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# Consideration of accreditation proposals – Addendum II

## Re-accreditation assessments

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### **Summary**

This document contains re-accreditation assessment of Agency for Agricultural Development of Morocco (ADA), based in Morocco, and the Secretariat of the Pacific Regional Environment, Programme (SPREP), based in Samoa.

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## **I. Background**

1. The document contains the annexes for the following applicants for re-accreditation:
  - (a) Applicant R021 (RAPL021) is the Agency for Agricultural Development of Morocco (ADA), based in Morocco, as contained in annex I; and
  - (b) Applicant R003 (RAPL003) is the Secretariat of the Pacific Regional Environment Programme (SPREP), based in Samoa, as contained in annex II.

## Annex I: Re-accreditation assessment of the Agency for Agricultural Development of Morocco

### I. Introduction

1. The Agency for Agricultural Development of Morocco (ADA) is a national public entity based in Morocco, which provides action plans and value-added solutions to address agricultural needs at the local and national level. Its mandate, under the national green plan in place since 2008, is to contribute to social and economic development through more resilient and productive agriculture. ADA has developed a comprehensive portfolio of climate change related projects and programmes worth approximately USD 33 million, which has been financed by bilateral and multilateral organizations. It has implemented projects and programmes in land protection and agricultural management by expanding agricultural areas and adding value to crop development; promoting the development of agricultural products through new irrigation systems, farm equipment, packaging and marketing; promoting agricultural investments by, for example, establishing different partnerships; and promoting local products.

2. ADA was accredited by the Board on 10 March 2016 by decision B.12/30, paragraph (b). On 16 April 2016 it signed its accreditation master agreement (AMA) with GCF, which became effective on 23 August 2016 for the following parameters, as recommended by the Accreditation Panel (AP), under the GCF fit-for-purpose approach:

- (a) **Access modality:** direct access, national. The accredited entity (AE) received a national designated authority or focal point nomination for its accreditation application from Morocco;
- (b) **Track:** fast track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (category B).<sup>3</sup>

3. With its AMA having become effective on 23 August 2016, the first accreditation term of the AE is from 23 August 2016 to 22 August 2021. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 15 January 2021. Accreditation fees were not applicable since the AE is seeking re-accreditation for the same accreditation scope for which it was previously accredited; thus, the Stage I institutional assessment and

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

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

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

completeness check commenced on submission of the re-accreditation application. Stage I was completed on 11 May 2021 and the applicant was progressed to the Stage II (Step 1) accreditation review by the AP, which has been concluded with the publication of this assessment. The AE has applied for the following accreditation scope, which is the same as that for which it was previously accredited:

- (a) **Access modality:** direct access, national. The AE received a national designated authority or focal point nomination for its accreditation application from Morocco;
- (b) **Track:** fast track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>4</sup>
- (d) **Fiduciary functions:**<sup>5</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2)).<sup>6</sup>

## II. Stage I institutional assessment and completeness check

4. The AE is eligible for, and applied under, the fast-track re-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, B.10/06, B.12/30, B.14/09, B.15/09, B.17/13, B.18/05, B.19/14, B.22/09, B.23/13, B.24/11 and B.26/01 and in accordance with the following GCF policies and standards:

- (a) “Updated Strategic Plan for the Green Climate Fund: 2020–2023” (decision B.27/06);
- (b) “Matters related to the accreditation framework” regarding the re-accreditation process (decisions B.24/13 and B.26/01);
- (c) “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);
- (d) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);
- (e) “Policy on Prohibited Practices” (decision B.22/19);
- (f) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (g) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (h) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (i) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

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<sup>4</sup> As footnote 1 above.

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

<sup>6</sup> As footnote 3 above.

## 2.1 Legal status, registration, permits and licences

5. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that it is willing to engage in amending the AMA to account for new GCF policies adopted after the initial accreditation and will put the necessary resources in place to review the draft AMA.

## 2.2 Accredited entity performance in contributing to GCF programming results

### 2.2.1 **Approved GCF projects under implementation and national designated authority participatory monitoring**

6. ADA has one approved project (FP022, approved at the fourteenth meeting of the Board). The project had multiple conditions that made implementation challenging.

### 2.2.2 **Inclusion in the country programme of concept notes, funding proposals and Project Preparation Facility requests**

7. **Country programme/entity work programme:** the area of expertise of ADA will continue to contribute to GCF programming results under the orientation of the updated Strategic Plan. In addition, the work of the AE is greatly focused on adaptation in agriculture, reflecting Morocco's priorities as indicated in the country programme, where agriculture constitutes one of the priority sectors. In addition to the concept notes and funding proposal mentioned in the paragraph 8 below, ADA is developing a Project Preparation Facility request for an adaptation project on the resilience of oasis ecosystems. The national designated authority marks support for the engagement of this AE with GCF, and the engagement plan of ADA will be included in the update of the country programme, to be shared with the Secretariat by the next calendar year. The entity faces challenges in developing and submitting projects to GCF efficiently. To address the issue, ADA is making use of the new project preparation technical assistance modalities offered by the Secretariat. Upon re-accreditation, focused capacity development support will be considered.

8. **Concept notes/funding proposal:** ADA has three concept notes and one funding proposal in the pipeline, with a total pipeline amounting to USD 137.1 million in GCF funding (all grants). Many of the projects in the pipeline have not shown significant movement to maturity. The quality of the theory of change, climate rationale, and baseline development methodology requires improvement. The clarity on proposed interventions and their potential for paradigm shift as well as the accuracy of assessments of the budget for those interventions require significant improvement. Some of the above mentioned challenges could be partially attributed to language barrier. So capacity building or technical assistance support needs to take that into account.

### 2.2.3 **Risk flags incurred by the projects, accredited entity or country during the previous accreditation term**

9. An analysis of its 2019 performance indicated that ADA lagged in the results delivery rate and expenditure rate when compared with other direct access entities and to the overall GCF portfolio for funded activities.<sup>7</sup> Disbursement rate, on the other hand, is currently above

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<sup>7</sup> The comparative performance is assessed against 2019 annual performance reports as data for the 2020 portfolio performance are still being collated and not yet available.

the overall GCF portfolio as well as the direct access entity average for both funded activities and readiness.

10. The AE has struggled to meet the GCF requirements for both project origination and reporting on implementation for both readiness and funded activities and may need to strengthen its financial and project management capacity.
11. The AE has reported few implementation challenges in its funded activity (which have been resolved) and has demonstrated strong support from co-financiers. The AE needs to be more proactive in tracking project milestones to avert undue delays.
12. The AE needs to strengthen the gender-related aspects of project implementation and, in particular, submit to the Secretariat a full gender assessment and gender action plan.

## 2.3 Overall portfolio of activities of the accredited entity beyond those funded by GCF

13. As per the updated Strategic Plan, the re-accreditation process and the monitoring and accountability framework,<sup>8</sup> the Secretariat and the AP are requested to provide an assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

14. The AE participated in the pilot phase of developing a methodology for establishing a baseline of greenhouse gas (GHG) emissions and climate resilience for the portfolio of AEs<sup>9</sup> and prepared the qualitative information and quantitative data to address this requirement.

15. ADA has provided substantive information on the climate change related projects financed by the various multilateral funds and entities, such as the Adaptation Fund, Agence Française de Développement (AFD), French Global Environmental Facility, Global Environment Facility (GEF) and Islamic Development Bank. The eight project activities that involved co-financing, mostly in agriculture, started implementation in 2015–2017 and were implemented during the accreditation period under GCF. In 2012–2021, the donor contribution for adaptation and cross-cutting projects amounted to over USD 350 million, whereas the total project budget was over USD 500 million. Currently, there is one project in implementation financed by GCF, and several concept notes and draft funding proposals in the stage of consideration by GCF.

16. The AE provided the following information with regard to guiding questions established in the baseline methodology:

- (a) **Guiding question 1: Has the entity established policies or commitments in the short, medium or long term regarding investment in climate projects?**
  - (i) Over the period of accreditation to GCF, ADA has been an implementing entity of the Green Morocco Plan Programme, which started in 2012. All of the investments that were initiated through the Green Morocco Plan Programme have significantly improved the performance of the agriculture sector in terms of economic and social aspects. The applicant entity has been operating as an implementing entity for the GMP. The strategy of the GMP is to promote financing from public and private sources in the agriculture sector and develop climate-friendly projects and programmes with a focus on economic

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<sup>8</sup> Decision B.11/10.

<sup>9</sup> See document GCF/B.28/11/Add.02.

development and eradicating poverty in the country. During the period of implementation of the GMP, the following results were achieved:

- Investments totalling 104 billion Moroccan dirhams (MAD) (USD 12 billion) were attracted to the agriculture sector, from both public and private sources. The incentives from the Agricultural Development Fund were increased by 112 per cent;
- At the economic level, the agricultural gross domestic product has increased annually by 5.25 per cent against 3.8 per cent for the other sectors, thus creating an additional added value of MAD 47 billion;
- Exports of agricultural products increased by 117 per cent from MAD 15 billion (USD 1.7 billion) to MAD 33 billion (USD 3.7 billion);
- On the social level, the GMP has enabled the creation of 342,000 additional job opportunities. Furthermore, the number of working days per year and per worker has increased from 110 days/year to 140 days/year, as a result of the extension of cultivated areas, crop diversification and improved production; and
- The greenhouse gas emission reductions achieved through the implementation of the plan amount to 948,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq);

(b) **Guiding question 2: Does the entity receive resources from third parties for the financing of climate projects?**

- (i) ADA has provided substantive information on climate change related projects financed by the various multilateral funds and entities, such as the Adaptation Fund, AFD, French Global Environmental Facility, Global Environment Facility and the Islamic Development Bank. The seven projects that involved co-financing from multilateral funds, in both adaptation and cross-cutting areas, were developed and commenced implementation prior to the accreditation period (i.e. pre-2016) and are non-GCF-funded projects. In 2012–2021, the donor contribution for these projects amounted to over USD 350 million, whereas the total project budget was over USD 600 million. In general, the share of the projects managed by ADA that is related to adaptation and cross-cutting is 64 per cent. Currently, there is one project under implementation financed by GCF (Development of Argan Orchards in Degraded Environment (DARED)); and
- (ii) ADA has provided substantive information on the climate change related projects financed by the various multilateral funds and entities, such as the Adaptation Fund, AFD, French Global Environmental Fund, GEF and Islamic Development Bank. The eight project activities that involved co-financing, mostly in agriculture, began implementation in 2015–2017 and were implemented during the accreditation period under GCF. In 2012–2021, the donor contribution for adaptation and cross-cutting projects amounted to over USD 350 million, whereas the total project budget was over USD 500 million. Currently, there is one project under implementation that is financed by GCF, and several concept notes and draft funding proposals in the stage of consideration by GCF;

(c) **Guiding question 5: What are the main sectors of activity of the accredited entity?**

- (i) In accordance with the information provided by the AE, in general, the share of the projects managed by ADA that are related to adaptation and cross-cutting is 64 per cent;

- (d) **Guiding question 6: Is the accredited entity investing in mitigation projects/operations?**
- (i) The AE is actively investing in cross-cutting projects with a mitigation component such as solar power plants, recultivation of lands and afforestation. The greenhouse gas emission reductions over 2012–2020 amount to approximately 2 million tCO<sub>2</sub>eq; and
- (e) **Guiding question 7: Is the accredited entity investing in adaptation projects/operations?**
- (i) The AE is actively investing in adaptation projects such as climate-resilient cultures, expansion of irrigation activities, hydro-agricultural development, increased resilience of the rain-fed cropping system, improvement and dissemination of knowledge on the impacts of climate change in agriculture and capacity-building programmes. The total amount of project financing to the large-scale adaptation and cross-cutting (with an adaptation component) projects, including the GMP, amounts to USD 630 million; and
- (ii) The AE actively invests in adaptation and cross-cutting projects. The share of ADA projects focused on adaptation is 30 per cent.
17. In addition to the guiding questions and mandatory indicators, the AE presented information on supplementary indicators such as:
- (a) **Number of beneficiaries whose resilience to climate change has been improved**
- (i) In accordance with the data provided, there are in total 420,000 individual beneficiaries of the large-scale projects and programmes financed by the multilateral funds. The values presented by the AE under this indicator represent the number of farmers participating in various agriculture sector programmes; and
- (b) **Area of the ecosystems/natural assets that have been made more resilient to climate change**
- (i) The activities that made the agriculture sector in Morocco more resilient in terms of water supply and improved crop growth and cultivation cover areas totalling over 387,820 hectares.
18. Based on the information presented by the AE and analysed as part of the re-accreditation assessment, the AP notes the following:
- (a) The strategic direction for ADA set out in the GMP. The GMP outlines the mandate, vision and programmes for ADA to attract and manage public and private financing for climate change related agricultural activities. The strategic plan of the AE aligns with the GCF mandate and objectives and the updated Strategic Plan to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty;
- (b) As stated under guiding question 5 above, the climate change projects make up 64 per cent of the current project portfolio of the AE; and
- (c) The AE has never been involved in fossil fuel financing in the past and no activities of this kind are planned for implementation in the future.
19. The AP and the Secretariat consider that the evidence provided for the past four and a half years demonstrates the continuous positive trend of developing climate change adaptation and cross-cutting activities. Both the strategy and the trend of activities are aligned with the GCF mandate and objectives.

### III. Stage II accreditation review assessment

20. The AE is eligible for, and has applied under, the fast-track re-accreditation process as an Adaptation Fund entity. Its application has been assessed by the AP during Stage II (Step 1) against the accreditation standards of the GCF and gaps identified in decision B.08/03, and in accordance with the re-accreditation requirements in paragraph 4 above.

21. As part of this assessment, the AP consulted the ADA website and third-party websites to complement the information provided in the application.

#### 3.1 Fiduciary standards

22. ADA does not have any outstanding fiduciary conditions from the previous accreditation term.

##### 3.1.1. Basic fiduciary standards: key administrative and financial capacities

23. There are no specific changes indicated by ADA and observed by the AP in the systems and policies or procedures related to the key administrative and financial capacities. The basic fiduciary standards concerning key administrative and financial capacities are considered to have been met.

24. The Executive Board of ADA is chaired by the Prime Minister or government authority delegated by the Prime Minister for this purpose. It is composed of the Minister of Interior or representative; Minister of Finance or representative; Minister of Agriculture or representative; Minister for Foreign Trade or representative; and Minister for Industry, Trade and New Technologies or representative. ADA has created a Monitoring and Coordination Unit (M&C Unit), which is expected to further strengthen governance and control within the organization.

25. ADA prepares a detailed annual plan that includes all the services that are expected to be undertaken by ADA, ensuring the same is in conformity with the allocated budgets as required by the Ministry of Finance. Each year a management report is prepared and distributed to members of the Board of Directors, which includes the financial reporting of ADA and a report on the achievement of set objectives.

26. ADA has a general accounting department which is responsible for producing annual financial statements for ADA in accordance with the recognized accounting standards. ADA has in place a clear and complete set of financial statements that provide information on the statement of assets, liabilities and fund balances; statement of income and expenses; statement of changes in reserves and fund balances; and other notes to accounts. ADA carries out a review of its financial statements by an independent external auditor as is required, according to article 28 of the ADA accounting and financial organization decree, before the presentation of the summary statements to the Board of Directors.

27. ADA ensures regular oversight of the procurement function with consistent monitoring by the state controller (represented by the Minister of Finance). In order ensure greater transparency and fair procurement policies, both an internal and external audit is conducted to ensure procedures are non-discriminating and all candidates are treated fairly by communicating all steps on the ADA website. ADA has an obligation to make public all information concerning all tenders on its website in order to guarantee and ensure fair and transparent procurement processes.

28. The AP finds that the policies, procedures and capacity of the AE, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on key administrative and financial capacities.

### 3.1.1 **Basic fiduciary standards: transparency and accountability**

29. The basic fiduciary standards concerning transparency and accountability have been met.

30. Regarding item 4.2.4 (Investigation function), the investigation function is headed by an officer who reports to a level of the organization that allows the investigation function to fulfil its responsibilities objectively and independently without interference or influence. It should also be noted that the investigation function of the AE has been further strengthened by the creation of the M&C Unit under the authority of the Director-General that performs the following tasks: ensure follow-up of the processing of requests by the various ADA departments; ensure coordination and consolidation of responses to requests; ensure follow-up and consolidation of the answers to the parliamentary questions elaborated by different entities of ADA; and supervise and monitor the processing of mail and its updating within the information system.

31. Regarding item 4.2.3 [c] (Protecting whistle-blowers and individuals reporting such violations), it has been stated by the applicant that as a public institution, ADA complies with national regulations in this regard. The Moroccan legislator has included the whistle-blowers in articles 82.4 to 82.10 of the Code of Criminal Procedure, with extensive protection that guarantees the protection of witnesses, whistle-blowers, experts and victims. This protection extends to members of their families and relatives, given that the public prosecutor the investigating judge, each within their area of competence, takes protective measures to ensure the safety of the whistle-blower, members of their family, relatives or property from any prejudice they may suffer as a result of the presentation of their testimonies.

32. Regarding item 4.2.5. (Anti-money laundering and countering the financing of terrorism) the applicant has stated that it follows the national regulations on anti-money-laundering and countering the financing of terrorism and, as a public institution, it complies with national regulations in this regard. Money laundering is an operation falling under financial crime, as defined by the Moroccan penal code. As a result, and in application of the legal provisions governing this crime, ADA, as a public institution subject to Moroccan law, is required to proceed with the notification and submit its statements to the National Judicial Police Brigade, which in turn ensures that these statements and reports are referred to the Presidency of the Public Prosecutor's Office. The Public Prosecutor's Office is considered the competent authority for monitoring the crime of money laundering in the event of suspicion or actual existence of a crime qualified as money laundering.

33. As per paragraph 20 above, the basic fiduciary standards on transparency and accountability are considered to have been met by way of fast-track re-accreditation. The AP also finds that the policies, procedures and capacity of the AE, supported by evidence of its track record, fully meet the GCF Policy on Prohibited Practices, the GCF Policy on the Protection of Whistle-blowers and Witnesses and the GCF AML/CFT Policy.

### 3.1.2 **Specialized fiduciary standard for project management**

34. As per paragraph 20 above, the specialized fiduciary standard for project management is considered to have been met.

35. ADA was created in 2009 as a public institution within the Ministry of Agriculture, which is responsible for managing and promoting the GMP portfolio. The projects managed and supervised by ADA target the improvement of the socioeconomic conditions of small farmers and increase resilience to climate change through, notably, the Pillar II projects, which aim for the revival of traditional and solidarity agriculture by small farmers in vulnerable areas.

36. In order to ensure the monitoring of its project portfolio, ADA, through the project management direction, has developed several tools to monitor the project portfolio, from project validation through budgeting, contract launch, works execution and closure. The GMP project management system is used to generate a monthly statement of the project achievements that includes physical and financial achievements and expected results of project components in relation to annual workplans and budgets established each year.

37. For the GMP projects managed by ADA, a ministerial circular was established in 2020 that stipulates that all executing entities (EEs) are obliged to prepare a project completion report, including, notably: brief presentation of the project; general data at the end of the project; physical achievements of the project; certified financial situation of achievements of the project; and recommendations and lessons learned.

38. The AP finds that the policies, procedures and capacity of the AE, supported by evidence of its track record, fully meet the specialized fiduciary standard for project management.

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

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

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

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

## 3.2 Environmental and social safeguards

41. ADA does not have any outstanding conditions related to environmental and social safeguards (ESS) from the previous accreditation term.

### 3.2.1 **Environmental and social policy**

42. The applicant provided its 2020 Environmental and Social Safeguard Policy and Gender Policy (ESGP), which updates its 2015 ESGP. As the agency for implementing Morocco's agricultural policies, the applicant supports the evolution of Morocco's strategic orientations. In particular, the 2020 new agricultural strategy called Generation Green encompasses Morocco's main royal guidelines. The 2020 ESGP is intended to serve as an instrument that facilitates the adoption of the Generation Green strategy, addressing the inclusion of young people and women, social justice as well as the protection of the environment and natural resources at the programme and project level. E&S sustainability as well as gender equality are fundamental concepts for the achievement of the development objectives by the applicant.

43. This 2020 ESGP defines the general principles as well as the standards governing the management of environmental, social and gender impacts at the level of the applicant's institution. The 2020 ESGP will be applied to assess the environmental, social and gender impacts of the applicant's proposed projects/programmes submitted to its donor partners for funding. It is within this framework that the 2020 ESGP proposes five general principles and eight safeguard standards to support the applicant in the evaluation of proposed projects and programmes. The following five basic principles have been defined to constitute the foundation of 2020 ESGP standards:

- (a) Compliance with the law;
- (b) Environmental sustainability;

- (c) Promotion of human rights and social justice;
- (d) Gender equality and women's empowerment; and
- (e) Inclusive participation of stakeholders.

44. The applicant has adopted the following eight ESS standards, which are aligned with the ESS standards applied by climate donors and international development banks:

- (a) Conservation of biodiversity and sustainable management of natural resources;
- (b) Climate action;
- (c) Resource-efficient and pollution prevention management;
- (d) Gender and gender equality;
- (e) Community health, safety and working conditions;
- (f) Cultural heritage;
- (g) Relocation and resettlement; and
- (h) Local communities.

45. While packaged differently, the ESGP ESS standards are, collectively, equivalent to the GCF interim ESS performance standards (PS) 1–8. The 2020 ESGP has been endorsed by the applicant's management. The 2020 ESGP has been published on both versions of its website (English and French).

46. The AP finds that the environmental and social management system of the AE, namely the ESGP, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and the GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to PS [1–8].

### 3.2.2 Identification of environmental and social risks and impacts

47. The 2020 ESGS describes the E&S risk and impact identification and categorization procedure. The applicant's project implementation manual provides further details on project E&S risk screening and classification. According to this procedure and based on the type of agriculture projects financed, the applicant only considers projects in two categories: E&S risk category B projects developed under Pillar I (large-scale agriculture) and E&S risk category C projects developed under Pillar II (small-scale projects). Projects are categorized into one of the three categories (A, B and C) whose definitions are consistent with the definitions of the GCF E&S risk categories. Based on the national laws and regulations, E&S risk category B projects require an environmental and social impact assessment (ESIA). The procedures for ESIA are detailed in the applicant's standard operating procedures manual for various types of projects. The procedures follow four phases of the project cycle from project identification to monitoring and evaluation. The E&S due diligence steps are further detailed during project contracting, when a specific project sheet is completed. The draft 2020 ESGP will further improve the analysis tools for the (i) environmental, social and gender checklist; (ii) gender analysis; (iii) project categorization system; and (iv) environmental and social impact study.

48. The applicant provided documents for the following two projects, demonstrating its experience in screening and categorizing projects into different E&S risk categories (including the E&S screening form): (i) Projet d'Adaptation aux Changements Climatiques dans les Zones Oasiennes (PACCZO) financed by the Adaptation Fund; and (ii) DARED, financed by GCF.

49. The AP finds that the AE system for identifying 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 maximum E&S risk category B/I-2 projects/programmes with respect to PS [1–8].

### 3.2.3 Environmental and social management programme

50. The applicant's project implementation manual describes the procedures and action plans for undertaking mitigation and management measures for identified E&S risks and impacts. The E&S assessment leads to the development and implementation of an environmental and social management programme (ESMP) to ensure the integration of social and environmental aspects during the different phases of the projects/programmes. The implementation of the ESMP is the responsibility of the project proponents (including subcontracted companies). In this context, a mitigation measure is considered for each identified adverse risk or impact of a project/programme activity. A specific institutional framework identifying the parties concerned and their respective responsibilities is set up for the measure, along with the timeline, cost and source of funding to implement the measure. The Project Management Directorate is responsible for improving the environmental performance of projects; verifying the implementation of the ESS policy; monitoring the E&S dimensions of the GMP; and providing support and advice for managing E&S risks. Monitoring and evaluation of the ESMP are ensured by the Environmental and Climate Change Unit of the applicant. The team in charge of E&S monitoring tracks the ESMP, which was developed before the start of the project.

51. The applicant provided copies of the ESIA and ESMP for the following two projects: (i) *Projet d'Intégration du Changement Climatique dans le Plan Maroc Vert (PICCPMV)* (project seeking the integration of climate change in the GMP, funded by GEF, managed by the World Bank and implemented by the applicant); and (ii) *PACCZO* (project seeking the introduction of adaptation measures in the oasis zones, funded by the Adaptation Fund and directly implemented by the applicant as the national implementing entity). In addition to ESIA and ESMP reports, external experts conduct midterm and project/programme completion audits on the effectiveness of the applicant's E&S management system. The Ministry of Environment was appointed by a decree as the national institution responsible for environmental audits for projects implemented by the public sector. The applicant provided a copy of the final E&S audit report of the PICCPMV.

52. The AP finds that the E&S management programme of the AE, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to PS [1–8].

### 3.2.4 Monitoring and review

53. The applicant's project implementation manual describes its E&S monitoring and reporting procedure. The applicant has established a new M&C Unit under the authority of the Director-General of ADA with the following responsibilities:

- (a) Ensure the follow-up of the processing of requests by the various departments of the applicant;
- (b) Ensure the coordination and consolidation of responses to internal and external requests;
- (c) Ensure the follow-up and consolidation of the responses to the parliamentary questions elaborated by different entities of the applicant; and
- (d) Supervise and monitor the processing of communication and its updating within the information system.

54. The Head of the M&C Unit reports directly to the Director-General, which allows objective and independent reporting without interference or influence. The team in charge of ESS monitoring tracks the implementation of the ESMPs. The applicant has developed a project execution manual, which outlines the midterm and project completion monitoring and evaluation process. The applicant prioritizes projects that protect the environment as well as projects that show resource efficiency and social equity. All projects implemented by the applicant and its partners are subject to technical and financial audits. External evaluations focus on technical, financial and E&S aspects. The Ministry of Environment conducts the environmental audit and compliance. The semi-annual reports and management summaries provided show the progress and monitoring of results of the applicant's project against the ESMPs. The applicant provided a report for the DARED project (financed by GCF) with E&S monitoring information and performance indicators demonstrating the effectiveness of the applicant's E&S management system.

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

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

56. The applicant has an external communication system to receive inquiries and complaints. The applicant also has internal procedures documenting how to screen and assess issues raised and provide responses, when required. The applicant indicated that neither the applicant nor its EEs have received inquiries or complaints related to E&S matters over the last three years. The complaints can be submitted on the website through a platform.<sup>10</sup> All complainants are notified officially through this platform, and they can use it to monitor the status of their claim.

57. The applicant's institutional-level grievance redress mechanism (GRM) is described in the "Procedure to receive and process external (third-party) complaints related to E&S issues". Once the complaint is processed, the M&C Unit will notify the complainants directly through the digital platform. The applicant has a bilingual application (Arabic/French), making it easy to submit and track complaints, observations and suggestions. The M&C Unit operates independently from staff responsible for E&S matters and provides independent oversight of the applicant's GRM. Furthermore, the funded climate resilience projects implemented by the applicant the applicant requires its EEs to provide project-level GRM. The applicant's PACCZO project proposal provides evidence of the applicant including project-level GRM in a proposal. While the applicant provided evidence of its practices regarding E&S information disclosure and consultation in its projects financed by GCF and the Adaptation Fund, it does not have this requirement codified in its E&S policy. The applicant has agreed to include this requirement in its next update of the ESPG.

58. The AP finds that the AE system for external communications, consultations, information disclosure and GRM, 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 maximum E&S risk category B/I-2 projects/programmes with respect to PS [1–8].

### 3.2.6 Organizational capacity and competency

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<sup>10</sup> See <<http://reclamation.ada.gov.ma/index.php5?page=citoyen.AccueilCitoyen>>.

59. The applicant's Environment and Climate Change Unit has the primary responsibility for the execution of the ESGP. The applicant provided an organizational chart showing the placement of this unit and its reporting lines and responsibilities for implementing the ESGP. This unit is part of the Project Management Directorate. The Environment and Climate Change Unit has a senior manager and two engineers, and its staff are agronomists and engineers, including one sustainable development engineer. The applicant provided biodata outlining the education levels and expertise of various staff responsible for implementing the ESGP. The staff routinely attend professional development seminars and also provide training sessions to other departments and project beneficiaries of the applicant.

60. Currently, the staff are managing and monitoring E&S issues for 10 internationally funded projects. The Environment and Climate Change Unit is authorized to monitor the development and application of ESMPs for the various projects that are under the GMP. The responsibilities and main missions of the Environment and Climate Change Unit are formalized in the applicant's Manual of Management Procedures. The main tasks are as follows: (i) establish and approve climate change and environment projects; (ii) coordinate the launch of the implementation of projects based on the results of feasibility studies; and (iii) develop reports on the implementation of these projects. Given the transversal function of the Project Management Directorate, the Environment and Climate Change Unit interacts with the different directorates and units during the four phases of each project (Phase 1: Identification; Phase 2: Design; Phase 3: Contracting and Phase 4: Implementation and Monitoring & Evaluation). The applicant provided a sample of work showing the Unit staff's skills and experience with its ESS standards.

61. The AP finds that the organizational capacity and competency of the AE to implement the environmental and social management system, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to PS [1-8].

### 3.3 Gender

62. ADA does not have any outstanding gender-related conditions from the previous accreditation term.

63. As a public sector entity, the applicant complies with the National Gender Policy and the related gender budgeting. Morocco's international commitment (adhesion to United Nations human rights instruments) reflects the political will for change and the strengthening of egalitarian values. Morocco has ratified eight of the nine major international human rights instruments, including the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the Convention on the Elimination of All Forms of Discrimination Against Women. Morocco is also a signatory to other declarations and conventions on the fight against poverty, the elimination of all forms of discrimination in access to employment, vocational training, remuneration, etc. Morocco's commitment to the gender-based approach is part of its adoption of the 17 Sustainable Development Goals (SDGs), including SDG 5 (Achieving gender equality and empowering all women and girls).

64. The applicant has integrated the gender approach in its sector strategy by: (i) the diversification of projects defined under the Pillar II approach that enable many women to access financing, training and the market, particularly women's groups and cooperatives involved in the regional products sector; (ii) the identification, on a project-by-project basis, of the number of women in the governance structures of organizations responsible for project management; (iii) verification of the number of women beneficiaries of registered projects in terms of lists of beneficiaries (past and present); and (iv) reduction in women's workloads by installing crushing plants and agricultural equipment, etc.

65. Additionally, the applicant has developed its standalone institutional-level 2020 Gender Policy, which commits the applicant to implementing two key actions in its internal procedures concerning project design and management: (i) gender integration in the project sheets for Pillar II: ex ante project analysis matrices for gender; and (ii) gender integration in Pillar II project evaluation sheets. The objective here is to implement the project-level gender action plan and ensure reporting on results, including the generation and use of sex-disaggregated as well as qualitative data. Furthermore, ADA commits to support EEs in meeting the project-level requirements included in the GCF Gender Policy.

66. The applicant has appointed the Directorate of Education, Training and Research as the gender focal point of the Department of Agriculture to help the integration of applicant's Gender Policy into the GMP. The applicant has also established a Gender Committee charged with the goal of energizing the integration of gender through the operationalization of the Gender Policy. The Gender Committee is responsible for reporting, monitoring and evaluating projects for gender aspects and represents the applicant alongside stakeholders at national and international events. The applicant also recruits external gender experts or enlists those directly recruited by donors who finance agricultural projects. The applicant has organized several training sessions on gender related to the management of the GMP and climate change. The applicant provided the biodata of its gender experts.

67. The applicant provided the following examples of projects that targeted women's empowerment and provided equitable access and benefits to women by integrating a gender-sensitive perspective into the project budget, practices and monitoring arrangements: (i) project under the Green Morocco Plan Support Programme, partially financed by the African Development Bank; (ii) Component 4 of the GMP; the infrastructure programme for Morocco's primary sector agriculture aimed at the fairness of men and women; (iii) the Social and Integrated Agriculture Project (ASIMA) financed by the World Bank; and (iv) the Adaptation Fund-financed project PACCZO. These four projects also promote social inclusion with particular attention to small female farmers.

68. The AP finds that the gender policy, procedures, capacities and competencies of the AE, supported by evidence of its track record, fully meet the updated GCF Gender Policy.

## IV. Conclusions and recommendation

### 4.1 Conclusions

69. Following its assessment, the Secretariat concludes the following in relation to the application:

- (a) ADA will continue to contribute to GCF programming results under the orientations of the updated Strategic Plan. The entity's work reflects Morocco's priorities as indicated in the country programme, and is supported by the national designated authority. The AE pipeline is focused on adaptation interventions, as exemplified by the funding proposal and the concept note recently submitted to the Secretariat. The ADA engagement plan with GCF will be included in the update of the country programme;
- (b) ADA experiences certain challenges in meeting the GCF requirements for project origination and reporting on implementation relating to both readiness and funded activities and may need to strengthen its financial and project management capacity; and
- (c) ADA experiences certain implementation challenges in its funded activity and has demonstrated its ability to resolve them and mobilize strong support from co-financiers.

70. Following its assessment, the AP concludes the following in relation to the application:
- (a) The AE meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistle-blowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy;
  - (b) The AE meets the requirements of the GCF Environmental and Social Policy, GCF interim ESS standards and the GCF Information Disclosure Policy on the disclosure of E&S information in relation to the medium E&S risk (Category B/I2); and
  - (c) The AE has demonstrated that it has a policy, procedures and competencies 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 taking gender considerations into account in the context of climate change.
71. On the basis of the “Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities”,<sup>11</sup> the AP and the Secretariat conclude the following in relation to the AE:
- (a) The overall portfolio of activities of the AE beyond those funded by GCF has demonstrated a positive trend towards the low-emission and climate-resilient development pathways in the context of sustainable development.

## 4.2 Recommendation on re-accreditation

72. The AP recommends, for consideration by the Board, ADA for re-accreditation for its second term as follows:
- (a) **Accreditation type:**
    - (i) **Maximum size of an individual project or activity within a programme:** small<sup>12</sup> (including micro);
    - (ii) **Fiduciary functions:**
      1. **Basic fiduciary standards;** and
      2. **Specialized fiduciary standard for project management;** and
      3. **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/I-3<sup>13</sup>)); and
  - (b) **Conditions:** none.
73. The AE has been informed of the recommendation for accreditation, including the accreditation type, as identified in paragraph 72 above, and agrees to the recommendation.

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<sup>11</sup> As footnote 11 above.

<sup>12</sup> As footnote 1 above.

<sup>13</sup> As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts,” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts.”

## Annex II: Re-accreditation assessment of the Secretariat of the Pacific Regional Environment Programme

### I. Introduction

1. The Secretariat of the Pacific Regional Environment Programme (SPREP) is an intergovernmental regional entity headquartered in Samoa with subregional offices in Fiji, Vanuatu and the Marshall Islands; its focus is on climate change and environmental issues affecting the small island developing States (SIDS) in which it operates. The 14 Pacific island countries within its geographical range that are eligible for GCF funding are as follows: Cook Islands, Fiji, Kiribati, Marshall Islands (Republic of), Micronesia (Federated States of), Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. An accredited entity (AE), SPREP supports action on climate change in the key areas of adaptation, mitigation, policy and science. SPREP works with its member countries to provide technical advice and support capacity-building for the region's environmental and development priorities. Its mandate focuses on climate change (e.g. adaptation, mitigation, policy and science) and environmental issues (i.e. island and ocean ecosystems, waste management and pollution control and environmental monitoring and governance) affecting SIDS in the Pacific. Key climate change related activities include assisting SIDS to integrate climate change considerations into national planning and development processes; supporting and building capacity at the national and subnational level through technical training on meteorological services; performing cost-benefit analyses; carrying out vulnerability assessments and monitoring and evaluation; providing support to coordinate integrated adaptation measures; and implementing mitigation activities such as renewable energy projects (solar and biomass). SPREP intends to build on its current experience and focus on integrated approaches to addressing climate change, disaster risks and ecosystem-based adaptation projects and programmes in Pacific SIDS. In particular, the entity work programme demonstrates a range of projects to assist GCF to meet its objectives, including:

- (a) Reducing emissions from energy generation and access; transport; forests and land use (through ecosystem management); and buildings, cities, industries and appliances; and
- (b) Increasing the resilience of ecosystems and ecosystem services; livelihoods of people and communities; health, food and water security; and infrastructure and built environment.

2. SPREP was accredited by the Board on 26 March 2015 by decision B.09/07, paragraph (b). On 23 June 2016 it signed its accreditation master agreement (AMA) with GCF, which became effective on 15 July 2016 for the following parameters, as recommended by the Accreditation Panel (AP), under the GCF fit-for-purpose approach:

- (a) **Access modality:** direct access, regional. The AE received a national designated authority or focal point nomination for its accreditation application from the Marshall Islands;
- (b) **Track:** fast track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** medium;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>

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

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

- (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:** medium risk (category B/intermediation 2 (I-2)).<sup>3</sup>

3. With the AMA having become effective on 15 July 2016, first accreditation term of the AE is from 15 July 2016 to 14 July 2021. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 15 December 2020. Accreditation fees were not applicable since the AE is seeking re-accreditation for the same accreditation scope for which it was previously accredited; thus, the Stage I institutional assessment and completeness check commenced on submission of the re-accreditation application. Stage I was completed on 11 May 2021 and the applicant was progressed to the Stage II (Step 1) accreditation review by the AP, which has been concluded with the publication of this assessment. The AE has applied for the following accreditation scope, which is the same as that for which it was previously accredited:

- (a) **Access modality:** direct access, regional. The AE received a national designated authority or focal point nomination for its accreditation application from the Marshall Islands;
- (b) **Track:** fast track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** medium;<sup>4</sup>
- (d) **Fiduciary functions:**<sup>5</sup>
  - (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:** medium risk (category B/intermediation 2 (I-2)).<sup>6</sup>

## II. Stage I institutional assessment and completeness check

4. The AE is eligible for, and applied under, the fast-track re-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, B.10/06, B.12/30, B.14/09, B.15/09, B.17/13, B.18/05, B.19/14, B.22/09, B.23/13, B.24/11 and B.26/01 and in accordance with the following GCF policies and standards:

- (a) “Updated strategic plan for the Green Climate Fund: 2020–2023” (decision B.27/06);

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

<sup>4</sup> As footnote 1 above.

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

<sup>6</sup> As footnote 1 above.

- (b) “Matters related to the accreditation framework” regarding the re-accreditation process (decisions B.24/13 and B.26/01);
- (c) “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);
- (d) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);
- (e) “Policy on Prohibited Practices” (decision B.22/19);
- (f) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (g) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (h) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (i) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

## 2.1 Legal status, registration, permits and licences

5. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that it is willing to engage in amending the AMA to account for new GCF policies adopted after the initial accreditation.

## 2.2 Accredited entity performance in contributing to GCF programming results

### 2.2.1 **Approved GCF projects under implementation and national designated authority participatory monitoring:**

6. GCF project FP035, Climate Information Services for Resilient Development in Vanuatu (Van-CIS-RDP), is presently the only ongoing funded activity with SPREP as the AE. Following effectiveness, the project theory of change, project components and logframe were updated by SPREP as part of the conditions for the second and third disbursements. The funded activity agreement (FAA) was amended on 23 August 2019 to reflect these changes;

7. Overall, project implementation is lagging, with limited progress in meeting project targets and GCF results areas. Thus far, the project has undertaken some work on strengthening climate data as well as conducting stakeholder consultations and training. The AE attributes implementation delays to the following:

- (a) Lengthy approval times by GCF of FAA condition-related documents;
- (b) Delays in disbursement by GCF;
- (c) Impacts of Tropical Cyclone Harold in March 2020, which restricted on-ground activities;
- (d) Coronavirus disease 2019 (COVID-19), which has also restricted travel and on-ground activities; and
- (e) Limited capacity of the executing entity and the Project Management Unit.

8. As a result of the delays, SPREP has requested a 20-month no-cost extension of the project completion date, that is, from 10 April 2022 to 31 December 2023, to enable the project to have adequate time to meet its objectives. The request will be assessed by GCF once the mid-term independent evaluation is received during the second half of 2021; and

9. The experience of GCF is that SPREP has limited human resource capacity, which resulted in the Secretariat having to provide it with extensive support over a significant period; for example, guidance on meeting the conditions for disbursement specified in the FAA, including developing a theory of change and logframe. At the same time, the GCF recognizes the efforts by SPREP to strengthen its capacity, including through the establishment of a dedicated Project Management Unit.

### 2.2.2 Reporting

10. SPREP submitted its annual progress reports for 2019 and 2020 in a timely manner, although there was a slight delay inputting the 2020 report into GCF's Portfolio Performance Management System (PPMS). The midterm independent evaluation was due by 10 July 2020; however, the AE defaulted on the submission of the independent evaluation by seven months, then on 25 February 2021 requested an extension to submit in June 2021. This was approved by GCF. According to the 2020 annual progress report, the independent evaluation is scheduled for May–June 2021, with the procurement of the review team presently ongoing. Given this time frame, it is likely that submission of the independent evaluation to GCF will be further delayed; and

11. Overall, SPREP appears not to have adequate human and technical resources to provide support to/accompany the executing entities to the level required in project implementation and management. As a regional body managing several initiatives in SIDS, it may be that the AE is overstretched. To address this constraint, it may be useful for SPREP to undertake a resource gap analysis to map out its internal capacity needs for effective and efficient project and programme support and delivery, and to explore avenues to address these, including seeking support from its member countries, and potentially also GCF, particularly in instances of GCF-financed projects. SPREP is also encouraged to actively pursue closer engagement with the executing entities and to work with them to build their capacities for long-term sustainable project planning, implementation and management.

### 2.2.3 Entity work programme, concept notes, funding proposals and Project Preparation Facility requests:

12. **Country programme/entity work programme:** SPREP is currently revising its entity work programme in consultations with GCF to ensure alignment with changing member countries' priorities. This realignment has seen the removal of previously submitted projects. For example, projects have been removed to ensure alignment with updated country priorities (Republic of Marshall Islands), because of a poor fit with GCF investment criteria (regional sea transport project) or because of a misfit with SPREP's accreditation scope (Palau energy project). Similarly, the priorities, including the entity work programme, is being revised to reflect new country priorities such as those recently identified in the Federated States of Micronesia ("whole of island" approach in Kosrae) and Kiribati (water); and

13. **Concept note/funding proposal:** SPREP has six concept notes in the pipeline with a total pipeline value of only USD 69.2 million, all grants. It has generally been slow to respond to any comments and the pipeline is not showing much progress. Some of its concept notes are beyond the scope of its accreditation and institutional structure to implement. It could leverage its existing partnership with international organizations to strengthen its proposals and delivery capacity. The Secretariat recommends that discussions with this AE for the next phase cover management of expectations, priority setting and capacity-building. In general, the

Theory of Change submitted by the AE has been of reasonably good quality. However, the climate rationale and baseline methodologies proposed have generally been weak and the robustness and clarity of technical interventions proposed were not well articulated.

#### 2.2.4 Risk flags incurred by the projects, AE or country during the previous accreditation term:

14. Overall, looking at the key quantitative performance parameters, SPREP's performance is generally in line with other direct access entities and is above average in timely reporting but notably below average in results delivery, disbursement and expenditure rates;

15. The AE has registered slow responsiveness to comments and limited pipeline progress on the upstream side and implementation delays on the downstream side, especially as relates to the funded activity; and

16. Key challenges and risks include the following:

- (i) Safeguards: the environmental and social management plan (ESMP), stakeholder engagement plan, grievance redress mechanism (GRM) and gender strategy and action plan are still work in progress and need to be submitted to the Secretariat;
- (ii) Limited capacity: the AE may need to review its human and technical resource capacity to enable delivery of quality project designs as well as financial reporting. To address this constraint, it may be useful for SPREP to consider exploring avenues to further build its capacity, including seeking support from its member countries, and potentially also GCF, particularly in instances of projects financed by GCF, and especially if it is to meet the expected demands for support from its member countries; and
- (iii) Stakeholder engagement: for project sustainability, it is fundamental that the AE provides guidance and oversight to executing entities to enable them to engage closely with the communities and build their ownership and capacities to use climate information systems to improve their livelihoods. While its support to the project has been constrained by the COVID-19 pandemic, SPREP is encouraged to actively pursue closer engagement with the executing entities and to work with them to build their capacities for long-term sustainable project planning, implementation and management. This engagement may mean additional demands on the capacity of SPREP hence the need to explore support as noted above.

### 2.3 Overall portfolio of activities of the accredited entity beyond those funded by GCF

17. As per the updated Strategic Plan, the re-accreditation process and the monitoring and accountability framework,<sup>7</sup> the Secretariat and the AP are requested to provide an assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

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<sup>7</sup> Decision B.11/10.

18. The AE participated in the pilot phase of developing a methodology for establishing a baseline of greenhouse gas (GHG) emissions and climate resilience for the portfolio of AEs<sup>8</sup> and prepared the qualitative information and quantitative data to address this requirement.

19. The AE provided the following information with regard to the guiding questions established in the baseline methodology:

(a) **Guiding question 1: Has the entity established policies or commitments in the short, medium or long term regarding investment in climate projects?**

(i) In accordance with the SPREP Strategic Plan for 2017–2026 the core priorities and focus of SPREP are:

- Climate change resilience;
- Ecosystem and biodiversity;
- Protection;
- Waste management and pollution control; and
- Environmental governance;

(ii) SPREP has established four regional goals with a view to achieving resilience and sustainable Pacific communities:

- Regional goal 1: Pacific people benefit from strengthened resilience to climate change;
- Regional goal 2: Pacific people benefit from healthy and resilient island and ocean ecosystems;
- Regional goal 3: Pacific people benefit from improved waste management and pollution control; and
- Regional goal 4: Pacific people and their environment benefit from commitment to and best practice of environmental governance;

(iii) All goals comprise a number of objectives which are subject to monitoring and reporting. SPREP has also established a number of organizational goals and objectives, such as information, knowledge, communications systems, a reliable and sustainable funding base to achieve environmental outcomes for the benefit of the Pacific region and engagement in productive partnerships and collaboration; and

(iv) The AP concludes that the SPREP Strategic Plan, supported by two-year performance implementation plans, provides information about commitments towards financing and implementation of the climate change mitigation and adaptation projects in the Pacific region;

(b) **Guiding question 2: Does the entity receive resources from third parties for the financing of climate projects?**

(i) SPREP has provided substantive information on the climate change related projects financed by various multilateral funds and parties, such as the Adaptation Fund, the Global Environment Facility and the European Union. The 10 projects that involved co-financing, in both mitigation and adaptation, were brought to closure within 2016–2020, the accreditation period. The total share of the projects related to mitigation and adaptation that have leveraged finance from external sources is 40 per cent. These projects were developed and commenced implementation prior to the accreditation period, and are non-GCF-funded projects. During 2016–2020 the donor contribution for adaptation projects amounted to over USD 19 million, whereas the total project budget was

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<sup>8</sup> See document GCF/B.28/11/Add.02.

over USD 23 million. For mitigation projects the donor contribution was USD 5.25 million and the SPREP cash and in-kind co-financing amounted to over USD 62 million. Currently, there is one project in implementation financed by GCF and several concept notes and draft funding proposals in the stage of consideration by GCF;

(c) **Guiding question 3: Does the AE calculate and reduce its GHG emissions at the corporate level?**

- (i) SPREP calculates the emission reductions achieved at the corporate level (GHG emissions including scope 1 and 2 (tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq)));
- (ii) For scope 1 (fuel use by assets owned by SPREP (vehicles and back-up generator)) data obtained were for annual fuel costs recorded and quantity of fuel calculated using an annual average fuel price (for 2013–2020). The number of staff has increased over the years by 36, but the rate of emissions (kg CO<sub>2</sub>/person) has dropped from 18,6 kg CO<sub>2</sub>/person in 2013 to 15,21 kg CO<sub>2</sub>/person in 2020;
- (iii) For scope 2 (electricity consumption at the corporate level) data were obtained monthly for 2013–2020. Electricity consumption was calculated based on cost/kWh. The renewable energy and diesel ratio for electricity generation by the power utility was also taken into consideration; only the percentage of electricity generated by diesel in the respective years was used in the calculation. Despite the increase in the consumption of electricity, emissions have dropped from 0.90 tCO<sub>2</sub>eq in 2013 to 0,46 tCO<sub>2</sub>eq in 2020; and
- (iv) The trend observed by the AP indicates that the energy saving and energy efficiency measures taken by the AE during the accreditation period at the corporate level have led to the reduction in emissions per staff member despite the increase in the number of staff members and activities;

(d) **Guiding question 4: What are the main sectors of activity of the accredited entity?**

- (i) In accordance with the SPREP Strategic Plan for 2017–2023 the AE's main areas of activity are climate change resilience, ecosystem and biodiversity protection, waste management and pollution control and environmental governance;
- (ii) In total the share of the climate change mitigation or adaptation activities amounts to 40 per cent of the total number of projects;

(e) **Guiding question 5: Is the accredited entity investing in mitigation projects/operations?**

- (i) The AE is actively investing in mitigation projects. The GHG emission reductions over 2016–2020 amount to 6,363 tCO<sub>2</sub>eq. The available information reveals that it costs about USD 10,700 to save a tonne of CO<sub>2</sub> equivalent – a value that in current mitigation-focused pipeline projects is not considered feasible and does not align with the GCF investment criteria; and

(f) **Guiding question 6: Is the accredited entity investing in adaptation projects/operations?**

- (i) The AE actively invests in adaptation and cross-cutting projects. The share of adaptation projects in the total amount of projects is 30 per cent.

20. In addition to the responses and information provided on the relevant guiding questions and mandatory indicators, the AE presented information on supplementary indicators such as:

- (a) **Number of beneficiaries whose resilience to climate change has been improved:**
- There are in total 16 countries and territories of the AE's various operations: Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tokelau, Tuvalu and Vanuatu. Most projects are multi-country and beneficiaries are not considered as individuals. The values presented by the AE under this indicator represent the number of countries that participated in AE-led adaptation projects;
- (b) **Extent of adoption of climate-resilient technologies/practices:**
- The methodology used was adapted to the available information, particularly on the following definitions:
    - Technology – defined as equipment/instruments/systems provided by the projects to assist in building community resilience to climate change risks (e.g. improved early warning systems); and
    - Practice – defined as techniques adopted by communities to improve farming of crops;
  - Three out of a total of 10 projects were applicable to this indicator. Six climate-resilient technologies and one climate-resilient practice, as per the above-mentioned definitions, were adopted in the three projects over 14 Pacific island countries;
- (c) **Area of the ecosystems/natural assets that have been made more resilient to climate change:**
- The total protected area of 451,634 ha (land and marine) represents the tally for nine Pacific island countries and for the areas protected within the accreditation period of 2016–2020. The AP considers that the evidence provided for the past four years demonstrates the continuous positive trend of developing climate change mitigation and adaptation activities. The AP considers both the strategy and the trend of activities to be aligned with the GCF mandate and objectives.
21. On the basis of the information presented and analysed as part of the baseline assessment, the AP notes the following:
- (a) The strategic direction for SPREP is clearly set out in the SPREP Strategic Plan for 2017–2026. The plan outlines the mandate, vision and programmes for the organization and places strong emphasis on effective delivery of services to SPREP member countries and territories, and prioritizes climate change mitigation and adaptation activities. The plan aligns with the GCF mandate and objectives and USP for 2020–2023 to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty;
- (b) As stated under guiding question 4 above, the share of climate change activities in the AE's current portfolio amounts to 40 per cent of its whole project portfolio;
- (c) The AE has never been involved in fossil fuel financing in the past and no activities of this kind are planned for the future; and
- (d) The AE has developed a GCF entity work programme that contains a description of six different projects on strengthening climate resilience, improvement of weather and climate services, ecosystem adaptation and mitigation activities.
22. The AP and the Secretariat consider that the evidence provided for the past four and a half years demonstrates the continuous positive trend of developing climate change adaptation, mitigation and cross-cutting activities. Both the SPREP Strategic Plan and the trend of activities are aligned with GCF mandate and objectives.

### III. Stage II accreditation review assessment

23. The AE is eligible for, and has applied under, the fast track re-accreditation process as an Adaptation Fund entity. Its application has been assessed by the AP during Stage II (Step 1) against GCF accreditation standards and gaps identified in decisions B.08/03, B.10/06, B.12/30, B.14/09, B.15/09, B.17/13, B.18/05, B.19/14, B.22/09, B.23/13, B.24/11 and B.26/01 and in accordance with the re-accreditation requirements referred to in paragraph 4 above.

24. As part of this assessment, the AP consulted the SPREP website and third-party websites to complement the information provided in the application.

#### 3.1 Fiduciary standards

25. SPREP does not have any outstanding fiduciary conditions from the previous accreditation term.

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

26. Other than described below, there are no significant changes indicated by SPREP and observed by the AP in the systems and policies or procedures related to key administrative and financial capacities. Moreover, the applicant entity is eligible for the fast-track accreditation process as an Adaptation Fund entity. Despite the entity being fast-tracked, the AP reviewed the documents demonstrating the track record of the implementation of the key policies and procedures over the period of accreditation under GCF.

27. The SPREP governance structure consists of the SPREP membership (21 Pacific island countries and territories and 5 metropolitan areas countries) which meet every two years at the SPREP Meeting. Governance arrangements are provided in the Governance Policy, which includes external audit, Internal Auditor, Internal Audit Committee, risk management and internal control policies and frameworks. SPREP has provided its Strategic Plan for 2017–2026, which defines the following core priorities for the next 10 years: climate change resilience, ecosystem and biodiversity protection, waste management and pollution control and environmental governance. SPREP confirmed that it continues to work in meeting the goals outlined in the plan and has updated its organizational structure in order to align with the new strategic priorities.

28. The SPREP organizational chart provides evidence of the expansion of the AE's capacity in terms of strategic planning and project coordination, human resources, climate change resilience, island and ocean ecosystems, waste management and pollution control, environmental monitoring and governance and other areas.

29. SPREP develops performance implementation plans for two-year periods, aligning to the overarching Strategic Plan. The performance implementation plans are monitored and reported against an established results framework on an annual basis. SPREP has provided two examples of the performance implementation plans for 2020–2021 demonstrating how the objectives of the Strategic Plan are followed. SPREP also provided the workplan and budget approved in 2019 indicating an increase in expenditures and budget in 2018–2019. As per the applicant's justification, the increase in expenditures resulted from the increased workflow of projects and related expenses.

30. At the mid-term review conducted in 2020, the AP observed certain weaknesses related to the internal audit findings, in particular those related to human resources (staffing), funding of the internal audit function and implementation of the internal audit procedures. The AP requested an explanation of how the internal audit, risk management and internal control functions have been strengthened. Noting that some required documents were not available at

that time, the AP requested the AE to provide its audit plans for 2020 and 2021, as well as the finalized reports from the external auditors for 2018, 2019 and 2020, as additional evidence in the context of the AE's upcoming re-accreditation application.

31. The SPREP internal audit charter, which provides terms of reference and enhanced parameters for the internal audit function, was revised on 1 February 2017. The internal audit charter and the records of the Internal Audit Committee demonstrate continued compliance with the GCF fiduciary standards and provide evidence that the SPREP internal audit functions are conducted in accordance with the international standards issued by the Chartered Institute of Internal Auditors. SPREP confirmed to the AP that enhancing the internal audit function's human resources capacity is one of the priority areas for management and the Internal Audit Committee; however, given the current situation arising from the COVID-19 pandemic, the additional resources are not expected to be recruited before 2022/2023.

32. SPREP has also provided internal audit plans indicating the schedule of work following the internal and external audit recommendations. In addition, it presented the internal audit reports on several SPREP projects in implementation, indicating several findings related to the delays in the recruitment process of the managers and specialists for project development.

33. The applicant also indicated in the application that the quality review of the internal audit function is planned for 2021–2022. The report on this review would be requested by the AP at the next mid-term review, in 2023.

34. SPREP confirmed and demonstrated that it undertakes the external audit on an annual basis with the financial statements, aligning with international accounting standards. Audited financial statements for 2018 and 2019 have been provided, demonstrating that in the opinion of the external audit firm (KPMG International Limited) the financial statements give a true and fair view of the financial position of the Secretariat as at 31 December 2019, and of its financial performance, its changes in funds and reserves and its cash flows for the year then ended in accordance with International Financial Reporting Standards. The AP noted that there was an increase in expenses in 2019, particularly with regard to depreciation, staff salaries and conducted workshops and travel, and a corresponding deficit. This deficit appears to be covered by the increase in the total value of assets and reserves (funds). Noting that the audited financial statements for 2020 and 2021 are not available at this time, the AP would like to request the AE to provide these audited financial statements at the next mid-term review, in 2023.

35. SPREP's risk management practices have recently undergone a review and update. Every corporate activity is to be assessed for risk by the Activity Manager in accordance with the risk management framework, which specifies key steps, each of which results in a value to be entered into the SPREP enterprise risk register.

36. The Risk Committee report of September 2020 and the enterprise risk management register was provided by the AE. The AP noted several risks indicated as "highly likely", such as delays to programme delivery, reduction of in-country arrangements, inability of the SPREP secretariat to deliver on its mandate and strategic plan, staff impacts related to fatigue, health and safety, delays with project implementation and delivery, and reputational damage. The management response plan provided does not address all the issues identified, particularly risks related to project implementation and delivery. Considering the risks indicated in the Risk Committee report, as well as the issues related to staff availability and recruitment delays that were identified in the internal audit process, the AP would like to request evidence of the management response and the mitigation plan. This should also address the gaps indicated in the project audit reports relating to compliance with the GCF basic fiduciary standards.

37. The procurement process relating to executing entities, whereby SPREP is the implementing entity, was updated in 2020. The changes enable strengthening of the monitoring and reporting of procurement. Reporting against the procurement plans occurs on a six-

monthly basis in line with the progress reporting. Oversight of procurement occurs through supervisory missions, progress reporting against the procurement plan, monitoring against transactions and reports on disbursement requests. The AP considers that the new mechanisms improve the effectiveness and transparency of the procurement process and comply with the GCF basic fiduciary standards.

38. 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 30, 31, 32, 33 and 34 above and are reflected by the corresponding condition for re-accreditation in section 4.2 below.

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

39. As per paragraph 23 above, the GCF basic fiduciary standards concerning transparency and accountability have been met by way of fast-track re-accreditation, with the exception of re-accreditation application items 4.2.3, policies on prohibited practices and the protection of whistle-blowers and witnesses; 4.2.4, investigation function; and 4.2.5, anti-money-laundering and countering the financing of terrorism policies. Regarding item 4.2.3, the applicant has provided its Fraud Prevention & Whistleblower Protection Manual, which provides definitions of and describes various fraudulent activities, and details fraud prevention responsibility. The Internal Auditor implements the manual and awareness of the manual, including the provision of fraud training.

40. The SPREP charter on prohibited practices corresponds to and complements the GCF Policy on Prohibited Practices. A reference to the applicant's policies and guidelines on prohibited practices is available on SPREP internal web portals and these policies were presented at various occasions such as forums, meetings and training sessions conducted by SPREP, as noted by the applicant in its responses to the AP.

41. Regarding item 4.2.4 (investigation function), the applicant stated that there were no changes in the policies, procedures, capacity and track record regarding the investigation function. The investigation function is headed by the Internal Auditor, who functionally reports to the Internal Audit Committee. The Internal Auditor coordinates with the Director General on a course of action, in consultation with the Internal Audit Committee. The applicant reported that in the past three years no cases of fraud were reported or encountered. There were two minor violations of the Code of Conduct and the investigations reports and the resolutions have been provided.

42. Regarding item 4.2.5 (anti-money-laundering/countering the financing of terrorism), the entity provided the explanation and evidence that as SPREP is headquartered in Samoa, it is required to comply with the relevant Government of Samoa legislation such as the national policy on anti-money-laundering and countering the financing of terrorism and proliferation. This includes the Samoan National Strategy against Money Laundering and Terrorism Financing 2016–2020, Money Laundering Prevention Act 2007, Counter Terrorism Act 2014 and Money Laundering Prevention Regulations 2009. As per paragraph 39 above, the GCF basic fiduciary standards on transparency and accountability are considered to have been met by way of fast-track re-accreditation.

43. The AP finds that the policies, procedures and capacity of the AE, supported by evidence of a track record, fully meet the GCF Policy on Prohibited Practices, the GCF Policy on the Protection of Whistleblowers and Witnesses, and the GCF AML/CFT Policy.

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

44. There are no major changes indicated by SPREP and observed by the AP in the policies or procedures related to the specialized fiduciary standard for project management. Moreover, the applicant entity is eligible for the fast-track accreditation process as an Adaptation Fund entity.

45. In 2018 SPREP established the Project Coordination Unit (PCU) as the central focal point for managing the organization's regional implementing entity functions, including the design, development and implementation of climate financing projects. The applicant has provided the curricula vitae and job descriptions of the project personnel, demonstrating the strengthened project management capability. The AE explained that checks on projects by the PCU are undertaken through site visits; project reporting; and regular communications with the executing entity's project management unit. Site visits are undertaken at least biannually but depending upon the project these may be undertaken more regularly to provide support to the executing entity.

46. The AP reviewed documents demonstrating the track record of project implementation over the period of accreditation under GCF.

47. SPREP has provided samples of annual performance reports for the GCF project and project performance reports for the projects implemented under the Adaptation Fund.

48. The AP noted that the annual performance report for GCF project FP035, for calendar year 2020 indicates that the project implementation phase has continued to be challenging owing to:

- (a) Continued delays in GCF approval of documentation responding to the FAA conditions;
- (b) Delays in disbursement of funds to enable ongoing activity;
- (c) The impact of Tropical Cyclone Harold in March 2020 in Vanuatu, including significant damage at one of the project's key sites in Espiritu Santo; and
- (d) The COVID-19 pandemic impacts on projects in the Pacific region due to ongoing border closures of all island States in the Pacific region.

49. Despite these challenges the annual performance report indicates that planned results have been achieved, particularly in the first half of 2020 prior to the lack of funding impacting on activity roll-out. However, certain challenges, such as delays with the disbursement of funds that affect the continuous implementation of the project, remain.

50. As indicated in paragraph 49 above, the SPREP enterprise risk management register of September 2020 highlighted several risks related to the project management function, such as delays to programme delivery, reduction of in-country arrangements, staff impacts related to fatigue, health and safety, delays with project implementation and delivery, and reputational damage. Most of these risks were caused by the delays in the recruitment of the projects' managers and project development specialists.

51. The monitoring and evaluation instruments include the performance implementation plans, the Results Framework for 2017–2026, and the Strategic Plan for 2017–2026. These instruments incorporate lessons learned, providing achievement hallmarks for the organization in the areas of effectiveness, efficiency, relevance, sustainability and potential impact. Reporting against these instruments is published on the SPREP website.<sup>9</sup> Surveys are conducted after key governance meetings for feedback from member States.

52. The applicant provided examples of the final monitoring reports and terminal evaluation reports demonstrating the effective implementation of the results framework.

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<sup>9</sup> See <<https://www.sprep.org/projects>>.

53. The processes for flagging project risks and undertaking mitigation measures have been strengthened since the original accreditation through implementation of organizational and project policies and through recruitment of experienced project management personnel. Project-level risks are flagged mainly by the Project Manager and are reported to the Director of the relevant programme, but can also be reported through project progress reporting. These include highlighting achievements, disbursements, expenditures, critical issues, risks and mitigation actions, which are reported directly to the Senior Management Team through the monthly meetings. The examples of the risk management plans and reports demonstrate the adequate operation of the project risk identification and management function.

54. As per paragraph 44 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track re-accreditation.

55. The AP finds that the applicant's policies, procedures and capacity fully meet the specialized fiduciary standard for project management. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraph 50 above and are reflected by the corresponding condition for re-accreditation in section 4.2 below.

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

56. The decision on the accreditation of SPREP for grant award and/or funding allocation mechanisms was taken at the twenty-third meeting of the Board, in 2019, as a result of the successful assessment for the upgrade to this function. However, since then SPREP has not presented to GCF any funding proposals that would involve the competitive grant award mechanism. Furthermore, during the re-accreditation assessment, SPREP confirmed that currently it does not undertake any on-granting within programmes/projects that are currently at the appraisal or implementation stages. The applicant undertakes work orders through tendering processes, in accordance with the SPREP procurement manual. The applicant also confirmed that it has not changed any policies, procedures or systems since the upgrade accreditation.

57. Based on the assessment conducted for the upgrade to grant award function, the AP concludes that SPREP has a sufficient track record with regard to the effective handling of multilateral funds, including the Global Environment Facility and the European Development Fund. Through these funds SPREP has managed over USD 60 million of projects involving the grant award mechanism. Financial audits of the projects completed using the competitive grant award mechanism also point to SPREP's ability to handle multilateral funding to deliver effective sustainable development projects.

58. Taking into account the absence of any significant changes since the assessment for the upgrade to the grant award mechanism, and having reviewed the relevant track record, the AP concludes that the policies, procedures and capacity of the AE fully meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms.

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

59. The AE did not apply for re-accreditation for this standard at this time.

## 3.2 Environmental and social safeguards

60. The AE does not have any outstanding conditions related to environmental and social safeguards (ESS) from the previous accreditation term.

### 3.2.1 Environmental and social policy

61. The applicant provided its 2019 Environmental and Social Management System (ESMS), which was formally endorsed in December 2019 by the applicant's regional bodies and approved by its Director General. The 2019 ESMS updates the 2016 version. The 2019 ESMS comprises two volumes – volume 1 provides the overarching vision, key policies and standards, while volume 2 covers the procedures and processes against each stage in the E&S process and provides guidance on the responsibilities and accountability under the ESMS.

62. The SPREP Environmental and Social Standards comprise overarching principles and project-level safeguards. The applicant supports projects which result in reduced GHG emissions or other drivers of climate change, as well as adaptation to climate change. Where possible, the applicant will also seek to minimize the generation of GHG emissions in its own operations as an implementing or executing agency. The key principles are:

- (a) Principle 1: Human rights;
- (b) Principle 2: Gender equality;
- (c) Principle 3: Child protection;
- (d) Principle 4: Climate change;
- (e) Principle 5: Biodiversity and ecosystem services; and
- (f) Principle 6: Waste management.

63. The applicant follows 10 environmental and social safeguard standards, which are equivalent to the GCF interim ESS standards:

- (a) Safeguard 1: Assessment and management of environmental and social risks and impacts;
- (b) Safeguard 2: Stakeholder engagement and information disclosure;
- (c) Safeguard 3: Accountability, grievance and conflict resolution;
- (d) Safeguard 4: Labour and working conditions;
- (e) Safeguard 5: Resource efficiency, pollution prevention and management;
- (f) Safeguard 6: Community health, safety and security;
- (g) Safeguard 7: Land acquisition, restrictions on land use and involuntary resettlement;
- (h) Safeguard 8: Biodiversity conservation and sustainable management of living natural resources;
- (i) Safeguard 9: Indigenous peoples; and
- (j) Safeguard 10: Cultural heritage.

64. ESS standards 1–3 are mandatory for all the applicant's projects and 4–10 are triggered as relevant during the E&S assessment process. The ESMS sets the policy and minimum sustainability requirements for applicants and its implementing and executing partners and enables applicants to anticipate and manage emerging E&S issues. The ESMS fully responds to the relevant policies of the Global Environment Facility, GCF and the Adaptation Fund, and other topics of specific relevance to an applicant's development partners (e.g. Australia's Child Protection Policy). The 2019 ESMS is available through a shared policy portal within the Project Management Information System and through the Registry. It has been communicated to staff with introductory training in October 2019 led by an ESS specialist. Additional training has been undertaken for project teams to inform and guide understanding and implementation of ESS.

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

### 3.2.2 Identification of environmental and social risks and impacts

66. The 2019 ESMS provides the policy and procedures for the identification, assessment and ongoing management of E&S risks. A systematic approach is used, with the management of E&S risks and impacts being incorporated into the business processes. At the project level, each project is assessed under Stage 1 screening, to identify whether there are likely to be any adverse environmental or social risks or impacts. The results of the screening determine the project's categorization for the next stage. If the project is deemed as E&S risk category B, an environmental and social assessment and ESMP are then undertaken by an independent, external expert. ESMS outlines the procedures for categorization, development of the E&S assessment and ESMP and continued monitoring against ESS risk.

67. The applicant provided a sample of E&S screening and categorization for the following E&S risk category B projects: (i) Enhancing the Resilience of the Outer Islands of Kiribati; (ii) GCF project FP035; (iii) Adaptation Fund project Enhancing Climate Change Resilience of Vulnerable Island Communities in the Federated States of Micronesia; and (iv) Strengthening Resilience in Communities Through Enabling Mechanisms to Bring About Long-term Change in the Kingdom of Tonga. This demonstrates that the implementation of ESS screening and categorization for E&S risk category B is in line with the 10 safeguards.

68. 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 maximum E&S risk category B/I-2 projects/programmes with respect to performance standards [1–8].

### 3.2.3 Environmental and social management programme

69. The ESMS (volume 2) provides details on how E&S risks and impacts are assessed, managed and reported against for projects in E&S risk category B. If a project is determined to be E&S category B during the ESS screening process, an environmental and social assessment and development of an ESMP will be undertaken by an independent, external expert. The ESMP also determines how risks are to be mitigated against and monitored during implementation and who will be responsible for the risk management and monitoring.

70. The applicant provided its management report of a formal review and evaluation of the ESMS by an independent expert undertaken in 2019. The management response indicates that the findings and recommendations made by the independent expert have been reflected in the updated 2019 ESMS. The applicant indicated that an external independent audit of the ESMS at the institutional level is planned to take place every three years. However, the PCU, which has overall responsibility for the ESMS, reports regularly to the applicant's senior management on the implementation of the system at the institutional and project level.

71. The applicant provided a sample of ESMPs for the following E&S risk category B projects:

- (a) Enhancing the Resilience of the Outer Islands of Kiribati;
- (b) Climate Information Services for Resilient Development in Vanuatu;
- (c) Enhancing Climate Change Resilience of Vulnerable Island Communities in the Federated States of Micronesia.

72. 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 maximum E&S risk category B/I-2 projects/programmes with respect to performance standards [1–8].

#### 3.2.4 **Monitoring and review**

73. The ESMS (volume 2) provides details of the review steps, E&S assessment checklist and management clearance form on monitoring and reporting for projects. Projects are monitored throughout the project cycle and reported against the specifications within the ESMP, gender action plan, logframe and monitoring and evaluation plan. A system for monitoring ESS is also recorded through various mechanisms, including progress reporting to the project review and monitoring group (PRMG); six-monthly or annual reporting; supervisory missions/site visits; and regular communications with the project team. Routine monitoring is undertaken by the executing entity on at least an annual basis and reported through an agreed monitoring and reporting template, which is normally incorporated into the progress report and annual reporting template, and drawn from the logframe. The monitoring and evaluation report is audited annually by an independent, external safeguards expert. Any recommendations from the audit are incorporated back into the ESMP and the annual monitoring plan. The monitoring and evaluation report, audit assessment, updated ESMP and monitoring plan are submitted to the PCU for review and PRMG approval.

74. The applicant provided a sample of project monitoring and evaluation reports against the specified ESS risks and mitigation actions for the GCF project FP035 and the Adaptation Fund project Enhancing Climate Change Resilience of Vulnerable Island Communities in the Federated States of Micronesia.

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

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

76. The applicant provided information on its external communications channel to receive and register E&S inquiries, including grievances. The applicant's accountability and GRM are outlined in the ESMS and available on the SPREP website.<sup>10</sup>

77. The purpose of the accountability mechanism and GRM is to receive and facilitate the resolution of concerns and grievances held by affected communities with respect to the E&S plans or the performance of the applicant's projects/programmes through the planning and implementation phases. The applicant's Internal Auditor receives the E&S-related inquiry or grievance; the Internal Auditor acknowledges and registers the inquiry, investigates and recommends a course of action for senior management approval; the course of action is discussed with the inquirer, if appropriate; relevant actions are implemented; and outcomes are monitored through the project ESMP. The Internal Auditor is designated to provide an independent oversight of the applicant's accountability mechanism and GRM. In addition, the ESMS outlines the applicant's requirements for its executing entities to establish a GRM process at the project level. Each executing entity/project is to clearly identify its GRM process within the ESMP. The applicant has stated that its staff participated in the GRM training organized by GCF in 2019 and 2020. It indicated that a review of the accountability and GRM process will be undertaken in the second half of 2021 and that it expects to further improve the process, particularly as it relates to the involvement of its executing entities.

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<sup>10</sup> See <<https://www.sprep.org/accountability/environmental-social-safeguards>>; and <<https://www.sprep.org/accountability/grievance-mechanism>>.

78. ESMS ESS standard 2 on stakeholder consultation and public disclosure highlights the importance of an effective stakeholder engagement throughout the project cycle. The two active projects in which the applicant is an implementing entity – GCF project FP035 and the Adaptation Fund project Enhancing Climate Change Resilience of Vulnerable Island Communities in the Federated States of Micronesia – are currently undertaking the development of a communication and engagement strategy which outlines stakeholder engagement plans at the project level.

79. The applicant's requirements on E&S assessment information disclosure to the public are outlined in the ESMS (volume 2). The applicant follows the disclosure requirements of the respective funding agencies. Examples of project public disclosure for GCF and Adaptation Fund projects are available on the applicant's website.<sup>11</sup> The ESS information on projects is posted on the applicant's and/or project website.<sup>12</sup>

80. The AP finds that the applicant's system of external communications, consultations, information disclosure and GRM, 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 maximum E&S risk category B/I-2 projects/programmes with respect to performance standards [1–8].

### 3.2.6 Organizational capacity and competency

81. The ESMS (volume 2) provides an organizational chart which gives the roles, responsibilities, reporting lines and authority to implement the ESMS. Details are provided of the responsibilities across the ESMS structure for the PCU, the PRMG and the Project Manager/Project Proponent. The PCU has the overall responsibility within the applicant's institution for guiding the review and updating ESMS procedures and templates; providing technical advice and training to project managers to assist them to implement the ESMS requirements; and undertaking an expert review of E&S project documentation on an annual basis. The PCU Manager is supported by two staff members, Project Development and Implementation Specialist and Project Implementation Officer. The applicant's project staff are directly responsible for specific implementation of the ESMS within their projects. The role of the PRMG is to review the E&S risk screening approval and provide the E&S clearance. The PRMG reviews the recommendations of the PCU and make any recommendations for modifications as appropriate before either screening approval or clearance is confirmed. The Project Manager/Project Proponent's responsibilities will vary depending on whether the applicant acts as an implementing or executing agency. However, in all situations, the Project Manager has the primary responsibility for ensuring that the ESMS requirements are met for the project it is developing, implementing and closing.

82. The applicant provided information on several training sessions organized for its staff in 2019, 2020 and 2021, including an introduction to ESMS as well as specifically targeted training for the Enhancing Climate Change Resilience of Vulnerable Island Communities in the Federated States of Micronesia project and the Pacific–European Union PacWastePlus programme on waste item recovery and recycling.

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

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<sup>11</sup> See <<https://www.sprep.org/projects>>.

<sup>12</sup> For examples see <<https://www.sprep.org/projects>>.

### 3.3 Gender

84. SPREP does not have any outstanding gender-related conditions from the previous accreditation term.

85. The applicant provided its Gender Policy and Action Plan, which was finalized in December 2016 and approved by the SPREP Director General in February 2017. The Gender Policy reinforces the applicant's commitment to gender equality and the empowerment of women, establishes a policy framework and operating principles, and outlines priority areas of action for the institution. The principles underpinning the policy are as follows:

- (a) Mainstream and integrate gender into the work of SPREP;
- (b) Carry out gender analysis;
- (c) Pursue an inclusive approach to foster equality;
- (d) Build partnerships;
- (e) Serve as a thought leader and a learning community in the Pacific region; and
- (f) Measure performance.

86. Priority action areas of the policy include the following:

- (a) Strengthen and maintain an institutional environment that supports and encourages gender mainstreaming;
- (b) Promote the integration of a gender perspective into SPREP-supported programmes and projects; and
- (c) Build capacity in member countries to incorporate a gender perspective into policies, plans and projects. These action areas are implemented at the institutional level through the applicant's Strategic Plan; the performance implementation plans also provide for monitoring of gender-related activities.

87. At the project level, each project is required to develop and implement a gender action plan, which is monitored and reported against according to the reporting guidelines. Reviews are undertaken as part of this reporting, through supervisory missions and under the mid-term and terminal reviews/evaluations. The project cycle has a number of gender-related tools which can be utilized by projects, such as the Gender Analysis and Mainstreaming Plan and Pacific Gender and Climate Change Toolkit. Further to this, each project aligns its gender plan to the specific funding body's gender policy. This includes ensuring that the plans have aligned to appropriate stakeholder consultations, gender considerations with ESS plans, and GRM and within the monitoring and evaluation plans. Stakeholder consultations and engagement on gender matters is a core element to all project planning and is evident through project plans and stakeholder reports and within other documentation such as ESM plans, gender actions plans and communication plans.

88. The applicant's internal structure to guide gender mainstreaming has been updated. In addition to the recruitment of two gender focal points to guide policy implementation, in mid-2020 the applicant established a gender equality and inclusion mainstreaming group, whose members come from across all units within SPREP, to provide strategic guidance and cohesiveness to the applicant's commitment to gender equality and social inclusion, both internally and externally. The applicant provided a list of its gender experts detailing their experience. The applicant is also a member of the Pacific Gender Taskforce. Depending on the applicant's role (i.e. implementing entity or executing entity), task managers or project managers of projects/programmes are responsible for the development and implementation of gender actions plans and ensuring that gender is mainstreamed within the project/programme activities. These task managers/project managers are experienced project personnel whose

curricula vitae and experience exhibit all project management requirements. Training materials are developed at the project level; however, personnel are encouraged to undertake various online training courses such as the Open Online Course on Gender and Environment Course of the One UN Climate Change Learning Partnership.<sup>13</sup> At the project level, gender training has been conducted for many projects. For example, gender training sessions were held under GCF project FP035 and the Adaptation Fund project in the Federated States of Micronesia in 2019, 2020 and 2021 with either gender specialists or through their respective country's department of women's affairs. Other projects whereby the applicant is implementing as an executing entity have also undertaken gender training sessions for the project teams, for example the Pacific Invasives Initiative and the PacWastePlus programme.

89. The applicant provided evidence on its track record in implementing its Gender Policy as evident from the following projects: (i) for the Climate Information Services for Resilient Development in Vanuatu for GCF, the Gender and Social Inclusion Strategy and Action Plan; (ii) Enhancing climate change resilience in vulnerable communities in Federated States of Micronesia (FSM) for Adaptation Fund, the Gender and Social Inclusion Strategy and Action Plan; and (iii) Enhancing climate change resilience in the outer islands of Kiribati for Adaptation Fund. Budgets have also incorporated gender within specific costed gender budget lines and within the activities themselves.

90. The applicant provided a narrative on its relevant gender knowledge products with examples of knowledge generation for gender mainstreaming provided for a project of which the applicant is the executing entity. Furthermore, the applicant's projects are developing knowledge products to assist in guiding project teams through planning and implementation, including gender considerations.

91. The AP finds that the applicant's gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the updated GCF Gender Policy.

## IV. Conclusions and recommendation

### 4.1 Conclusions

92. Following its assessment, the Secretariat concludes the following in relation to the application:

- (a) The AE will continue to contribute to GCF programming results under the orientation of the USP. The entity work programme (draft submitted to GCF) is being developed to reflect the climate priorities and needs of SPREP member countries;
- (b) The AE's performance is in line with that of other direct access entities, although notably below average in results delivery, disbursement and expenditure rates and above average in timely reporting;
- (c) The AE has registered limited pipeline progress on the upstream side and implementation delays on the downstream side, especially as relates to the funded activity; and
- (d) The AE may need to review its human and technical resource capacity to enable delivery of quality project designs as well as financial reporting.

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

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<sup>13</sup> See <<https://unccelearn.org/course/view.php?id=39&page=overview>>.

- (a) The AE partially meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy, the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms. Relevant gaps indicated in paragraphs 30, 31, 32, 33, 34 and 50 above include the risks indicated as “highly likely” in the Risk Committee report and risk management register of September 2020, as well as the issues related to staff availability/recruitment delays that were identified in the internal audit process; and the unavailability of audited financial statements for 2021–2021. Said gaps are addressed by corresponding conditions in the section 4.2 below;
- (b) The AE meets the GCF Environmental and Social Policy, the GCF interim ESS standards and the GCF Information Disclosure Policy regarding disclosure of E&S information in relation to the medium E&S risk (category B/I-2); and
- (c) The AE 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 considerations in the context of climate change.
94. On the basis of the “Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities”,<sup>14</sup> the AP and the Secretariat conclude the following in relation to the AE:
- (a) The overall portfolio of activities of the AE beyond those funded by GCF has demonstrated a positive trend towards the low-emission and climate-resilient development pathways in the context of sustainable development.

## 4.2 Recommendation on re-accreditation

95. The AP recommends, for consideration by the Board, SPREP for re-accreditation for its second term as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** medium<sup>15</sup> (including micro and small);
- (ii) **Fiduciary functions:**
1. Basic fiduciary standards;
  2. Specialized fiduciary standard for project management;
  3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/I-3<sup>16</sup>)); and

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<sup>14</sup> GCF/B.28/11/Add.02.

<sup>15</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme.”

<sup>16</sup> As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts.”

- (b) **Conditions:** the AE 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 one year from the date of the re-accreditation decision:
    - 1. Provision of the management response and the risk mitigation report on the risks indicated as “highly likely” in the Risk Committee report and risk management register of September 2020, as well as in the audit reports of the applicants’ projects, such as delays in the implementation of projects and the recruitment process of the managers and specialists for projects development; and
  - (ii) Conditions to be met at the date of submission of the mid-term report for the second accreditation term:
    - 1. Provision of the evidence on the increased internal audit unit human resources capacity and on recruitment of additional managers and specialists for the projects as per the recommendation of the internal audit report of 2019 and Risk Committee report of September 2020;
    - 2. Provision of the report on the quality review of the internal audit function that is scheduled to be conducted in 2021–2022; and
    - 3. Provision of the audited financial statements for 2020–2021.
96. The AE has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 95 above, and agrees to the recommendation.
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