



**GREEN
CLIMATE
FUND**

Meeting of the Board

16 – 19 March 2021

Virtual meeting

Provisional agenda item 19

GCF/B.28/16/Add.01

15 March 2021

Management response to the Independent Synthesis of the Green Climate Fund's Accreditation Function

Summary

This document presents the Secretariat management response to the Independent Synthesis of the Green Climate Fund's Accreditation Function undertaken by the Independent Evaluation Unit (IEU).

1. The Secretariat welcomes the *Independent Synthesis of the Green Climate Fund's Accreditation Function* undertaken by the Independent Evaluation Unit. Access to GCF resources through accreditation is a core function of the Green Climate Fund as enshrined in the *Governing Instrument* as well as in several decisions of the Board regarding the business model and partnership approach relevant for operations of the Fund. The Synthesis has pointed to several areas where the GCF can strengthen its accreditation function to improve access to GCF resources.
2. The Secretariat agrees or partially agrees with all these recommendations and has either already taken actions on many of them or is in the process of doing so. Such actions include strengthening internal processes, structures and incentives within the Secretariat, updating guidelines and information materials, as well as strengthening the capacities of countries, particularly NDAs or focal points and direct access entities. In addition, the Secretariat continues to support the Accreditation Committee in its development of an accreditation strategy and updated accreditation framework, as well as the Board in its development of an updated strategic plan, which includes directions on an accreditation strategy. Specific responses to each of the key recommendations in the evaluation are detailed further below.

Key Recommendations

Strengthen the governance structure for accreditation, clarify the strategic role of accreditation in the GCF, and critically address the mission overload.

	Page no.	Recommendations	Management Response
1a	xviii	Recommended actions for the GCF Board: Reinforce the TORs of the AC to become more effective. The TORs of the AC indicate its role in providing policy and strategic guidance to the AP as well as facilitating Board's interaction with recipient countries. This needs to be realized and re-vitalized.	This recommendation is for consideration by the GCF Board.
1b	xviii	Recommended actions for the GCF Board: Recommendation 1b. The role of accreditation should be re-examined within the GCF given that the GCF has evolved since this function was first conceived. In this re-examination, the GCF should utilize the experiences of other global funding institutions, acknowledging the unique mandate of the GCF.	This recommendation is for consideration by the GCF Board.



	Page no.	Recommendations	Management Response
1c	xix	<p>Recommended actions for the GCF Board:</p> <p>Recommendation 1c. Develop a strategy on accreditation that resolves mission overload that the function currently witnesses. A strategy on accreditation must clarify how accreditation fits within the overall GCF vision, and its primary outcomes. This will prevent accreditation from being looked at critically, by various members of the GCF ecosystem. The vision should clarify which outcomes are key for accreditation to realize and which ones are secondary.</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>The Secretariat notes that an accreditation strategy is contained within the draft Updated Strategic Plan for the GCF, specifically the draft by the Co-Chairs contained in document GCF/B.25/09.</p>
1d	xix	<p>Recommended actions for the GCF Board:</p> <p>Recommendation 1d. The Accreditation Panel needs to be strengthened. The interaction of the AP with the Board and the AC needs to improve qualitatively and in frequency. (So far, the AP does not interact much with the Board.) The capacity of the AP to understand the strategic thrust of the GCF needs to be strengthened.</p>	<p>This recommendation is for consideration by the GCF Board.</p>

Assess and incentivize capacity building and alignment with the GCF mandate, within the accreditation function

	Page no.	Recommendations	Management Response
2a	xix	<p>Recommended actions for the GCF Secretariat:</p> <p>Accreditation and re-accreditation reviews should examine institutional performance, project results and portfolio alignment of chosen AEs. To that end, the monitoring and reporting by AEs in terms of performance, results, and alignment with the GCF's mandate need to improve.</p>	<p>Agree.</p> <p>Both project and institutional level performance are already being evaluated for Accredited Entities and these form part of the reaccreditation process.</p> <p>The Secretariat has conducted a review of the portfolio covering 100 projects for reporting against fund level results. The review takes into consideration the main issues as raised by the IEU RMF/PMF evaluation and focuses on the sufficiency and independence of the Means of Verification, the adequacy of baselines and the results targeted at project completion. Based on this review, the Secretariat has developed a M&E gap analysis paper for Board consideration which includes a request for the allocation of additional funding to respond to the deficiencies identified. This paper was tabled for Board consideration at B.25 (GCF/B.25/05).</p>



	Page no.	Recommendations	Management Response
			<p>The GCF guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including GCF’s fiduciary principles and standards and environmental and social safeguards (decision B.07/02) as well as the accreditation application form (decision B.08/06) includes a review of the information on the scope of intended activities and estimated contribution requested for an individual project or activity. This is taken into account in the Secretariat’s assessment and part of the recommendation on applicants submitted for Board consideration. The role and responsibilities of an AE can be further codified, and this is currently being addressed in the draft updated accreditation framework that has been presented for Board consideration from B.19 to B.24.</p> <p>The GCF adopted its Monitoring and Accountability Framework (decision B.11/10) and the re-accreditation process (decision B.24/13), both of which identify monitoring and reporting requirements of AEs at both the institutional and project levels, and AE performance is a factor to be considered in re-accreditation. Specifically, paragraph 35 of the Monitoring and Accountability Framework notes that the re-accreditation decision by the Board will take into account the Secretariat and Accreditation Panel’s assessment of the extent to which the AE’s overall portfolio of activities, beyond those funded by GCF, have evolved in this direction during the accreditation period. As GCF will undergo its first re-accreditation reviews starting in late 2020 for Board consideration starting in the first quarter of 2021, the recommendation proposed would be addressed at that time.</p> <p>The Secretariat is also providing support to DAEs through the RPSP to improve their performance with the GCF, and such support is being expanded.</p>
2b	xix	<p>Recommended actions for the GCF Secretariat:</p> <p>Re-accreditation should include an assessment of the alignment of an AE’s portfolio with the GCF mandate. This</p>	<p>Agree.</p> <p>See response to the recommendation 2a, with regards to the Monitoring and Accountability Framework (decision</p>



	Page no.	Recommendations	Management Response
		assessment should be based on clear, transparent and predictable criteria that are communicated to applicants and potential AEs.	B.11/10) and the re-accreditation process (decision B.24/13).
2c	xix	<p>Recommended actions for the <i>GCF Secretariat</i>:</p> <p>IAEs should be assessed for their contributions to building capacities of DAEs. This assessment needs to be based on clear criteria and communicated to candidates.</p>	<p>Agree.</p> <p>In accordance with decision B.10/06, paragraph (i), which recalls decision B.08/03, all international access 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 GCF in order to enhance country ownership and that they report annually on these actions. In accordance with this, international entities applying for accreditation are required to provide information as a part of their accreditation application, and this information forms part of the recommendation on applicants to be considered by the Board for accreditation.</p> <p>Once accredited, international access AEs are required to report on the aforementioned actions on an annual basis. This requirement is also codified in clause 15.03(b) of the Accreditation Master Agreement template. The Secretariat reviews annual reports provided by IAEs with effective AMAs and reports to the Board on an annual basis.</p>
2d	xix	<p>Recommended actions for the <i>GCF Secretariat</i>:</p> <p>Efficiency of the accreditation process needs to improve. Currently it takes a median number of 506 days for entities to be approved for accreditation by the Board from the time their application is approved on the online approval system. Turn-around times and processing times need to be established by the Secretariat and communicated to the GCF partnership.</p> <ul style="list-style-type: none"> • Design the accreditation process to avoid overlaps. Avoid overlaps between Stages I and II; avoid overlaps between accreditation and the FP process. • Establish and announce turn around times. Additional support may be elicited 	<p>Agree.</p> <p>The Secretariat has proposed design changes to the guiding accreditation framework in the draft updated accreditation framework, most notably the proposal to aggregate all technical reviews currently split over the Secretariat in Stage I and the AP under Stage II (Step 1) fully under the AP under Stage II (Step 1). In doing so, this would reduce overlap between the Secretariat and AP reviews.</p> <p>The Secretariat is continuing to work toward identifying average turn-around times, noting Secretariat limited capacity; the roles and responsibilities expected of</p>



	Page no.	Recommendations	Management Response
		<p>by regional advisors.</p> <ul style="list-style-type: none"> • Improve the capacity of entities with existing resources and strengthen their ability to interact with the Fund. RPSP funds should be utilized especially for post-accreditation support. In order to ensure strategic alignment, the Secretariat should take on an explicit role in soliciting potential AEs. • Reduce the time taken for legal negotiations. For the group of 59 entities that have <i>effective</i> AMAs (i.e. can now receive FP funds from the Fund), it took a median number of 638 days from Board approval to becoming effective. There is clearly a need to build capacities all-around on policy sufficiency and legal negotiations, including within the Secretariat and for AEs. 	<p>AEs (and thus requirements for applicants); and the variety of accreditation types that applicants can apply for, reflective of the different funding size, environmental and social risk levels and financial instruments and financing modalities an AE can work with. It is noted that at the Adaptation Fund it takes an average of 19 months (580 days) between first submission of the accreditation application for national and regional implementing entities to the Adaptation Fund Board's decision, and that such entities work with grants equivalent to the GCF size category of 'micro'.</p> <p>The Secretariat works proactively with NDAs to identify DAEs that can contribute strategically to the programming priorities of countries as well as to ensure alignment with GCF strategies. Through the RPSP support is also provided to improve the capacities of such entities.</p> <p>The time taken for the negotiation of legal agreements has already been reduced. Currently, applicants receive the template AMA – which is also available on the website – as part of the accreditation process, which allows them to review the terms and conditions of the AMA before a Board decision is taken accrediting the applicant. It also expedites AMA negotiations, which start right after the Board decision.</p>

The selection of AEs and composition of the AE portfolio should be based on an overall strategy that indicates how these entities will help support the GCF's mandate.

	Page no.	Recommendations	Management Response
3a	xx	<p>Recommended actions for the GCF Secretariat:</p> <p>The GCF should support countries and NDAs so they can strategic in nominating entities for direct access. Country programmes and/or country climate finance strategies should drive the decision on the type and number of entities</p>	<p>Agree.</p> <p>The Secretariat is supporting the Accreditation Committee in its development of the updated accreditation framework. The updated framework is expected to include the indication that NDAs/focal points are expected to develop</p>



	Page no.	Recommendations	Management Response
		<p>nominated. Currently it is unclear if entities are chosen so they can support the GCF mandate or because they have the ability to process GCF funds (i.e. project management) or both.</p>	<p>a strategy or approach to accreditation, including the nomination of direct access entities and confirmation that the entity can fulfil the role and responsibilities of an AE and is best suited to undertake their country's climate change programming priorities (such as in their country programme with GCF, where available).</p> <p>The Secretariat has also been guiding NDAs to include the AEs intended to deliver on their programming priorities as they develop their country programmes for the GCF, and expects to codify these expectations in further guidance from the Secretariat or updated guidelines on developing country programmes.</p>
3b	xx	<p>Recommended actions for the GCF Secretariat:</p> <p>Pre-accreditation support, including RPSP, is essential for building capacities of candidate entities. This support will also reduce processing times and provide an overall strong suite of AEs.</p>	<p>Agree.</p> <p>Such support is important and is already provided within the RPSP. This support facilitates Direct Access entities in meeting the standards of GCF as soon as possible. It also aids their ability to programme projects with GCF.</p>
3c	xx	<p>Recommended actions for the GCF Secretariat:</p> <p>Post-accreditation support for DAEs is essential and needs to be strengthened. Some of the ways in which this support can be provided include:</p> <ul style="list-style-type: none"> • Requiring that proposals from IAEs be made <i>with</i> the appropriate involvement of DAEs. Co-development, co-implementation and co-reporting will help incentivize capacity building and transfer of knowledge between IAEs and DAEs. • Explicitly devoting resource to building the capacities of newly accredited entities to propose FPs to the GCF. In this context the role of RPSP and PPF in this space should be strengthened. 	<p>Partially agree.</p> <p>IAEs are required in accordance with decision B.10/06, paragraph (i), and their AMA entered into with GCF, to report annually on 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 GCF in order to enhance country ownership.</p> <p>Co-implementation should be seen in terms of capacities as well as accountabilities for performance as well as the incentive mechanisms for both AEs. It would therefore be preferable to encourage co-implementation by creating incentives for IAEs to work with DAEs, rather than making this a requirement.</p> <p>One proposal by the Secretariat is captured in the programmatic approach policy draft which was published for B.25 but was not opened by the Board.</p> <p>Support for capacity building of DAEs post-accreditation is available to DAEs upon the request of NDAs under the RPSP. Such support covers the entire project cycle,</p>



	Page no.	Recommendations	Management Response
			from pipeline development and project preparation to also supporting capacity development for implementation, monitoring and evaluation. While such support has been principally provided in the form of grants, the Secretariat is expanding such support in the form of technical assistance provided through rosters of individual consultants and firms.
3d	xx	<p>Recommended actions for the Board:</p> <p>Although on paper the portfolios of all AEs need to be examined, the on-going efforts to establish portfolio baselines for re-accreditation should be expedited and include both DAEs and IAEs results should be taken into account for the re-accreditation assessments.</p>	This recommendation is for consideration by the GCF Board.
3e	xx	<p>Recommended actions for the Board:</p> <p>The (new) accreditation strategy should clarify the target portfolio mix of AEs for the GCF. Such a strategy should also discuss the how AEs will be engaged with, their key outcomes and the GCF's overall GCF FP pipeline and countries that are not able to access the GCF.</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>The Secretariat notes that an accreditation strategy is contained within the draft Updated Strategic Plan for the GCF, specifically the draft by the Co-Chairs contained in document GCF/B.25/09.</p>

GCF should clarify the aim and limitations of PSAA before piloting; GCF-1 strategic planning should include targets and plans.

	Page no.	Recommendations	Management Response
4a	xx	<p>Recommended actions for the Board:</p> <p>The GCF should articulate the main aims of PSAA and clearly articulate how accreditation will fit into its overall outcomes. This will help clarify the objectives of PSAA, against which it will be evaluated at the end of the pilot.</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>As contained in the updated accreditation framework, two modalities for engaging with GCF on projects/programmes are envisaged: institutional accreditation, which is currently in place, and the new and complementary modality, the project-specific assessment approach (PSAA). The two modalities provide more options for access to GCF resources that are fit for longer-term (institutional accreditation) and short-term (PSAA) partnerships. PSAA is a complementary approach to institutional accreditation that allows GCF to target specific projects/programmes. PSAA focuses on assessing whether the entity can undertake the proposed project/programme in line with the</p>



	Page no.	Recommendations	Management Response
			standards for GCF accreditation. In doing so, PSAA aims to provide a more fit-for-purpose approach compared with institutional accreditation in relation to the intended projects/programmes.
4b	xx	<p>Recommended actions for the Board:</p> <p>The design and implementation of PSAA should consider lessons from other funds and be cautious about possible risks that PSAA may introduce. A pilot phase that explicitly incorporates an independent evaluation at the end will help the Fund to learn and prevent possible pitfalls, going forward.</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>It may be noted that the updated accreditation framework includes a review of the pilot framework for PSAA three years after its operationalization.</p>
4c	xx	<p>Recommended actions for the GCF Secretariat:</p> <p>Overall, the focus of the AEs' reporting should be on alignment, and mitigation and adaptation results that they have planned and achieved. Currently self-assessment and mid-term reports are checklist exercises indicating whether there have been material changes in their underlying policies that may affect accreditation. These reports should be expanded to include reports on AE climate portfolios (non-GCF/GCF) and progress on mitigation and adaptation results across the AE portfolio.</p>	<p>Agree.</p> <p>The Secretariat agrees that AE reporting should focus on alignment and results. Our understanding is that this will be achieved through the annual reporting processes, as provided within AMA agreements.</p> <p>The GCF adopted its Monitoring and Accountability Framework (decision B.11/10) and the re-accreditation process (decision B.24/13), both of which identify monitoring and reporting requirements of AEs at both the institutional and project levels. The scope of the annual self-assessment and mid-term reviews are related to institutional capacities of AEs, and thus focus on the AEs' ability to continue to comply with GCF fiduciary, environmental, social and gender policies and standards. In line with the 'light-touch' approach as adopted by the Board in the MAF, the self-assessment, which relies upon the AE to self-assess, and the mid-term review are based on institutional changes since the latest reporting period. The re-accreditation process also already includes the assessment of AEs' overall portfolio, beyond the activities funded by GCF.</p> <p>As the portfolio matures the Secretariat is implementing systems to facilitate the tracking and reporting on performance of the GCF portfolio including by AE amongst others parameters. This will allow performance to be taken into account during reaccreditation and negate the need to increase the reporting burden on AEs in</p>



	Page no.	Recommendations	Management Response
			this regard.
4d	xx	<p>Recommended actions for the GCF Secretariat:</p> <p>If the GCF is keen to increase its overall allocation to DAEs in the updated strategy of the GCF for 2020-23 (i.e. GCF-1), focus must be explicitly paid to increasing the role of DAEs. Currently although 56 national/regional entities have been accredited, only 18 DAEs have FPs with the GCF. Some steps to increase the funding portfolio of DAEs may include recruiting additional DAEs, providing post-accreditation support, increasing capacities, increasing the scope of DAEs, prioritizing in the FP pipeline, among others. It is essential to set a realistic target supported by an implementable plan.</p>	<p>Agree.</p> <p>The Secretariat notes that the draft Updated Strategic Plan for the GCF as contained in document GCF/B.25/09 reflects an ambition to both increase the share of DAEs above the current level, as well as strengthen the role of DAEs in programming and raise the share of funding channeled through DAEs relative to the IRM.</p> <p>See response to 3 (c) on support available and being expanded to increasing the capacity of DAEs to develop and submit proposals to the GCF.</p>
