GCF projects/programmes.

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

4.3 Remarks

60. The applicant could benefit from implementing an AML/CFT policy providing institutional guidance pertaining to money-laundering and financing of terrorism risks, as well as defining these activities as prohibited practices. The AP also recommends that the applicant consider including the provisions indicated in paragraph 58(b)(i)(1) above in all of its legal agreements entered into for project procurement and with project executing entities, beyond those for GCF-funded projects/programmes as required by the condition.

Annex IV: Accreditation assessment of upgrade application from the Pegasus Capital Advisors, L.P.

I. Introduction

1. Pegasus Capital Advisors, L.P. (PCA), is a private alternative asset management and private equity firm based in the United States of America, aiming to provide strategic growth capital to middle-market companies operating in the sustainability and wellness sectors. PCA focuses its investments on the health and wellness, built environment, renewable energy, waste and recycling, food and agriculture sectors.

2. The applicant was accredited by the Board on 20 October 2018 in decision B.21/16, paragraph (b), and signed its accreditation master agreement with GCF on 30 March 2020, which became effective on 13 April 2020, for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of GCF:

- (a) **Access modality:** international access;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (e) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2)).³

3. The applicant was accredited with conditions. As reported in document GCF/B.25/13/Add.01 titled “Status of the fulfilment of accreditation conditions”, PCA fulfilled and closed one environmental and social safeguards (ESS) condition to be met prior to submission of the first funding proposal to GCF. The remaining fiduciary, ESS and gender conditions had been fulfilled and closed by the applicant as at 1 April 2020.

4. The applicant submitted its application for an accreditation upgrade to the Secretariat via the online accreditation system on 28 February 2020. Accreditation fees for the criteria being sought by the applicant were paid at the time of initial accreditation. The Stage I institutional assessment and completeness check was completed on 4 May 2020 and the applicant 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 upgraded for the following parameters under the fit-for-purpose approach of GCF:

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

² Decision B.07/02.

³ As per annex I to 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”.

- (a) **Access modality:** international access;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** large;⁴ and
- (d) **All other criteria for which the applicant was accredited:**⁵ no change.

II. Stage I institutional assessment and completeness check

5. The applicant applied and was assessed by the Secretariat during Stage I under the normal track accreditation process in accordance with the GCF policies and standards below:

- (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) “Policy on Prohibited Practices” (decision B.22/19);
- (d) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.18/10); and
- (e) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21).

3.1 Legal status, registration, permits and licences

6. The applicant provided documents on its establishment and licences to operate, if any and where relevant, as a part of the original accreditation application. PCA was created in the form of a limited liability company on 30 March 1999. As indicated in paragraph 2 above, GCF and PCA have entered into an accreditation master agreement.

3.2 Institutional presence and relevant networks

7. The applicant has a strong international presence through its portfolio companies and investments based in Israel, Peru, Singapore, Thailand and the United Kingdom of Great Britain and Northern Ireland covering activities in Asia, Latin and Central America, the Middle East and Africa. PCA has also been involved in climate change-related initiatives with partners such as R20 Regions of Climate Action, Ceres, Principles for Responsible Investment, the Global Impact Investing Network, Confluence Philanthropy, the United States Agency for International Development (e.g. Power Africa) and the Tony Blair Africa Governance Initiative.

8. In order to advance the objectives of GCF, PCA and its affiliates intend to continue investing in industries and companies that address both climate change mitigation and adaptation, with an expanding focus on sustainable economic development in the least developed countries, small island developing States and African countries. The applicant intends to address, measure and continue investment in the following areas for both mitigation and adaptation:

⁴ As per annex I to decision B.08/02, “large” is defined as “total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme”.

⁵ For example, the fiduciary functions and environmental and social risk category.

- (a) Investing in renewable energy solutions that help governments and businesses avoid lock-in of long-lived, high-emission infrastructure;
- (b) Increasing the number of households with access to low-emission energy;
- (c) Increasing the use of low-carbon transport;
- (d) Improving waste management, thereby contributing to greenhouse gas (GHG) emission reductions;
- (e) Reducing vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing in particular on the most vulnerable population groups and applying a gender-sensitive approach;
- (f) Strengthening institutional and regulatory systems for climate-responsive planning and development; and
- (g) Strengthening awareness of climate threats and risk reduction processes (e.g. through environmental and social impact assessments conducted for PCA investments and collaboration with applicable local authorities).

3.3 Track record

9. As a private alternative asset management and private equity firm, the applicant targets the provision of scalable, replicable, innovative, financially sustainable and viable solutions to companies focused on, among other things, climate change mitigation and adaptation. In addition, the applicant has taken a leadership role in global environmental and social initiatives that drive a potential paradigm shift through knowledge-sharing among multi-stakeholder groups. It has also worked closely with municipal governments in developing strategies to achieve aggressive climate change goals.

10. The applicant's track record in financing climate change-related investments covers projects in Africa, Asia Pacific, Europe, Latin America and North America. The applicant has undertaken equity investments and raised five private equity funds, four of which have invested more than USD 250 million with a focus on the sustainability and wellness, building technologies and energy solutions, biofuels, built environment and agriculture sectors. The Secretariat has reviewed the relevant track record provided by the applicant to demonstrate its experience with large-sized programme activities (e.g. investees/portfolio companies).

11. In addition, the applicant provided the following project examples in its original accreditation application:⁶

- (a) USD 50 million to USD 100 million (loans and equity) in sustainable tourism in multiple countries in Africa, Asia Pacific, Europe and Latin America;
- (b) USD 50 million to USD 100 million (equity and guarantees) in liquid fuels storage, distribution and marketing in Peru, including operations of a private port facility and biodiesel production facility; and
- (c) USD 50 million to USD 100 million (equity and guarantees) in a medical nutrition company that addresses prevalent health ailments due to poor water quality and availability, particularly in developing countries.

3.4 Potential support for direct access entities

⁶ See annex XI to document GCF/B.21/17 titled "Consideration of accreditation proposals".

12. The applicant intends to leverage its experience to help subnational, national and regional implementing entities and intermediaries to raise awareness about opportunities and requirements of GCF accreditation through workshops. In addition, it intends to continue to engage with such entities and intermediaries to identify opportunities to support their objectives through day-to-day business. The applicant also aims to explore opportunities to develop collaborative projects with such entities and to provide additional resources and capacity-building support.

13. The applicant has been committed to working with subnational, national and regional implementing entities and intermediaries globally to identify sustainable economic development and wellness opportunities. It aims to continue providing policy, technical and financial advice to national and subnational governments, financial institutions, technology providers, academic institutions, corporations and non-governmental organizations to implement low-carbon economic development projects in sectors that measurably reduce GHG emissions.

II. Stage II accreditation review assessment

14. The applicant applied under the normal track accreditation process. Its application has been assessed by the AP during Stage II (Step 1) against the standards of GCF in accordance with the accreditation requirements and GCF policies and standards identified in paragraph 5 above.

15. As per decision B.24/13, paragraph (a), and annex XXVI thereto, the applicant will be assessed against the GCF Gender Policy adopted in decision B.24/12, paragraph (e), and annex XXIII thereto at the time of re-accreditation to GCF. Any projects/programmes to be considered by GCF following the adoption of the updated Gender Policy will be required to be in line with the principles and requirements of the policy.

16. As part of this assessment, the AP consulted the website of the United States Securities and Exchange Commission (SEC) to review the applicant's ADV filing on 30 March 2020.

2.1 Fiduciary standards

2.1.1 Basic fiduciary standards: key administrative and financial capacities

17. This applicant is seeking an upgrade in its accreditation scope to the "large" size category of projects/programmes it can present for GCF consideration. The applicant's strategy, governance structure and organization are the same as at the time of its original accreditation application. This assessment focuses on the applicant's policies, procedures and track record and their capacity to manage large-sized projects/programmes, such as private equity funds, as well as large-sized portfolio company investments.

18. The applicant's capacity to meet the requirements of the GCF basic fiduciary standards on key administrative and financial capacities was demonstrated at the time of its original accreditation application.

19. To support its application for an upgrade in the project/programme activity size category for which it is accredited, the applicant provided detailed portfolio reports for three private equity funds that it is currently managing. All three funds fall within the range of large-scale programmes; specifically, the average capital invested by these funds far exceeds the "large" size threshold. The applicant also provided evidence of its track record in managing large-sized portfolio company investments.

20. As stated in the original accreditation recommendation by the AP, the applicant's governance structure is appropriate for the management of a private equity fund. The regulatory requirements of the relevant federal regulations of the United States of America, enforced under SEC supervision, provide the framework for effective governance of investment advisers such as the applicant. The applicant's track record demonstrates that its governance structure is adequate for effective oversight and management of large-sized private equity funds and large-sized portfolio company investments.

21. The applicant's main governance bodies are the Investment Committees of each of the funds and the applicant's Compliance Committee. The Partners and Principals are members of the Investment Committees for each of the funds managed by the applicant. The applicant's track record demonstrates that the operation of its oversight committees and the supervision exercised by its Principals are appropriate for the management of large-sized funds and large-sized portfolio company investments.

22. As concluded in the original accreditation recommendation, the applicant's strategic planning capacity, as well as its accounting systems, audit arrangements, and payment and disbursement systems, are appropriate for the management of private equity funds. The applicant's strategic planning capacities are appropriate for the design and management of large-sized private equity funds. To complement this upgrade application, the applicant provided updated audited financial statements for one of the private equity funds it manages, as well as examples of its track record with large-sized portfolio company investments.

23. For the assessment of its upgrade application, the applicant also provided updated copies of its accounting manual (dated February 2020) and of its compliance manual (dated August 2019), which establish the general guidelines for an internal control framework, based on both the fiduciary obligations pertaining to the third-party assets it manages and compliance with United States federal regulatory requirements. The applicant's internal control framework is appropriate for a private equity fund manager. Furthermore, the applicant's track record demonstrates that its internal control framework is appropriate for the management of large-sized private equity funds and large-sized portfolio company investments.

24. The applicant has fulfilled the condition pertaining to procurement established in the original accreditation recommendation and adopted in decision B.21/16 to accredit PCA. The applicant's procurement policy and procedures satisfy the relevant requirements of the GCF basic fiduciary standard on key administrative and financial capacities, including for large-sized private equity funds and large-sized portfolio company investments.

25. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on key administrative and financial capacities. Furthermore, these policies, procedures and capacity are appropriate for the management of large-sized private-equity funds and large-sized portfolio company investments.

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

26. The applicant's updated compliance manual includes the applicant's code of ethics, which has been developed based on the requirements of the private equity industry and the requirements of the SEC. The Advisers Act requires that the applicant's code of ethics establishes a fiduciary duty towards clients, regulatory compliance, disclosure of securities transactions, and reporting of violations of the code of ethics. It also requires the code of ethics to be communicated to all relevant parties. Additionally, the applicant has included provisions for the protection of whistleblowers, as well as periodic training on and assessment of the knowledge of relevant parties on the code of ethics. The applicant's Compliance Officer provides guidance on specific ethical questions that may arise.

27. The applicant's framework for communication and management of prohibited practices is described in the original accreditation recommendation. Additionally, the applicant's regulatory framework, enforced under SEC supervision, the applicant's compliance manual and the contractual agreements of the private equity funds managed by the applicant include and cover the requirements of the GCF Policy on Prohibited Practices.⁷

28. The applicant's capacity to effectively undertake investigations is described in the original accreditation recommendation. Given that the applicant has a track record of managing large-sized private equity funds, and based on the original accreditation recommendation, the AP finds that the applicant's investigations capacity is appropriate for large-sized private equity funds and large-sized portfolio company investments.

29. An important enhancement implemented after the original accreditation is the applicant's decision to outsource a critical component of its anti-money-laundering and countering the financing of terrorism (AML/CFT) activities to a leading-expert service provider. This third-party service provider was retained by the applicant to undertake the due diligence required for onboarding and continuous monitoring of parties that invest in the private equity funds managed by the applicant. The third party undertakes its due diligence exercises based on the guidance provided by the Financial Crimes Enforcement Network, the Bank Secrecy Act, the United States Patriot Act and the guidance notes provided by expert professional associations. Additionally, the applicant provided further detail of the procedures and technology used to authorize, issue and monitor wire transfers. The applicant's AML/CFT capacity, as mentioned in the original accreditation recommendation, is appropriate for effective management of AML/CFT risks. The outsourcing of investor due diligence and monitoring to an expert third party further strengthens the applicant's capacity.

30. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses,⁸ the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.⁹ Furthermore, the applicant, in its original accreditation application and in this upgrade application, has demonstrated that its policies, procedures and track record are fit for the management of large-sized private equity funds, as well as large-sized investments in portfolio companies.

2.1.3 Specialized fiduciary standard for project management

31. The original accreditation recommendation stated that: "In the case of this applicant, a 'project' is understood for the purpose of assessing its project management capabilities in the accreditation review to be the identification of an investment opportunity, the due diligence process, the investment decision and the management of the investment (including an appropriate investment exit strategy)."

32. The original accreditation recommendation concluded that the applicant has the capacity to design, prepare and successfully manage a medium-sized private equity fund. Furthermore, the size of the investments made in portfolio companies is expected to remain, on average, the same under a large-sized fund as is the case under a medium-sized fund; the difference is that more financial resources will be available to increase the number of investments that can be made. The capacity demonstrated by the applicant during the original accreditation application, together with evidence of the applicant's track record as reviewed by the AP during this upgrade accreditation application, validate the applicant's capacity and experience to manage large-sized private equity funds and large-sized portfolio company investments.

⁷ Decision B.22/19 and annex XIV thereto.

⁸ Decision B.21/25 and annex II thereto.

⁹ Decision B.18/10 and annex XIV thereto.

33. The applicant's capacity to design, prepare and successfully manage private equity funds was demonstrated during the original accreditation application. Considering that the size of the investments made in portfolio companies is expected to remain, on average, the same under this upgrade accreditation application as under the original accreditation recommendation, the AP concludes that the capacity demonstrated by the applicant during the original accreditation application is appropriate for a large-sized private equity fund. The applicant provided two copies of portfolio investment proposals as part of this upgrade application that reinforce the conclusion of the original accreditation recommendation pertaining to the applicant's capacity to evaluate, structure and manage equity investments in portfolio companies.

34. The applicant's capacity to exercise effective oversight and control over the investments it executes was assessed during the original accreditation assessment. In its upgrade application, the applicant provided information on five private equity funds it manages or has managed in the past. As at the third quarter of 2019, the average total resources invested in portfolio companies by each of the funds managed by the applicant, for which detailed information was provided, exceeded USD 250 million. In this upgrade application, the applicant provided examples of investments that demonstrate its experience with large-sized portfolio company investments.

35. The applicant's capacity to monitor private equity fund investments was addressed in the original accreditation recommendation. As part of this upgrade application, the applicant provided copies of recent investment portfolio reports that provide further evidence of the applicant's track record of managing large-sized private equity funds and its capacity to effectively monitor these portfolios. The investment portfolio reports demonstrate the applicant's capacity to effectively process aggregate fund (as well as investee company) data and generate managerial information required for appropriate decision-making by the relevant Investment Committees.

36. The applicant's capacity to effectively manage investments at risk and its capacity to implement corrective actions were demonstrated in the original accreditation application. For all approved investments, as part of the applicant's core business processes, permanent monitoring of investment performance, identification of risks and implementation of corrective actions are undertaken. The applicant's policies and procedures pertaining to investment management are designed for the effective management of risk and are suited to the management of large-sized investments.

37. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF specialized fiduciary standard for project management in relation to the management of large-sized private equity funds and large-sized portfolio company investments.

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

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

2.1.5 **Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)**

39. The applicant, in the original accreditation application, demonstrated that it has the capacity to exercise appropriate due diligence to evaluate investments in portfolio companies. The policies and procedures it applies are appropriate for the effective management of private equity funds. The due diligence policies and procedures are fit for the management of a large-sized private equity fund, as well as for large-sized portfolio company investments.

40. During the original accreditation application, the applicant demonstrated its capacity and experience in deploying equity (as the main financial instrument), loans and guarantees. To prove its capacity to deploy equity, loans and guarantees at a large scale, the applicant provided evidence that demonstrates its capacity and its track record of managing large-scale private equity funds, as well as large-scale investments in portfolio companies.
41. In the original accreditation application, the applicant provided sufficient evidence to demonstrate that its portfolio management policies and procedures are appropriate for the management of a private equity fund. In this upgrade application, the applicant provided three updated investment portfolio reports that reaffirm its capacity to effectively manage these investments. The investment reports provided are for private equity funds that exceed the large-sized threshold, thus demonstrating the applicant's capacity and track record to support the large-sized upgrade that it is seeking through this upgrade application.
42. The relevant competencies and track record required for satisfying the specialized fiduciary standard for on-lending and/or blending, as assessed during the original accreditation application, remain appropriate for this upgrade application. In terms of the size upgrade, the applicant has provided sufficient evidence of its experience and capacity to manage large-sized private equity funds, as well as large-sized portfolio company investments.
43. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF specialized fiduciary standard for on-lending and/or blending for loans, equity and/or guarantees. Furthermore, the applicant, in its original accreditation application and in this upgrade application, has demonstrated that its policies, procedures and track record are fit for the management of large-sized private equity funds, as well as large-sized investments in portfolio companies.

III. Conclusions and recommendation

3.1 Conclusions

44. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy, the GCF specialized fiduciary standard for project management and the GCF specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees with respect to a maximum "large" size category. This includes large-sized private equity funds and large-sized portfolio company investments.

3.2 Recommendation on accreditation

45. The AP recommends, for consideration by the Board, PCA for an upgrade in its accreditation type, as originally accredited in decision B.21/16, paragraph (b), and annex XI to document GCF/B.21/17, as follows:

(a) **Accreditation type:**

- (i) **Maximum size of an individual project or activity within a programme:** large (including micro,¹⁰ small¹¹ and medium); and
- (ii) **All other criteria for which the applicant was accredited:**¹² no change.

46. The applicant has been informed of the recommendation for the accreditation upgrade, including the upgrade accreditation type, as identified in paragraph 45 above, and agrees to the recommendation.

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

¹¹ As per annex I to decision B.08/02, “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme”.

¹² Decision B.21/16, paragraph (b), and annex XI to document GCF/B.21/17.

Annex V: 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, B.17/13, B.18/05, B.19/14, B.22/09, B.23/13 and B.24/11, 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, 6 July 2017, 2 October 2017, 1 March 2018, 28 February 2019, 8 July 2019 and 14 November 2019 respectively.
3. The entity presented below has been accredited by AF since 31 January 2020. No new entities have been accredited by the GEF and DG DEVCO since that time that are seeking to become eligible for fast-track accreditation to GCF.

II. Adaptation Fund

Table 3: The Adaptation Fund – national implementing entities since 31 January 2020^a

Name	Acronym	Country
Fond Interprofessionnel pour la Recherche et le Conseil Agricoles (Interprofessional Fund for Agricultural Research and Advice)	FIRCA	Côte d'Ivoire

^a The list of the national accredited entities of the Adaptation Fund is available at <<https://www.adaptation-fund.org/apply-funding/implementing-entities/national-implementing-entity/>>. See also Adaptation Fund Board decision B.35.a-35.b/2, available at <https://www.adaptation-fund.org/wp-content/uploads/2020/04/Decision-B.35.a-35.b_2_Accreditation-of-FIRCA.pdf>.

4. The national direct access entity listed in table 3 has been confirmed via evidence provided by the entity regarding its successful accreditation as a National Implementing Entity of the Adaptation Fund (AF Board decision B.35.a-35.b/2) on 29 April 2020.

Annex VI: Work Programme and Budget 2020-2021

1. Building upon the programmatic and operational progress made since B.22, this Annex provides an updated Work Programme for 2020-2021, which is fully aligned with the approved objectives and outcomes as per decision of B.22/11.

2. **Grant-based readiness support:** considering the requests in the pipeline as per Annex VII, the implementation of new operational modalities, and the demand expected for 2020 and 2021, the Secretariat anticipates committing an additional USD 190.6 million for the following 146 grants:

- (a) USD 40 million to support 80 single-year readiness requests,
- (b) USD 75 million for 30 multiple-year readiness requests; and
- (c) USD 75.6 million for 36 adaptation planning requests.

3. **Technical support:** the Secretariat will prioritize its technical support to the most vulnerable developing countries (including LDCs, SIDS, and countries in Africa) to access to adaptation planning support, to the countries that have not received financial support for standard NDA capacity building activities, to countries and DAEs for their strategic programming and project development efforts, and continue work through procured consulting firms to provide tailored technical support and develop new partnership with other institutions to support the programming process with a focus on the NDCs, LEDS, and Country Programmes.

4. **Rapid readiness support:** To respond to the profound impact of COVID-19 and overcome the constraints regarding large-scale stimulus packages, developing countries need to rapidly mobilize financial resources for economic stimulus and recovery, including innovative financial structuring. The GCF is positioned to respond to this urgent need in a way that helps developing countries orient ongoing and planned economic stimulus towards resilient and low emission development direction, craft green resilient recovery measures and incorporate them into NDCs and stimulus packages, explore innovative approaches to finance green recovery projects, design paradigm-shifting projects contributing to both green recovery and climate ambition, which ultimately will help to avoid unintentional but significant increase of greenhouse gas emission or near-term measures that may prove maladaptive over the longer run. The Secretariat has received expressions of such requests from NDAs during the course of 2020 as part of the Secretariat assessment of pandemic impacts on the readiness portfolio in developing countries.

5. In this context, the Readiness Programme can offer, within the scope of its approved objectives and modalities, an avenue for developing countries to rapidly access resources for green resilient recovery planning, measures and initiatives. The Secretariat confirms that the provision of such support is fully consistent with the existing mandates and decisions of the Board with respect to the Readiness Programme and follows a country-driven and country ownership principle. This would be facilitated by the Secretariat through three possible options without duplication, i.e. rapid standardized readiness support, adaptive management of the existing readiness grants, and tailored technical support to NDAs and readiness delivery partners. This support could be utilized toward the following outputs, which will contribute to the related approved objectives of the Readiness Programme:

- (a) Impact of the COVID-19 on and opportunities for country's climate change strategies & plans are elaborated and validated by NDA, contributing to Objective 2;
- (b) National strategy and measures for green resilient recovery are developed and adopted by countries, and integrated, when possible, into NDCs, stimulus packages and Country Programmes, contributing to Objective 2; and

- (c) Concept notes that contribute to both green resilient recovery and climate mitigation & adaptation actions, up to three priority projects/programmes for each country requested this support, are developed, contributing to Objective 4.
6. Similarly, as part of the GCF support to NDC enhancement efforts, notably for CoP26, the Readiness Programme can also help countries integrate NDCs into stimulus packages to secure financing for critical NDC priorities.
7. Due to the impacts of COVID-19, Structured Programming Dialogues, the Global NDA Conference and trainings for NDAs and DAEs in 2020 will be postponed or replaced by virtual dialogues, meetings and online trainings. Training and knowledge materials will be automated and made available online to support self-guided learning for NDAs, DAEs and other stakeholders. Existing lines of support can help countries to improve their ability to safely and effectively adapt to remote working while facilitating necessary adjustments in this regard for on-going grants. A plan for the major events in 2021, as a key part of the Secretariat Work Programme 2021, is under development.

I. Objective 1: Capacity-building

1.1 Support for NDAs

8. The Readiness Programme will prioritize NDA capacity building support for countries that have not yet received such support or that are still building strong NDA offices. As highlighted in the revised readiness program strategy this may include support to, among others:
- (a) Establish and lead effective national coordination mechanisms;
- (b) Ensure consistency of funding proposals from national, subnational, regional and international accredited entities with national plans and strategies, including NDCs and NAPs, and;
- (c) Enhance complementarity and coherence between the activities of the GCF and the activities of other relevant climate finance mechanisms and institutions, to better mobilize the full range of financial and technical capacities.
9. Building on the NDA training series in 2019, the Secretariat will also develop a standard online training package and provide online or in-person standard trainings to enhance the capacity of NDAs to engage with the GCF. These training materials will be available in English, French, Spanish and Arabic, as well as with Russian translation in response to increasing requests by countries to respond to linguistic specificities.

1.2 Support for DAEs

10. The Secretariat plans to strengthen readiness support to DAEs in both pre-accreditation and post-accreditation stages, so as to contribute to priorities on strategic programming, paradigm shifting portfolio development, and enhancing direct access through collaboration with NDAs and DAEs:
- (a) Support for pre-accreditation (e.g. gap assessments and action plans) assistance to DAEs, expanding to an additional 11 direct access entities to receive support;
- (b) Support accredited DAEs to strengthen their institutional and technical capacities in identifying, developing and implementing innovative and paradigm shifting projects through:

- (i) Strategic engagement and onboarding trainings of new DAEs;
- (ii) Mentor support by experts via onsite or remote service;
- (iii) South-South exchanges, peer-to-peer learning between DAEs, in coordination with other partners; and
- (iv) Technical assistance through a roster of sectoral consultants and ESS/gender experts; and

11. The Secretariat will also seek to synergize, where appropriate, the support for DAEs and NDAs. Noting that NDAs play the critical role of identifying and nominating DAEs while also convening national climate finance consultation to define investment priorities, this coordinated support will allow for greater alignment of Country and Entity Work Programmes that respond to national mitigation and adaptation priorities.

1.3 Support for other stakeholders

12. Finally, to address a new support stream under the Readiness Programme, the Secretariat will advise and support countries to develop requests to ensure the wider spectrum of climate finance stakeholders are engaged, capacitated and involved in the national programming process. This includes civil society, private sector entities and subnational actors who represent overlooked or marginalized groups. Lessons learned to date indicate that DAEs require strong local executing entities to ensure GCF investment implementation is effective, efficient and transparently monitored and reported. This may include:

- (a) Training on GCF processes, policies and procedures, including Board-approved compliance policies;
- (b) Increased involvement at the national level to support NDAs in programming high-quality climate investment ideas, particularly relevant for adaptation and resilience, and;
- (c) Support to encourage country-driven coordination and planning, including through South-South cooperation, such as demonstrated by the pilot Community of Practice of DAEs.

II. Objective 2: Strategic frameworks

13. The GCF Secretariat has set itself to continuously develop and operationalize the procedures to ensure a proactive and strategic approach to national climate planning, including through:

- (a) Providing support towards the development of Country Programmes, ensuring alignment with country programming guidelines provided by the GCF, with national priorities defined in the LEDS, NDCs, and NAP;
- (b) Supporting the development of long-term LEDS and linking the iterative NDC process to the long-term LEDS and mid-century goals;
- (c) Supporting the update of NDCs and ensure they consist of implementable financial strategies and pipelines, and synergize with the green stimulus and other development plans;
- (d) Enhancing collaboration with other funds through the implementation of the operational framework on complementarity and coherence for aligning programming at the national level;

- (e) Providing support for the development of MRV systems for climate finance flows including by adapting public financial management systems to develop and deploy climate-relevant tagging in national budgets, and;
 - (f) Supporting development and/or transfer of climate technology, through the identification and prioritization of appropriate climate technology solutions and strengthening the enabling environment for technology deployment.
14. The Secretariat will continue work through procured consulting firms to provide tailored technical support and develop new partnership with other institutions to support the programming process with a focus on the NDCs and LEDS.

III. Objective 3: National Adaptation Plans and adaptation planning processes

15. Support for the adaptation planning process contributes to strengthened national adaptation governance and coordination, solid climate science and knowledge base, transformational plans and strategies to catalyze action and investment, and adaptation project pipelines, including through:
- (a) Providing further guidance on proposal formulation based on the lessons learned and the good practices of the current portfolio including through working with partner organizations of the Community of Practice;
 - (b) Enhancing private sector engagement in adaptation which would enable the use of a strategic diversity of financing instruments in developing adaptation concept notes and funding proposals;
 - (c) Improving the development of strong climate science to support decision-making through adaptation planning in order to strengthen the GCF programming cycle, including country programming, development of concept notes, and subsequent development of funding proposals;
 - (d) Supporting countries to maximize the use of available funding, including through the submission of multiple sequential adaptation planning proposals that respond to the iterative nature of adaptation and strengthens technical and human systems in a progressive and responsive manner;
 - (e) Supporting NDAs upon their request who wish to use national or regional delivery partners to develop and implement their adaptation planning proposals, including by providing coordinated technical assistance to the most vulnerable developing countries on the development of their proposals, and;
 - (f) Prioritizing the technical assistance to the most vulnerable developing countries (including LDCs, SIDS, and countries in Africa) that have not yet accessed adaptation planning resources in order to support their efforts to deliver at least a National Adaptation Plan (NAP) by the end of 2021.
16. During 2020-2021, the Secretariat intends to work with countries and their delivery partners to approve proposals currently in the pipeline, valued at USD 80 million. In addition, the Secretariat continues to work with partners to develop knowledge products on good adaptation planning practices, promote and mainstream them through platforms such as the NAP Expo.

IV. Objective 4: Pipeline development

17. Based on the Board decision B.22/11, the Readiness Programme strategy places added emphasis on paradigm shifting pipelines of projects and programmes following the principle of country ownership. In this regard, the Secretariat will look to support countries to enhance pipelines by:

- (a) Supporting the uptake of the GCF Sectoral Programming Guidelines through trainings, programming dialogues, and standard knowledge products and dissemination;
- (b) Sharing best practices and encouraging countries to prioritize concept notes developed under the readiness support;
- (c) Supporting countries and DAEs to develop innovative projects and financing arrangements that promote green stimulus and ambitious climate actions;
- (d) Supporting processes to identify and prioritize interventions to strengthen a project/programme pipeline and identify potential financing for each, through training, south-south exchange and best practice approaches;
- (e) Deploying independent technical experts from an established roster to support NDAs and accredited DAEs in a short timeframe on core aspects of PPF applications, CN and FP development, including for SAP;
- (f) Providing tailored support to different groups of countries to accelerate readiness to access resources by those with least capacities with the understanding that some countries, including LDCs and SIDS, require more foundational support, with SAP-specific technical support as a pilot, and;
- (g) Enhancing collaboration with other funds through increased coherence at the activity level to expedite the process of identifying opportunities for sequencing finance or scaling-up successful interventions.

V. Objective 5: Knowledge sharing and learning

18. The continuous development of related policies, guidance, and procedures in the GCF presents the imperative for the Readiness Programme to prioritize resources to disseminate that information, as well as knowledge and learnings, in a timely manner to NDAs, AEs, and other country stakeholders including the private sector, so as to ensure the implementation of and compliance with those policies and guidance, and improve the collaboration efficiency between the GCF and the partners. Key activities in this area include:

- (a) Supporting the dissemination of the further guidance on country programmes building on the initial general guidelines for country programmes provided for by the Board in decision B.08/11, annex XVII; the GCF Sectoral Programming Guidelines and other related programming guidance to the NDAs and DAEs in the most effective manner;
- (b) Supporting the structured programming dialogues and (sub-)regional programming dialogues, to be organized virtually or in-person, to develop transformation pipelines for the GCF-1;
- (c) Strengthening Secretariat's capacity to review, analyze implementation reports and deliverables to inform adaptive management measures and improve portfolio performance and results;
- (d) Supporting the development of knowledge products and training materials for NDAs and DAEs capacity building; and

VI. Readiness Programme operations

19. The Secretariat will pursue the following operational priorities for 2020-2021. These priorities aim to address the key findings of the Readiness Programme review and evaluation by the IEU in 2018 and guidance by the Board through the Decision B.22/11. These operational changes target bottlenecks and barriers to effective and efficient access to and implementation of readiness resources, address both external factors (e.g., poor quality at entry of readiness proposals, lack of strategic approach to readiness support) as well as internal issues within the Secretariat (e.g., more efficient grant cycle processing, results monitoring and reporting of the Programme).

20. **Disseminating standard operating procedures and policies for the Readiness Programme:** With the new Readiness Guidebook issued in March 2020, Administrative Instruction (AI) and standard operating procedures (SOP) developed for the Programme, the Secretariat will translate and release the Guidebook in other languages. Further outreach to NDAs and delivery partners will be undertaken via webinars, including in languages other than English. The AI and SOPs include cross-divisional and inter-divisional policies to guide the review of readiness proposals, expedite feedback to NDAs and delivery partners in consistent and effective manners, and clarify the entire readiness grant cycle from proposal development, submission, review, approval to implementation and completion.

21. **Increasing NDA and delivery partner understanding of readiness proposal development:** Based on the IEU recommendations and Board Decision B.22/11, the Secretariat will accept multiple-year strategic readiness implementation requests. The Secretariat will also facilitate learning and promote the best practices of preparing readiness requests among NDAs and delivery partners. Improved Secretariat human resource allocation and division of labor will allow the Secretariat to provide upstream guidance and advice to NDAs and delivery partners as they develop and submit readiness requests. Upon official submission of a request, a dedicated team in the secretariat will lead the technical review and appraisal process. This will ensure NDAs and delivery partners receive clear, consistent and actionable feedback to improve resubmitted proposals and shorten the timeframe from submission to approval.

22. **Improving adaptive management of grants under implementation:** To further guide and support the implementation of readiness grants by NDAs and delivery partners, standardized policies on issues such as no-cost extension, timing of reporting, cancellation, restructuring, change of delivery partner during implementation, refunding GCF after completion, among others, will be developed in 2020. Templates for communicating these changes will allow for lower paperwork demands to ensure NDAs and delivery partners can focus on implementation rather than administrative tasks.

VII. Resource planning

23. The Secretariat is taking a conservative approach to resource planning during 2020-2021, given the uncertainty surrounding impacts related to the COVID-19 pandemic and NDA uptake of revised readiness proposals and modalities. On the implementation side, the challenges resulting from the COVID-19 pandemic and consequently the need for adaptive measures to reduce the impact of implementation disruptions and/or adjust to the changed context, will require a stronger Secretariat capacity to quickly and appropriately guide and respond to DPs and NDAs. As NDAs and delivery partners undertake needs assessments, develop strategic readiness plans and submit multiple-year strategic readiness implementation requests, the volume of submitted proposals in 2020 is expected to be relatively low, with a potential increase in 2021.

24. As presented in Annex VII, as at 31 May, the total funding request of the entire pipeline is USD 125.07 million.

25. The Secretariat has prepared a forecast of requests to be approved in 2020-2021 in three categories: adaption planning requests, single-year other readiness requests, and multiple-year other readiness requests, with associated budget for each category. Consistent with previous years' practice, suggested budget allocations for professional services, technical support, and events supported by Readiness Programme are also included. The total projected budget for 2020-2021 is USD 224.23 million.

Table: Estimated grant approvals 2020-2021 and associated budget (USD million)

	2020		2021	
	Number of grants to be approved	Total Funding	Number of grants to be approved	Total Funding
Adaptation Planning	18	39.60	18	36.00
Single Year Other Readiness	45	22.50	35	17.50
Multi-Year Other Readiness	10	25.00	20	50.00
Professional services	N/A	5.46	N/A	13.26
Technical support	N/A	2.86	N/A	4.00
Events	N/A	0.50	N/A	4.00
Contingency	N/A	1.55	N/A	2.00
Sub-total	73	97.47	73	126.76

Note:

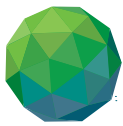
- (1) For Adaptation Planning requests, the average value is expected to decrease through time from USD 2.5 million (2019) to USD 2.2 million (2020) and USD 2 million (2021).
- (2) For single-year other readiness request, the average value is expected at USD 500,000, and that of the multi-year readiness request is expected at USD 2.5 million.

26. As at 31 May 2020, with USD 22.77 million committed in 2020, the total budget remaining stands at USD 39.07 million, of which USD 16.97 million has been endorsed but not yet committed. Therefore USD 22.10 million remains available for new requests. Based on the pipeline of requests and the pace of review, the remaining funds would likely be exhausted by the end of July 2020.

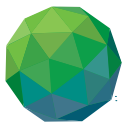
27. To ensure uninterrupted support to developing countries in the GCF-1 and to advance the ambitious work programme for 2020-21, an allocation of additional resources of USD 162.39 million by the Board is required.

Annex VII: Readiness request pipeline (As of 31 May 2020)

Status	Country	Delivery Partner	Requested Amount (USD)	Duration (Months)	Note
Under Secretariat Review	Armenia	R2E2	259,486.00	24	
	Benin		741,750.00	12	
	Bhutan	GNHC	597,187.50	24	
	Botswana	UNIDO-CTCN	294,659.00	18	
	Burundi		522,000.00	24	
	Burundi	ASCENT	493,800.00	12	
	Cabo Verde		299,840.00	12	
	Chad	National Water Fund	300,000.00	12	
	COMIFAC	COMIFAC	500,000.00	12	
	Cuba	UNDP	3,000,000.00	54	NAP
	Democratic Republic of the Congo	Ernst & Young GmbH	599,461.00	24	
	Democratic Republic of the Congo	Ernst & Young GmbH	599,571.00	14	
	Egypt	UNDP	2,990,115.00	48	NAP
	Eritrea	UNEP	2,862,466.00	42	NAP
	FEDERACION LATINOAMERICANA DE BANCOS (FELABAN)	FELABAN	2,425,791.00	18	
	Ghana	UNIDO	533,165.00	18	
	Guinea-Bissau	UNDP	2,434,573.00	48	NAP
	Kenya	UNEP-CTCN	349,921.00	18	
	Lesotho	UNIDO-CTCN	1,226,184.00	36	
	Lesotho	UNEP	2,724,540.00	36	NAP
	Malawi		700,000.00	15	
	Morocco	UNDP	2,527,221.00	36	NAP
	Myanmar	The Nature Conservancy	626,644.00	24	
	Nauru	SPREP	2,175,558.00	30	NAP
	Niger	Ernst & Young GmbH	5,479,945.00	12	
	Nigeria	Ernst & Young GmbH	981,095.00	36	
	Nigeria	UNEP	301,289.00	24	
	Nigeria	FAO	486,937.00	18	
	Nigeria	UNDP	300,000.00	18	
	Oman	Sultan Qaboos University	2,998,273.00	36	NAP
	Sao Tome and Principe	UNEP	2,963,978.00	42	NAP
	Sierra Leone	UNEP	300,000.00	18	
	Sudan	FAO	1,605,235.00	24	NAP



Status	Country	Delivery Partner	Requested Amount (USD)	Duration (Months)	Note
	Tanzania	Tanzania, MoFP	300,000.00	12	
	Thailand	UNDP	3,000,000.00	36	NAP
	Timor-Leste (East Timor)	UNEP-CTCN	304,500.00	18	
	Tunisia	APIA	349,760.00	12	
	Turkmenistan	UNDP	1,867,590.00	36	NAP
	Uganda	UNEP	2,994,438.00	42	NAP
	Yemen	FAO	497,246.00	18	
	Zimbabwe	Genesis Analytics	197,580.00	12	
Sent back to Country	Albania	UNEP	988,537.00	24	
	Angola	UNICEF	3,000,000.00	24	NAP
	Argentina	Argentina	300,000.00	24	
	Azerbaijan	UNEP	491,807.00	18	
	Bangladesh	FAO	999,130.00	24	
	Benin	FNEC	273,926.00	12	
	Benin	UNEP	299,998.00	24	
	Bolivia	Productive Development Bank (PDB)	238,199.00	24	
	Burundi	UNDP	1,470,693.00	18	NAP
	Cameroon	Banque de Développement des Etats de l'Afrique Centrale (BDEAC)	512,431.00	18	
	Cameroon	UNEP	2,757,200.00	36	NAP
	Colombia	Findeter	400,260.00	12	
	Congo Basin Countries	Ernst & Young GmbH	1,000,000.00	18	
	Democratic Republic of the Congo	FAO	392,367.00	24	
	Djibouti	UNDP	1,682,374.00	24	NAP
	El Salvador	UNEP	2,919,105.00	36	NAP
	Ethiopia	GGGI	2,776,921.00	36	NAP
	Gabon	Ernst & Young GmbH	998,730.00	18	
	Gambia	FAO	601,708.00	12	
	Georgia	EBRD	900,000.00	36	
	Grenada	Grenada Development Bank	718,563.00	24	
	Guinea	FAO	499,999.00	24	
	Guinea-Bissau	Ernst & Young GmbH	1,341,484.00	6	
	Honduras	Ministry of Energy, Natural Resources, Environment and Mining	461,252.00	18	
	Indonesia	UNDP	2,999,996.00	36	NAP
	Jordan		1,998,764.00		
	Mali	AFAP	2,557,357.00	24	NAP



Status	Country	Delivery Partner	Requested Amount (USD)	Duration (Months)	Note
	Mauritius	Mauritius, Ministry of Finance and Economic Development	2,034,800.00	24	NAP
	Mexico	CAF	2,893,334.00	36	NAP
	Montenegro	FAO	496,822.00	18	
	Montenegro	Regional Environmental Center for Central and Eastern Europe	700,000.00	24	
	Montenegro	UNDP	2,254,536.00	36	NAP
	Niger	NRC / NORCAP	800,000.00	24	
	Niger	FAO	296,770.00	18	
	Niger	ASCENT	999,982.50	24	
	Papua New Guinea	SPREP	912,054.00	24	
	Paraguay	GGGI	499,995.00	18	
	Rwanda	Rwanda	500,000.00	24	
	Serbia	FAO	576,348.00	18	
	Seychelles	UNEP	2,665,608.00	36	NAP
	South Sudan	UNIDO-CTCN	303,947.00	18	NAP
	South Sudan	UNEP	3,000,000.00	36	
	Sri Lanka	GGGI	2,982,668.00	36	NAP
	Tajikistan	FAO	957,513.00		
	Tanzania	UNDP	2,990,565.00	36	NAP
	Thailand	TGO	349,999.00	24	
	Togo	IFDD	330,000.00	12	
	Togo	ECREEE	412,679.92	12	
	Tunisia	FAO	987,443.00	24	NAP
	Tunisia	UNDP	1,998,513.00	36	NAP
	Turkmenistan	CAREC	444,415.00	12	
	Tuvalu	SPREP	2,636,061.00	36	NAP
	Uganda	Sahara and Sahel Observatory (OSS)	300,000.00	12	
	Vanuatu	UNEP	2,829,321.00	36	NAP
	Zambia	GGGI	622,674.00	24	
TOTAL			125,068,647.92		