



**GREEN
CLIMATE
FUND**

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21 October 2020

Consideration of accreditation proposals

Summary

This document presents an overview of accreditation progress up to 30 September 2020; an overview of the pipeline of applicant entities with information on support to direct access entities; and an overview of the portfolio of accredited entities, including the status of accredited entities addressing accreditation conditions. The document also presents accreditation proposals for consideration by the Board.

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I. General mandate

1. In decision B.08/02, paragraph (a), the Board recalled that all entities, including subnational, national, regional and international entities, can apply for accreditation to GCF.
2. Areas of work related to accreditation matters include the following:
 - (a) Initial guidance to national designated authorities and entities interested in engaging with GCF related to the role and responsibilities of the accredited entity (AE), and the accreditation process;
 - (b) The pipeline of entities, particularly to support direct access entities (DAEs) seeking accreditation, AEs in addressing their accreditation conditions and AEs seeking to upgrade their accreditation scope;
 - (c) Relationship management of AEs, including completing their accreditation master agreements (AMAs) with GCF and AE-level monitoring and reporting; and
 - (d) Re-accreditation.
3. In addition to the above, the Secretariat supports the work of the Accreditation Committee and the Accreditation Panel (AP).
4. This document presents an overview of accreditation progress up to 30 September 2020. In particular, it includes an overview of the pipeline of applicant entities with information on support to DAEs and an overview of the portfolio of AEs, including the status of AEs addressing accreditation conditions. The document also presents accreditation proposals for consideration by the Board.

II. Recommended action by the Board

5. It is recommended that the Board:
 - (a) Take note of the information presented in document GCF/B.27/03 titled “Consideration of accreditation proposals”; and
 - (b) Approve the draft decision presented in annex I.

III. Linkages with decisions and other documents

6. This document has actual or potential linkages with the following items:
 - (a) “Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund’s fiduciary principles and standards and environmental and social safeguards” (decision B.07/02);
 - (b) “Guidelines for the operationalization of the fit-for-purpose accreditation approach” (decision B.08/02);
 - (c) “Matters related to the accreditation framework” regarding the re-accreditation process (decisions B.24/13 and B.26/01);
 - (d) “Interim Policy on Prohibited Practices” (Exhibit A of the AMA considered in decision B.12/31);
 - (e) “Policy on Prohibited Practices” (decision B.22/19);¹

¹ This replaces the “Interim Policy on Prohibited Practices” (Exhibit A of the AMA considered in decision B.12/31).

- (f) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.18/10);
- (g) “Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.23/15);²
- (h) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (i) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (j) “Gender Policy and action plan” (decision B.09/11);
- (k) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12);³
- (l) “Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment” (decision B.23/16);⁴
- (m) “Board decisions without a Board meeting: Implementation matters relating to the GCF’s obligations under the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment” (decision B.25/05);
- (n) “Assessment, including gap analysis, of institutions accredited by other relevant funds” (decision B.08/03);
- (o) “Country programming, readiness and preparatory support” (decision B.13/32);
- (p) “Application documents for submissions of applications for accreditation” (decision B.08/06);
- (q) “Policy on fees for accreditation” (decision B.08/04);
- (r) “Revised policy on fees for accredited entities” (decision B.19/09);
- (s) “Comprehensive information disclosure policy of the Fund” (decision B.12/35);
- (t) “Consideration of accreditation proposals” (decisions B.09/07, B.10/06, B.12/30, B.14/09, B.14/10, B.14/11, B.15/09, B.17/13, B.18/05, B.21/16, B.22/09, B.23/13, B.24/11, B.25/12, B.BM-2020/05 and B.26/01);
- (u) “Legal and formal arrangements with accredited entities” (decision B.09/08);
- (v) “Accreditation master agreements” (decisions B.12/31 and B.23/15, paragraph (d));
- (w) “Strategic plan for the Green Climate Fund” (decision B.12/20);
- (x) “Strategy on accreditation” (decisions B.13/19 and B.14/08);
- (y) “Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal (decision B.18/04);

² Decision B.23/15, paragraph (b), requested the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to integrate the Anti-Money Laundering and Countering the Funding of Terrorism Policy in the interim fiduciary standards and present to the Board a proposal for its consideration in 2019 as a matter of urgency. A proposal on this integration has yet to be presented to the Board for its consideration.

³ This replaces the “Gender policy and action plan” (decision B.09/11).

⁴ As per decision B.23/16, paragraph (b), the Board requested the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best ways to update and amend, as appropriate, the requirements placed on accredited entities in the relevant standards, safeguards and policies of the GCF so as to integrate the obligations set out in this Policy, including, but not limited to, the: (i) initial basic fiduciary standards, pursuant to decision B.07/02, paragraph (b); (ii) environmental and social safeguards, pursuant to decision B.07/02, paragraph (d), and decision B.19/10, paragraph (c), as relevant; and (iii) Gender Policy and Gender Action Plan pursuant to decision B.09/11, paragraphs (a)–(b); and present to the Board for its consideration such updates and amendments no later than the twenty-fourth meeting of the Board as a matter of urgency.

- (z) “Further development of the accreditation framework” (decision B.19/13);
- (aa) “Accreditation framework review, including the project specific framework approach” (document GCF/B.20/17);
- (bb) “Accreditation framework review” (decision B.22/16);
- (cc) “Updated accreditation framework” (decision B.23/11); and
- (dd) “Strategy to increase funding proposals from direct access entities” (document GCF/B.20/04).

IV. Overview of the pipeline of applicant entities

7. The Governing Instrument for the GCF states that access to GCF resources for projects and programmes will be through national, regional and international implementing entities accredited by the Board.⁵ AEs may be implementing entities and/or intermediaries. Having a diversity of AEs can provide recipient countries with a choice of partners to meet their needs and priorities. GCF and its network of partners, particularly AEs, are responsible for the delivery of financing to developing countries to meet internationally agreed climate goals at scale while also meeting GCF standards and safeguards.

8. The accreditation type of the AE – specifically the financing size category, financing modality (e.g. managing projects, awarding grants, on-lending, providing guarantees and/or undertaking equity investments) and its environmental and social (E&S) risk category – governs the maximum scope within which the AE can submit a funding proposal for a project/programme. Once accredited, AEs may submit funding proposals that fall within their accreditation scope (e.g. financing size category, fiduciary functions and E&S risk category) for consideration by GCF.

9. GCF relies on the primary due diligence and the risk assessments performed by AEs.⁶ AEs are responsible for the overall management, implementation and supervision of activities financed by GCF and are expected to administer funds disbursed with the same degree of care as they use in the administration of their own funds. This includes management and oversight of executing entities.

4.1 Status of applications for accreditation

10. Since the opening of the call for accreditation applications on 17 November 2014 and up to 30 September 2020, 72 AEs have fully completed the accreditation process by having a signed and effective AMA.⁷ An additional 10 entities have signed AMAs that are yet to become effective to complete the accreditation process, 4 more entities have yet to sign their AMAs that have been agreed with GCF, and a further 13 have been approved by the Board to be accredited, for which AMAs are in progress.⁸ Altogether, the Board has decided to accredit 99 entities.

11. The Secretariat continues to work closely with entities throughout the stages of accreditation, particularly those that are in Stage I (institutional assessment and completeness

⁵ Paragraph 45 of the Governing Instrument.

⁶ Annex XXVII to decision B.12/31.

⁷ Decision B.23/11, paragraph (a).

⁸ Following the reporting period and as at 19 October 2020, a total of 85 AMAs have been signed and 1 additional AMA is pending signature following completion of internal approvals by both the Secretariat and the no-objection review by the Risk Management Committee of the Board. The Secretariat expects to be able to meet the target of signing 87 AMAs by 31 December 2020.

check by the Secretariat), or Stage II (Step 1 – AP review). The Secretariat is increasingly focusing on providing guidance on the role and responsibilities of AEs and the accreditation process to assess entities' institutional capabilities for such a role while meeting GCF standards. Such early engagement takes place prior to and during issuance of accounts for the online accreditation system (OAS),⁹ the web-based portal through which applicants submit their accreditation applications,¹⁰ as well as during preparation of invoices for accreditation fees, which are linked to the accreditation criteria an entity is seeking. The distribution of accreditation applications received as at 30 September 2020 is available on the GCF website¹¹ and is summarized in figure 1.

⁹ Available at <<https://accreditation.gcfund.org/>>.

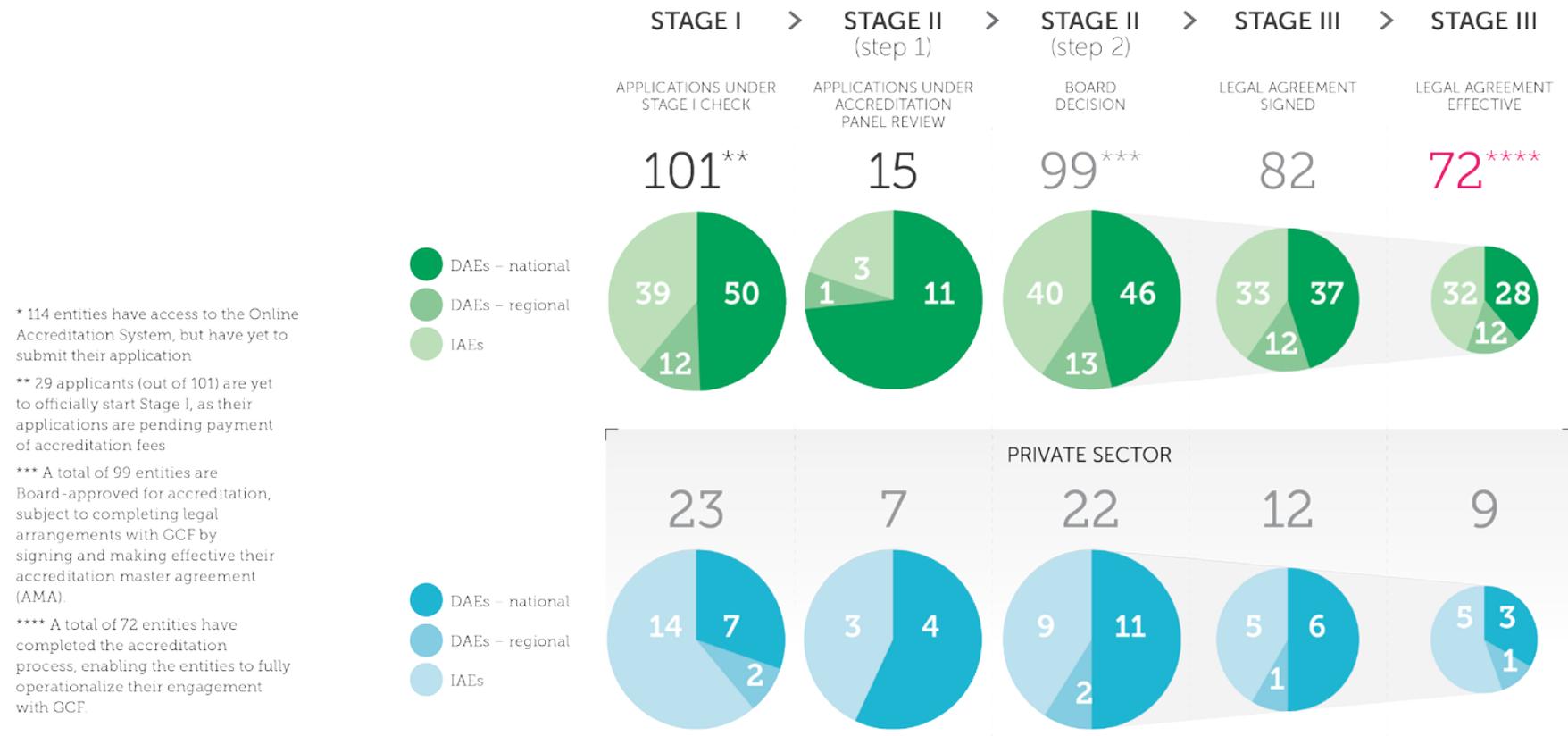
¹⁰ In decision B.07/02, paragraph (o), the Board requested the AP, in collaboration with the Accreditation Committee and the Secretariat, to report annually to the Board on the status of applications for accreditation.

¹¹ The number of entities at each stage is updated on a monthly basis and is available at <<https://www.greenclimate.fund/accreditation>>. Monthly information is available from 30 September 2015 onward.

Figure 1: Status of accreditation applications (as at 30 September 2020)

As of 30 September 2020

TOTAL PIPELINE OF ENTITIES SEEKING ACCREDITATION: **116***



* 114 entities have access to the Online Accreditation System, but have yet to submit their application

** 29 applicants (out of 101) are yet to officially start Stage I, as their applications are pending payment of accreditation fees

*** A total of 99 entities are Board-approved for accreditation, subject to completing legal arrangements with GCF by signing and making effective their accreditation master agreement (AMA).

**** A total of 72 entities have completed the accreditation process, enabling the entities to fully operationalize their engagement with GCF.

Abbreviations: DAE = direct access entity, IAE = international access entity.

12. A pipeline of 116 entities have submitted accreditation applications (including active and inactive) on the OAS. Of these, 15 applications are under Stage II (Step 1 – AP review) (including those entities being recommended at the twenty-seventh meeting of the Board (B.27)) and 72 applications are under Stage I. A further 29 entities have submitted an application but have yet to pay accreditation application fees in order to begin Stage I.

13. In addition to the entities that have submitted applications, 114 entities (including active and inactive) have access to the OAS but have yet to submit their application.

14. The submitted applications received to date reflect considerable diversity in terms of geographical representation, the type of activities to be undertaken using GCF resources if accreditation is approved, the type of accreditation being sought (e.g. project/programme activity size, fiduciary function and E&S risk category) and whether they are from the public or the private sector.

15. In addition to applications for accreditation, 11 applications from AEs to upgrade their accreditation types were received between 17 November 2014 and 30 September 2020, of which eight upgrades were approved by the Board.¹² The remaining three entities comprise one direct access AE and two international access AEs that are in Stage I. The AEs are seeking to upgrade their accreditation type for increased size categories, additional fiduciary functions (e.g. grant award and/or funding allocation mechanisms) and higher E&S risk categories.

16. Figure 2 shows the geographical coverage for national and regional entities nominated for accreditation by national designated authorities (NDAs) and focal points, of which 59 DAEs have been accredited by the Board. A total of 72 DAEs are in the accreditation pipeline and have submitted an application, of which 12 are in Stage II (Step 1 – AP review), 42 are in Stage I and 18 have yet to commence the Stage I review pending payment of accreditation fees.

17. Thirty-seven DAEs have received support through the Readiness and Preparatory Support Programme (Readiness Programme) to prepare for accreditation, of which 21 have completed such support and submitted an accreditation application. Of these, 9 entities have been accredited by the Board, one entity is in Stage II (Step 1) and an additional 11 are in Stage I in the pipeline. As of 30 September, a total of USD 1,183,763 has been disbursed for the implementation of this support. The Secretariat has committed USD 1,294,756 to strengthen direct access applicants through a gap analysis and action plan, and USD 241,990 and EUR 21,660 to strengthen direct access applicants' E&S safeguard capacities vis-à-vis GCF accreditation E&S requirements.

¹² Decision B.15/09, paragraph (f); decision B.18/05, paragraph (d); decision B.21/16, paragraph (d); decision B.22/09, paragraph (d); decision B.23/13, paragraphs (d) and (e); decision B.BM-2020/05, paragraph (d); and decision B.26/01, paragraph (e).

Figure 2: Direct access entities nominated for accreditation (as at 30 September 2020)

As of 30 September 2020

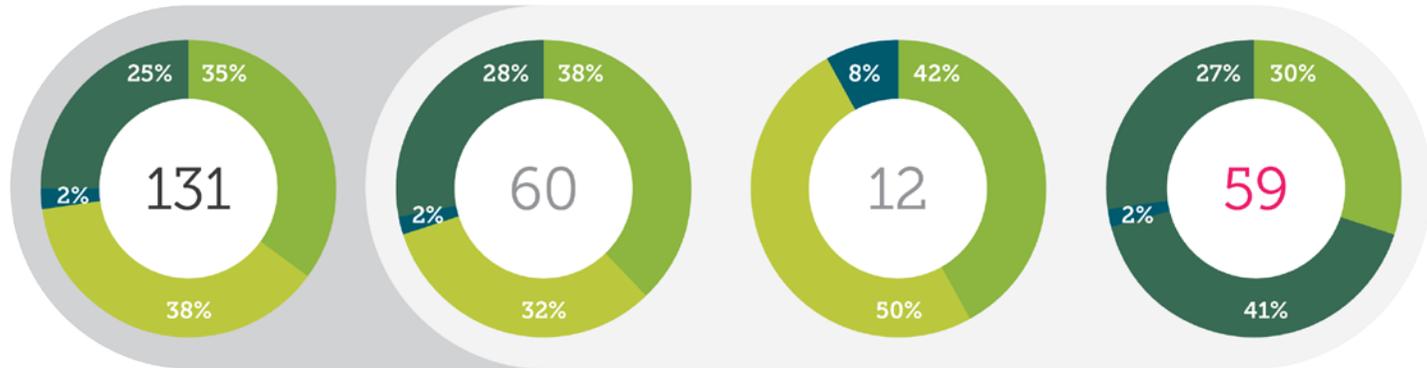
ACCREDITATION STATE OF PLAY DIRECT ACCESS ENTITIES

NDA / FP NOMINATIONS

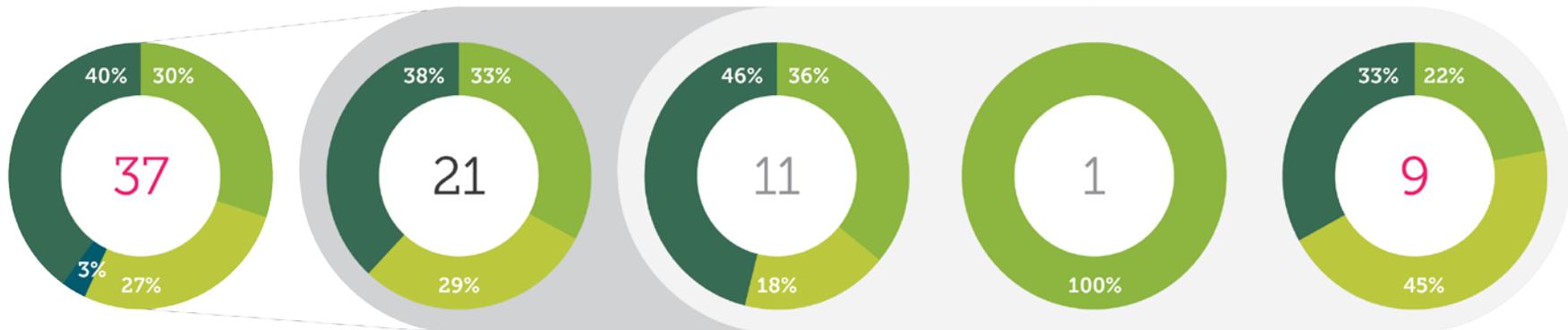
Total **272** nominations*
from **97** countries
for **233** entities

*nominations with OAS account requests

- Africa
- Asia-Pacific
- Eastern Europe
- Latin America and the Caribbean



DIRECT ACCESS ENTITIES THAT HAVE BEEN APPROVED FOR READINESS SUPPORT



TOTAL NUMBER OF DIRECT ACCESS ENTITIES FOR WHICH READINESS SUPPORT IS APPROVED

APPLICATIONS SUBMITTED

STAGE I CHECK

STAGE II (STEP 1) REVIEW

BOARD-APPROVED ACCREDITATION

Abbreviations: NDA/FP = national designated authority or focal point, OAS = online accreditation system.

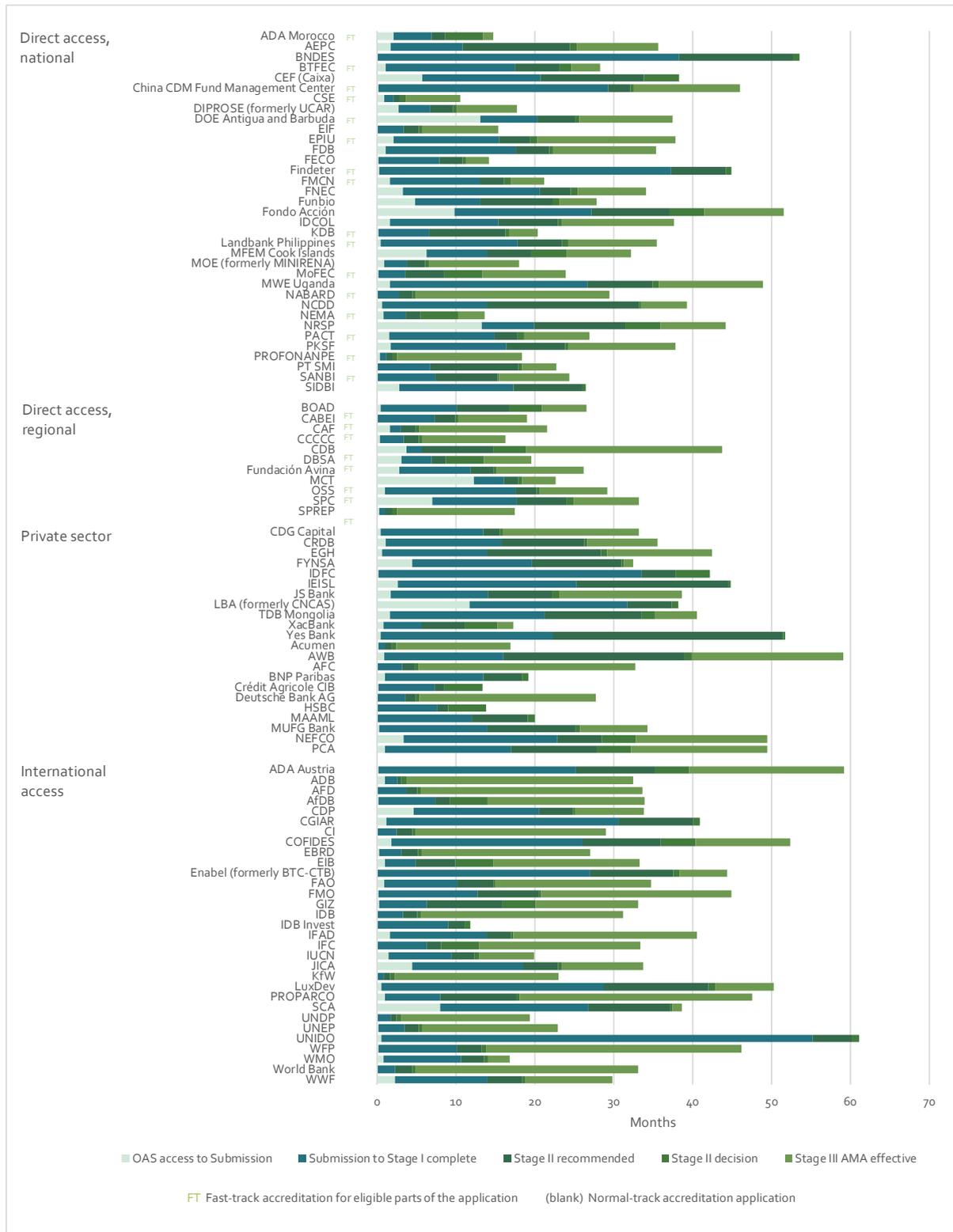
18. The time taken to process applicants has varied and depends on the entity's capacity and the modalities for which it is applying, in addition to factors such as resources available to process applications, the workload from the growing pipeline of applicants and the increase in new or amended GCF policies that affect accreditation. At the time of adopting the accreditation framework and the launch of the call for accreditation applications in 2014, entities were only to be assessed against fiduciary standards and E&S safeguards. Since then, 10 new policies or standards have been adopted that affected accreditation with immediate effect, prolonging the accreditation process.¹³ This meant that assessments had to be re-opened so that entities could also be assessed against such new or amended policies and standards.

19. Based on the dates of key milestones and not accounting for actual active time spent by the applicants or GCF, from opening an OAS account to approval by the Board, it took 21.1 months on average to accredit the 99 AEs – noting that 49 of them were fast-tracked and 50 were normal-tracked (see figure 3). This includes an average time frame for application review by the Secretariat and the AP and responses by applicants of 19.6 months; however, the active time for review per application is significantly shorter.¹⁴ There is an increasing number of applications under the normal-track accreditation process and an increase in those applying for more criteria or functions, which generally require more time for review than applications that are fast-track eligible and those applying only for limited number of fiduciary and E&S functions.

¹³ "Gender policy and action plan" (decision B.09/11); "Updated Gender Policy and Action Plan 2020–2023" (decision B.24/12); "Accreditation master agreements" including, in Exhibit A of the template AMA, the General Principles on Prohibited Practices (decision B.12/31); "Policy on Prohibited Practices" (decision B.22/19); "Anti-Money Laundering and Countering the Financing of Terrorism Policy" (decision B.18/10); "Policy on the Protection of Whistleblowers and Witnesses" (decision B.BM-2018/21); "Environmental and Social Management System: Environmental and Social Policy" (decision B.19/10); and "Comprehensive information disclosure policy of the Fund" (decision B.12/35). The Board has also adopted "Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy" (decision B.23/15). In paragraph (b) of the same decision the Board requested the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to integrate the Anti-Money Laundering and Countering the Finance of Terrorism Policy into the interim fiduciary standards and present to the Board a proposal for its consideration in 2019 as a matter of urgency. A proposal on this integration has yet to be presented to the Board for its consideration. In addition, the Board has adopted the "Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment" (decision B.23/16). In paragraph (b) of this decision the Board requested the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to update and amend, as appropriate, the requirements placed on AEs in the relevant standards, safeguards and policies of the GCF so as to integrate the obligations set out in the policy. A proposal on the update or amendment has yet to be presented to the Board for its consideration.

¹⁴ Refer to figure 27 in annex IV to document GCF/B.20/17. Based on a sample of 77 AEs at the time of the independent review, it was found that an application in Stage I is with the entity 57 per cent of the time and 43 per cent with the Secretariat, of which 3 per cent is active time to review the application.

Figure 3: Time frame from online accreditation system access to accreditation for the 99 accredited entities (as at 30 September 2020)



Abbreviations: Acumen = Acumen Fund, Inc., ADA Austria = Austrian Development Agency, ADA Morocco = Agency for Agricultural Development of Morocco, ADB = Asian Development Bank, AEPC = Alternative Energy Promotion Center, AFC = Africa Finance Corporation, AFD = Agence Française de Développement, AfDB = African Development Bank, AWB = Attijariwafa Bank, BNDES = Banco Nacional de Desenvolvimento Econômico e Social, BNP Paribas = BNP Paribas S.A., BOAD = Banque Ouest Africaine de Développement (West African Development Bank), BTFEC = Bhutan Trust Fund for Environmental Conservation, CABEL = Central American Bank for Economic Integration, CAF =

Corporación Andina de Fomento, CCCCC = Caribbean Community Climate Change Centre, CDB = Caribbean Development Bank, CDG Capital = CDG Capital S.A., CDP = Cassa Depositi e Prestiti – Società per Azioni, CEF = Caixa Econômica Federal, China CDM Fund Management Center = China Clean Development Mechanism Fund Management Center, CI = Conservation International Foundation, COFIDES = Compañía Española de Financiación del Desarrollo S.A. S.M.E., Crédit Agricole CIB = Crédit Agricole Corporate and Investment Bank, CRDB = CRDB Bank Public Limited Company, CSE = Centre de Suivi Ecologique, DBSA = Development Bank of Southern Africa, Deutsche Bank AG = Deutsche Bank Aktiengesellschaft, DIPROSE (formerly UCAR) = General Directorate of Sectoral and Special Programs and Projects of the Ministry of Agriculture, Livestock and Fisheries (formerly Unidad para el Cambio Rural (Unit for Rural Change) of Argentina), DOE Antigua and Barbuda = Department of Environment of Antigua and Barbuda, EBRD = European Bank for Reconstruction and Development, EGH = Ecobank Ghana Limited, EIB = European Investment Bank, EIF = Environmental Investment Fund of Namibia, Enabel = Belgian Development Agency, EPIU = Environmental Project Implementation Unit of the Ministry of Nature Protection of the Republic of Armenia, FAO = Food and Agriculture Organization of the United Nations, FEEO = Foreign Economic Cooperation Office, Ministry of Environmental Protection of China, FDB = Fiji Development Bank, Findeter = Financiera De Desarrollo Territorial S.A., FMCN = Fondo Mexicano para la Conservación de la Naturaleza A.C., FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., FNEC = National Fund for the Environment of Benin, Fondo Acción = Fondo para la Acción Ambiental y la Niñez, Funbio = Fundo Brasileiro para a Biodiversidade, FYNOSA = Finanzas Y Negocios Servicios Financieros Limitada, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, HSBC = HSBC Holdings plc and its subsidiaries, IDB = Inter-American Development Bank, IDB Invest = Inter-American Investment Corporation, IDCOL = Infrastructure Development Company Limited, IDFC Bank = IDFC Bank Limited, IEISL = IL&FS Environmental Infrastructure and Services Limited, IFAD = International Fund for Agricultural Development, IFC = International Finance Corporation, IUCN = International Union for Conservation of Nature, JICA = Japan International Cooperation Agency, JS Bank = JS Bank Limited, KDB = Korea Development Bank, KfW = Kreditanstalt für Wiederaufbau, Landbank = Land Bank of the Philippines, LBA (formerly CNCAS) = La Banque Agricole, LuxDev = Luxembourg Agency for Development Cooperation, MAAML = Macquarie Alternative Assets Management Limited, MCT = Micronesia Conservation Trust, MFEM Cook Islands = Ministry of Finance and Economic Management of the Cook Islands, MOE (formerly MINIRENA) = Ministry of Environment of Rwanda (formerly Ministry of Natural Resources of Rwanda (MINIRENA)), MoFEC = Ministry of Finance and Economic Cooperation of Ethiopia, MWE Uganda = Ministry of Water and Environment of Uganda, MUFG Bank = MUFG Bank, Ltd. (formerly Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)), NABARD = National Bank for Agriculture and Rural Development, NCDD = National Committee for Sub-National Democratic Development, NEFCO = Nordic Environment Finance Corporation, NEMA = National Environment Management Authority of Kenya, NRSP = National Rural Support Programme, OAS = online accreditation system, OSS = Sahara and Sahel Observatory, PACT = Protected Areas Conservation Trust, PCA = Pegasus Capital Advisors, L.P., PKSf = Palli Karma-Sahayak Foundation, PROFONANPE = Peruvian Trust Fund for National Parks and Protected Areas, PROPARCO = Société de Promotion et de Participation pour la Coopération Economique, PT SMI = PT Sarana Multi Infrastruktur, SANBI = South African National Biodiversity Institute, SCA = Save the Children Australia, SIDBI = Small Industries Development Bank of India, SPC = Pacific Community, SPREP = Secretariat of the Pacific Regional Environment Programme, TDB Mongolia = Trade and Development Bank of Mongolia, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, UNIDO = United Nations Industrial Development Organization, WFP = World Food Programme, WMO = World Meteorological Organization, World Bank = International Bank for Reconstruction and Development and International Development Association, WWF = World Wildlife Fund, Inc., XacBank = XacBank LLC, Yes Bank = Yes Bank Limited.

20. In decision B.24/11, paragraph (e), the Board, recalling decision B.21/16, paragraph (e), decided that its future accreditation decisions should aim to bring forward AEs that fill the mandate consistent with the Governing Instrument on balance, diversity and coverage and advance the objectives of GCF, and to that end, also decided to prioritize a list of entities up to the end of B.25. As this decision expired on 12 March 2020, the review of accreditation applications has defaulted to a first-come, first-complete basis.

21. The Secretariat is continuing to work with DAEs that have submitted applications for accreditation and DAEs seeking to launch an accreditation application. Additionally, the Secretariat is working with NDAs and focal points to identify entities that may be nominated to seek accreditation to GCF in line with the role of an AE.

4.2 Accelerating direct access

22. The Secretariat is continuing to support subnational, national and regional public and private sector entities interested in seeking, or that are in the process of applying for,

accreditation in order to ensure a balance of diversity, in accordance with decision B.09/07, paragraphs (d) and (g), and decision B.10/06, paragraph (h). This has been addressed by:

- (a) Guiding and supporting the 227 DAEs nominated by the NDAs or focal points of 95 countries in four regions throughout the application process, including via conference calls;
- (b) Providing institutional gap assessments for 37 DAEs nominated by 48 countries from different geographical/regional areas seeking accreditation and action plans based on the gap assessments to address any identified gaps;
- (c) Using an online accreditation self-assessment tool¹⁵ in order to assess preparedness for the accreditation process, which may be accessed by any organization, as well as NDAs and focal points, for the purposes of identifying organizations to nominate for accreditation. As at 30 September 2020, 2,006 users, including NDAs/focal points considering nominating entities and entities themselves, had completed the questionnaire; and
- (d) Engaging a roster of institutions that will provide technical and capacity-building support to both applicant and accredited DAEs in environmental, social and gender aspects.

23. Regarding the pre-accreditation support to the entities indicated in paragraph 22(b) above, as at 30 September 2020:

- (a) In-depth institutional assessments against GCF standards and action plans had been completed for 32 entities nominated by 44 countries. Of these:
 - (i) Twenty-one entities have submitted their accreditation applications, of which:
 - 1. Nine entities (Caixa Econômica Federal, Central American Bank for Economic Integration, Fondo para la Acción Ambiental y la Niñez, La Banque Agricole, Micronesian Conservation Trust, National Committee for Sub-National Democratic Development, National Fund for the Environment of Benin, the National Rural Support Programme and the Pacific Community) have been accredited; and
 - 2. One entity is in Stage II (Step 1); and
 - 3. Eleven entities are in Stage I; and
 - (ii) In addition, the other 11 entities are working towards closing the identified gaps and intend to thereafter submit their application, and others are in discussion with their NDA to seek additional readiness support to close the identified gaps; and
- (b) Readiness support is underway for the remaining five entities.

24. The Secretariat has also compiled a roster of institutions that provide technical and capacity-building support both to applicants and to accredited DAEs in relation to environmental, social and gender aspects of their institutional capacities. Legal arrangements with the institutions selected for the roster were finalized, all assignments completed and payments made. Overall, support was provided to four entities.

¹⁵ The tool, developed with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH and the World Resources Institute, is available at <<https://www.greenclimate.fund/accreditation/self-assessment>>.

4.3 Improving the accreditation process

25. The Secretariat continues its efforts to improve the transparency and efficiency of the accreditation process by providing as prompt as possible feedback and guidance to current and potential accreditation applicants.

26. In line with decision B.22/16, paragraph (c), the Secretariat is in the process of updating guidance to NDAs on country programming, including on strengthening the linkage with accreditation strategies/approaches. The Secretariat is supporting NDAs in developing accreditation strategies and approaches to identifying DAEs that support the country programme and/or align with the country's climate change priorities.

27. The Secretariat, in coordination with the AP, has finalized an updated accreditation application form, improved guidance to accreditation applicants and updated checklists used by the Secretariat and the AP in Stages I and II (Step 1) of the accreditation process. In addition, the Secretariat, in coordination with the AP, has finalized various tools related to the re-accreditation of AEs in line with the re-accreditation process adopted by the Board in decision B.24/13. Such tools include the re-accreditation application form, guidance to AEs and checklists used by the Secretariat and AP. The Secretariat is also supporting the AP towards establishing a baseline methodology on the overall portfolio of AEs, which addresses one component of the re-accreditation process.

28. The Secretariat has been working on an update of the online accreditation system, the Digital Accreditation Platform (DAP), with a view to it being launched in December 2020. The DAP aims to automate the current accreditation-related processes to the maximum extent with the latest technologies being leveraged. As compared to the current OAS, which serves as the platform for the receipt and processing of accreditation applications and upgrade applications, the DAP will cover all stages in the lifecycle of accreditation, upgrades, accreditation conditions, re-accreditation and AE-level monitoring and reporting. The DAP also integrates all updated application forms, guidance notes to applicants, as well as tailored, fit-for-purpose guidance and checklists for different types of organizations that have been finalized by the Secretariat, in consultation with the AP.

V. Overview of the portfolio of accredited entities

29. The Board has accredited 99 entities through decisions B.09/07, B.10/06, B.12/30, B.14/10, B.14/11, B.15/09, B.17/13, B.18/05, B.21/16, B.22/09, B.23/13, B.24/11, B.BM-2020/05 and B.26/01. Out of the 99 entities accredited by the Board, 72 have fully completed the accreditation process to become AEs by having signed and effective AMAs as at 30 September 2020.¹⁶ Further details on AMAs are contained in the limited distribution document GCF/B.27/XX titled "Status of accreditation master agreements and funded activity agreements" (publication pending).¹⁷

30. The AEs demonstrate a variety of accreditation types through the application of the fit-for-purpose approach, and reflect a geographical and institutional balance (see table 1). Information on the various accreditation types is contained in annex II. Details of entities

¹⁶ Following the reporting period and as at 19 October 2020, a total of 85 AMAs have been signed and 1 additional AMA is pending signature following completion of internal approvals by both the Secretariat and the no-objection review by the Risk Management Committee of the Board. The Secretariat expects to be able to meet the target of signing 87 AMAs by 31 December 2020.

¹⁷ To be considered by the Board at B.27.

accredited by the Board to date have been published on the GCF website, including the names of the entities, their contact details and the accreditation types.¹⁸

Table 1: Range of options for countries to partner with GCF accredited entities per region: the number of accredited entities in each type of capacity (cumulative, as at 30 September 2020)

Region	Fiduciary functions ^a					E&S risk category ^a			Size of an individual project or activity within a programme ^b	
	Project management ^c	Providing grants, including through grant award and/or funding allocation ^d	Blended finance			C/ I-3	B/ I-2	A/ I-1	Micro and small	Medium and large
			Loans	Equity	Guarantees					
AF	49	31	31	23	26	55	48	21	55	34
AP	55	36	36	25	26	60	52	20	60	37
EE	29	18	19	15	16	31	28	16	31	23
LAC	52	41	31	23	25	54	46	23	54	33
LDCs	52	37	30	21	22	56	49	21	56	31
SIDS	45	33	27	22	22	46	39	21	46	30

Abbreviations: AF = Africa, AP = Asia-Pacific, EE = Eastern Europe, E&S = environmental and social, LAC = Latin America and the Caribbean, LDC = least developed country, SIDS = small island developing State.

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

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

^c The specialized fiduciary standard for project management is contained in annex II to decision B.07/02, available at <<https://www.greenclimate.fund/document/initial-fiduciary-principles-and-standards-fund>>. Project management underlying principles are: ability to identify, formulate and appraise projects or programmes; competency to manage or oversee the execution of approved funding proposals (including those financed through grants), including the ability to manage executing entities or project sponsors and to support project delivery and implementation; and capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal.

^d The specialized fiduciary standard for grant award and/or funding allocation mechanisms is contained in annex II to decision B.07/02, available at <<https://www.greenclimate.fund/document/initial-fiduciary-principles-and-standards-fund>>. Specific capacities for grant award and funding allocation mechanisms of grants in the context of programmes require: transparent eligibility criteria and an evaluation process; a grant award decision and procedures; public access to information on beneficiaries and results; transparent allocation and implementation of financial resources; and a good standing with regard to multilateral funding.

31. As the portfolio of AEs grows, further entity relationship management and support to entities, particularly DAEs, is needed. Such institution-level support and relationship management work includes providing a dedicated focal point to guide AEs in engaging with GCF, developing and operationalizing the entity work programmes (EWPs), support in further developing institutional capacities, including but not limited to addressing accreditation conditions through the Readiness Programme, reaching legal arrangements (i.e. AMAs), monitoring institutional-level requirements under the monitoring and accountability framework (MAF) and supporting the re-accreditation process.

32. The Secretariat continues to follow up with AEs on accreditation conditions recommended by the AP. These AEs have already closed or are making significant progress in closing the gaps identified by the AP in its assessment of their applications. The detailed status

¹⁸ Available at <<https://www.greenclimate.fund/about/partners/ae>>.

of AEs addressing their conditions is contained in the “Status of the fulfilment of accreditation conditions” (document GCF/B.27/03/Add.01), which is reported to the Board for information purposes in accordance with decision B.10/06, paragraph (e).

5.1 Entity work programmes

33. The Secretariat is continuing to engage with 13 regional direct access AEs and 39 international access AEs to update or develop their multiannual EWPs.¹⁹ As at 30 September 2020, the Secretariat received 4 draft multi-annual EWPs from regional direct access AEs and 20 draft multi-annual EWPs from international access AEs. The Climate Investment Committee has considered 7 out of the 24 draft EWPs and endorsed a set of recommendations for the respective AEs to take into account when revising their EWPs, while the remaining 17 draft EWPs are under various stages of the review process by the Secretariat or by the AEs. The Secretariat is continuing to provide feedback and guidance to AEs on their EWPs through regular calls and email exchange. Within the reporting period, missions by the Secretariat to AEs and visits by AEs to GCF Headquarters have not taken place due to the coronavirus disease 19 (COVID-19) pandemic, however, the Secretariat has held discussions with various AEs on instead holding virtual workshops.

5.2 Support for accredited direct access entities

34. The Secretariat has continued to provide support for accreditation and direct access AEs via the Readiness Programme, in line with the outcomes and objectives contained in annex IV to decision B.22/11, paragraph (f). The Secretariat is also continually assessing the demand for readiness support as identified by NDAs/focal points through country programming and by AEs in their EWPs. Further details on the EWPs is contained in section 5.1 above.

35. The Secretariat maintains a steady dialogue with all direct access AEs and continues to explore opportunities to provide further technical support to NDAs and direct access AEs for developing high-quality funding proposals. Such technical assistance has been provided to more than 25 entities since its inception with support for 10 entities currently under implementation.

36. The Secretariat is also engaging with direct access AEs on readiness support that may be needed, addressing accreditation conditions, and preparing and submitting Project Preparation Facility (PPF) applications. Regarding PPF, as at 30 September 2020, the Secretariat was working on a pipeline of 51 active PPF applications with letters of no objection from the NDAs/focal points, of which 33 (65 per cent) are from DAEs. Of these 51 applications, 34 have been approved. Among the 34 approved PPFs, 23 (68 per cent) are from DAEs. The total approved amount for PPF applications was USD 21.579 million, of which USD 14.368 million has been disbursed.

37. Further details on assistance to DAEs to help them to strengthen their concept notes and associated PPF applications are contained in the document GCF/B.27/Inf.XX titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests” (publication pending).²⁰

¹⁹ The EWPs of national direct access AEs are contained in country programmes.

²⁰ To be considered by the Board at B.27.

5.3 Accredited entity monitoring and reporting

38. The accreditation process is considered complete upon the effectiveness of the AMA. Such date of effectiveness serves as the start date of the accreditation term for all entities accredited to GCF.²¹ The relevant institutional-level monitoring and reporting requirements commence upon AMA effectiveness, which marks the start of the accreditation term of an AE with GCF.

5.3.1 Monitoring and accountability framework: accredited entity level reporting

39. The MAF establishes the main monitoring and evaluation tools related to AEs on two levels:²²

- (a) AE compliance (section 1.1 of the MAF), addressing institutional requirements in relation to its accreditation and re-accreditation process; and
- (b) Funded activity monitoring (section 1.2 of the MAF), addressing specific requirements for each GCF-funded activity.

40. AE compliance comprises annual self-assessments, a mid-term review and, if needed, ad hoc compliance reviews. AEs that are entering into or are in the third year of their accreditation term are requested to complete the mid-term review. This mid-term review replaces the annual self-assessment for the third year of the accreditation term.

41. For both the annual self-assessment and the mid-term review (based on the GCF fiduciary standards, E&S safeguards and gender policy assessed during accreditation), AEs are requested to self-assess whether any changes have occurred since accreditation or the latest institutional-level reporting to the GCF, describe the nature of any changes or modifications identified and indicate how each change or modification impacts the status of accreditation and obligations of the AE as per the AMA.

42. The midterm review report template contains additional questions under each standard or subject area and covers the track record of the implementation by the AE of the institutional systems, policies, procedures and its capacities as they relate to GCF standards for accreditation.

43. For both the annual self-assessment and midterm review, the AE is requested to enclose evidence related to the changes the AE has reported. In accordance with the MAF and the AE-level monitoring approach contained in the re-accreditation process, the assessment undertaken for the midterm review is more extensive than the AE self-assessment, which is a self-attestation from the AE. For example, as part of the midterm review, the AE is requested to provide information on its track record of deploying its systems in projects/programmes, at least for GCF-funded projects/programmes, which may also be supplemented by non-GCF-funded projects/programmes or in cases where the AE has yet to have GCF-funded projects/programmes.

44. The GCF may also review third-party sources of information, including external party reports, published news reports, etc., as a part of its mid-term review of AE compliance with GCF standards for accreditation.

45. Further, if the accreditation of the AE was fast-tracked due to it being accredited to the Global Environment Facility, Adaptation Fund and/or Directorate-General Development and Cooperation – EuropeAid of the European Commission during its original accreditation or at the time of the latest institutional-level reporting by the AE to GCF, the AE is required to confirm in its annual self-assessment or mid-term review whether it is still accredited to such institution

²¹ Decision B.23/11, paragraph (a).

²² Decision B.11/10.

and whether it still complies with the accreditation requirements of those institutions. If the AE is no longer accredited to or compliant with the accreditation requirements of those institutions, the AE should provide this information and indicate how such changes impact the ability of the AE to meet the GCF accreditation standards.

46. The Secretariat and the AP review AE-level reports and supporting documents. For annual self-assessments, the Secretariat conducts the review and, as needed and in cases where the AE indicates impacts on its role as an AE, consults with the AP for its review. For mid-term review reports, the Secretariat performs a completeness check and initial review of the reports and supporting documents, focusing primarily on any legal changes in the AE and performance as an AE. The AP conducts the review focusing on the elements of the report related to the GCF accreditation standards. The Secretariat and the AP finalize respective conclusions and make recommendations, as relevant, regarding the ability of the AE to continue to meet the GCF accreditation standards and comply with the obligations under the AMA in the context of the accreditation scope of the AE.

47. Although the deadline for reporting on the period covering calendar year 2019 was 28 February 2020, the Secretariat issued extensions at the request of some AEs and also considering the challenges resulting from the COVID-19 pandemic.

48. For the period covering calendar year 2019, 29 AEs were required to provide their annual self-assessment and a further 24 AEs were required to undertake the mid-term review. The Secretariat provided those AEs with the relevant templates that have been developed in consultation with AEs, requesting them to submit the completed reports by 28 February 2020 in line with AMA requirements.

49. Although the deadline for calendar year 2019 reporting was 28 February 2020, the Secretariat issued extensions at the request of some AEs and also considering the challenges resulting from the COVID-19 pandemic. As of 30 September 2020, all AEs who were required to submit either an annual self-assessment or midterm review report have submitted the relevant reports.

5.3.2 Annual self-assessment

50. Among the 29 AEs that completed their annual self-assessment covering calendar year 2019, all but 1 reported changes of varying nature and degree.

51. At the general institutional level, 11 AEs reported having an increased number of staff and 15 reported having an increase in funds and projects under management. Only 2 AEs reported a decrease in funds or staff, however, without any negative impacts on their accreditation status.

52. Concerning the GCF basic fiduciary criteria, 20 out of the 29 reported changes in their key administrative and financial capacities, transparency or accountability. The changes relate to, for example, procurement, internal audits, information disclosure, code of ethics, anti-money laundering, gifts value limitation and representation.

53. Regarding the GCF specialized fiduciary criteria for project management, 15 of the 28 AE accredited for this criterion reported changes of varying nature and degree. The changes are, for example, more staff or new organizational structures for managing projects, as well as developing and implementing new guidelines and tools for screening, assessing and monitoring projects. Out of 23 AEs accredited for the GCF specialized fiduciary criteria for grant award and/or funding allocation mechanisms, 4 AEs reported changes. In all cases the changes have been positive and associated with strengthened capacities, including more structured management, transparency and new or updated guidelines for the appraisal, selection, awarding and monitoring of grant awards. Four of the 14 AEs accredited for the GCF specialized fiduciary criteria for on-lending and/or blending (for loans, equity and/or guarantees) reported

changes associated with improvement and strengthened capacities, most notably in relation to fund management, pipeline development and monitoring.

54. Regarding environmental and social safeguards (ESS) standards, 12 out of 29 AEs reported various changes, mostly in the form of updated policies and guidelines, and also in the form of more staff resources and better communications such as enhancements to webpages, access to and transparency on policies, access to grievance and redress mechanisms, as well as to whistle-blower functions.

55. A total of 8 out of 29 AEs reported changes related to their gender policy, strategy and capacity. The changes involve, for example, policy updates, gender mainstreaming and training in gender equality aspects.

56. Overall, there was no case wherein the AE reported that changes that the Secretariat or AP found to have adversely impacted the ability of the AE to comply with the relevant GCF accreditation standards the AE was accredited for, or to undertake their obligations under the AMA in the context of their accreditation. Rather, the changes tend to have strengthened the institutional capacity and capability of the AE to better meet the relevant GCF standards and comply with AMA requirements. For eight AEs, the changes reported were to address their fulfilment of accreditation conditions. Support under the Readiness Programme has been provided to 8 of the 29 AEs, with some AEs using the support to address the accreditation conditions. In one case, the changes reported have been made in preparation for applying to upgrade the accreditation scope of the AE.

5.3.3 Mid-term review

57. Among the 24 AEs that completed their mid-term review as part of the AE reporting covering calendar year 2019, 22 reported changes of varying nature and degree.

58. A total of 20 out of 24 AEs reported changes as part of general institutional information. While 12 AEs reported changes in staffing, 8 of them reported having more staff. Other changes include new divisions or units. Many AEs reported having appointed new staff members in areas such as management, project management, finance and ESS in order to build their capacity to continue to meet the relevant GCF accreditation standards.

59. Regarding the size and content of the portfolio of projects/programmes under management by the AE (including GCF-funded projects/programmes where relevant), 9 out of 24 AEs report having either a generally larger portfolio or a strengthened focus on climate projects.

60. Concerning the GCF basic fiduciary criteria, 14 of 24 AEs reported changes in their key administrative and financial capacities, transparency and/or accountability, and the remaining 10 AEs reported no changes in the fiduciary standards. For 11 AEs, the changes were associated with improvement and strengthened capacities, for example, increase or change in staff and updated policies and standards. Three AEs reported changes related to an increased portion of non-performing loans or insecurities in the sourcing of funds. The changes do not adversely impact the status of accreditation of the AEs or their ability to comply with their obligations under the AMA.

61. Regarding the GCF specialized fiduciary criteria for project management, 17 out of 24 AEs accredited for this standard reported no changes. Two AEs reported enhancements regarding their project management staff capacities and three have updated project management policies, standards or practices, while one AE reported challenges with implementing its new internal management system and another with its executing entity being delayed. With regard to the GCF specialized fiduciary criteria for grant award and/or funding allocation mechanisms, 4 of 15 AEs accredited for this standard reported enhanced capabilities to meet the standard while others indicated no changes. Regarding the GCF specialized fiduciary criteria for on-lending and/or blending (for loans, equity and/or guarantees), 2 out of

11 AEs accredited for this standard reported improvements in policies and manuals. The changes do not adversely impact the status of accreditation of the AE or ability to comply with their obligations under the AMA.

62. Regarding ESS standards, 16 out of 24 AEs reported changes, which are exclusively associated with improved and strengthened capacities. The changes do not adversely impact the status of accreditation of the AEs or their ability to comply with their obligations under the AMA. Nonetheless, the AP, in its assessment of the implementation of the environmental and social management systems of the AEs, highlighted a few projects to be closely monitored by the AEs and the Secretariat through the existing project-level reporting requirements (e.g. annual performance reports) to ensure that the projects remain in the E&S category assigned at the time of the approval of the respective funding proposal. The projects include FP022 titled “Development of agriculture orchards in degraded environment” submitted by the Agency for Agricultural Development of Morocco, FP073 titled “Strengthening climate resilience of rural communities in northern Rwanda” submitted by the Ministry of Environment of Rwanda (formerly Ministry of Natural Resources of Rwanda (MINIRENA)), FP001 titled “Building the resilience of wetlands in the province of Datem del Mara Marañón, Peru” submitted by the Peruvian Trust Fund for National Parks and Protected Areas, FP011 titled “Large-scale ecosystem-based adaptation in The Gambia: developing a climate-resilient, natural resource-based economy” and SAP009 titled “Building resilience of urban populations with ecosystem-based solutions in Lao PRD”, both submitted by the United Nations Environment Programme. The AP also highlighted that the approved PPF proposal for the ‘Integrated Sustainable Bus Rapid Transit Development in Semarang’ from PT PT Sarana Multi Infrastruktur should be monitored closely by the AE and the Secretariat to ensure that the E&S risk category of the full funding proposal remains in category B, in alignment with the accreditation scope of the AE. Additionally, the AP recommends that the World Wildlife Fund, Inc. (WWF) should continue to monitor the resolution of the ongoing complaint/allegation raised in 2019 concerning the lack of respect for human rights by some government-employed eco-guards associated with some non-GCF-funded WWF projects.

63. Regarding gender, including the GCF Gender Policy adopted in decision B.09/11 (against which these AEs were assessed), 19 out of 24 AEs reported no changes. A total of five AEs reported to have increased their capabilities to meet the Gender Policy requirements. The changes do not adversely impact the status of accreditation of the AEs or their ability to comply with their obligations under the AMA.

64. Overall, in no case did the AP find that the reported changes to the AEs adversely impacted their accreditation status. Rather, changes tend to have strengthened the capability of the AEs to continue to meet the relevant GCF accreditation standards they were accredited for and the obligations in the AMA in the context of their accreditation. None of the reported changes were to address the fulfilment of accreditation conditions. Support under the Readiness Programme has been provided to 3 of the 24 AEs. In one case (Profonanpe), the changes have been made in preparation for an application to upgrade the accreditation scope of the AE.

65. Document GCF/B.27/03/Add.02 titled “Report on mid-term accreditation reviews” contains a summary of the assessments from the mid-term accreditation review of AEs that were required to submit such a report covering calendar year 2019.

5.3.4 **International access entities strengthening the capacities of potential direct access entities for accreditation**

66. In decision B.10/06, paragraph (i), the Board decided that “all international entities, as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order

to enhance country ownership and that they report annually on these actions". International access AEs are requested to report annually on these actions, as per the MAF and the AMA.

67. In line with their AMAs, 22 international access AEs are required to provide annual reports on the support they intended to provide (and the support provided) to DAEs covering calendar year 2019. The Secretariat provided those international access AEs with the relevant template requesting them to submit the completed reports by 28 February 2020 in line with AMA requirements.

68. The Secretariat has reviewed the reports received from AEs. A total of 22 international access entities reported to have provided support to various regional, national and local institutions who are already accredited to the GCF or intend to apply for accreditation or engage with GCF in other capacities. The most common forms of support have been to help build track records related to project design and implementation (results-based management) (21 per cent), followed by building capacity in the area of ESS (11 per cent), helping to better understand GCF policies, modalities and investment criteria (10 per cent) as well as providing support related to capacity-building in good governance, meeting GCF basic fiduciary standards and the GCF gender policy (all at 6 per cent). The common types of support include consultancy support and engaging as partners/executing entities, as well as organizing training, workshops and informal discussions and providing training materials and tools.

5.4 Re-accreditation of accredited entities

69. In decision B.24/13, paragraph (a) and its annex XXVI, the Board adopted the re-accreditation process. The accreditation term for an AE is five years.²³ The accreditation term begins upon completion of the three-stage institutional accreditation process, that is, when the signed AMA entered into between GCF and an AE becomes effective.²⁴ Per paragraph 3 of the re-accreditation process contained in annex XXVI to decision B.24/13, an AE may submit an application either for re-accreditation in the same categories as their accreditation scope during the initial accreditation (including upgrades in accreditation scope, if any), or for accreditation in higher categories (i.e. combining both the re-accreditation application with an upgrade application), no later than six months prior to the end of their accreditation term (e.g. at 4.5 years of their 5-year accreditation term).

70. The Secretariat may issue a one-time extension to the accreditation term by a period of six months if further time is required to complete the re-accreditation review process and consideration by the Board, provided that the AE has submitted the complete re-accreditation application no later than six months prior to the end of its accreditation term. During this extended period, the AE shall not be able to submit any new funding proposals to GCF for consideration.

71. In order to provide flexibility during the COVID-19 pandemic, the Board decided in decision B.26/01, paragraph (h), pursuant to decision B.24/13, paragraph (a) and on an extraordinary basis, 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 AEs. As at 30 September 2020, the Secretariat has issued an extension to one AE in response to its submitted request.

72. In the third and fourth quarters of 2020, two AEs need to submit their re-accreditation application in order to maintain their status as an AE. In the first quarter of 2021, four AEs will need to submit their re-accreditation applications, followed by another nine AEs that would

²³ Decision B.11/10, annex I, paragraph 6, states, "The accreditation of an entity to the GCF is valid for a fixed term of five years or less, depending on the terms of accreditation, in accordance with decision B.10/07."

²⁴ Decision B.23/11, paragraph (a).

also need to submit applications throughout the remainder of 2021. The Secretariat has started engaging with AEs due to submit their re-accreditation application in 2020 and early 2021, providing guidance and support via conference calls. As mentioned in paragraph 28 above, re-accreditation applications will be submitted by AEs and reviewed by GCF in the new DAP.

VI. Applications in Stage II (Step 1) review

73. Applicants that have completed both Stage I and Stage II (Step 1) may be recommended for accreditation by the AP for consideration by the Board when they reach Stage II (Step 2).

74. Four new applicants (applicants 102, 103, 104 and 105) are to be presented by the AP for consideration for accreditation by the Board at B.27. They include three DAEs (of which one is a private sector entity) and one international access entity (which is a private sector entity).

75. The applicants have been found by the AP to be able to operate across a broad range of activities. The fit-for-purpose approach continues to provide the flexibility with which to match applicants' objectives and capacity with the objectives and requirements of GCF. The new applicants are being recommended for various accreditation types:

- (a) Two applicants are being recommended for micro-scale projects or activities within a programme,²⁵ and the other two for medium-scale;²⁶
- (b) Four applicants are being recommended to be able to use resources to manage and implement projects, 1 applicant for grant award and funding allocation mechanisms, and 2 applicants for on-lending and/or blending for loans (1 of which is being recommended also for undertaking equity investments, and the other for providing guarantees);
- (c) Two applicants (1 of which has a capacity to also serve in an intermediary function (intermediation 3 (I-3)²⁷) are being recommended for accreditation to manage projects/programmes with minimal to no risk (category C), and 2 applicants for medium environmental and social risk (category B/intermediation 2 (I-2));²⁸ and
- (d) All four of the new applicants meet the gender requirements of GCF.

76. For each of the applicants – in cases where the applicant does not fully meet the requirements of GCF – the AP recommends conditions on how to address these aspects by improving or further developing their policies, procedures and competencies, for which technical support for DAEs could be sought from GCF. The Secretariat and the AP have worked closely with the entities being recommended to minimize the recommendation of entities with

²⁵ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including USD 10 million for an individual project or an activity within a programme".

²⁶ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme".

²⁷ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

²⁸ As per annex I to decision B.07/02, category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

conditions. Nonetheless, in cases where gaps have been identified at the institutional level (e.g. where they relate to systems, policies and procedures), conditions have been recommended by the AP, for example, to be met by the applicant prior to the effectiveness of the AMA during Stage III of the accreditation process and prior to the first disbursement by GCF for the first GCF-funded project/programme. Such conditions have been proposed related to basic and specialized fiduciary standards and ESS standards in order to strengthen the effectiveness of the applicants' financial control systems, procurement processes, risk management and project evaluation procedures and E&S management and monitoring systems. In cases of lack of track record, the AP has also recommended conditions (for example, to be addressed through monitoring and reporting on GCF-funded projects/programmes) to be met on an annual basis for a certain number of years.

77. The AP also provides remarks to the applicants for their consideration to improve institutional systems.

78. The AP further provides additional information on the third-party information considered in the accreditation review.

79. The four new applicants are presented in this document, as contained in annexes III–VI, for consideration by the Board for accreditation. A summary of recommendations by the AP for entities to be considered by the Board for accreditation or upgrade is presented in table 2.

80. For all conditions of accreditation proposed, the entity will be required to submit to the AP, through the Secretariat, information on how it has complied with the 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.

Table 2: Summary of recommended accreditation types and conditions

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size ^a	Fiduciary functions ^b	Environmental and social risk category ^c	
APL102 Kemitraan bagi Pembaruan Tata Pemerintahan (Partnership for Governance Reform) (Kemitraan)	Direct access, national (Indonesia)	Micro	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for grant award and/or funding allocation mechanisms	Minimal to no risk (category C/intermediation 3 (I-3))	None.
APL103 National Trust for Nature Conservation (NTNC)	Direct access, national, private sector (Nepal)	Micro	Basic fiduciary standards; and Specialized fiduciary standard for project management	Minimal to no risk (category C)	<p><u>Condition to be met prior to the effectiveness of the accreditation master agreement during Stage III of the accreditation process:</u></p> <ol style="list-style-type: none"> Provision of evidence by the applicant of the establishment and functioning of an independent Complaints Committee, including the minutes of the first Complaints Committee meeting. <p><u>Condition to be met with the submission of the first funding proposal to GCF:</u></p> <ol style="list-style-type: none"> Provision of evidence by the applicant of applying the environmental and social (E&S) monitoring provisions of the Environmental and Social Management Framework: Safeguard Policies and Procedures (ESMF: SPP) in the development of its first funding proposal

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size ^a	Fiduciary functions ^b	Environmental and social risk category ^c	
					<p>submitted to GCF. Relevant evidence includes the project/programme-specific environmental and social management and monitoring framework or environmental and social management and monitoring plan.</p> <p><u>Condition to be met on an annual basis for two consecutive years, starting with the financial year 2021/2022:</u></p> <ol style="list-style-type: none"> 1. Provision of evidence by the applicant of applying the following policy and guidance documents: <ol style="list-style-type: none"> a. Financial management and control manual: provision of confirmation in the semi-annual internal audit reports that the provisions of this manual are adhered to is required; b. Guidelines for organizational and project risk management: provision of copies of the risk register, including copies of the risk table for each of the risk categories specified in these guidelines and of the semi-annual update of planned mitigating actions as required by these guidelines; c. Project preparation and appraisal guidelines: provision of two examples showing that the project development cycle as defined in these guidelines is adhered to for each of its main components (project identification, project preparation, project appraisal, project implementation and monitoring and project evaluation); and

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size ^a	Fiduciary functions ^b	Environmental and social risk category ^c	
					<p>d. Monitoring and evaluation framework: provision of two examples that demonstrate that the entity is fully applying this framework and completing the required templates, including the format for periodic reporting of progress and the annual reporting.</p> <p><u>Condition to be met on an annual basis for three consecutive years, starting with the financial year 2021/2022:</u></p> <p>1. Provision of the minutes of meetings of the Oversight Committee that demonstrate how it is annually executing its “Purpose” as stated in section 1 of its terms of reference and its “Roles and Responsibilities” as stated in section 6. Specifically, the minutes of the Oversight Committee should provide details of how the following roles and responsibilities are executed and should provide details for each of the subsections under these topics:</p> <ul style="list-style-type: none"> a. Financial oversight; b. Compliance, whistleblowing and fraud; c. Audit oversight; and d. Ethics oversight.
APL104 KCB Bank Kenya Limited (KCB Kenya)	Direct access, national, private sector (Kenya)	Medium	Basic fiduciary standards; Specialized fiduciary standard for project management; and	Medium (category B/intermediation 2 (I-2))	<p><u>Condition to be met prior to the effectiveness of the accreditation master agreement during Stage III of the accreditation process:</u></p> <p>1. Provision of evidence by the applicant of the revision and adoption by its senior management of its Supply</p>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size ^a	Fiduciary functions ^b	Environmental and social risk category ^c	
			Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees)		<p>Chain and Procurement Policy and its guidelines to include procedures and guidelines for overseeing and assessing the adequacy of the procurement procedures and/or practices of executing entities, project sponsors or beneficiary institutions of GCF-funded projects/programmes; and</p> <p>2. Public disclosure of the revised Supply Chain and Procurement Policy on the applicant's website.</p> <p><u>Condition to be met on an annual basis for two consecutive years starting from the date of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <p>1. Public disclosure on the applicant's website of periodic monitoring reports in respect of the relevant GCF-funded project/programme.</p> <p><u>Condition to be met within three years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <p>1. Provision by the applicant of at least two reports on the assessment of the procurement procedures and/or practices of executing entities, project sponsors or beneficiary institutions of GCF-funded projects/programmes;</p> <p>2. Public disclosure of its procurement awards for GCF-funded projects/programmes on its website; and</p> <p>3. Provision by the applicant of a final report on an external audit prepared by an independent body</p>

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size ^a	Fiduciary functions ^b	Environmental and social risk category ^c	
					<p>assessing the effectiveness of the implementation of the applicant's ESMS (comprising its Social and Environmental Management System Policy (SEMS) Policy). The audit should highlight lessons learned and provide recommendations to improve the ESMS.</p> <p><u>Condition to be met within one year of completing the implementation of the first GCF-funded project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Provision of evidence by the applicant of independent evaluation of the first GCF-funded project/programme and the public disclosure of the independent evaluation report on its website. The report shall include information on: <ol style="list-style-type: none"> a. The list of beneficiaries under the first GCF-funded project/programme; and b. The results and outcomes of the first GCF-funded project/programme.
APL105 Camco Management Limited (Camco)	International access, private sector	Medium	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for on-lending and/or blending (for loans and equity)	Medium (category B/I-2)	<p><u>Condition to be met within two years following the approval by the Board of the first GCF-funded project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Provision by the applicant of the minutes of the first three meetings of the Sustainable Business Committee (SBC) and Audit and Risk Committee (ARC); and 2. Provision by the applicant of:

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size ^a	Fiduciary functions ^b	Environmental and social risk category ^c	
					<p>a. Internal audit plans for financial years 2021 and 2022;</p> <p>b. The corresponding internal audit reports for financial years 2021 and 2022;</p> <p>c. The reports on the execution status of action plans on findings contained in the internal audit reports; and</p> <p>d. Evidence of the quality control and assessment of the overall effectiveness of internal audit function.</p> <p><u>Condition to be met within two years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Publication by the applicant of the results of procurements for GCF-funded projects/programmes on the applicant's website; 2. Provision by the applicant of the first project or programme monitoring report prepared in accordance with the applicant's updated monitoring and evaluation procedures and publication of said report on the applicant's website; and 3. Provision by the applicant of the report containing the analysis of the implementation of the risk management strategy included in the Risk Management Policy adopted on 14 July 2020.

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size ^a	Fiduciary functions ^b	Environmental and social risk category ^c	
					<p><u>Condition to be met within three years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:</u></p> <ol style="list-style-type: none"> 1. Provision by the applicant of a report conducted by an external expert on the audit of the effectiveness of its ESMS. The audit should highlight lessons learned and provide recommendations to improve the ESMS; and 2. Provision by the applicant of: <ol style="list-style-type: none"> a. Terms of reference for the independent consultancy firm that is contracted to perform the mid-term project evaluation in accordance with the procedure contained in the document titled “On the independent evaluation of the investment mandates” approved by the applicant on 15 June 2020; b. A mid-term evaluation report; and c. Evidence of the publication on its website of the mid-term evaluation report.

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

^b “Fiduciary functions” refers to the basic fiduciary standards, the specialized fiduciary standard for project management, the specialized fiduciary standards grant award and/or funding allocation mechanisms and specialized fiduciary standards for on-lending and/or blending (for loans, equity and/or guarantees), as per annexes I and II to decision B.07/02.

^c “Environmental and social risk category” refers to category C/intermediation 3, category B/intermediation 2 and category A/intermediation 1, as per annex I to decision B.07/02.

Annex I: Draft decision of the Board

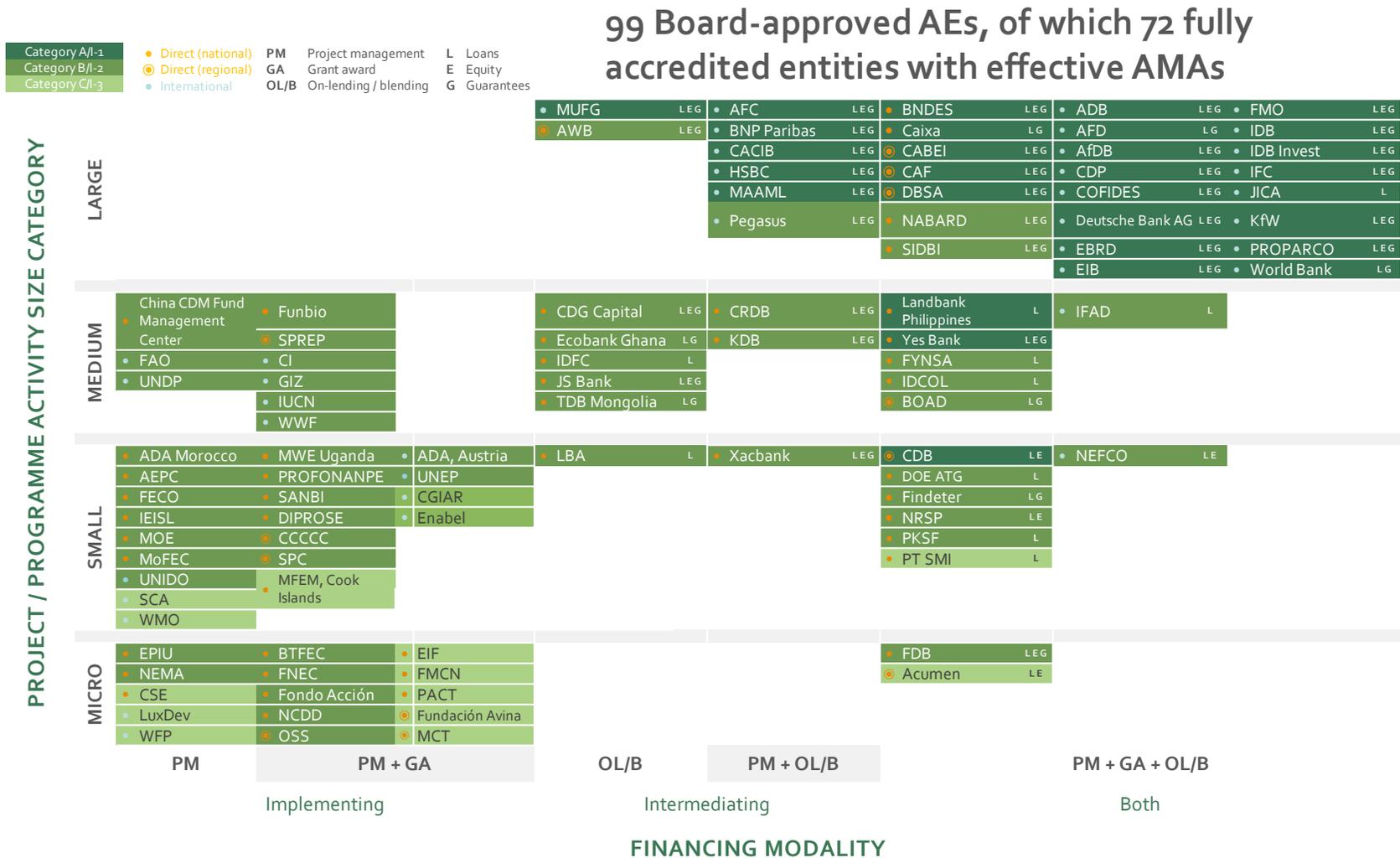
The Board, having considered document GCF/B.27/03 titled “Consideration of accreditation proposals”:

- (a) *Takes note with appreciation* of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:
- (i) Applicant 102 (APL102) is Kemitraan bagi Pembaruan Tata Pemerintahan (Partnership for Governance Reform) (Kemitraan), based in Indonesia, as contained in annex III;
 - (ii) Applicant 103 (APL103) is the National Trust for Nature Conservation (NTNC), based in Nepal, as contained in annex IV;
 - (iii) Applicant 104 (APL104) is KCB Bank Kenya Limited (KCB), based in Kenya, as contained in annex V; and
 - (iv) Applicant 105 (APL105) is Camco Management Limited (Camco), based in the United Kingdom of Great Britain and Northern Ireland, as contained in annex VI; and
- (b) *Approves* the accreditation of applicants APL102, APL103, APL104 and APL105, 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.

Annex II: Accredited entities and accreditation categories

1. A mapping of the 99 accredited entities and their accreditation scope (e.g. financing modalities, size category and environmental and social risk category) as at 30 September 2020 are shown in figure 1 below. Some accredited entities have conditions, remarks or recommendations attached to their accreditation; refer to decisions B.09/07, B.10/06, B.12/30, B.14/10, B.14/11, B.15/09, B.17/13, B.18/05, B.21/16, B.22/09, B.23/13, B.24/11, B.25/12, B.BM-2020/05 and B.26/01 and their relevant annexes for further details.

Figure 1: Mapping of GCF accredited entities and their accreditation scopes (as at 30 September 2020)



Abbreviations: AE = accredited entity, AMA = accreditation master agreement.

Abbreviations: Acumen = Acumen Fund, Inc., ADA Austria = Austrian Development Agency, ADA Morocco = Agency for Agricultural Development of Morocco, ADB = Asian Development Bank, AEPC = Alternative Energy Promotion Center, AFC = Africa Finance Corporation, AFD = Agence Française de Développement, AfDB = African Development Bank, AWB = Attijariwafa Bank, BNDES = Banco Nacional de Desenvolvimento Econômico e Social, BNP Paribas = BNP Paribas S.A., BOAD = Banque Ouest Africaine de Développement (West African Development Bank), BTFFC = Bhutan Trust Fund for Environmental Conservation, CABEI = Central American Bank for Economic Integration, CAF = Corporación Andina de Fomento, CCCC = Caribbean Community Climate Change Centre, CDB = Caribbean Development Bank, CDG Capital = CDG Capital S.A., CDP = Cassa Depositi e Prestiti – Società per Azioni, CEF = Caixa Econômica Federal, China CDM Fund Management Center = China Clean Development Mechanism Fund Management Center, CI = Conservation International Foundation, COFIDES = Compañía Española de Financiación del Desarrollo S.A. S.M.E., Crédit Agricole CIB = Crédit Agricole Corporate and Investment Bank, CRDB = CRDB Bank Public Limited Company, CSE = Centre de Suivi Ecologique, DBSA = Development Bank of Southern Africa, Deutsche Bank AG = Deutsche Bank Aktiengesellschaft, DIPROSE (formerly UCAR) = General Directorate of Sectoral and Special Programmes and Projects of the Ministry of Agriculture, Livestock and Fisheries (formerly Unidad para el Cambio Rural (Unit for Rural Change) of Argentina), DOE Antigua and Barbuda = Department of Environment of Antigua and Barbuda, EBRD = European Bank for Reconstruction and Development, EGH = Ecobank Ghana Limited, EIB = European Investment Bank, EIF = Environmental Investment Fund of Namibia, Enabel = Belgian Development Agency, EPIU = Environmental Project Implementation Unit of the Ministry of Nature Protection of the Republic of Armenia, FAO = Food and Agriculture Organization of the United Nations, FECO = Foreign Economic Cooperation Office, Ministry of Environmental Protection of China, FDB = Fiji Development Bank, Findeter = Financiera De Desarrollo Territorial S.A., FMCN = Fondo Mexicano para la Conservación de la Naturaleza A.C., FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., FNEC = National Fund for the Environment of Benin, Fondo Acción = Fondo para la Acción Ambiental y la Niñez, Funbio = Fundo Brasileiro para a Biodiversidade, FYNSA = Finanzas Y Negocios Servicios Financieros Limitada, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, HSBC = HSBC Holdings plc and its subsidiaries, IDB = Inter-American Development Bank, IDB Invest = Inter-American Investment Corporation, IDCOL = Infrastructure Development Company Limited, IDFC Bank = IDFC Bank Limited, IEISL = IL&FS Environmental Infrastructure and Services Limited, IFAD = International Fund for Agricultural Development, IFC = International Finance Corporation, IUCN = International Union for Conservation of Nature, JICA = Japan International Cooperation Agency, JS Bank = JS Bank Limited, KDB = Korea Development Bank, KfW = Kreditanstalt für Wiederaufbau, Landbank = Land Bank of the Philippines, LBA (formerly CNCAS) = La Banque Agricole, LuxDev = Luxembourg Agency for Development Cooperation, MAAML = Macquarie Alternative Assets Management Limited, MCT = Micronesia Conservation Trust, MFEM, Cook Islands = Ministry of Finance and Economic Management of the Cook Islands, MOE (formerly MINIRENA) = Ministry of Environment of Rwanda (formerly, Ministry of Natural Resources of Rwanda (MINIRENA)), MoFEC = Ministry of Finance and Economic Cooperation of Ethiopia, MWE, Uganda = Ministry of Water and Environment of Uganda, MUFG Bank = MUFG Bank, Ltd. (formerly, Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)), NABARD = National Bank for Agriculture and Rural Development, NCDD = National Committee for Sub-National Democratic Development, NEFCO = Nordic Environment Finance Corporation, NEMA = National Environment Management Authority of Kenya, NRSP = National Rural Support Programme, OAS = online accreditation system, OSS = Sahara and Sahel Observatory, PACT = Protected Areas Conservation Trust, PCA = Pegasus Capital Advisors, L.P., PKSF = Palli Karma-Sahayak Foundation, PROFONANPE = Peruvian Trust Fund for National Parks and Protected Areas, PROPARCO = Société de Promotion et de Participation pour la Coopération Economique, PT SMI = PT Sarana Multi Infrastruktur, SANBI = South African National Biodiversity Institute, SCA = Save the Children Australia, SIDBI = Small Industries Development Bank of India, SPC = The Pacific Community, SPREP = Secretariat of the Pacific Regional Environment Programme, TDB Mongolia = Trade and Development Bank of Mongolia, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, UNIDO = United Nations Industrial Development Organization, WFP = World Food Programme, WMO = World Meteorological Organization, World Bank = International Bank for Reconstruction and Development and International Development Association, WWF = World Wildlife Fund, Inc., XacBank = XacBank LLC, Yes Bank = Yes Bank Limited.

Annex III: Accreditation assessment of applicant 102 (APL102)

I. Introduction

1. Applicant 102 (APL102), Kemitraan bagi Pembaruan Tata Pemerintahan (The Partnership for Governance Reform) (Kemitraan) is a national direct access entity based in Indonesia. The applicant envisions establishing fair, democratic and sustainable governance that improves the welfare of Indonesians. With a strong commitment to promoting good governance principles and practices for a prosperous Indonesia, the applicant focuses on sustainable environmental governance, poverty eradication and economic development, decentralization and administrative reform, human rights, civil society empowerment and mobilization of private sector resources. The applicant aims to synchronize government policies in Indonesia's response to climate change with a focus on land use, forestry, enhancing livelihoods, the ecosystem and institutional and regulatory systems.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 22 December 2016. Accreditation fees were received from the applicant on 18 April 2017, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 6 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 Indonesia;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and has applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.14/09 and in accordance with the following GCF policies and standards:

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

² Decision B.07/02.

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

- (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” (AML/CFT Policy) (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “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 was established in 2000 as a multi-donor trust fund managed by the United Nations Development Programme and became an independent legal entity in 2003 as a not-for-profit civil law association⁴ The applicant continued to be managed by the United Nations Development Programme from 2003 to 2010. Since 2010, the applicant itself has had full fiduciary responsibility and accountability for its programmes and development; it is capable of managing and implementing projects and providing grants and has the ability to receive funding to support its objectives.

2.2 Institutional presence and relevant networks

5. The applicant has established a broad network of partnerships with State and non-State agencies across each province of Indonesia, including 28 central government agencies, 29 local government authorities, 162 civil society organizations, 11 media groups and nearly 100 universities. In addition, it has also built collaborative partnerships with international civil society groups, private sector entities, donor agencies and multilateral organizations.

6. With a strong commitment to facilitating the achievement of Indonesia’s nationally determined contributions, the applicant has collaborated with the Government of Indonesia at the national, subnational and local levels. In order to advance the objectives of GCF, the applicant intends to continue its efforts in advocating climate change policy across various stakeholders. It intends to use a multi-stakeholder approach to leverage its network with a view to involving governments, non-governmental organizations, private sector entities and community groups in project design and implementation.

7. The applicant intends to focus on the following activities in continuing to assist the Government of Indonesia in the implementation of climate policies and strategies:

⁴ Ref. Notarial Deed 12-11-2003, Articles of Association of Partnership for Governance Reform.

- (a) Developing and implementing national strategies and priorities with respect to climate change adaptation;
- (b) Promoting community-based forest management;
- (c) Institutionalizing mechanisms to resolve conflicts over land tenure;
- (d) Facilitating multi-stakeholder consultations and negotiations on developing a REDD-plus strategy;
- (e) Piloting REDD-plus programmes in Indonesia; and
- (f) Utilizing its institutional capacity and system to enable subnational organizations with diverse backgrounds and capabilities to manage funds through grant award mechanisms.

2.3 Track record

8. The applicant's track record in financing sustainable development and climate change related projects in Indonesia to date includes the following:

- (a) USD 7,700,000 (grants) for to facilitate formulation and implementation of peatland restoration policies in 109 villages in 7 provinces to improve capacity for implementation of community-based measures for the conservation, restoration and sustainable development of targeted lowland areas;
- (b) USD 6,825,572 (grants) for Support to Building REDD+ Infrastructure (Stakeholder Engagement and Technical Assistance to Finalize Indonesia's REDD+ Architecture and Its Financing Instrument);
- (c) USD 4.7 million (grants) for the Forest Governance Programme, phase II;
- (d) USD 2,163,977 (grants) for Support to Badan Restorasi Gambut (Peatland Restoration Agency) – Peatland Partnership Programme;
- (e) USD 1.4 million (grants) for the Green Prosperity Programme for building a productive and sustainable social forestry entrepreneurship;
- (f) USD 257,848 (grants) for the REDD+ Green Village project in the pilot province of Central Kalimantan; and
- (g) USD 250,000 (grants) for a sustainable and equitable marine and fisheries governance programme (phase II).

III. Stage II accreditation review assessment

9. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the accreditation standards of GCF and gaps identified in decisions B.08/03 and 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 and in accordance with the accreditation requirements in the GCF policies and standards identified in paragraph 3 above.

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

3.1 Fiduciary standards

3.1.1 Basic fiduciary standards: key administrative and financial capacities

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

3.1.2 Basic fiduciary standards: transparency and accountability

12. As per paragraph 9 above, the basic fiduciary standards concerning transparency and accountability, with the exception of items 4.2.3, whistle-blower policy and prohibited practices, 4.2.4, investigation function, and 4.2.5, anti-money-laundering (AML) and countering the financing of terrorism (CFT) policies, have been met by way of fast-track accreditation.

13. Regarding item 4.2.3, a review by the AP of the information provided shows that the applicant has appropriate policies and procedures which are well aligned with the GCF Policy on Prohibited Practices and Policy on the Protection of Whistleblowers and Witnesses. It has:

- (a) A code of conduct that defines the ethical standards to be upheld by employees and all parties associated directly or indirectly with the applicant's general operations. The code of conduct is supplemented by a policy of zero tolerance for fraud and corruption in all its activities, including in the use of grant funds. The policy is widely disseminated to all employees, consultants, grantees/implementing partners and other parties involved in financial transactions with the applicant and is disclosed on the applicant's website along with information on avenues for reporting misconduct;
- (b) Disclosure of conflict of interest procedures;
- (c) A policy and associated mechanisms for protecting whistle-blowers who report violations; and
- (d) A function for investigating cases of reported or suspected misconduct as described in paragraph 14 below.

14. Regarding item 4.2.4, the applicant has an investigation function under which cases of reported or suspected fraud and other forms of misconduct are investigated. The Internal Audit Unit coordinates and assists management in the investigation of fraudulent activities, identification of the risks of fraud and development of fraud prevention and monitoring strategies. The actual investigation is undertaken by an ad hoc Investigation Committee comprising the Operations Director and two senior managers, including the Head of the Human Resources Unit. The Committee is guided by terms of reference which are publicly available through the applicant's website. The Head of the Internal Audit Unit, who oversees the investigation function, reports directly to the Executive Board. The investigation function has a defined process for periodically reporting case trends. The applicant provided details of a fraud case investigated in 2013 and confirmed that there have been no cases of violation of the code of ethics, fraud or corruption since then.

15. Regarding item 4.2.5, the applicant has an AML/CFT policy which is designed to ensure compliance with the applicable national laws and the international AML standards issued by the Financial Action Task Force. In conformity with its AML/CFT policy, the applicant does not engage in business relationships with organizations that are considered uncooperative in international efforts to fight money laundering and terrorism financing as listed in the list of non-cooperative countries and territories. The AML/CFT policy requires the applicant to ensure that:

- (a) For all incoming funds, the identity of the source of funds is verified and the sender is informed once the funds are received; and
- (b) For outgoing funds, a due diligence exercise is undertaken to ensure that the intended recipient is not involved in illegal activities.

16. The applicant has sound 'know-your-customer' due diligence procedures to combat money laundering and the financing of terrorism. The procedures focus on three key areas: (a) verification of client data and identity; (b) understanding the purpose and nature of the business relationship; and (c) maintenance of up-to-date client information. The procedures further require reporting of suspicious and unusual transactions to the relevant country's central bank.

17. As required by its AML/CFT policy, the applicant regularly monitors electronic funds transfers to ensure that the funds are received from bona fide sources and paid to the intended beneficiaries. It has put in place three layers of electronic funds transfer authorization: maker (cashier), approver (finance manager) and releaser (director/senior management). The applicant provided samples of reports on 'know-your-customer' due diligence carried out and monitoring reports on electronic funds transfers.

18. 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, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.

3.1.3 Specialized fiduciary standard for project management

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

3.1.4 Specialized fiduciary standard for grant award or funding allocation mechanisms

20. The applicant has a well-developed grant award system that is detailed in three main documents, "Manual of policies and procedures", "Project implementation by partner" and "Project appraisal sheet", which set out the evaluation criteria used to assess grant proposals. The system includes clearly defined roles of the management and staff responsible for the evaluation and approval of grant applications. The grant award process, which begins with a call for proposals, follows the following key steps:

- (a) Where considered necessary, technical briefings and coaching clinics are conducted for potential proposers who have passed the initial selection process. The coaching clinics are aimed at guiding grant applicants in writing proposals in conformity with Kemitraan's quality standards;
 - (b) Proposals with a value of less than USD 25,000 (300,000,000 Indonesian rupiah) are reviewed by the Operations Department and the Planning, Monitoring and Evaluation Department and are approved by the Executive Director;
 - (c) Proposals with a value of more than USD 25,000 are reviewed and selected by the Project Review Committee comprising senior managers within the organization and external experts; and
 - (d) Prior to awarding a contract, a pre-award survey and due diligence are undertaken to assess the readiness of the organization to receive grant funding and to identify training needs, if any.
21. Based on the information and supporting documentation provided, the AP concluded that:
- (a) The applicant has a sound due diligence framework for assessing the eligibility and capabilities of potential grant recipients;
 - (b) The teams responsible for the evaluation of grant applications have the required competencies to undertake evaluations and recommend grant awards;

- (c) Grant award decisions are taken by the persons with the requisite authority; and
- (d) Grant evaluation and award decisions comply with the applicant's grant award policies and procedures as well as the evaluation criteria, which are clearly spelled out in a project appraisal sheet.
22. The applicant also demonstrated that it has adequate checks and procedures in place for:
- (a) Ensuring that grants are not awarded retrospectively for activities that have already started or been completed at the time of the application;
- (b) The suspension or termination of grant awards in the event of the beneficiaries failing to comply with their obligations;
23. The applicant's grant award system also has adequate provisions for:
- (i) Procurement rules and procedures, which the grant beneficiaries are required to apply;
- (ii) Periodic independent reviews and audits of its grant award activities;
- (iii) Recovery of funds disbursed to recipients in respect of expenditures which are unauthorized or fall outside the scope of the approved grant-funded activities; and
- (iv) Monitoring and evaluation of the implementation progress of grant-funded projects.
24. The applicant has a sound information disclosure policy regarding its grant award activities. All grant award decisions are announced on its website along with information on selected events/activities as part of public awareness campaigns and outreach. The applicant also invites public feedback on the projects and programmes that it implements itself or through its partners. In addition, it has a dashboard displayed in the lobby of its head office building informing the public of procurement activities, project partners and the overall performance of projects under implementation. Information on all previous and ongoing projects is published in the applicant's annual reports, which are publicly available on its website.
25. The applicant provided information which clearly demonstrates its experience and sound track record in accessing financial resources from national and international sources. It has worked with more than 30 multilateral institutions over the last 15 years and has managed over USD 130 million in donor contributions over this period. The applicant provided two documents issued by the World Bank: Results of Assessment World Bank and World Bank - Kemitraan Institutional Capacity Assessment. Both assessments show a positive view of the applicant's institutional capacity and confirmed its capability to deliver projects.
26. 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 grant award and/or funding allocation mechanisms.

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

27. 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**

28. The applicant applied for E&S risk category C/I-3 and hence does not require a stand-alone E&S policy. Nevertheless, the applicant provided its 2016 Safeguards Policy, which replaced its previous project-based safeguards approach. The 2016 policy was endorsed by the applicant's Executive Board, was disseminated to all staff, applies to all projects and programmes and is implemented over the project/programme cycle. In line with the applicant's mandate on good governance, the components of the Safeguards Policy are:

- (a) Full and effective participation;
- (b) Gender mainstreaming;
- (c) Transparency and public disclosure; and
- (d) E&S responsibility.

29. The applicant provided a track record showing compliance with national E&S regulations, its Safeguards Policy and the E&S safeguards and standards of its international partners, including the World Bank, the Government of Norway, the United Nations Development Programme and the United States Agency for International Development. It also demonstrated a track record of applying International Finance Corporation (IFC) Performance Standards 1 to 8 (PS 1-8).

30. The AP finds that the applicant's E&S management system, comprising its Safeguards Policy and its 2015 Project Risk Management Guidelines, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim environmental and social safeguards (ESS) standards for a maximum E&S risk category C/I-3 projects/programmes with respect to GCF performance standards..

3.2.2 Identification of E&S risks and impacts

31. The applicant's Project Risk Management Guidelines describe its risk management system. The guidelines require projects and programmes to be assessed against IFC PS 1–8 and against applicable laws and human rights principles. Furthermore, the applicant's Safeguards Policy requires project/programme risks to be identified in a participatory manner with relevant stakeholders.

32. The risk analysis procedure considers the likelihood and consequence of risks. The Programme Management Unit conducts the preliminary project/programme categorization by classifying risks from "low" (equivalent to a GCF category C designation) to "extreme" (equivalent to a GCF category A designation). The Planning, Monitoring and Evaluation Department and the Sustainable Environment Governance Unit complete the E&S risk analysis, with the Planning, Monitoring and Evaluation Department approving the final category. The results of the risk analysis and selected mitigation actions are recorded in a risk matrix and risks are monitored during implementation.

33. The applicant updated several tools in anticipation of its GCF accreditation. For instance, the applicant's categorization procedure adopted the convention of categorizing projects from A to C, with C being "low risk" projects/programmes. Also, the applicant updated its pre-award survey form, which now explicitly requires that the E&S performance of executing entities be assessed. The applicant provided a list of 30 projects/programmes, generally categorized as low risk (e.g. projects/programmes focused on forest governance, community-based forest management, the land rights of indigenous peoples, peatland rehabilitation and awareness-raising on renewable energy and climate change).

34. 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 C/I-3 projects/programmes with respect to GCF PS 1–8.

3.2.3 Management programme

35. The Safeguards Policy and the Project Risk Management Guidelines provide the institutional processes to identify, assess, mitigate and monitor E&S risks from design stage to closure. The procedural steps outlined in the guidelines include establishing context; identifying risks; analysing and prioritizing risks; and treating risks according to a mitigation hierarchy and in accordance with the four components of the Safeguards Policy. The steps are conducted within a framework of ongoing consultation, monitoring, review and learning from implementation results.

36. The Project Appraisal Committee, comprising senior managers, advisors and the Planning, Monitoring and Evaluation Department, assesses the quality and adequacy of the executing entity's proposal with respect to E&S management using a project-appraisal score sheet. The project/programme team ensures that a risk management plan is prepared, tracked and evaluated during implementation. Implementation of the risk management plan is reported to management and the risk register is updated, as needed.

37. The applicant provided examples of completed project appraisal score sheets. It also provided the operational manual for its World Bank supported National Community Empowerment Programme (a peat habitat rehabilitation project). The operational manual included an Indigenous Peoples Planning Framework, an Environmental and Social Management System and an Environmental and Social Management Plan.

38. The AP finds that the applicant's management programme, 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 C/I-3 projects/programmes with respect to GCF PS 1-8.

3.2.4 Monitoring and review

39. The Safeguards Policy and the Project Risk Management Guidelines describe the applicant's general E&S monitoring process. The applicant's 2018 standard operating procedure for monitoring and evaluation provides the process flow chart, identifies the stages when monitoring and evaluation are conducted, lists the different types of monitoring and evaluation (e.g. biannual internal project monitoring) and describes the responsibilities, methodology, frequency and reporting requirements. The applicant also provided a standard operating procedure to guide evaluations, which are typically conducted by external independent evaluators. The applicant has a tracking system, allowing it to track outcomes and the effectiveness of monitoring and evaluation.

40. The Planning, Monitoring and Evaluation Department oversees the monitoring and evaluation process through desk review and field visits. The applicant's Programme Management Unit monitors the executing entity; it will identify any deviation, integrate unforeseen risks into the mitigation plan and report the results to senior management. Executing entities are responsible for ensuring that sub-grantees carry out activities in line with the agreed workplan and E&S safeguards. Sub-grantees are required to provide quarterly reports to the executing entity on the implementation of E&S safeguards.

41. The applicant demonstrated its track record with implementing its monitoring and review process by providing the monitoring framework of its Program Peduli and various monitoring reports (e.g. a monitoring report for its peat rehabilitation programme and a programme-level achievement analysis on its forest governance project). Two of the sample reports showed monitoring against an IFC PS 1-8 framework. The applicant also provided the external evaluation conducted on Program Peduli.

42. 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 C/I-3 projects/programmes with respect to GCF PS 1–8.

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

43. The applicant has a complaints handling policy/procedure (called '*Complaint Handling*' in English). The policy/procedure is implemented using a standard operating procedure with 15 steps to receive, register, investigate, resolve and follow up on E&S complaints (as well as fiduciary complaints). There are provisions to establish an investigation team for more complex issues. The applicant's whistle-blower policy protects complainants against retaliation.

44. Information inquiries and complaints can be received by telephone, email, mail, fax, social media, website or face-to-face. The website home page offers "contact us" and "complaints handling" tabs, in both English and Bahasa Indonesian. The complaints mechanism applies to the applicant and its executing entities.

45. The complaints function is managed by the Office of the Internal Auditor, who receives and registers all complaints and reports independently to the applicant's Board. A designated officer manages a complaint from start to resolution. The AP finds that the complaints handling procedure is in line with the requirements of the GCF Environmental and Social Policy and GCF interim ESS standards.

46. The GCF Information Disclosure Policy does not require additional requirements beyond those under the GCF Environmental and Social Policy and PS 1 under the GCF interim ESS standards regarding advance disclosure of E&S information for category C/I-3 projects/programmes. The applicant's safeguard 1 ("Full and effective participation") requires ongoing consultation with stakeholders and evidence that the public, including vulnerable groups, provided input to draft policies. The applicant's safeguard 3 ("Transparency and public disclosure") requires that project/programme information, including E&S information, be disclosed to stakeholders and vulnerable groups at the project site from the onset of the design stage. The applicant's code of conduct supports information disclosure, stating that the applicant aims to disclose information to any party with an interest in governance reform in Indonesia. The communications and information disclosure function falls under the Organization Secretariat/Executive Office. The curriculum vitae of the officer in charge of external communications was provided.

47. The applicant provided a complaints log showing how the eight complaints received from 2016 to 2020 were registered and resolved. Two of the complaints were relevant to E&S risks. The applicant also provided a back-to-the-office report, demonstrating that stakeholders were consulted, and information was disclosed during a field monitoring visit conducted by the applicant.

48. 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, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category C/I-3 projects/programmes with respect to GCF PS 1–8.

3.2.6 Organizational capacity and competency

49. The applicant provided an organizational chart, showing the reporting lines for the E&S function. Senior management is ultimately responsible for revising the E&S policy and procedures. The E&S staff are within the Planning, Monitoring and Evaluation Department

under the Executive Director and the Sustainable Environment Governance Unit under the Sustainable Development Governance Department. The E&S staff received IFC PS 1–8 training under some World Bank programmes and now the same staff conduct the applicant’s E&S training in other programmes. The applicant supports and builds the E&S capacity of its partners, as needed. One workshop report and two sample training modules showing E&S capacity development were provided to show the applicant’s track record.

50. 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 C/I-3 projects/programmes with respect to GCF PS 1–8.

3.3 Gender

51. The applicant’s 2015 gender policy and strategy (known as Gender Policy 1.0) applies to itself, its partners and its executing entities. The gender policy covers human rights, equal opportunities, gender discrimination, and gender indicators, analysis, training and budgets. The gender strategy targets the organizational level, human resources and the project/programme level. The applicant’s manual of policies and procedures and its code of conduct support the implementation of the gender policy by promoting equal opportunities during recruitment and by requiring equal remuneration.

52. The applicant has an internal gender team. It provided the curriculum vitae of the gender consultant hired in 2019 to formulate the gender policy and the terms of reference and curricula vitae of its gender staff.

53. The applicant has gender tools and procedures (e.g. design checklist to check the adequacy of the project/programme-level stakeholder analysis and provisions to monitor activities from a gender perspective). The applicant provided several examples showing its track record with applying its gender tools and procedures, including a completed gender-integration checklist for its Program Peduli project; a programme-level gender assessment; a gender monitoring report; a gender audit; a gender training report with a list of participants; and the gender guidelines of the Forest Governance Programme, which included a sample list of questions for conducting a gender analysis and guidance on how to integrate a gender perspective into work plans, budgets, data collection, and monitoring and evaluation. The applicant also provided evidence that it shares its gender knowledge, providing a copy of an academic paper written by staff on the gender issues within its peat rehabilitation programme.

54. The applicant provided examples of projects/programmes that benefited both men and women and that applied a principle of non-discrimination, including: a project that improved women’s representation in political institutions; a project that strengthened local women’s capacity to participate in village planning and livelihood activities; a project that supported women’s leadership and economic independence after an earthquake disaster; and a project to strengthen the livelihoods and basic rights of indigenous groups and poor women.

55. 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.

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy, the specialized fiduciary standard for project management, and the specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (b) The applicant meets the requirements of the GCF Environmental and Social Policy and the GCF interim ESS standards. The applicant demonstrates a greater degree of Environmental and Social Management System maturity than is required by the GCF Environmental and Social Policy and GCF interim ESS standards for category C/I-3, against which the applicant is seeking accreditation. Building on its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, seek an upgrade in accreditation for medium E&S risk (category B/intermediation 2 (I-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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

57. The AP recommends, for consideration by the Board, applicant APL102 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (ii) **Fiduciary functions:**
 - (1) Basic fiduciary standards;
 - (2) Specialized fiduciary standard for project management; and
 - (3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iii) **Maximum environmental and social risk category:** minimal to no risk (category C/I-3); and
- (b) **Conditions:**

None.

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

Annex IV: Accreditation assessment of applicant 103 (APL103)

I. Introduction

1. Applicant 103 (APL103), the National Trust for Nature Conservation (NTNC), is a national direct access entity based in Nepal with a mission to conserve, manage and promote nature in all its diversity that cultivates innovation, and enhance social equity and quality of life.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 10 April 2017. Accreditation fees were received from the applicant on 24 April 2017, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 18 December 2017 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 Nepal;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C).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 following GCF policies and standards:

- (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) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);

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

² Decision B.07/02.

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

- (e) “Comprehensive information disclosure policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (f) “Gender Policy and Action Plan” (decision B.09/11).

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established in 1982 by Legislative Act No. 12 as an autonomous and not-for-profit organization, mandated to work in the field of nature conservation in order to conserve and manage the nature and natural heritage of Nepal.

2.2 Institutional presence and relevant networks

5. As one of the largest national-level autonomous organizations working in the field of nature conservation, the applicant has been contributing to meeting Nepal’s national goals and international commitments and conventions, such as the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity, to which Nepal is a Party.

6. In addition, the applicant has been working closely with various partners to scale up its work on adaptation and emission reduction, such as international organizations, local government, non-governmental organizations and the media. It aims to preserve the natural heritage and, in so doing, to achieve a high quality of human life.

7. In order to advance the objectives of GCF, the applicant will focus on adaptation activities targeted to the most vulnerable communities and ecosystems in Nepal. It plans to support the Government of Nepal in achieving its strategic plans and priorities. For example, the National Water Plan, Water Resources Strategy, National Climate Change Policy 2019, National Forest Policy 2019, Forestry Sector Strategy 2016–2025, National Biodiversity Strategy and Action Plan, and Strategy and Action Plan 2016–2025 for the Chitwan-Annapurna Landscape. Furthermore, it intends to contribute to reducing greenhouse gas emissions through promoting the use of alternative energy sources, including micro-hydro and solar power, biogas, and improved cooking devices or stoves, plantation, and climate smart agriculture. The applicant also takes a gender-sensitive approach targeted to produce maximum results on environmental, social, economic and developmental benefits.

2.3 Track record

8. As a not-for-profit organization, the applicant has undertaken over 300 small and large projects on nature conservation, biodiversity, cultural heritage protection, ecotourism and sustainable development over the past 3.5 decades. The applicant has a track record of projects and programmes in managing over 33 per cent of the total protected area coverage of Nepal, preserving wildlife and natural heritage, building adaptive capacity and resilience for populations affected by floods and landslides, strengthening institutional and regulatory systems for climate-responsive planning and development, conserving land and forests with a view to contributing to greenhouse gas emission reduction, and raising awareness in vulnerable communities of climate threats and risks.

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

- (a) USD 59,987 (grants) for Managing Human–Elephant Coexistence in Koshi Tappu Wildlife Reserve in Eastern Nepal;

- (b) USD 54,491 (grants) for Strengthening Local Capacity for Human–Tiger Conflict Management in Chitwan National Park;
- (c) USD 100,000 (grants) for Strengthening Community Engagements and Conservation Initiatives to Improve the Water Quality and Ecosystem Functions of Beeshazar and Associated Lakes in Chitwan;
- (d) USD 3 million (grants) for Strengthening Regional Cooperation for Wildlife Conservation Project; and
- (e) USD 3.9 million (grants) for Hariyo Ban Program II.

III. Stage II accreditation review assessment

10. 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 below:

- (a) GCF policies and standards identified in paragraph 3 above;
- (b) “Policy on Prohibited Practices” (decision B.22/19);
- (c) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (d) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10); and
- (e) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12).

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

3.1 Fiduciary standards

3.1.1 Basic fiduciary standards: key administrative and financial capacities

12. For the financial year ended 16 July 2019, the applicant spent around USD 10 million equivalent, of which roughly two thirds related directly to the conservation areas, the Central Zoo and projects such as species and biodiversity conservation. Traditionally, the applicant’s expenditures are subject to the host country, and donor regulations and requirements, and are verified by the applicant’s management before they are executed.

13. The applicant’s Strategic Plan 2020–2025 contains its vision, mission, strategic objectives and performance measurements. An Excel-generated list of the targets and processes of all projects carried out to date was accepted by the AP as a periodic evaluation of achievement of organizational objectives. The evaluation of the overall performance of the Strategic Plan is carried out every five years when the plan is renewed. The applicant issues annual financial statements which are audited by the Office of the Auditor General of the country. The financial statements examined, including the most recent one relating to the financial year ended 16 July 2019, have received an unqualified opinion. The applicant has a commercial enterprise resource planning system but many of its accounting functions are based on work around manual and spreadsheet-based systems. Together these produce the required internal and donor reporting. There is a requirement of segregation of duties between approval and disbursement responsibilities.

14. During the application assessment process NTNC developed a number of policies and guidance documents related to financial and project management. These documents are consistent with GCF basic fiduciary standards on key administrative and financial capacities,

and the specialized fiduciary standard for project management. The implementation of such policies and guidance has commenced but time is needed to demonstrate its effectiveness. Until then there is a gap in relation to these GCF criteria.

15. The applicant established an Oversight Committee for Finance, Audit and Ethics (Oversight Committee) during the application assessment process with a comprehensive purpose. Its roles and responsibilities include oversight relating to financial, compliance, whistleblowing and fraud, audit and ethics aspects within the organization. Given the limited size of the applicant's operations the Oversight Committee is to be considered a key internal control for the applicant as an implementing entity. This is particularly true during the implementation phase of the various policies and guidance. To date the Oversight Committee has dealt with only a fraction of its roles and responsibilities; this is a gap relating to the GCF basic fiduciary standards on key administrative and financial capacities.

16. The applicant uses the services of an accounting firm to do the internal audit under a three-year contract, which is awarded following competitive bidding. The three-year cycle presents an opportunity for the Oversight Committee to assess the overall effectiveness of the internal audit over the past three years. The internal auditor serves as a second line of defence for payments and disbursements as well as for the procurement function. This procedure was introduced on the basis of a suggestion of the AP. The applicant has also strengthened its processes to be more responsive to audit recommendations. The Oversight Committee has taken the first steps to monitor this and highlighted the need for management to improve its actions to implement audit recommendations.

17. The internal control framework of the applicant is captured in the recently updated financial management and control manual, which mirrors the national policies and regulations. It is a sufficient framework given the nature of the applicant's operations. Thus, the applicant's procurement procedures and controls mechanisms meet the GCF basic fiduciary standards on key administrative and financial capacities. The applicant needs to demonstrate that the provisions of this manual are being implemented, in particular with regard to the risk management system. Until this has been done, a gap remains in relation to the above-mentioned GCF basic fiduciary standards.

18. The applicant's procurement practices are aligned with the GCF basic fiduciary standards on key administrative and financial capacities. They follow Nepal's Public Procurement Act and Public Procurement Rules, which are aligned with international practices and promote economy and efficiency. There are rules specific to NTNC in the by-laws that further specify requirements and decision making authorities. The applicant intends to execute all significant procurements on behalf of its executing entities rather than on the basis of delegating and monitoring. This is a sound approach given the remoteness of much of the countryside where the applicant operates, the limited procurement expertise available at the local level and the limited number of large procurements that are expected.

19. The AP finds that the applicant's policies, procedures and capacity fully meet the GCF basic fiduciary standards on key administrative and financial capacities. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 14, 15, and 17 above and are reflected by the corresponding conditions for accreditation in section 4.2.

3.1.2 Basic fiduciary standards: transparency and accountability

20. The applicant has recently approved a Code of Conduct for its employees which, by way of contracts, is equally made applicable to external contractors. Financial mismanagement and fraud provisions are contained in the financial management and control manual. This includes reporting and whistleblowing provisions, anti-money-laundering and anti-terrorism financing policies, including 'know-your-customer' provisions and investigation procedures. These provisions reflect the national government's rules and regulations, which are consistent with

the GCF fiduciary standards on transparency and accountability. The requirement of financial disclosure by the employees and the effective implementation thereof has been demonstrated. NTNC has a guiding principle that management is based on zero tolerance for corruption and other prohibited practices. This principle has been endorsed by the NTNC Governing Board of Trustees and is reflected in the NTNC Strategic Plan 2020–2025. The concept is reflected in the financial management and control manual and is available on the applicant’s website.

21. Allegations of wrongdoing can be made in a variety of ways, including through the NTNC website, which has been improved during the application assessment process. The Member Secretary conducts the investigations related to the Code of Conduct and informs relevant external authorities. Disciplinary actions, if needed, are recommended in a report. Certain types of investigation are conducted by national government authorities. The applicant provided two examples of employee wrongdoing in 2014 and three examples of employees breaking the Code of Conduct in 2016. It is difficult for the AP to make a judgement if all cases come to light without a proper oversight and investigation mechanism. The efficacy of the complaints and investigative system needs to be reviewed by the Oversight Committee under its terms of reference and until this is done this would constitute a gap in relation to the GCF basic fiduciary standards on transparency and accountability.

22. The Oversight Committee “assists the Board in its oversight to the values, ethics and good reputation of NTNC, including matters relating to the NTNC Code of Conduct and general ethical issues related to NTNC. The Oversight Committee’s roles and responsibilities related to transparency and accountability are set out in section 6.2 of its terms of reference entitled “Compliance, whistleblowing and fraud” and section 6.4 entitled “Ethics oversight”. Minutes of the first four meetings of the Oversight Committee, held between 22 November 2019 and 15 July 2020, have been provided. In its third meeting, the Oversight Committee concluded that the implementation of the Code of Conduct was satisfactory. However, the applicant has not provided evidence that the Oversight Committee has addressed other aspects related to transparency and accountability which it is required to do under its terms of reference. This is a gap in relation to the applicant’s own policies and the GCF basic fiduciary standards on transparency and accountability.

23. In terms of executing the project-related payments NTNC deals regularly with the same counterparties and the monetary volume of transactions is low. Hence the risk for anti-money-laundering and anti-terrorism financing is also low. Nevertheless, this risk is covered by the applicant, whose stated policy is to adhere to the policy on money laundering and the policy on anti-terrorism funding of the Government of Nepal and particularly on the provisions in the Money (Asset) Laundering Prevention Act, 2008.

24. The AP finds that the applicant’s policies, procedures and capacity fully meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. However, the AP finds that the applicant’s track record related to GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses is insufficient. The relevant gaps are identified in paragraphs 21 and 22 above and are reflected by the corresponding conditions for accreditation in section 4.2.

3.1.3 Specialized fiduciary standard for project management

25. The applicant is authorized to work in the field of nature conservation in Nepal, which includes contract management, conservation and research activities. It manages three conservation areas in Nepal and operates the Central Zoo, which also functions as a focal point for the rescue, rehabilitation and treatment of wild animals, and has carried out over 300 related projects over the last 3.5 decades. The project preparation and appraisal activities are driven by the donor’s formats. Subsequent reporting and project accounting are similarly driven by the donor’s systems.

26. The applicant's main experience is working as an executing entity. While it works with local communities and delegates some of the activities, and therefore executes the role of an implementing entity, it is the applicant that manages its projects throughout all of its stages.

27. Recently the applicant approved the following project-related policies and procedures:

- (a) Project preparation and appraisal guidelines;
- (b) Fiduciary procedures for effective community-based projects;
- (c) Monitoring and evaluation (M&E) framework; and
- (d) Risk management system, including project risk management.

28. The project preparation and appraisal guidelines give guidance on how a project is identified and documented in consultation with donors, concerned institutions, partners and stakeholder groups. It sets out the critical elements required for concept note development such as setting priorities and objectives, formulating concepts and comparing options. The guidelines cover the aspects of project preparation with respect to, amongst others, the assessment of the concept note, based on key points. Goals, outcomes and activities are identified, and a political, economic, social and technological analysis is performed and a logical framework is developed. Guidance is given on a project appraisal phase whereby a proposal is structurally assessed through a critical analysis for its viability. Aspects of implementation and monitoring are incorporated at this stage.

29. The fiduciary procedures for effective community-based projects explain the fiduciary setting framework to ensure that funds flow smoothly, adequately and regularly, and accountability is stimulated. The role of community-based organizations in projects is highlighted. Adequate attention is placed on identifying and mitigating risks. The M&E framework treats the guiding principles of ongoing M&E. It describes the questions that need to be posed during the various phases of the project. The framework focuses on criteria and indicators for both monitoring and evaluation.

30. The documents referred to in paragraph 17 above contain sufficient policies and guidance for the nature of projects that the applicant is executing and meet the GCF specialized fiduciary standard for project management. However, since these documents have only recently been approved, the applicant is not yet in a position to demonstrate that these policies and guidance are being implemented. This remains a gap in relation to the GCF specialized fiduciary standard for project management.

31. While there is an M&E framework in place, the AP finds it unlikely that any independent evaluation of a completed project will take place because the projects executed by the applicant are generally too small for a third-party donor to justify the costs for an independent post evaluation. For this reason, the AP does not consider this a gap in relation to the specialized fiduciary criteria relating to project management.

32. According to the applicant's guidelines for organizational and project risk management, the project risk plan and risk plan for field offices are the major foundation for the applicant's risk management system. It involves maintaining a risk register with mitigation plans that are updated on a semi-annual basis. These plans are to be presented at the annual meeting of the applicant for approval. However, the applicant has not yet identified and acted on projects at risk in accordance with its policy and this is a gap in relation to the GCF specialized fiduciary standard for project management.

33. The AP finds that the applicant's policies, procedures and capacity meet the GCF specialized fiduciary standard for project management. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 30 to 32 above and are reflected by the corresponding conditions for accreditation in section 4.2.

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

34. 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**

35. 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

36. The applicant applied for E&S risk category C and hence does not require a stand-alone E&S policy. Nevertheless, the applicant provided its 2020 Environmental and Social Management Framework: Safeguard Policies and Procedures (ESMF: SPP), which revised the 2017 and 2019 versions of the same document. The ESMF: SPP presents 10 principles, including the applicant's commitment to complying with national and international laws, gender equality and labor working conditions. It lists 7 safeguards that mirror the GCF interim ESS standards 2 to 8. In alignment with performance standard 1, the ESMF: SPP provides a stand-alone section on stakeholder engagement and grievance redress mechanism. It also addresses cumulative impacts, impacts of associated facilities, emergency preparedness and assessment of alternatives, where needed. The ESMF: SPP is available on the applicant's website and applies to the applicant and to its executing entities.

37. The AP finds that the applicant's E&S management system, comprising the ESMF: SPP, supported by evidence of its track record, meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category C projects/programmes with respect to GCF performance standards 1–8.

3.2.2 Identification of E&S risks and impacts

38. All the applicant's projects/programmes are subject to E&S (and gender) screening. The ESMF: SPP presents the screening tools and guidance, including the screening report template, which provide a full safeguards checklist and guidance on how to assess risk consequence and likelihood and how to categorize projects/programmes from A (high risk) to C (low risk). A risk categorization form is sent to field staff during formulation. The field staff conduct the screening activity, and then report the findings to the central level. The Project Manager, supported by the E&S safeguards team, reviews the findings and categorizes the project/programme and the Member Secretary approves the screening report. The design team adjusts the project/programme design, based on the results of all risk assessments. The risk management system provides a template for the risk register and a template to track mitigation actions during implementation. The applicant provided a list of 28 projects, mostly categorized as C and focused on capacity development and ecosystem monitoring and research, to demonstrate its track record with impact identification and categorization.

39. 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 C projects/programmes with respect to GCF performance standards 1–8.

3.2.3 Management programme

40. Category C projects/programmes, once screened, typically do not require any further E&S assessment and only need to apply standard best practices. The ESMF: SPP provides a checklist and clearance form to assess the adequacy of the project/programme description, baseline data, stakeholder engagement, integration of safeguards and environmental and social management plan (ESMP)/environmental and social management framework (ESMF). All

projects/programmes require a clearance form to document that E&S requirements have been met. In the case of a category C project/programme, some sections of the form are left blank, as safeguards are not triggered. The project proponent completes the clearance form, which is reviewed by the Project Manager and the E&S safeguards team, and approved by the Member Secretary. The Project Manager is ultimately responsible for executing and monitoring the ESMP.

41. The ESMF: SPP shows integration with other organizational tasks (e.g. the concept note and the feasibility study templates require the user to confirm that the E&S tasks have been completed). The Project Manager and E&S safeguards team conduct a 'readiness for implementation' assessment before launching a project/programme to confirm that the E&S capacity and resources are adequate. The ESMF: SPP requires the applicant to periodically update and revise the E&S management system, based on lessons learned.

42. To show its track record, the applicant provided an example of a completed E&S clearance form for a project on human and wildlife conflicts. The applicant also provided the ESMP of its United States Agency for International Development Hariyo Ban Program and of its U.S. Fish and Wildlife Service programme. The projects were category C.

43. The AP finds that the applicant's E&S management programme, 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 C projects/programmes with respect to GCF performance standards 1–8.

3.2.4 **Monitoring and review**

44. The applicant provided its 2017 and updated 2019 M&E framework, which is available on its website. It refers to three types of monitoring, namely compliance, process and results monitoring, and several types of independent evaluations, namely mid-term, terminal, impact and joint evaluations. M&E findings are integrated into various reports, including field reports and annual reports. The M&E framework provides report templates and indicators to support M&E and requires E&S and gender performance to be assessed. M&E reports are disseminated (e.g. on the applicant's website and at workshops).

45. The ESMF: SPP describes the responsibilities for E&S M&E, clarifying that the executing entity implements, monitors and reports on its E&S performance to the applicant. The central M&E unit trains stakeholders, coordinates field activities, and monitors and oversees E&S safeguards management. The unit also analyses the M&E data, maintains the database and reports to the M&E Sub-committee of the applicant's Board. The Project Manager is responsible for E&S compliance monitoring and implementation of corrective measures, while the E&S safeguards team plans, implements, monitors and reports on E&S safeguards. Both the Project Manager and the E&S safeguards team ensure that an activity remains in its designated category.

46. The applicant provided progress reports for two World Bank supported programmes (Strengthening Regional Cooperation for Wildlife Protection in Asia and Strengthening the Capacity of the Department of National Parks and Wildlife Conservation for the Effective Management of Mountain Protected Areas). It provided examples of monitoring the category C subprojects of its Hariyo Ban Program (e.g. subprojects that provided spinning wheels, removed invasive species and relocated wild water buffalos). The applicant indicated that it can provide monitoring reports in line with its updated M&E framework and the ESMF: SPP once it starts implementing new projects (e.g. the World Bank Sustainable Tourism Enhancement of Nepal's Protected Areas project, which is in final stage of approval). This constitutes a gap in the applicant's track record of applying the E&S monitoring provisions of its ESMF: SPP.

47. The applicant provided the terms of reference for an independent review of a World Bank project focused on wildlife protection to show its evaluation track record. In addition, the

AP reviewed a World Bank 2018 assessment of the Strengthening Regional Cooperation for Wildlife Protection in Asia project. This evaluation concluded that the applicant maintained satisfactory E&S performance and avoided safeguard issues for the project's duration.

48. 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 C projects/programmes with respect to GCF performance standards 1–8. However, the AP finds that the applicant's track record is insufficient. The relevant gap is identified in paragraph 46 above and is reflected by the corresponding condition for accreditation in section 4.2.

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

49. The applicant recently published *Information Disclosure, Grievance Redressal and Conflict of Interest: Guidelines for Transparency and Accountability* (NTNC, 2019),⁴ which strengthens the existing external communications system. The guidelines apply to all projects/programmes. The principles of the grievance redress mechanism contained in the guidelines include stakeholder accountability, transparency and responsiveness. The guidelines provide a flow chart, describe the responsibilities and define the steps to acknowledge, investigate, resolve and document a complaint. Information requests and complaints can be submitted through various channels, including complaints boxes, web portal, mail, email, face-to-face and telephone. There are designated focal points or information officers at the project/programme and regional level to receive, register and manage local information requests and complaints. Disputes that cannot be resolved at the local level can be escalated to central office. At the central level, an Information Officer and an Administrative Officer currently receive, register, manage, track and channel complaints for resolution.

50. The 2019 guidelines indicate that a three-member Complaints Committee with a Coordinator, Senior Officer and Administrative Officer is to be established. Under this updated grievance redress mechanism system, the Administrative Officer would channel all complaints to the Complaints Committee. The Complaints Committee would categorize and investigate complaints and report the findings to the Member Secretary. The Member Secretary and senior management would then decide what action to take. Senior management would periodically review the functioning of the grievance redress mechanism. This Complaints Committee is to be established in 2020/2021, which constitutes an institutional gap.

51. The ESMF: SPP requires all executing entities to establish a project-/programme-level grievance redress mechanism and requires the adequacy of the local grievance redress mechanism to be reviewed. The ESMF: SPP specifies that the local grievance redress mechanism should be culturally appropriate and effective, efficient, legitimate, gender sensitive, independent, accessible, equitable, predictable, transparent and available at no cost. The institutional-level and project-/programme-level grievance redress mechanisms should also have provisions to maintain confidentiality and protect complainants against retribution.

52. The applicant provided a complaints log, showing 10 complaints registered and resolved from 2016 to 2018. One complaint on roadworks near a protected area was received in December 2019 and was routed to the relevant decentralized office for further investigation.

53. The GCF Information Disclosure Policy does not require additional requirements beyond those under the GCF Environmental and Social Policy and GCF interim ESS standards for performance standard 1 for advance disclosure of E&S information for category C/I-3 projects/programmes. The applicant complies with the national 2007 Right to Information Act. The guidelines referred to in paragraph 49 above commit the applicant to timely and

⁴ Refer to <https://ntnc.org.np/sites/default/files/doc_page/NTNC-Information%20Disclosure%2C%20Grievance%20Redressal%20and%20Conflict%20of%20Interest.pdf>.

transparent information disclosure. The ESMF: SPP (principle 5: transparency and inclusivity) commits to meaningful and transparent consultation with affected communities. The applicant provided the curricula vitae of one Information Officer at the central level and one at the field level to demonstrate capacity. The applicant provided evidence to demonstrate its track record with information disclosure in the form of its 2017 Annual Report and one knowledge product on the results of a climate-smart conservation project.

54. 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 and the GCF interim ESS standards for a maximum E&S risk category C projects/programmes with respect to performance standards 1–8. The relevant institutional gap 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

55. The applicant provided its new organizational chart, showing the key E&S units and reporting lines. The environmental safeguards function is in the M&E unit; the social safeguards function is in the gender equality and social inclusion (GESI) and social safeguards unit. The applicant also has a climate change unit. It provided the organizational chart of its 15 subnational offices, showing E&S capacity at the decentralized level.

56. The ESMF: SPP describes the E&S safeguards tasks in detail, including the preparation of guidance for the field level, guiding the preparation of an ESMP, monitoring and reporting on E&S compliance and approving the various E&S reports. The Member Secretary approves the E&S screening report and the E&S clearance form of proposed projects/programmes. The Project Manager establishes an E&S safeguards team (with Environment/Conservation Officer, GESI Officer and M&E Officer) and supervises, supports and finalizes all E&S tasks. The E&S safeguards team plans, implements and monitors E&S matters.

57. The applicant provided three sample curricula vitae of E&S staff to demonstrate central-level capacity. The applicant also provided evidence that it conducts E&S training. For instance, it trained local people to implement the ESMP in its Hariyo Ban Program. The applicant's staff attended a two-day ESMF training for the upcoming World Bank supported Sustainable Tourism Enhancement of Nepal's Protected Areas project; subsequently the trained staff prepared the programme specific ESMF. The applicant conducted an online orientation session for 48 management staff on the updated the ESMF: SPP in July 2020. Additional E&S capacity training is planned in 2020/2021.

58. 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 C projects/programmes with respect to GCF performance standards 1–8.

3.3 Gender

59. The applicant's 2017 Gender Equality and Social Inclusion Policy (GESI Policy) aligns with international conventions (e.g. Convention on the Elimination of All Forms of Discrimination against Women), the national constitution, which advocates mainstreaming women into development, and the requirements of the updated GCF Gender Policy (e.g. the GESI Policy principles advocate country ownership and allocation of resources, and the provision of operational guidelines and indicators; the policy also includes an action plan to achieve the GESI goals). The GESI Policy applies to all projects/programmes and executing entities. Other policies and guidance support implementation, including the applicant's Strategic Plan 2020–2025, which considers GESI a cross-cutting theme; the Employees Administration and Financial Administration By-laws, which ensure that all employees have

access to the same benefits; the Code of Practice, which prohibits gender-based discrimination; and the applicant's 2019 Guidelines on Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment, Anti-Human Trafficking, and Child Safeguard. The ESMF: SPP requires projects/programmes to conduct a gender assessment and to develop a gender action plan.

60. The applicant's GESI and social safeguards unit designated three GESI champions: Executive Director, Programme Director and GESI Officer. The applicant provided the curriculum vitae of the GESI Officer, who is tasked with gender training and technical assistance. The applicant has a training manual on gender and social inclusion in biodiversity conservation, available in the Nepalese language on its website. It has conducted GESI trainings (e.g. a training-of-trainers course on GESI-sensitive disaster preparedness; a training-of-trainers course on gender-responsive budgeting and auditing; and a one-day workshop to mainstream gender). The applicant provided evidence that it applies non-discriminatory practices (e.g. a pay slip showing that men and women were paid the same wage on a road construction project and two employment contracts showing that a man and a woman received the same salary for work of similar value).

61. The applicant provided evidence of its gender activities. Its Annapurna Conservation Area Project included an organic farming component, targeting women living near or in protected areas, which was replicated across the country. The Hariyo Ban Program mainstreamed GESI and the M&E system tracked the gender performance. The applicant provided samples of its gender knowledge products (e.g., *Hariyo Ban Program: Impact of Biogas on Reducing Pressure on Forests and Workload of Women in Terai Arc Landscape (TAL), Nepal* (NTNC, 2015)).⁵

62. 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.

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant fully meets the requirements of the GCF policies, procedures and capacity in respect to basic fiduciary standards on key administrative and financial capacities, and those related to transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. The applicant's policies, procedures and capacity meet the GCF specialized fiduciary standard for project management. However, the AP finds that the applicant's track record in relation to the above-mentioned standards is insufficient. The corresponding conditions for accreditation are contained in section 4.2. Specifically, the applicant should:
 - (i) Demonstrate that it is implementing the provisions contained in recently approved guidance relating to key administrative and financial capabilities as contained in paragraphs 14,15, and 17 above and those relating to transparency and accountability as contained in paragraphs 21 and 22 above;

⁵ Refer to

<https://www.researchgate.net/publication/281229800_Impact_of_Biogas_on_Reducing_Pressure_on_Forests_and_Workload_of_Women_in_Terai_Arc_Landscape_TAL_Nepal>.

- (ii) Demonstrate that the Oversight Committee is executing its purpose, roles and responsibilities related to transparency and accountability as contained in paragraph 15 above; and
- (iii) Demonstrate that it is implementing the provisions contained in recently approved guidance relating to project management contained in paragraphs 30 to 32 above;
- (b) The applicant partially meets the GCF Environmental and Social Policy and the GCF interim ESS standards in relation to E&S risk category C. The gap in the applicant's track record related to applying the monitoring provisions of its ESMF: SPP and the gap related to establishing its Complaints Committee are reflected in paragraphs 46 and 50 above and addressed in 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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

64. The AP recommends, for consideration by the Board, applicant APL103 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management; and
 - (iii) **Maximum environmental and social risk category:** minimal to no risk (category C); 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) Condition to be met prior to the effectiveness of the accreditation master agreement during Stage III of the accreditation process:
 1. Provision of evidence by the applicant of the establishment and functioning of an independent Complaints Committee, including the minutes of the first Complaints Committee meeting;
 - (ii) Condition to be met with the submission of the first funding proposal to GCF:
 2. Provision of evidence by the applicant of applying the E&S monitoring provisions of the ESMF: SPP in the development of its first funding proposal submitted to GCF. Relevant evidence includes the project/programme specific environmental and social management and monitoring framework or environmental and social management and monitoring plan;

- (iii) Condition to be met on an annual basis for two consecutive years, starting with the financial year 2021/2022:
1. Provision of evidence by the applicant of applying the following policy and guidance documents:
 - a. Financial management and control manual: provision of confirmation in the semi-annual internal audit reports that the provisions of this manual are adhered to is required;
 - b. Guidelines for organizational and project risk management: provision of copies of the risk register, including copies of the risk table for each of the risk categories specified in these guidelines and of the semi-annual update of planned mitigating actions as required by these guidelines;
 - c. Project preparation and appraisal guidelines: provision of two examples showing that the project development cycle as defined in these guidelines is adhered to for each of its main components (project identification, project preparation, project appraisal, project implementation and monitoring and project evaluation); and
 - d. M&E framework: provision of two examples that demonstrate that the entity is fully applying this framework and completing the required templates, including the format for periodic reporting of progress and the annual reporting; and
- (iv) Condition to be met on an annual basis for three consecutive years, starting with the financial year 2021/2022:
1. Provision of the minutes of meetings of the Oversight Committee that demonstrate how it is annually executing its “Purpose” as stated in section 1 of its terms of reference and its “Roles and Responsibilities” as stated in section 6. Specifically, the minutes of the Oversight Committee should provide details of how the following roles and responsibilities are executed and should provide details for each of the subsections under these topics:
 - a. Financial oversight;
 - b. Compliance, whistleblowing and fraud;
 - c. Audit oversight; and
 - d. Ethics oversight.

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.

Annex V: Accreditation assessment of applicant 104 (APL104)

I. Introduction

1. Applicant 104 (APL104), KCB Bank Kenya Limited (KCB Kenya), is a national direct access, private sector entity based in Kenya. With its vision to become the preferred financial solutions provider in Africa with global reach, the applicant's holding company (see paragraph 5 below) aims to deliver high-quality services and products to customers and stakeholders through its business model. The applicant's Group strategic framework covering 2015–2019 focused on seven key areas, namely customer experience, network spread, youth agenda, digital payments, new businesses, robust information and technology and strategic partnerships. The applicant's Group has since launched a new strategic framework dubbed "Beyond Banking". The 2020-2022 Strategy commences a new strategic cycle which has been shortened due to dynamism in the market and the speed with which the applicant's environment changes. It is referred to as Beyond Banking because technology and innovation are pushing the boundaries of the applicant's business. The strategic thrusts are centered on customer first with leading value propositions; driving a step change in efficiency and productivity; being the digital leader and digital to the core; and building scale to achieve regional relevance. The thrusts are underpinned by a modern information technology architecture, enhanced credit and risk management and a rigorous performance management and enabling culture. Furthermore, the applicant is committed to the integration of sustainable development into its business and values. It has been undertaking various climate change related activities, mainly focusing on agribusiness development, agricultural adaptation and renewable energy technologies.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 1 November 2017. Accreditation fees were received from the applicant on 5 February 2018, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 22 February 2019 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 Kenya;
- (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;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and

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.

- (e) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

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

- (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) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (e) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (f) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10);
- (g) “Comprehensive information disclosure policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (h) “Gender Policy and Action Plan” (decision B.09/11).

4. In the course of the Stage I institutional assessment and completeness check, the Secretariat identified that the applicant’s systems and track record did not include those for grant award and/or funding allocation mechanisms. The applicant also clarified that the potential projects it intended to implement with GCF funds may not include such mechanisms. Thus, the applicant decided to withdraw its application for accreditation for the specialized fiduciary standard for grant award and/or funding allocation mechanisms.

2.1 Legal status, registration, permits and licences

5. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. It is incorporated under the Companies Act (Cap. 486) dated 20 April 2015 (No. CPR/2015/185698). The applicant has held a licence from the Central Bank of Kenya since 1 November 2015, and has been providing banking and financial services since 1 January 2016. The applicant is overseen by its non-operating holding company KCB Group Plc. (formerly Kenya Commercial Bank Limited), hereinafter referred to as the Group. In

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”.

addition, the Group transferred all banking and financial services, assets and liabilities to the applicant (Ref. Gazette Notice No. 9652 Cap. 488), taking effect on 31 December 2015.

6. The applicant is a subsidiary that operates solely in Kenya, whereas the Group has offices throughout Africa. The applicant has selected to apply under the direct access modality as a national entity, having been nominated by the national designated authority of Kenya, and as such and in line with its mandate for operations – if accredited – would be undertaking projects within Kenya only.

2.2 Institutional presence and relevant networks

7. The applicant, as a commercial bank, offers a wide range of traditional and innovative financial services to its clients. Such services include personal banking and financial services, insurance, retail, microfinance, corporate business, agribusiness and small and medium-sized enterprises. In addition, the applicant, driven by the Group's strategic framework, aims to deliver high-quality services to stakeholders and customers, employing diverse channels and mechanisms to regularly communicate and engage with investors, customers, regulators, government, civil society and communities.

8. The applicant is committed to sustainable development and social responsibility. It has engaged with policymakers to influence policies and regulatory outcomes, which helps to encourage greater participation from the finance industry in the transition to a low-carbon, climate-resilient economy. In addition, the applicant has cooperated with various companies to improve transparency on corporate reporting and measurement of carbon emissions.

9. In order to help Kenya to achieve its nationally determined contributions, the applicant intends to undertake the following activities after becoming accredited to GCF:

- (a) Partner with government entities, development banks and financial institutions to finance renewable energy and energy efficiency projects in emerging markets;
- (b) Grow the green bonds market and increase green bonds for opportunities that promote the transition to a low-carbon economy;
- (c) Allocate pension funds to low-carbon and energy-efficiency assets;
- (d) Develop smart agriculture through the implementation of Mifugo ni Mali (Livestock is Wealth) projects and hydroponic farming; and
- (e) Implement projects involving electronic motorcycles, waste management and green and intelligent buildings.

2.3 Track record

10. The applicant has track record in financing various sectors, including agriculture, renewable energy, energy efficiency, health, real estate and manufacturing. The applicant's track record in financing sustainable development and climate change related projects to date includes the following:

- (a) USD 350 million (loans) for the Livestock Programme in Kenya dubbed mifugo ni mali for the arid and semi-arid lands regions in Kenya;
- (b) USD 154 million (loans) for a power distribution company project to transmit, distribute and retail electricity throughout Kenya. Further, a performance guarantee worth USD 20.26 million was issued renewable annually and valid until 26 March 2022;
- (c) USD 62 million (loans) for the for a hospitality investment company project to eradicate poverty in Kenya;

- (d) USD 13.4 million out of USD 28.8 million (loans) for the KCB and global financial institution foundation partnership for small holder farmers project in Kenya; and
- (e) KES 1 million (bank guarantee) to flour and animal feeds processing company to support livestock production within the country valid until 31 October 2020.

III. Stage II accreditation review assessment

11. 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 following accreditation requirements:

- (a) The GCF policies and standards identified in paragraph 3 above;
- (b) “Policy on Prohibited Practices” (decision B.22/19); and
- (c) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12).

12. As part of this assessment, the AP consulted the applicant’s website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Basic fiduciary standards: key administrative and financial capacities

13. The applicant’s governance structure is designed to conform to the country’s central bank regulations. The Board of Directors has several committees which exercise oversight of the institution’s key functions: risk management, human resources, ethics, finance and strategy, supply chain (procurement), information technology and innovation, and internal audit. The Audit Committee plays a key role in assisting the Board in carrying out its oversight role with regard to financial reporting, internal control, internal and external audits and regulatory compliance. The terms of reference of the Audit Committee and sample minutes of its meetings that were provided by the applicant show that it carries out its function effectively and in accordance with its mandate.

14. The applicant has a process for setting its short- and long-term operational objectives, which are approved by the applicant’s Board and cascaded by the Chief Executive Officer to various departments at the beginning of the year. Achievement of departmental objectives is supported by action plans whose implementation is monitored through individual staff balanced scorecards. Progress in achieving organizational objectives is communicated to stakeholders through published quarterly financial results, copies of which were provided by the applicant and reviewed by the AP. The information provided shows that the applicant’s objectives generally support and align with its overall mission.

15. The applicant’s financial statements are prepared in accordance with the requirements of the International Financial Reporting System and aim primarily at ensuring that the information accurately represents the applicant’s financial results and position and are prudent and complete in all material respects. The annual financial statements are audited by KPMG. External audit reports examined by the AP include:

- (a) Assertions by the external auditor that the financial statements are audited in accordance with the International Standards on Auditing; and
- (b) Information on the status of management responses to external audit observations/recommendations of previous years.

16. The applicant has documented policies and procedures relating to the disbursement of the financing it provides. The procedures have adequate provisions for the segregation of

financing approval and disbursement responsibilities/authorities. Periodic audits of loan disbursements and payments for the applicant's own expenditures are carried out. Sample reports of the payment and disbursement system were provided and reviewed by the AP.

17. The applicant's well-established internal audit function is guided by an audit charter which lays out, among others, the responsibilities of the Internal Audit Division and the Board Audit Committee, the accountability of the Director Internal Audit, and the independence and objectivity of the internal audit. Internal audits are carried out based on annual audit plans. Audit reports and findings are routinely disseminated to senior management and business management units, which are responsible for taking action on audit recommendations and observations. There is a process for the periodic assessment of the overall effectiveness of the internal audit function. A report on a recent assessment carried out by the Institute of Internal Auditors was provided by the applicant. The AP concluded that the applicant's Internal Audit Division generally conforms to the standards of the Institute of Internal Auditors and that its work is carried out in accordance with internationally recognized standards.

18. The applicant has a Supply Chain and Procurement Policy whose purpose is to:

- (a) Provide clear and concise guidance and best practice to its staff on managing procurement and supply chain activities;
- (b) Help the various stakeholders to understand the procurement and supply chain processes; and
- (c) Achieve uniformity and order in processing procurement transactions. The policy includes guidelines with respect to different types of procurement, such as consultants, contractors and service providers.

19. The applicant provided documents relating to a sample of major procurement activities undertaken recently which demonstrate compliance with its procurement policies, procedures and guidelines. The Supply Chain and Procurement Policy and its guidelines were recently amended to include a procurement dispute resolution process. However, the policy and guidelines and their implementation do not fully meet the GCF basic fiduciary standards on key administrative and financial capacities relating to procurement for the following reasons:

- (a) The revised Supply Chain and Procurement Policy does not include specific procedures, guidelines and methodologies for overseeing and assessing the procurement procedures and practices of beneficiary institutions, executing entities or project sponsors; and
- (b) The applicant has not demonstrated effective implementation of the revised policy and guidelines. Evidence of (i) assessments of the procurement procedures of beneficiary institutions, executing entities or project sponsors and (ii) public disclosure of the applicant's procurement policies and awards on its website has not been provided.

20. 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 19(b) above and is reflected by the corresponding condition for accreditation in section 4.2.

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

21. The applicant has a comprehensive set of measures for the promotion of transparency and accountability in its operations and the prevention of financial mismanagement and other malpractices. These are covered in several policies and procedures, including:

- (a) A policy on zero tolerance of fraud, corruption and other forms of misconduct;
- (b) A Code of Ethical Conduct that lays out the expected conduct of the applicant's management and staff and all individuals with whom it has a functional and/or

- contractual relationship. Evidence of communicating the Code of Ethical Conduct to all parties concerned was provided. An Ethics Committee, which comes under the Board's Reputational and Risk Committee, exercises oversight over the ethics function;
- (c) Avenues for reporting violations of the Code of Ethical Conduct and other malpractices. The main avenue is the applicant's whistle-blowing mechanism, through which violations can be reported using either email or a tip-off portal published on the applicant's website;
 - (d) Mechanism_ for protecting whistle-blowers and witnesses;
 - (e) Conflict of interest procedures, which include a Financial Disclosure Policy. The applicant provided an example of practice where a conflict of interest has been reviewed and resolved that demonstrates effective implementation of the conflict of interest review and resolution procedures; and
 - (f) An independent function for investigation by the applicant's Group Designated Shared Service Centre of cases of alleged or suspected fraud and corruption. The function has adequate provisions for preparing periodic reports for the Group Risk Management Committee which has responsibility for oversight of the ethics function.

22. The applicant has a comprehensive Anti-money Laundering and Countering the Financing of Terrorism Policy (AML/CFT Policy), which is set out in an Anti-money Laundering (AML) Compliance Policy Manual. The manual is supplemented by an AML policy statement issued by the applicant's Board of Directors. The AML/CFT Policy is guided by the regulations, guidelines and directives issued by the country's central bank and the provisions of the United Nations Security Council Sanctions Committee. The AML/CFT Policy prohibits the applicant from engaging in business with shell banks and requires the applicant to ensure that its correspondent banks and other counterparties maintain a physical presence and are subject to AML/CFT regulations in the jurisdictions where they operate.

23. To ensure compliance with the AML/CFT Policy, the applicant's Board set up an independent compliance function reporting to its Risk Committee through the Chief Risk Officer. The function identifies, assesses, monitors and reports on the applicant's AML/CFT compliance risk. The Board reviews the applicant's AML/CFT compliance at regular intervals.

24. Sound 'know-your-customer' (KYC) due diligence procedures are in place to combat money laundering and financing of terrorism. The KYC due diligence process requires:

- (a) Obtaining full particulars of the customer's identity;
- (b) Gaining a sound knowledge of the purpose for which the customer is seeking to establish a business relationship with the applicant; and
- (c) Reporting of suspicious and unusual transactions to the central bank.

25. The applicant regularly monitors electronic funds transfers to ensure that funds are received from bona fide sources and paid to the intended beneficiaries. Samples of reports on KYC due diligence carried out and monitoring reports on electronic fund transfers were provided by the applicant and reviewed by the AP.

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, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.

3.1.3 Specialized fiduciary standard for project management

27. The applicant has detailed project appraisal procedures and guidelines contained in three key documents: a project management handbook, a project financials prerequisite checklist, and business case templates that were reviewed by the AP on a confidential basis. The

documents also include procedures and guidelines for undertaking quality review during the project appraisal process. Sample project appraisal documents and quality review reports provided by the applicant demonstrate its capacity to effectively use the appraisal guidelines and assess project risks and integrate corresponding mitigation strategies during the project appraisal process.

28. The applicant has a monitoring and evaluation function with well-defined roles and responsibilities that is independent of the project appraisal function. The function includes appropriate procedures for periodic monitoring and reporting on the status of projects under implementation. The applicant provided reports on the status of sample projects currently under implementation, which show that these procedures are effectively used. The applicant's policies and procedures relating to project closure are detailed in a project closure template. The applicant provided evidence showing that reports on results achieved and lessons learned are made available to the public through various media, including print and online publications, as well as teleconferencing and investor workshops.

29. The applicant has recently revised its Group Project Management Policy to incorporate a specific policy for the independent evaluation of projects that could be financed by GCF. It includes clear terms of reference for the independent evaluation exercise. The terms of reference are designed to ensure that the evaluation function follows impartial, widely recognized, documented and professional standards and methods. However, implementation of the revised policy can be demonstrated only upon completion of a GCF-funded project/programme.

30. To ensure transparency in the use of funds provided by GCF, the applicant has recently revised its Communications Policy and included provisions for public disclosure of project monitoring and evaluation reports on projects that could be funded by GCF. However, public disclosure of this information can be demonstrated only during and at the end of implementation of GCF-funded projects/programmes.

31. As part of its overall risk management function, the applicant has a project-at-risk system for monitoring projects to detect potential project problems at an early stage in order to ensure that appropriate remedial actions are taken in a timely manner. The system is independent of the project implementation and project supervision functions. Examples of project problems identified and remedial actions taken that demonstrate the effectiveness of the applicant's risk management function and the project-at-risk system were provided.

32. 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 project management. The relevant gap is identified in paragraphs 29 and 30 above and is reflected by the corresponding conditions for accreditation in section 4.2.

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

33. 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 and guarantees)**

34. The applicant's lending, on-lending and blending operations are guided by a set of policies and procedures contained in two main documents: Group Credit Policy and Group Credit Manual. The applicant also uses an international accredited credit processing software in analysing the credit quality of loan applicants. The software includes a credit manager module, which enables the applicant to efficiently manage its relationship with clients and to improve the efficiency of credit operations from origination to disbursement.

35. In addition to its lending, on-lending and blending operations, the applicant provides guarantees to enhance the credit profiles of its clients and/or support their business requirements such as bid, tender, performance and customs bonds. The guarantees issued are backed by security either in the form of cash cover or other appropriate security. Similar to its lending, on-lending and blending operations, guarantee activities are governed by the policies and procedures detailed in the applicant's Group Credit Policy and Group Credit Manual. Examples of guarantees issued by the applicant were provided and were reviewed by the AP.
36. Decisions on financing provided through any of the above-mentioned instruments are taken either by senior staff and managers, who are granted appropriate credit approval authority, or by the Director Credit or the Board Credit Committee, depending on the level of financing required. All applications requiring financing are handled according to discretionary limits specified in the applicant's credit policy.
37. The applicant has appropriate policies and guidelines for providing information to the public regarding its decisions on on-lending, blending and guarantee operations. Information on the projects it finances is disclosed to the public through a quarterly publication (*Venture*), social media channels and publication of the information on its website. The applicant has recently revised its communications policy to include a provision for making available to the public information on the beneficiaries and results of the projects/programmes that could be funded by GCF. However, the applicant has not demonstrated effective implementation of this policy since it is new and applicable only to GCF-funded projects/programmes.
38. The applicant has adequate policies, procedures and guidelines to guide its operations. It provided:
- (a) Sample due diligence reports in respect of its lending and on-lending and guarantee operations;
 - (b) A well-defined structure and process for oversight of its operations, including procedures and guidelines for the monitoring and evaluation of the projects/programmes it finances; and
 - (c) External annual audits of its financial statements which attest to the applicant's proper deployment of its financial resources.
39. The applicant has an Asset and Liability Management Committee whose main role is to ensure an appropriate match between its assets and liabilities. Sample minutes of the committee meetings provided show that it carries out its responsibilities effectively.
40. The applicant has also demonstrated experience in sourcing funds for its on-lending and blending operations from international and multilateral funding sources. Financing raised from the International Finance Corporation (IFC) and the African Development Bank is used to support its on-lending and blending activities. Based on the information provided, the AP finds that the applicant has demonstrated its capacity to effectively and transparently channel funds that could be provided by GCF.
41. The applicant has been rated by the Global Credit Rating Company and Standard & Poor's. Its long-term and short-term credit and outlook were rated AA, A1+ and Stable, respectively, by the Global Credit Rating Company. Its financial performance resilience and outlook were rated B+ and Stable by Standard & Poor's.
42. 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 and guarantees. The relevant gap is identified in paragraph 37 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

43. The applicant's environmental and social management system (ESMS) comprises its Social and Environmental Management System Policy (SEMS Policy), approved by the Group Risk Management Committee of its Board in May 2020. The 2020 SEMS Policy updates and replaces the applicant's 2018 SEMS Policy. The 2020 SEMS Policy is applicable to the Group and all its subsidiaries – including the applicant itself – and for all financing instruments, including loans, guarantees and equities. The SEMS Policy articulates how the Group integrates E&S considerations into its decision-making, operations and investment activities to effectively manage the E&S risks and impacts of its projects/programmes.

44. The 2020 update to the SEMS Policy specifically incorporates the requirements for E&S assessment of financial intermediaries on-lending, guarantees, equity structures, and E&S consultations and disclosure, and grievance redress mechanism at the entity and activity level. The 2020 SEMS Policy has adopted the IFC performance standards (PS) 1–8. The applicant's Group Sustainability Manager is the overall coordinator for ensuring the compliance and implementation of the SEMS Policy. The SEMS Policy has been communicated to all the staff and business units within the Group.

45. The AP finds that the applicant's ESMS, comprising the 2020 SEMS Policy, supported by evidence of its track record, fully meets the requirements of the GCF Environmental and Social Policy and GCF interim environmental and social safeguards (ESS) standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1–8.

3.2.2 Identification of E&S risks and impacts

46. The 2020 SEMS Policy describes the applicant's institutional procedure to guide its staff in identifying the E&S risks and impacts of projects/programmes as they evolve over the project life. At the initial stage of inquiry with a client, the applicant's Corporate Relationship Manager or the Small and Medium-sized Enterprise Relationship Manager, and the designated Project Loan Officer screen the client's proposed project activities against the applicant's Exclusion List (which is similar to the IFC Exclusion List⁴), contained in an annex to the SEMS Policy. If the project involves an excluded activity, the prospective client is informed of the applicant's decision to decline and further consideration of financing for the project is terminated. The respective Relationship Manager provisionally assigns an E&S risk category as per the guidance on E&S risk categorization and social and environmental due diligence procedure, provided in annexes to the SEMS Policy. The projects/programmes are classified into one of the following three E&S risk categories: A/I-1, B/I-2 and C/I-3, which are consistent with the corresponding E&S risk category definitions in the GCF Environmental and Social Policy.

47. The applicant provided a sample of E&S risk and impacts screening templates for its loans for projects/programmes in E&S risk category B/I-2 comprising a cement grinding plant, a steel mill and a sugar manufacturing mill. The applicant also provided an E&S risk and impacts template for a category B/I-2 project/programme involving a loan and a guarantee for a road project.

48. 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 requirements of the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1–8.

3.2.3 Management programme

⁴ Available at <<http://www.ifc.org/exclusionlist>>.

49. The 2020 SEMS Policy describes the applicant's institutional process for managing mitigation measures and actions stemming from the E&S risk identification process. Once a client's proposed project passes the applicant's Exclusion List review, the respective Relationship Manager or the designated Project Loan Officer proceeds to conduct project appraisal, which also includes E&S due diligence using the applicant's social and environmental due diligence tool provided in the SEMS Policy. The Relationship Manager also reviews the client's E&S assessment documents, such as the environmental and social impact assessment (ESIA) and environmental and social management plan (ESMP) reports for greenfield projects, and also an Environmental Audit (EA) report if an existing project involves expansion or extension. It is mandatory for the Relationship Manager to conduct a site visit for all projects and programmes categorized in E&S risk category A/I-1 or B/I-2 to verify the potential E&S issues identified in the client's ESIA/ESMP/EA reports. All outstanding E&S issues are included as E&S covenants by the applicant's credit analyst in the legal agreement with the client. The E&S covenants are monitored by the Relationship Manager during the project life cycle.

50. The applicant provided evidence of its track record for E&S risk and impacts mitigation management in the form of a sample of ESIA, ESMP and EA for projects/programmes in E&S risk category B/I-2 for the projects/programmes mentioned in paragraph 47 above.

51. As the applicant's 2020 SEMS Policy has not undergone an external audit owing to its recent adoption, the applicant has agreed to commission an external audit of its entity-level ESMS within the three years of the first disbursement for its first GCF-funded project/programme.

52. The AP finds that the applicant's ESMP, supported by evidence of its track record, partially meets the requirements of the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF PS 1–8. The applicant has not conducted an external audit of its ESMS since the adoption of the 2020 SEMS policy. The relevant gap is identified in paragraph 51 above and is reflected by the corresponding condition for accreditation in section 4.2.

3.2.4 **Monitoring and review**

53. The 2020 SEMS Policy describes the applicant's E&S monitoring and reporting system, including the related respective responsibilities of a client and the applicant itself. The E&S monitoring of projects/programmes verifies whether the applicable E&S performance requirements and the various E&S covenants included in the legal agreement between the client and the applicant and ESMP are being met sustainably and in a timely manner. The client's E&S monitoring findings are tracked by the applicant through semi-annual E&S monitoring progress reports for E&S risk category A/I-1 and B/I-2 projects/programmes, while the E&S performance of its clients' portfolio is evaluated on an annual basis. The applicant provided a sample of E&S monitoring and audit reports for projects/programmes for the E&S risk category I-2 as indicated in paragraph 47.

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

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

55. The 2020 SEMS Policy describes the applicant's external channels, such as its website, for receiving, addressing and registering external communications, including project-related E&S grievances. The SEMS Policy describes in detail the applicant's entity-level independent grievance redress mechanism, the Grievance and Complaint Redress Mechanism (GCRM), which is found by the AP to be in line with PS 1 of the GCF interim ESS standards. The applicant's Head

of the Operational Risk Department will be responsible for managing the independent GCRM for GCF-funded projects/programmes. The applicant also provided curricula vitae (CVs) of its staff as evidence of their competency (qualification/experience) to support and manage GCRM.

56. The 2020 SEMS Policy requires the applicant's clients to conduct stakeholder engagement on an ongoing basis during the project life cycle and related consultations and disclosure of E&S information in line with the GCF Information Disclosure Policy, particularly for projects/programmes in E&S risk category B/I-2. The SEMS Policy also includes the requirement for the applicant's executing entities to include a project-level grievance redress mechanism.

57. The applicant provided a sample of ESIA/ESMP, which provides evidence of its track record on stakeholder engagement, E&S information consultations and disclosure, and project-level grievance redress mechanism. The applicant's National Environmental Management Authority (NEMA) as the country's regulatory agency reviews and discloses the applicant's E&S assessment documents for public consultations in accordance with the schedule of review by the public prescribed in the national regulatory guidelines. NEMA then grants an E&S permit to the applicant's clients (project developers) to proceed with the project execution with the notice to the client and applicant to further monitor and report to NEMA on any specific pending E&S issues indicated in the permit.

58. 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, fully meets the requirements of 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 B/I-2 projects/programmes with respect to GCF PS 1-8.

3.2.6 **Organizational capacity and competency**

59. The SEMS Policy includes a description of the applicant's organizational structure and workflow that identifies key units, departments and senior and line management personnel who are responsible for implementing the SEMS Policy along with their authority, reporting lines and responsibilities. The two key functions for the implementation of the SEMS Policy are the Group Sustainability Manager and the Credit/Environmental Manager. The Group Sustainability Manager is the overall coordinator of the activities of the applicant's different business units and is responsible for all sustainability programmes, which include planning, implementation and monitoring of sustainability initiatives; facilitating production of sustainability reports; implementing sustainability training and awareness programmes; working with external groups and stakeholders; and undertaking the review of international sustainability efforts to benchmark the applicant's system against best practice. The Credit/Environmental Manager is responsible for incorporating E&S risk assessment in credit reviews for the Group and its subsidiaries. The credit analysis team identifies and tracks the outstanding E&S issues and covenants in the credit memo, and trains credit support staff in E&S due diligence and the generation of periodical reports on approved facilities for screening the E&S issues.

60. The applicant provided CVs of its key E&S staff and a sample of their work as evidence of their knowledge, skills and experience necessary to understand and ensure implementation of PS 1-8. The applicant also provided a description of the E&S training and development programmes undertaken by its E&S and other relevant staff. The E&S staff were responsible for the update of the applicant's SEMS Policy and Gender Policy (described in further detail below) to bring them into line with the respective GCF policy requirements, which further attests to their capacity.

61. 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/I-2 projects/programmes with respect to GCFPS 1–8.

3.3 Gender

62. The applicant's institutional-level stand-alone Gender Policy is provided in its Gender Diversity and Inclusion Policy (GEDI Policy), approved by the Risk Management Committee of its Board in May 2020. The GEDI Policy articulates the applicant's commitment to mainstreaming gender, diversity and inclusivity by actively considering gender parity in the execution of its core mandate, which includes the Group's operations, investments, project finance and corporate social responsibility. The GEDI Policy applies to the Group and its subsidiaries, and to all its employees and third parties such as agents, contractors and service providers. The Group Human Resources Division ensures that the staff are well versed in gender, diversity and inclusion in business concerns through the development of appropriate training materials, capacity-building activities and budget provision for gender mainstreaming and development. The applicant also provided a copy of its human resources manual, which includes principles of gender equity at its institutional level in terms of staff recruitment, employment contracts, promotion and retention.

63. The GEDI Policy includes procedures and checklists on gender mainstreaming for the applicant to use in project preparation/appraisal for loans as well as guarantees. The procedure includes the following provisions, which will apply for all GCF-funded projects/programmes: conducting gender assessment, including collecting sex-disaggregated data to assess gender risks and impacts; formulating a gender action plan, including appropriate mitigation measures; allocating a gender-based budget at the entity, fund and project/programme level to integrate and implement gender activities; conducting gender-sensitive and gender-responsive stakeholder consultations, including grievance redress and E&S information consultations and disclosure, and a non-discriminatory policy to secure equal rights, treatment and compensation for men and women; maintaining a monitoring and evaluation reporting system and auditing procedure to address gender mainstreaming at the entity, project/programme and fund level; and assimilating lessons learned with regard to gender mainstreaming in strategies to reduce climate risks.

64. The applicant provided CVs of its gender experts showing their experience and qualifications as well as the gender training they have received. The applicant also provided the following examples of its loans and guarantee to projects/programmes which targeted women as the primary beneficiaries:

- (d) An agribusiness value chain financing programme for farmers to access affordable financing to obtain agricultural input and insurance protection for increased food production;
- (e) The formation of a Biashara (business) Club: a platform offering businesses access to the skills, experts and networks needed to get them off the ground or take to the next level; and
- (f) A streamlined loan and guarantee process.

65. The applicant's projects/programmes also reflect non-discriminatory practices in terms of benefits and remuneration for both men and women employees.

66. The AP finds that the applicant's GEDI Policy, procedures and capacities, supported by evidence of its track record, fully meet the requirements of the updated GCF Gender Policy.

IV. Conclusions and recommendation

4.1 Conclusions

67. 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 on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy, but only partially meets the requirements of the GCF basic fiduciary standards for key administrative and financial capacities, the specialized fiduciary standard for project management and the specialized fiduciary standard for on-lending and blending for loans and guarantees for the following reasons (the relevant gaps are identified in paragraphs 19, 29, 30 and 37 above and addressed in the corresponding conditions for accreditation in section 4.2):
 - (i) The applicant's revised Supply Chain and Procurement Policy does not include specific procedures, guidelines and methodologies for overseeing and assessing the procurement procedures and practices of beneficiary institutions, executing entities or sponsors;
 - (ii) Evidence of (a) assessments of the procurement procedures of beneficiary institutions, executing entities or project sponsors and (b) public disclosure on the applicant's website of its procurement policies and awards has not been provided;
 - (iii) Implementation of a policy on independent evaluation of projects has not been demonstrated;
 - (iv) Evidence of public disclosure of project monitoring and evaluation reports on projects/programmes has not been provided; and
 - (v) Evidence of public disclosure of information on the beneficiaries and results has not been provided;
 - (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/I-2. The applicant's entity-level ESMS has not undergone an external audit since the adoption of its 2020 SEMS Policy (see paragraph 51 above); this is addressed in the corresponding condition in section 4.2 below; 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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

68. The AP recommends, for consideration by the Board, applicant APL104 for accreditation as follows:

- (a) **Accreditation type:**

- (i) **Maximum size of an individual project or activity within a programme:** medium (including micro⁵ and small⁶);
- (ii) **Fiduciary functions:**
1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management; and
 3. Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and
- (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/intermediation 3 (I-3))⁷); 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. The conditions are as follows:
- (i) Condition to be met prior to the effectiveness of the accreditation master agreement during Stage III of the accreditation process:
1. Provision of evidence by the applicant of the revision and adoption by its senior management of its Supply Chain and Procurement Policy and its guidelines to include procedures and guidelines for overseeing and assessing the adequacy of the procurement procedures and/or practices of executing entities, project sponsors or beneficiary institutions of GCF-funded projects/programmes; and
 2. Public disclosure of the revised Supply Chain and Procurement Policy on the applicant's website;
- (ii) Condition to be met on an annual basis for two consecutive years starting from the date of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
1. Public disclosure on the applicant's website of periodic monitoring reports in respect of the relevant GCF-funded project/programme;
- (iii) Condition to be met within three years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
1. Provision by the applicant of at least two reports on the assessment of the procurement procedures and/or practices of executing entities, project sponsors or beneficiary institutions of GCF-funded projects/programmes;
 2. Public disclosure of its procurement awards for GCF-funded projects/programmes on its website; and

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

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

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

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3. Provision by the applicant of a final report on external audit prepared by an independent body assessing the effectiveness of the implementation of the applicant's ESMS (comprising its SEMS Policy). The audit should highlight lessons learned and provide recommendations to improve the ESMS; and
- (iv) Condition to be met within one year of completing the implementation of the first GCF-funded project/programme to be undertaken by the applicant:
1. Provision of evidence by the applicant of independent evaluation of the first GCF-funded project/programme and the public disclosure of the independent evaluation report on its website. The report shall include information on:
 - a. The list of beneficiaries under the first GCF-funded project/programme; and
 - b. The results and outcomes of the first GCF-funded project/programme.
69. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 68 above, and agrees to the recommendation.

Annex VI: Accreditation assessment of applicant 105 (APL105)

I. Introduction

1. Applicant 105 (APL105), Camco Management Limited (Camco), is an international private access entity based in the United Kingdom of Great Britain and Northern Ireland. It was established in 2015 as a subsidiary of RedT Energy plc (formerly Camco Clean Energy plc¹) and is now independent of RedT Energy plc. With its on-the-ground experience and world-leading financial expertise in originating, developing, financing and implementing renewable energy and electrification projects in developing and established markets across the world, the applicant has been providing innovative financial solutions and management services to enable renewable energy development and deploy climate finance.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 12 October 2018. Accreditation fees were received from the applicant on 20 May 2019, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 30 October 2019 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:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;²
- (d) **Fiduciary functions:**³
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans and equity); and
- (e) **Maximum environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)).⁴

¹ The Camco group was established in 1989 in Kenya and in 2015 was restructured to split its nascent vanadium redox battery storage business from its climate finance business. The latter, Camco Management Limited, was subsequently acquired by management on 1 January 2017. As part of this restructuring the name “Camco Clean Energy” was transferred to the applicant, Camco Management Limited.

² 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”.

³ Decision B.07/02.

⁴ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

II. Stage I institutional assessment and completeness check

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

- (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; and
- (i) “Gender Policy and Action Plan” (decision B.09/11);

4. In the course of the Stage I institutional assessment and completeness check, the applicant has amended its application from category A/I-1 to category B/Intermediation 2 (I-2).⁵ The application has been reviewed against category B/I-2 during the Stage II (Step 1) accreditation review.

2.1 Legal status, registration, permits and licences

5. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established in 2015 under the Registrar of Companies for England and Wales as a private company (company number 09902551). Camco Management Limited has confirmed its legal status as a limited company with unrestricted objectives. It may pursue any objectives deemed appropriate in the beneficial interest of the company and has the ability to receive funding for the support of the entity’s objectives.

⁵ As per annex I to decision B.07/02, category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

2.2 Institutional presence and relevant networks

6. With a vision to become a world leader in renewable energy projects and climate finance, the applicant has provided innovative finance solutions to 180 projects worth USD 15 billion in Africa, Asia, Latin America and the Caribbean, Europe and North America. It works with governments, public sector entities, development banks, local project developers, financiers and private investors to optimize capital structure. The applicant has also developed a wide network of contacts and partners to help to ensure the quality and process of project implementation.

7. In order to advance the objectives of GCF, the applicant is strongly committed to contributing to the global efforts to achieve the goals of the Paris Agreement. It intends to align its intended projects with the GCF investment criteria and continue to utilize its expertise and experience in carbon markets and development of renewable energy projects around the world. The applicant intends to finance projects that are in line with the target countries' existing strategies and plans as prioritized in their nationally determined contributions, national communications, nationally appropriate mitigation actions and other national climate and energy policy frameworks. In order to ensure alignment with national priorities to improve national commitment and country ownership in the projects, the applicant intends to maximize its engagement with duty bearers such as the national energy departments and environmental departments, regulators and national designated authorities (NDAs).

8. The applicant, jointly with Parhelion Underwriting Limited as proposed executing entity, responded to the request for proposals issued by GCF for a pilot programme to mobilize resources at scale and submitted a concept note for the GeoFutures Facility project on 30 August 2017. The intended project aims to establish and run a risk mitigation instrument to crowd in private sector investment for geothermal power in East Africa. The concept note was shortlisted by GCF and is in the process of review. An already accredited entity is already taking forward the project proposal.

9. In order to achieve a paradigm shift towards a low-carbon and climate-resilient development pathway, the applicant aims to maximize the engagement with private sector entities to finance innovative projects. In addition, the applicant intends to engage with both public and private financial institutions to de-risk renewable projects to ensure bankability. For example, it is dedicated to developing a renewables ecosystem that reinforces local capacity and delivers the paradigm shift envisaged by GCF in Africa, as well as continuing its management of transformational initiatives, such as the Renewable Energy Performance Platform, which aims to bring long-term transformational change to sub-Saharan Africa.

2.3 Track record

10. The applicant's projects cover a wide range of technologies, including solar photovoltaic, hydropower, wind, biogas, biomass, energy storage and off-grid solutions. The applicant, as an originator, has originated numerous debt facilities and equity investments across Africa. As a financier, the applicant has raised over USD 360 million of capital in loans and equity for investment in renewable energy projects. In addition, the applicant works in the carbon markets and has become one of the largest developers of clean development mechanism projects in the world.

11. The applicant's track record in financing renewable energy and climate change related projects to date includes the following:

- (a) USD 137 million (grants and loans) for the Green Africa Power programme, which includes projects in the wind, solar, hydropower, geothermal, sustainable biomass and biogas and waste-to-energy sectors across a broad spectrum of African countries;

- (b) USD 68.8 million (grants and loans) for the Renewable Energy Performance Platform programme comprising 27 projects in 15 African countries (Burundi, Cameroon, Chad, Ghana, DRC, Kenya, Lesotho, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Tanzania, Uganda and Zambia), with an overall target of installing 123 MW of new renewable energy capacity⁶ from 2015 to 2023; and
- (c) USD 5.8 million (equity) spread across equity investments in 5 projects within the Renewable Energy Performance Platform programme to refinance the development, engineering, procurement and construction costs associated with the project.

2.4 Potential support for direct access entities

12. The applicant has a track record of engaging and cooperating with developing country institutions and local service providers in order to develop and finance climate change mitigation projects. It has indicated that such experience has helped to strengthen the capacity and credibility of national institutions and opened up new opportunities for investment into nationally prioritized sectors.

13. The applicant intends to actively support direct access entities in meeting GCF standards for accreditation. To achieve this the applicant aims to integrate a dedicated capacity-building and outreach component into all of its GCF projects and programmes. This component will be tailored to the context of each project in cooperation with the relevant NDAs, with the following elements, as appropriate, integrated into the capacity-building and outreach component:

- (a) Running national and regional workshops for private sector direct access entities in targeted sectors, aiming to cover, inter alia, compliance with GCF standards on gender issues, environmental and social safeguards (ESS) and international best practice in relevant areas such as audits, corporate governance and financial controls;
- (b) Mandating GCF standards within recipient companies while helping to build their internal capacity in order to comply with such standards; and
- (c) Offering NDAs assistance to assess the current viability of candidates for direct access nomination and providing nominated direct access entities with technical support in building capacity and preparing their application for accreditation.

III. Stage II accreditation review assessment

14. 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 following accreditation requirements:

- (a) The GCF policies and standards identified in paragraph 3 above; and
- (b) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12).

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

3.1 Fiduciary standards

3.1.1 Basic fiduciary standards: key administrative and financial capacities

⁶ The portfolio is anticipated to generate 275MW post 2023.

16. Although the applicant is named as Camco Management Limited, the business trades as Camco Clean Energy. Camco Management Limited is a 100 per cent owned subsidiary of Camco Clean Energy Limited,⁷ with the same Board and adopts policies and procedures on a group-wide basis. The business of the Camco group is primarily based on identifying, investing in, implementing and managing small-scale renewable energy projects in Africa.

17. At the start of the review of the AP, Camco was in the early stages of developing its business, its governance framework, its operations manual and its short-term and long-term strategic plans. Being owner managed with a shallow hierarchy and small headcount (an average of 10 staff in 2018, 15 in 2019 and 24 to date in 2020⁸), Camco did not have distinct committees for audit, ethics, finance, risk or human resources. As a result of working with the AP on the GCF accreditation process, Camco has recently established a Sustainable Business Committee (SBC), which handles ethics and related issues, and is in the process of implementing an Audit and Risk Committee (ARC) to oversee internal audit, risk and financial management. In addition, the applicant has recently updated and adopted policies related to transparency and accountability (see section 3.1.2 below).

18. The applicant's principal business activity and main source of revenue is the management contract with the Renewable Energy Performance Platform (REPP). Established in 2015, REPP is a revolving funding facility with funding from the United Kingdom Government of 148 million pounds sterling and sponsorship from the United Nations Environment Programme and the European Investment Bank. It focuses on catalysing renewable energy projects in Africa by helping developers to overcome barriers to raising finance. As the manager of REPP, Camco sources and recommends projects to the REPP Investment Committee and then assists in the implementation, management and monitoring of the projects. To date, REPP has committed USD 74.6 million of co-financing for the development of 32 projects covering a wide range of technologies from grid-connected solar farms to run-of-river hydropower plants. For three years in a row Camco has received an "A" rating in the annual assessment of the delivery of REPP conducted by the Department for Business Energy and Industrial Strategy of the United Kingdom.

19. Before Camco started working with the AP on its accreditation application, most of the fiduciary policies and procedures that governed its activities, in particular those related to procurement, transparency and accountability and the operations manual, were embedded in REPP. These are being migrated to Camco and updated and adapted to align with its strategic plans and future business activities. Camco is authorized and regulated by the United Kingdom Financial Conduct Authority (FCA) through an appointed representative, Mirabella Advisors LLP and is in the process of obtaining its own FCA registration and licence. Having this licence should help Camco to take advantage of new business opportunities and expand its business.

20. The applicant has a Board of Directors comprising three members: the Managing Director, the Head of Origination and an external Non-executive Director. There will be three standing sub-committees of the Board: the Camco Investment Committee (CIC), SBC and ARC.

21. CIC is formed and overseen by the Managing Director. Other members include the Head of Portfolio, the Head of Risk, the General Counsel and an independent expert. CIC reviews potential investments and recommends them to the relevant decision maker. It then monitors the execution and performance of those investments and recommends changes and action points to the decision maker. It plays a key part in assessing and managing the risk profile of proposed and portfolio investments.

⁷ Camco Clean Energy Limited is a UK company and is different to Camco Clean Energy plc (which was a Jersey company). The former was formed following the separation of Camco from RedT energy, whereas the latter was a plc subsequently renamed RedT energy plc.

⁸ Certain staff are employed directly by the applicant and others due to their location in Africa are employed on service contracts.

22. SBC has three well-qualified members: the Camco Impact Manager and two external members. It was established in March 2020 to monitor, report and make recommendations to the applicant's Board on policies, processes and performance in relation to environmental and social standards, sustainability, impact, gender and ethics. The applicant provided information on the SBC governance framework, which outlines the purpose, scope of work, current governing policies and procedures, targets and undertakings and the key performance indicators of this sub-committee. The initial meeting of the SBC occurred in August 2020 and it will meet quarterly on an ongoing basis. However, lack of evidence of the track record of the SBC operations remains a gap in compliance with the GCF basic fiduciary standard on key administrative and financial capacities.
23. ARC was established in June 2020 and the terms of reference have been provided. ARC will have responsibility for the oversight of risk, compliance, external and internal audit functions, including the selection and appointment of the external auditor and the appointment of the Camco Head of Internal Audit. The applicant's Board has appointed the initial members (ARC will consist of three members, all of whom will be independent and non-executive) and formally adopted the ARC as a sub-committee of Camco's Board. However, the implementation of ARC and the internal audit function has yet to be demonstrated. Lack of evidence of the effective functioning of ARC and of the internal audit remain gaps in the GCF basic fiduciary standards for key administrative and financial capacities. To address these gaps, the applicant has agreed to provide the minutes of the first three ARC meetings as well as the details of the first two years of internal audit plans and internal audit reports.
24. Camco's Investment Framework is a comprehensive document that governs all key operations of the business. It addresses strategy and the setting and measuring of short- and long-term objectives; the investment policy, transaction process, 'know-your-customer' (KYC) checks and portfolio management; the staff handbook, code of conduct and ethics; governance, information disclosure and publishing; financial management, including procurement; and risk assessment and management. The annexes contain 19 policies on the following: investment; risk management; public information disclosure; anti-corruption and anti-money-laundering; KYC; data protection; code of conduct; conflicts of interest; human resources; investigation and enforcement; whistleblowing; gender equality; gender action plan; financial management; procurement; procurement policy for investees; travel and expenses; E&S safeguards; and E&S information disclosure, external communications and grievance mechanism.
25. Camco uses Xero, a cloud-based accounting software, for all its accounting functions. Management accounts are produced monthly and annual financial statements are prepared under Generally Accepted Accounting Practice in the UK. Annual audits for RedT Energy plc, audited by PricewaterhouseCoopers using International Financial Reporting Standards have been provided for 2015, 2016 and 2017. Audited statements for Camco Management Limited for 2018 and 2019 have also been provided, audited by Rawlinson & Hunter using Generally Accepted Accounting Practice in the UK, together with the external auditor's management letters. In addition, Camco has provided its recently prepared Financial Management Policy, which comprehensively sets out the principles, policy and procedures relating to financial management and internal controls, including accounting policies and procedures, independent reviews, budgetary planning, monitoring and control, payments processes, procurement and compliance.
26. As at the date of this assessment, Camco Management Limited had a limited track record relating to the operation of ARC and internal audit in its own right because most of its policies and practices relating to administrative and financial capacities have only recently been established and adopted. Nevertheless, the track record of applying the policies under the REPP mandate are deemed sufficient to demonstrate Camco's ability to implement and to apply the policies it is adopting in its own right. However, in addition to the gaps referred to in paragraphs 22 and 23 above, the non-publication of the results of procurements remains a gap

in the GCF basic fiduciary standards for key administrative and financial capacities. To close this gap, the applicant has agreed to publish the results of procurements for GCF-funded projects and programmes.

27. The AP finds that the applicant's policies, procedures and capacity partially meet the GCF basic fiduciary standards on key administrative and financial capacities and that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 22, 23 and 26 above and are addressed in the corresponding conditions of accreditation in section 4.2.

3.1.2 Basic fiduciary standards: transparency and accountability

28. The applicant has provided its ethical code of conduct, which is found to be well developed and in compliance with the GCF basic fiduciary standards on transparency and accountability. All staff and consultants are contractually obliged to read and adhere to the code of conduct and are bound by its policies. The policy regulating potential and actual conflicts of interest, together with an example of the gifts and entertainment log, has also been provided by the applicant and assessed by the AP.

29. The applicant has a robust and comprehensive set of policies and procedures concerning anti-corruption, anti-money-laundering and the countering the financing of terrorism; whistle-blower protection; prohibited practices; and investigations and enforcement. The relevant policies and procedures have been provided and all of them have been revised and updated during the last two years to reflect Camco's ongoing business (see also para. 19 above). All of these policies comply with United Kingdom and the GCF basic fiduciary standards on transparency and accountability.

30. Camco's newly developed institutional-level Investigation Policy is found to be comprehensive and in line with the GCF basic fiduciary standards on transparency and accountability. Although not currently published on the applicant's website, the Investigation Policy is effectively publicly available, as it can be requested via the customer service number on the website. The applicant is currently planning to make the new institutional-level Investigation Policy publicly available on its website. The investigation policy for REPP, which Camco effectively manages, is already published on the REPP website.

31. The KYC policy has been provided, together with evidence of the KYC process with two KYC reports from REPP. As it is not a banking institution, Camco does not have an electronic funds transfer tracking system in place to be able to trace funds directly. However, it has implemented the same mechanisms for verifying recipient bank details as the ones REPP has in place. These are detailed in the financial management policy and procedures that have been provided.

32. As explained in paragraph 26 above, Camco Management Limited has a scarce track record in its own right because most of its policies and practices have only recently been revised and adopted. However, the track record of applying the policies under the REPP mandate are deemed sufficient to demonstrate Camco's track record with respect to transparency and accountability.

33. 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, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.

3.1.3 Specialized fiduciary standard for project management

34. Camco has developed and approved an overarching Investment Framework at the corporate level for developing projects and programmes, including GCF-funded projects (as mentioned in paragraph 24 above). The framework contains eligibility/exclusion projects criteria, procedures for project selection and preparation, due diligence of projects and

counterparties, project approval, project implementation, risk identification and management, provisions for monitoring and evaluation and procedures for the public disclosure of project-related information.

35. Camco's project appraisal guidelines included in the investment framework incorporate detailed criteria for the screening and selection of projects. Camco's exclusion list of projects contains, among others, non-renewable fossil-fuel power plant construction, extension or operation; coal, oil and gas exploration, transportation, production and distribution; switching from one non-renewable fossil fuel to another non-renewable fossil fuel in stand-alone grid-connected electricity generation plants; the production of nitrous oxide/nitrogen oxides (except in connection with waste and biomass projects) or the production of hydrofluorocarbons.

36. The applicant appraises the project concept note on the parameters of project cost and key financial indicators and builds up a project financial model taking into account sources of financing and financial instruments applied. The project concept notes prepared by the risk, E&S, legal and compliance units are reviewed and approved by CIC, which provides the recommendations to the Board. Each project is the subject of a detailed due diligence by the applicant's project teams and has to be approved by CIC.

37. Once the investment (transaction) is approved the project team creates a project summary and press release describing the transaction and once all the conditions precedent are satisfied and/or waived, the project summary and press release are published on the applicant's website.

38. The investment framework contains the well-documented project implementation procedures in accordance with which the investee companies report to the applicant on the key performance indicators and E&S parameters on a periodic basis. Camco's designated project team performs continuous oversight of the project implementation process and links the project key performance indicators (KPIs) and milestones to the performance dashboard, which allows identification of the projects or project elements that are at risk.

39. Camco's project team also provides periodic reporting to CIC on the project's implementation status, deviations in the financial model, risk analysis and mitigation and achieved results against the implementation plan and budget. Each disbursement is approved upon the periodic review of the project results. Analysis of the project expenditure is carried out on an ongoing basis. Every investee company undergoes an overarching annual review by CIC, which provides recommendations to the Board on the specific changes in the action plans of the project activities.

40. The monitoring of the projects is undertaken by the portfolio department, which covers finance and impact analysis functions. The Portfolio Manager receives the information on the project's progress from the corresponding project implementation team and other units and prepares the consolidated analysis on the performance of the project and the fund portfolio in which the project is included.

41. Camco has established a new separate policy on the independent evaluation of the investment mandates which outlines the objective, scope, standards and principles of the independent evaluation.

42. The applicant has extensive experience in managing renewable energy generation and energy efficiency, projects in developing countries, particularly in the Africa region, through its specialized investment funds with capital raised from governmental agencies and private investors, where the applicant serves as an investment manager and investments are made in individual projects and/or private companies.

43. The effective use of the procedures that served as a basis to develop an updated investment framework was demonstrated by sample project appraisal and project due

diligence reports, periodic quarterly progress reports provided by executing entities (e.g. investee companies), site visit reports, mid-term evaluation reports prepared by the donors of funds and other supporting documents that the applicant provided. These documents also show that the applicant has the capacity to examine and incorporate the technical, financial, economic, legal and environmental (including climate change mitigation) aspects of the project at the appraisal and implementation stages.

44. The project monitoring and evaluation procedures and information disclosure procedures in line with the GCF specialized fiduciary standard for project management were included into the new investment framework document. However, implementation of the new monitoring and evaluation and information disclosure policies at the project level has yet to be demonstrated. The requirement to prepare the monitoring reports and publish the project monitoring and evaluation reports remains a gap in accordance with the GCF specialized fiduciary standard for project management regarding project monitoring and evaluation. Camco has agreed to undertake the project monitoring and provide evidence of the publication of the project monitoring and mid-term evaluation reports on its website.

45. The applicant is planning to engage, independently from the project development and monitoring function, a consultancy firm to prepare comprehensive evaluation reports of the performance of specific funds and the results of the projects financed through these funds against the initial objectives and criteria. The requirement to prepare the terms of reference for the external evaluator remains a gap in accordance with the GCF specialized fiduciary standard for project management regarding project monitoring and evaluation.

46. The AP finds that the applicant's policies, procedures and capacity fully meet the GCF specialized fiduciary standard for project management. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 44 and 45 above and reflected by the corresponding conditions for accreditation in section 4.2.

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

47. During the early stages of assessment by the AP during Stage II (Step 1) accreditation review, the AP noted the applicant's lack of sufficient policies and procedures for the awarding of grants on a competitive basis (as required by the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms). As such, the AP recommended Camco to consider not to pursue accreditation for the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms until the time that the applicant develops such systems, policies, procedures and demonstrates track record of such systems in awarding grants on a competitive basis. The applicant agreed to the AP's recommendation and withdrew its application for this standard at this time.

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

48. Camco's on-lending and blending operations are supported by a set of well-developed investment framework policies, which were developed at the corporate level. The policies relate to on-lending and blending principles and requirements, investment models and selection of financial instruments, project-at-risk identification, counterparty due diligence, loans performance monitoring and funds disbursement, portfolio analysis and funds operations evaluation. These policies are well aligned with the GCF specialized fiduciary standard for on-lending and/or blending for loans and equity.

49. In developing blending financial models the applicant adheres to the following key principles:

- (a) Ensuring that the use of blended finance is aligned to the development rationale of the donor that is the source of that financing;

- (b) Mobilizing the private/commercial sources of finance;
- (c) Tailoring blended finance to local context and priorities;
- (d) Focusing on effective partnering for blended finance; and
- (e) Monitoring blended finance for transparency and results.

50. Camco has separate functions for payments approval (treasury) and operations in undertaking the transactions to the loan beneficiaries. Every transaction is reviewed by the applicant's project team and CIC. The applicant performs ongoing monitoring on all payments and transactions in line with its KYC and anti-money-laundering obligations. Responsibility for monitoring transactions is assigned to specific individuals to ensure that the payment controls are in place and any control breakdowns are prevented.

51. The due diligence procedures provide a comprehensive analysis with regard to the underlying project company or beneficiary and include due diligence checks on other counterparties involved, such as developers, contractors and workers. The due diligence reports support the decision-making process of CIC with regard to the provision of equity and loan financing or financial guarantee to the project beneficiary.

52. Camco has also provided examples of mature and well-documented operational procedures for two individual investment funds, one of which (REPP) is currently managed by the applicant and the other (Spark investment platform) is a first-time fund which is scheduled to start full operation by the end of 2020 or beginning of 2021 depending on the restrictions relating to the coronavirus 2019 disease pandemic. The procedures include descriptions of the financial model, management team, process of selection of financial instruments, due diligence of the potential project development partner, risk management of the projects, continuous monitoring of the project activities and mid-term and final evaluation of funds.

53. As a track record of implementation of the procedures related to the management of the funds the applicant provided a description of the current and planned investment portfolios for the two investment funds, including the status of all the projects and associated financial information. Copies of the agreements and legal statutes for these investment funds demonstrating the choice of the appropriate financial instruments for the projects, including equity and loans (debts) and corresponding lending conditions, were provided.

54. A new portfolio risk management strategy was developed by Camco and was included in the Risk Management Policy within the investment framework. However, no analytical report on the effectiveness of the implementation of such a strategy was provided.

55. The applicant provided evidence of its financial control system, including the preparation of financial statements and engagement of the independent auditor of the financial statements of REPP. Evidence of the authorization of the transactions with regard to the specific project activities was also provided. In addition, the applicant provided a mid-term evaluation report on the investment funds, which was commissioned by a governmental donor organization, and which demonstrates successful operation of the funds and positive financial results. This set of evidence documents ensures that the appropriate control mechanisms over the financial operations are in place.

56. As mentioned in paragraph 23 above, ARC was set up by the applicant in June 2020 for the purposes of Camco's asset and liabilities oversight function. The applicant has provided the terms of reference for the committee and the list of the three committee members, who have been formally appointed by the applicant's Board. The AP considers that the asset and liability oversight and regulation can be efficiently undertaken by ARC in line with GCF requirements. However, as reflected in paragraph 23 above the committee has not yet conducted its first meeting. The requirement to demonstrate the effective operation of ARC remains a gap in complying with the GCF specialized fiduciary standards for on-lending and/or blending.

57. The AP finds that the applicant's policies, procedures and capacity fully meet the GCF specialized fiduciary standard for on-lending and/or blending for loans and equity. However, the AP finds that the applicant's track record in terms of the implementation of the portfolio risk management strategies is insufficient. The relevant gaps are identified in paragraphs 54 and 56 above and are reflected by the corresponding condition for accreditation in section 4.2.

3.2 Environmental and social safeguards

3.2.1 Environmental and social policy

58. The applicant adopted in March 2020 an Environmental and Social Safeguard Policy (ESSP) that applies to all its financed and managed activities. The ESSP articulates sustainability, risk assessment, mitigation, stakeholder engagement and biodiversity protection as its guiding principles. The applicant aims to anticipate and avoid or, where avoidance is not possible, minimize and, where residual impacts remain, compensate for/offset risks to and impacts on workers, affected communities and the environment. The objectives of the applicant in adopting the ESSP are to avoid or mitigate negative impacts and address the needs of vulnerable communities. It supports only those projects where negative impacts can be satisfactorily mitigated within a reasonable time.

59. The ESSP is a codification of principles and procedures that the applicant has already been implementing through REPP. For the purposes of this assessment, the AP considered projects under REPP as the track record of the applicant. It should be noted that REPP in itself is not a project but rather a fund which invests in individual projects and programmes.

60. In its ESSP, which has been disseminated widely among the applicant's staff and a summary posted on its website, the applicant adopted three standards: those of the host country, the International Finance Corporation (IFC) Environmental and Social Performance Standards and the sustainability principles advocated by the United Nations Global Compact.⁹

61. The Managing Director is directly responsible for implementing the ESSP, working with several units and other officers of the applicant.

62. The AP finds that the applicant's E&S management system, comprising the applicant's ESSP, 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/I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.2 Identification of E&S risks and impacts

63. The applicant has adopted an E&S risk and impacts assessment procedure that involves the following components: application of a risk assessment tool, an initial E&S risk screening list, E&S risk categorization, gap analysis and full due diligence. The ESSP includes a detailed annex providing guidance on E&S risk categorization, which considers the following guiding questions when determining the significance of risk:

- (a) Intensity: how big will the impact be?
- (b) Manageability: can the risk be managed?
- (c) Duration: how long will the risk be present? and
- (d) Reversibility: can the situation be restored if/when negative impacts occur?

⁹ See <<https://www.unglobalcompact.org/what-is-gc/mission/principles>>.

64. The annex also defines category A, B and C projects, relevant categories for the applicant's on-lending/blending operations and the implications of categorization for projects management cycle.

65. The applicant requires that the E&S impacts assessment and E&S management plan for E&S risk category B/I-2 should address, at a minimum, the risks and impacts in line with the IFC performance standards 1–8. The applicant supports only those projects where negative impacts can satisfactorily be mitigated within a reasonable time period. Therefore, only projects categorized as low (category C/I-3) or medium risk (category B/I-2) as per IFC E&S categorization will be supported by the applicant.

66. The applicant submitted examples showing how E&S risk assessment has been incorporated into project and programme development and approval. The tools used (risk categorization) and the reports of E&S impacts assessments for solar and small hydropower projects in E&S risk category B/I-2 in Burundi, Kenya, Rwanda and Tanzania were submitted. These projects are part of REPP, which, as previously stated for the purpose of this accreditation review, the AP will consider as the track record of the applicant.

67. 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/I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.3 Management programme

68. An environmental and social management system (ESMS) is incorporated into the ESSP. It requires, inter alia, a waste management plan, a biodiversity action plan, a stakeholder engagement plan and a gender action plan, all of which are intended to manage E&S risks and impacts.

69. The applicant submitted an annual performance review of REPP which, as earlier noted, the applicant implements. REPP projects in Burundi, Kenya, Rwanda and Tanzania have applied the applicant's ESMS.

70. The AP finds that the applicant has not commissioned an external E&S audit on the effectiveness of its institutional management programme. The applicant has agreed to adopt a policy to require such an audit and commission an E&S audit for its first GCF-funded project or programme after its accreditation.

71. The AP finds that the applicant's E&S management programme partially meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category B/I-2 projects/programmes with respect to GCF performance standards 1–8. The relevant gap is identified in paragraph 70 above and is reflected by the corresponding conditions for accreditation in section 4.2.

3.2.4 Monitoring and review

72. The applicant's ESSP has established an E&S monitoring and review system. The applicant provided a flow chart showing details of the system, which includes drafting E&S monitoring plans and conducting annual reviews.

73. The applicant submitted examples of how it monitors and reviews compliance with ESS standards. The indicator tools used and monitoring reports for solar and small hydropower projects in Burundi, Cameroon and Kenya were submitted. As noted earlier, these projects are part of the Renewable Energy Performance Platform (REPP), a project of the United Kingdom that is managed by the applicant. The applicant also provided the annual review of the PowerHive mini-grids project in Kenya in order to illustrate how it has responded to lessons learned from the project implementation.

74. 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 B/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

75. The applicant has adopted an Information Disclosure Policy, an External Communication Policy and a Grievance Mechanism Policy, which would apply to all GCF-financed activities. In its Information Disclosure Policy, the applicant commits to operating in a transparent manner by disclosing project information as well as providing stakeholders with regular updates on the process and decisions made in relation to any grievance raised. It also commits to ensuring that all stakeholders are treated in a fair manner, including based on the principle of free prior and informed consent and provided with information that allows for meaningful participation. For the applicant, stakeholder engagement and information disclosure are essential elements for designing and implementing sound and sustainable projects and programmes.

76. In its Information Disclosure Policy, the applicant commits to making its E&S assessment documents available in both English and the local language, as applicable, at least 30 days in advance of the decision of the applicant or the GCF Board, whichever is earlier, via electronic links in both the applicant's and the GCF website as well as in locations convenient to people affected by the project.

77. The applicant has established an independent Grievance Redress and Accountability Mechanism for GCF-funded projects/programmes. It provides the procedures that the applicant and its executing entities, which will be required to set their own grievance redress mechanisms system, will apply in the case of complaints. The applicant's Compliance Officer is responsible for the Grievance Redress and Accountability Mechanism and reports directly to the Managing Director. The AP has determined that this is sufficiently independent from the operational staff, including the Impacts Manager.

78. The AP reviewed the track record of the applicant on information disclosure, stakeholder engagement and the implementation of a grievance mechanism in the REPP projects. The applicant submitted a report on the REPP Burundi renewable energy project, which provides details on how it has implemented these policies and the lessons it has learned from them.

79. 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, fully 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 B/I-2 projects/programmes with respect to GCF performance standards 1–8.

3.2.6 Organizational capacity and competency

80. The applicant provided both its institutional organizational structure and its organizational chart. Three units are involved in implementing the applicant's ESSP: the supervisory unit, the E&S management unit and the E&S implementation unit. More specifically, the Managing Director is responsible for implementing the policy, working with the Portfolio Operations Director, the Head of Risk, the General Counsel and the Impact Manager. The Impacts Manager is in charge of implementing E&S policies at the project level, working with technical staff in charge of operations operations to ensure compliance.

81. The applicant provided the curricula vitae of the Impact Manager and other relevant personnel responsible for implementing the ESSP. It also provided information on E&S training conducted as the applicant implemented REPP projects.

82. 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/I-2 projects/programmes with respect to GCF performance standards 1-8.

3.3 Gender

83. The applicant adopted its Gender Equality Strategy in March 2018. It comprises definitions, a strategy, guiding principles and provisions on implementation and results. It includes provisions on its gender operational approach and gender results framework. Under The strategy involves the creation of a gender focal point and a mandate to the Impact Manager to prioritize gender issues.

84. In 2019, the applicant adopted a Gender Action Plan that outlines the priorities and tasks for implementing the Gender Equality Strategy. The plan mainstreams gender considerations in the operations of the applicant. The applicant adopts a gender-sensitive approach as part of social risks and impacts assessments by identifying and analysing gender issues and inequality relevant to the project. Likewise, it ensures gender equitable stakeholder consultations by including women, girls, men and boys in the project area as well as gender advocates, women's civil society organizations, and/or relevant local and national authorities. Finally, as part of the preparation of a funding proposal, the applicant requires:

- (a) A gender assessment, along with appropriate E&S assessments (as may be required according to the level of risks and impacts); and
- (b) A project-level gender action plan.

85. The Impact Manager is assigned the role of gender focal point to coordinate the implementation of the Gender Equality Strategy. The AP has determined that she has the expertise to lead the implementation of the applicant's gender policy and action plan. Among the priorities of the Gender Action Plan is putting into place training programmes for gender sensitivity and to support the professional development of the applicant's female employees.

86. For its track record, the applicant has provided information on three projects with specific reference to women and men who have benefited from climate change projects. These are all REPP projects in Africa. The applicant has carried out any assessment of non-discriminatory practices in terms of benefits and remuneration of men and woman within Camco. Pay gap analysis is an annual requirement of its Gender Action Plan.

87. 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.

IV. Conclusions and recommendation

4.1 Conclusions

88. 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 for transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF Anti-Money

Laundrying and Countering the Financing of Terrorism Policy, but only partially meets the requirements of the GCF basic fiduciary standards on key administrative and financial capacities, the specialized fiduciary standard for project management and the specialized fiduciary standard for on-lending and/or blending for loans and equity. The gaps are identified in paragraphs 22, 23, 26, 44 and 45 above and addressed in the corresponding conditions for accreditation in section 4.2. They include the following:

- (i) The applicant has yet to demonstrate the track record of the operation of two of the sub-committees of its Board: SBC and ARC;
 - (ii) The applicant has not yet provided internal audit plans prepared in accordance with the new internal audit procedure together with the corresponding internal audit reports, as well as the reports on the execution status of action plans on findings contained in the internal audit reports. No evidence of the satisfactory quality control and assessment of the overall effectiveness of the internal audit function was provided;
 - (iii) The results of the undertaken procurements have not yet been published;
 - (iv) The applicant has not demonstrated the implementation of the new Information Disclosure Policy;
 - (v) The applicant needs to provide a copy of the terms of reference for the independent firm that will be contracted to undertake the evaluation of the first GCF-funded project; and
 - (vi) The applicant has not provided the analysis of the portfolio risk strategies developed as part of the new investment framework;
- (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 B/I-2). The applicant has not commissioned an external E&S audit on the effectiveness of its institutional management programme; the gap is identified in paragraph 70 above and addressed in the corresponding condition 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 in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

89. The AP recommends, for consideration by the Board, applicant APL105 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** medium (including micro¹⁰ and small¹¹);
 - (ii) **Fiduciary functions:**

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”.

1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management; and
 3. Specialized fiduciary standard for on-lending and/or blending (for loans and equity); and
- (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/intermediation 3 (I-3)¹²)); 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) Condition to be met within two years following the approval by the Board of the first GCF-funded project/programme to be undertaken by the applicant:
 1. Provision by the applicant of the minutes of the first three meetings of SBC and ARC; and
 2. Provision by the applicant of:
 - a. Internal audit plans for financial years 2021 and 2022;
 - b. The corresponding internal audit reports for financial years 2021 and 2022;
 - c. The reports on the execution status of action plans on findings contained in the internal audit reports; and
 - d. Evidence of the quality control and assessment of the overall effectiveness of internal audit function;
 - (ii) Condition to be met within two years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
 1. Publication by the applicant of the results of procurements for GCF-funded projects/programmes on the applicant's website;
 2. Provision by the applicant of the first project or programme monitoring report prepared in accordance with the applicant's updated monitoring and evaluation procedures and publication of the said report on the applicant's website; and
 3. Provision by the applicant of the report containing the analysis of the implementation of the risk management strategy included in the Risk Management Policy adopted on 14 July 2020; and
 - (iii) Condition to be met within three years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
 1. Provision by the applicant of a report conducted by an external expert on the audit of the effectiveness of its ESMS. The audit should highlight lessons learned and provide recommendations to improve the ESMS; and
 2. Provision by the applicant of:

¹² As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

- a. Terms of reference for the independent consultancy firm that is contracted to perform the mid-term project evaluation in accordance with the procedure contained in the document titled “On the independent evaluation of the investment mandates” approved by the applicant on 15 June 2020;
- b. A mid-term evaluation report; and
- c. Evidence of the publication on its website of the mid-term evaluation report.

90. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 89 above, and agrees to the recommendation.
