



GREEN
CLIMATE
FUND

Report of the thirty-first meeting of the Board, 28 – 31 March 2022

GCF/B.31/15

15 May 2022

Meeting of the Board

28 – 31 March 2022

Virtual meeting

Agenda item 19

Table of Contents

Agenda item 1:	Opening of the meeting	1
	<i>DECISION B.31/01</i>	2
	<i>DECISION B.31/02</i>	4
Agenda item 2:	Adoption of the agenda and organization of work	5
Agenda item 3:	Report of the thirtieth meeting of the Board	11
Agenda item 4:	Decisions proposed between Board meetings	11
	<i>DECISION B.31/03</i>	12
Agenda item 5:	Report on the activities of the Secretariat	15
Agenda item 6:	Reports from Board committees, panels and groups	24
Agenda item 7:	Reports on the activities of the independent units	25
Agenda item 8:	Report on the activities of the Co-Chairs	25
Agenda item 9:	Updated workplan of the Board for 2020–2023	25
	<i>DECISION B.31/04 (to be inserted)</i>	28
	<i>DECISION B.31/05</i>	35
Agenda item 10:	Guidance from the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change: Co-Chairs' proposal	36
Agenda item 11:	Status of GCF resources, pipeline and portfolio performance	36
Agenda item 12:	Matters related to accreditation	36
	<i>DECISION B.31/06</i>	42
Agenda item 13:	Consideration of funding proposals	44
	<i>DECISION B.31/07</i>	52
	<i>DECISION B.31/08</i>	53
	<i>DECISION B.31/09</i>	53
	<i>DECISION B.31/10</i>	53
	<i>DECISION B.31/11</i>	54
Agenda item 14:	Consideration of accreditation proposals	55
	<i>DECISION B.31/12</i>	61

Agenda item 15:	Second performance review of GCF	64
Agenda item 16:	Evaluations conducted by the Independent Evaluation Unit	67
	<i>DECISION B.31/13 (to be inserted)</i>	75
Agenda item 17:	Dates and venues of upcoming Board meetings	78
	<i>DECISION B.31/14</i>	79
Agenda item 18:	Other matters	79
Agenda item 19:	Report of the meeting	79
Agenda item 20:	Close of the meeting	79
Annex I:	Revised terms of reference of the Head of the Independent Evaluation Unit	80
Annex IV:	Revised definition of the scale of intended activities	83
Annex V:	Accreditation framework of the GCF	84
Annex VI:	List of conditions and recommendations	118
Annex VII:	Accreditation assessment of applicant 115 (APL115)	120
Annex VIII:	Re-accreditation assessment of Centre de Suivi Ecologique (RAPL001)	136
Annex IX:	Re-accreditation assessment of the Peruvian Trust Fund for National Parks and Protected Areas for the second accreditation term (RAPL002)	153
Annex X:	Re-accreditation with an upgrade assessment of Acumen Fund Inc (RAPL004)	177
Annex XI:	Board member statements	202
Annex XII:	Decisions taken between the thirtieth and thirty-first meetings of the Board	208
Annex XIII:	Members and alternate members of the Board of the Green Climate Fund as at 31 March 2022	211

Agenda item 1: Opening of the meeting

1. The Co-Chairs declared the thirty-first meeting of the Board (B.31) open on Monday, 28 March 2022 at 9:08 p.m. Korea Standard Time (KST).
2. They extended greetings to fellow Board and alternate members and welcomed them to B.31, being held virtually in view of the continuing exceptional circumstances of the coronavirus disease 2019 (COVID-19) pandemic. They welcomed Board and alternate members to the fourth term of GCF Board membership (for the list of Board members, see annex XIII). They thanked all those Board and alternate members who had served during the Board's third term for their invaluable contributions.
3. They informed the Board that there were three Board member and three alternate member seats vacant as there had not yet been nominations from the Group of Latin America and Caribbean countries (GRULAC). They reminded Board members that the Governing Instrument and Rules of Procedure of the Board (paragraphs 11 and 4 respectively) specified the mechanism by which Board members and alternates were selected, including at the start of each new term. They informed the Board that the developing country Co-Chair had engaged in extensive consultations with the former Board members representing GRULAC, as well as through diplomatic outreach with the last two GRULAC Chairs. They would continue to engage with colleagues to ensure Board members were nominated to GRULAC seats before B.32 so that the fight against climate change could be continued together.
4. They also welcomed active observers for their fifth term which began on 1 January 2022, namely Ms. Erika Lennon and Ms. Eileen Mairena Cunningham representing civil society organizations and Ms. Margaret-Ann Splawn and Mr. Pablo Fernandez representing private sector organizations, from developed and developing countries respectively. They had all been selected to continue to perform their role for another two years, from 2022 to 2023.
5. They also welcomed all representatives of observer organizations, accredited entities, national designated authorities, and other stakeholders. They expressed appreciation for their dedication towards advancing the important mandate of the GCF.
6. On behalf of the Board, they conveyed their appreciation to the Secretariat for their continued commitment to advancing the work of the Fund.
7. In terms of the modality for the meeting, given that a prior decision B.BM-2022/03, had indicated that B.31 would be in-person, the Co-Chairs asked the Board to adopt a decision confirming that the meeting was now being held virtually. This resulted from the situation of the pandemic in the Republic of Korea and the measures in place. The Co-Chairs had considered alternative locations but owing to the limited time involved, this had not been practical. After discussions with the Secretariat, and with the Co-Chairs' respective constituencies, they had decided to invoke paragraph 10 of the Rules of Procedure of the Board, and acting in the best interests of the Fund, convene B.31 virtually. Consistent with past practice at B.25, the Co-Chairs saw it as necessary to present a formal decision to ratify the Co-Chairs' ruling. A draft decision had been circulated for Board consideration and adoption. The draft decision was presented on the Boardroom screen.
8. The Co-Chairs invited the Board to adopt the decision.
9. Seeing no comments or objections, it was so adopted.
10. The Board adopted the following decision:

DECISION B.31/01

The Board:

- (a) *Recognizes the current extraordinary circumstances resulting from the outbreak of the Omicron variant of coronavirus disease 19 (COVID-19) in the Republic of Korea;*
- (b) *Takes note that the Co-Chairs, guided by the best interests of the Fund pursuant to paragraph 10 of the Rules of Procedure of the Board, and on an exceptional basis and in the light of such current extraordinary circumstances, decided to change the modality of the thirty-first meeting of the Board to a net-meeting;*
- (c) *Confirms that the invocation by the Co-Chairs of paragraph 10 of the Rules of Procedure of the Board was warranted on an exceptional basis and in the light of the current extraordinary circumstances; and*
- (d) *Ratifies the decision of the Co-Chairs to change the modality of the thirty-first meeting of the Board to a net-meeting.*

11. A Board member requested the floor. This was granted by the Co-Chairs. The Board member, Ms. Marta Mulas, read a statement on behalf of their constituency regarding Ukraine.¹ They were interrupted by Co-Chair Tlou Ramaru who respectfully asked that Board members intervene on matters under discussion and to proceed under the guidance of the Co-Chairs.

12. The Co-Chairs turned to a second matter related to committee membership. They reminded the Board that committee membership automatically renewed at the start of each new term of Board membership on 1 January each year. Notwithstanding the matter of the absent GRULAC Board seats, the Co-Chairs, in consultation with their respective constituencies, had agreed to appoint members to Board committees. Some committee seats would be left vacant pending GRULAC Board membership selections.

13. The Co-Chairs invited the Board to adopt the draft decision which had been circulated by email and was presented on screen.

14. Several Board members requested the floor. One Board member asked about the absence of the Risk Management Committee (RMC) from the list presented. The Co-Chairs responded that once nominations for the RMC had been received, the committee would be constituted.

15. A discussion ensued about gender balance on committees and the process by which constituencies made nominations to committees. Noting that they had formally asked the Co-Chairs to add their name to a second committee, namely the Performance Oversight Committee (POC), a Board member requested that there be more transparency about the system by which constituencies nominated members. The Co-Chairs advised that the member had been requested to represent their constituency on the Accreditation Committee and that the list of nominations had been agreed by the developing country constituency. Another Board member expressed support for greater gender balance on committees, a matter that had been raised at many previous Board meetings. They also wished to know why there was no gender balance at the last meeting of the POC. While accepting that gender balance was important, the Co-Chairs reiterated that it was for the constituencies to determine nominations. The Board member said that they wished to discuss this matter with their constituency chair. The Co-Chairs asked if they were objecting to the draft decision. This was confirmed by the Board member. A Board member asked the Co-Chairs to clarify if, as they believed had been the case, a request for nominations had been circulated among Board members. If that was the case, they were unclear

¹ The full text of the statement is contained in annex XI. Another Board member requested their response to this statement also be recorded in the annex.

why the objection was being raised. A second Board member opined that perhaps it was not appropriate for a Board member to be on two committees since this prevented other Board members from serving as a committee member.

16. The Co-Chairs stated that, as there was an objection, the matter would be suspended.

17. On the final day of the meeting, the matter of Board committee membership was reopened.

18. The Co-Chairs reminded the Board that a draft decision presented on the first day of the meeting had been objected by a Board member.

19. The Board member who had objected said they were willing to lift their objection if they received an assurance that there would be strong preference for women for the four vacant seats, even if one had to serve on two committees. On the latter point, they did not think that was likely as there were many alternate members who were women. They opined that there was no process for ensuring women were nominated to committees. It was not an inclusive process and did not comply with GCF principles of gender equality. They noted that there were no women represented on the Ethics and Audit Committee (EAC) or the POC. The Board member and the female constituency were very unhappy with this state of affairs. The Board member stated that there were just four positions for women Board and alternate members and 13 for men. That resulted in only 23 per cent of women on committees which was even worse than the percentage of women on the Board. It was not acceptable to have such low female representation.

20. The Co-Chairs said that the decision needed to be taken by each constituency and hoped that, for the next round of nominations, constituencies would be ready to consider the request from the Board member. The Board now needed to move forward with the nominations as currently presented.

21. In the ensuing discussion the importance of gender balance on committees and on the chairmanship of committees was highlighted by several Board members who expressed support for the objecting Board member. It was recognized that this was linked to balance or imbalance on the Board as a whole. It was noted that there were challenges for the constituencies and Co-Chairs who had to balance many factors, including geographical and regional subgroup balance. Support for the importance of a greater balance of women, both within the Board and committees, was expressed by both female Board members as well as male Board members who wished to express solidarity. The Co-Chairs agreed that the POC was unbalanced and that this was not helped by the fact that both Co-Chairs were members of that committee. A Board member insisted that, at a bare minimum, nomination to committees should reflect the percentage share of women on the Board. Another member said they had raised the issue of gender imbalance in their constituency, noting that it had to be addressed as mandated by the Governing Instrument. A Board member recalled that it had been their privilege to support the then Co-Chairs in the development of the GCF Gender Policy which covered all GCF activities, including funding proposals. It was essential to ensure that there was no impediment or discrimination to active participation to the maximum extent possible.

22. The Co-Chairs expressed support for the position taken by the objecting Board member and echoed by others. They noted that, apart from the POC and EAC, there was gender balance on the list of nominations to committees as presented. There were also other appointments to be made creating further opportunities for balance. The points about chairmanship of committees were also noted. They asked if the Board was now ready to adopt the decision.

23. The objecting Board member requested to make a statement. The Co-Chairs asked that this be done after the decision had been taken. This was agreed by the Board member.

24. The Co-Chairs reiterated their request to Board members to adopt the decision as circulated by email and discussed on the first day of the meeting.

25. Seeing no comments or objections, the decision was so adopted.
26. The Board took note of document GCF/B.31/09 titled “Appointment of members to the committees of the Board”.
27. The Board adopted the following decision:

DECISION B.31/02

The Board, having considered the document GCF/B.31/09 titled “Appointment of members to the committees of the Board”:

- (a) Appoints as members of the Accreditation Committee, for a term starting on 1 January 2022:
- (i) *Mr. Antwi Boasiako Amoah;*
 - (ii) *Ms. Gisella Berardi;*
 - (iii) *Ms. Ornela Çuçi;*
 - (iv) *Ms. Jennifer De Nijs; and*
 - (v) *Mr. Jan Wahlberg;*
- (b) Also appoints as members of the Budget Committee, for a term starting on 1 January 2022;
- (i) *Ms. Katrijn Coppens;*
 - (ii) *Mr. José Delgado;*
 - (iii) *Ms. Kyunghye Kim;*
 - (iv) *Ms. Marta Mulas Alcantara; and*
 - (v) *Mr. Karma Tshering;*
- (c) Further appoints as members of the Ethics and Audit Committee, for a term starting on 1 January 2022:
- (i) *Mr. Wael Ahmed Kamal Aboul-Magd;*
 - (ii) *Mr. Nauman Bashir Bhatti;*
 - (iii) *Mr. Stéphane Cieniewski;*
 - (iv) *Mr. Mathew Haarsager;*
 - (v) *Ms. Fiona Ralph; and*
 - (vi) *Mr. Albara Tawfiq;*
- (d) Appoints as members of the Investment Committee, for a term starting on 1 January 2022;
- (i) *Ms. Isatou F. Camara;*
 - (ii) *Mr. Toshihiro Kitamura;*
 - (iii) *Ms. Annette Windmeisser;*
 - (iv) *Ms. Eliette Riera;*
 - (v) *Mr. Tlou Emmanuel Ramaru; and*
 - (vi) *Ms. Yan Ren;*
- (e) Also appoints as members of the Performance Oversight Committee of the Executive Director and Heads of Independent Units, for a term starting on 1 January 2022:

- (i) *Mr. Nauman Bashir Bhatti;*
- (ii) *Mr. Jean-Christophe Donnellier;*
- (iii) *Mr. Mathew Haarsager; and*
- (iv) *Mr. Tlou Emmanuel Ramaru.*

28. The Board member who had objected read a statement on gender equality in climate change programmes and initiatives, including within the Board.²

29. Expressing support for the statement by the Board member and noting that it was not possible to give the floor to everyone who wished to show solidarity with the remarks, the Co-Chairs asked those Board members who wished to demonstrate their support, to do so by turning on their video and raising their 'virtual' hand. In response to this invitation, many Board members turned on their videos and raised their hands.

30. The Co-Chairs thanked the Board member for their statement and closed the item.

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

31. The Co-Chairs opened the agenda item and drew the attention of the Board to the provisional agenda set out in document GCF/B.31/01/Drf.01 circulated to the Board on 9 March 2022.

32. In accordance with paragraph 20 of the Rules of Procedure of the Board, they invited the Board to adopt the agenda as presented in document GCF/B.31/01/Drf.01 as projected on the Boardroom screen and opened the floor for comments.

33. During the ensuing discussion, several Board members took the opportunity to make general remarks. These included congratulating Board member, Mr. Tlou Ramaru, on becoming the GCF Board's developing country Co-Chair and congratulated the 2021 developed country Co-Chair, Mr. Jean-Christophe Donnellier, on being selected again as the 2022 developed country Co-Chair. They also welcomed new Board members. One Board member looked forward to working in a one Board spirit and wished to put on record their concern that the correct procedure had not been followed in respect of the selection of Co-Chairs. The selection had been done by the outgoing Board rather than the incoming one. They understood that it was standard practice for the incoming Board to select the Co-Chairs. They stated that it was their expectation that when the next term commenced, all Board members would have a say in the selection.

34. The Board member also expressed concern at the absence of Board members and alternate members from the Group of Latin America and Caribbean (GRULAC). Although the Board was quorate, one of the GCF regions was not currently represented. While noting that this would affect the work of the Board, they appreciated that the Co-Chairs were reaching out to GRULAC regarding their nominations. The concern at the absence of those Board members representing the GRULAC region was echoed by another Board member. They hoped this would be resolved very soon.

35. During opening interventions, while there were no objections to the provisional agenda, several Board members expressed concerns at the lightness of its content. As noted by one, this was especially worrying, given that the Board had 69 outstanding items, including important policies. At the same time, only two funding proposals and four accreditation proposals were presented. They opined that the agenda was so light that it did not require four days.

² The full text of the statement is contained in annex XI.

36. While expressing satisfaction at the fact that B.31 was finally taking place, another Board member echoed the previous Board member's remarks regarding the weakness of the agenda, both in terms of substance and procedure, with many items for information only. It was essential to pay serious attention to the updated Strategic Plan (USP), the Board workplan and guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change rather than merely paying lip service to the latter. The potential recipients of GCF funding were waiting for the Fund to deliver. However, while being disappointed with the proposed agenda, they were willing to accept it on the understanding that four Board meetings would be held in 2022 and on the dates as agreed at B.30. Furthermore, the Board member insisted that the focus of the three remaining meetings should be on operational improvements of the Fund and the implementation of the USP and Board workplans. The need to stick to four Board meetings and the previously agreed dates was echoed by further Board members.

37. Another Board member said that they found it objectionable that with so many policy items to discuss regarding access and the updated accreditation framework (UAF) and despite the fact that these had been discussed extensively in the past, they were not on the agenda. They wished to know why this was the case so that they could explain to their superiors.

38. A Board member wished to know how the Board intended to deal with the three outstanding proposed decisions between Board meetings (BBMs) which had been objected to, namely the terms of reference (TOR) of the Head of the Independent Evaluation Unit (IEU), the UAF and Board committee guidelines. These were all time-sensitive. The TOR had been stalled for one and a half years, and as such a clear decision was required at the meeting. Regarding the UAF, this had been ongoing since 2018. They understood that only one Board member had objected, and they were no longer part of the new Board term. Noting that the work of the Board committees had not been able to take place since 1 January 2022, a situation which needed to be avoided in the future, a decision on committee guidelines was clearly essential. This request to discuss and approve the 3 BBMs was echoed by another Board member. The first Board member also requested information from the Co-Chairs on the SAP and the private sector strategy. They understood that documents on these were ready but had not been shared with the Board. They wished to know why these were not on the agenda and why the documents had not been circulated.

39. Several Board members highlighted difficulties they had experienced in preparing effectively for the meeting in the absence of documents and non-compliance with the 21-day rule. In addition to making it much more difficult to prepare, it also meant that the Fund was less transparent to outside observers when this was a clear element of how the Fund operated in line with the Rules of Procedure of the Board. This was echoed by another Board member who noted that the late distribution of documents inhibited Board consideration of these and impacted its ability to take decisions effectively. This was a subject which had been repeated endlessly over many Board meetings. In relation to reaching convergence on policies, the Governing Instrument clearly set out the significant role of the Co-Chairs in undertaking consultations to find consensus; this was a clear obligation. They wished to clarify what efforts the Co-Chairs had undertaken to finalize outstanding policies. They also sought an explanation as to why the Co-Chairs had not reached out to them in relation to one objection which they registered regarding one of the BBMs.

40. One Board member requested that, even when documents were late, the Secretariat should ensure they were circulated to all relevant people. They noted that neither they nor their advisers received proposed decisions which had been circulated earlier that day and projected on the Boardroom screen. On document delays, one Board member wished to know if these delays emanated from the Secretariat or because there was lack of agreement among the Co-Chairs, while another asked why Board members had not received an annotated agenda as was the usual practice.

41. A Board member echoed questions raised by others on the absence from the agenda of certain policy items. For the record, they also wished to know if the Co-Chairs and fellow Board members would continue to oppose discussion of policy matters if further virtual meetings were required in the future; there should be an agreement that policies would be discussed even if Board meetings had to be held virtually. Again, echoing others, they asked for clarity on the SAP, as the report had been deferred. This had been delayed repeatedly since B.29 and at every meeting there were promises to consider at the next meeting. They requested that the Co-Chairs provide an assurance to bring this to a conclusion. They also wished to know how matters relating to accreditation and the IEU evaluations would be handled by the Co-Chairs. Finally, they requested an update from the Secretariat on readiness and preparatory support.
42. Noting that there were no objections to the agenda but that a number of issues had been raised, Co-Chair Tlou Ramaru, who was leading the agenda item, confirmed that the Co-Chairs would discuss these. Some of the points raised were substantive and related to items on the provisional agenda which would allow time for them to be discussed. They proposed the adoption of the agenda on the understanding that some of these issues would be discussed during the meeting.
43. The Board member who had requested a clear commitment from the Co-Chairs on the three outstanding BBMs, asked that this request be answered before the adoption of the agenda.
44. Noting that the Board member was not objecting, the Co-Chair Tlou Ramaru reiterated that, as some of the questions raised by Board members were substantive, they would have a bearing on the agenda items and would be addressed during the meeting. The Co-Chair again asked if the Board could adopt the provisional agenda.
45. The Board member stated that they could not support adoption as they were still awaiting an answer to the questions they had raised.
46. The Co-Chair stated that the item would be suspended to allow for consultations between the two Co-Chairs.
47. However, another Board member requested the floor. They echoed the request from the previous Board member to have a question answered. Having been a Co-Chair, they observed that it would be courteous for the Co-Chairs to explain why items were not on the agenda.
48. The Co-Chair reiterated that Board members had raised a substantial number of issues some of which had a bearing on the agenda items. They asked once more if Board members could adopt the provisional agenda on the understanding that several of the issues raised would have a bearing on the substantive discussions and would be addressed then.
49. A Board member asked the Co-Chairs to clarify under which items the objected BBMs would be dealt with and how the Co-Chairs intended to take them forward so that a decision could be taken at the meeting.
50. The Board member who had requested that the Co-Chairs explain why items were not on the agenda, said that they were prepared to take the word of the Co-Chairs that they would answer the points raised during the meeting. As such, they were not objecting to the draft decision.
51. The Co-Chair briefly paused the meeting for consultations with their fellow Co-Chair.
52. On resuming a short time later, Co-Chair Tlou Ramaru confirmed that the Co-Chairs would revert to Board members on the various matters which had been raised. On the question of unavailable documents, this was because consultations were continuing. With reference to agenda item 9 "Updated workplan of the Board for 2020-2023", there were a number of priority areas which were also being consulted with the aim of making substantial progress on those. The Co-Chairs were working to ensure they fulfilled the clear rules on consultation. On other

specific questions, the Co-Chair said that some of these had a bearing on the agenda items to be considered and the Board would be able to determine collectively how it wished to move forward on those. They asked Board members if they would now permit the provisional agenda to be adopted.

53. The first Board member said they were looking for a clear commitment from the Co-Chairs that they would ensure that the three outstanding BBMs would be considered by the Board with a view to bringing these to a conclusion at B.31. The Co-Chairs should be able to provide a clear answer to this question.

54. The Co-Chair asked if the Board member was objecting and said that some of these BBMs were being consulted and had a bearing on the agenda. They could not give a specific answer at what point they would be placed on the agenda.

55. The Board member stated that this response did not meet their expectations as to a specific answer. They reiterated that the three BBMs were time-sensitive and had been discussed for a long time. They were just seeking a commitment from the Co-Chairs that, given this history and the light agenda, the Co-Chairs would give the Board enough space to collectively move forward on them.

56. The Co-Chairs briefly paused the session to consult.

57. On resuming, the Co-Chair confirmed that the three BBMs would be discussed during the meeting and elements of the questions raised would be considered under substantive agenda items. On that basis they asked if the Board member could lift their objection.

58. Hearing a clear commitment from the Co-Chairs to discuss, during the meeting, the time-sensitive items that they had raised and that the questions mentioned by other Board members would also be addressed, they stated that they would not stand in the way of the adoption of the decision.

59. Another Board member wished to place on record that, given that the Co-Chairs had been consulting with constituencies on the shaping of the agenda for B.31, the discussion on this procedural matter was time-consuming; as such it should have taken place offline.

60. A further Board member noted that one of the characteristics of the GCF Board was that it had two chairs. As such, any provisional agenda presented by the Co-Chairs was necessarily a joint effort. It was a judgement by the Co-Chairs as to what was possible following consultations. Therefore, it would represent the lowest common denominator. As such the Board member supported the agenda as presented which reflected the joint wisdom of the Co-Chairs. There were clearly valid questions raised by Board members and the Co-Chairs had expressed their clear intention to address them under the various agenda items. They also had their own questions but had refrained from raising them in order to make progress. Any agenda presented by Co-Chairs could never be perfect; based on the assurances of the Co-Chairs, they believed that this was the best that could be done to ensure a fruitful meeting.

61. The Co-Chairs thanked Board colleagues for all their inputs.

62. Noting that the objections had been lifted and seeing no other virtual hands raised, they stated that the agenda was thus adopted.

63. The Board adopted the agenda as set forth below:

1. Opening of the meeting
2. Adoption of the agenda and organization of work
3. Report of the thirtieth meeting of the Board

4. Decisions proposed between Board meetings³
5. Report on the activities of the Secretariat
6. Reports from Board committees, panels and groups
7. Report on the activities of the independent units
8. Report on the activities of the Co-Chairs
9. Updated workplan of the Board for 2020–2023
 - (a) Co-Chairs' mandates and consultations
 - (b) Appointment of Board-appointed officials and performance-related matters
 - (c) Strategic planning and programming matters
 - (d) Institutional matters
10. Guidance from the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change: Co-Chairs' proposal
11. Status of GCF resources, pipeline and portfolio performance
 - (a) Implementation of the 2022 programming and disbursement targets
 - (b) Foreign exchange buffer
12. Matters related to accreditation
13. Consideration of funding proposals
14. Consideration of accreditation proposals
15. Second performance review of GCF
16. Evaluations conducted by the Independent Evaluation Unit
 - (a) Evaluations as per decision B.30/11
 - (b) Independent evaluation of the relevance and effectiveness of GCF's investments in the small island developing States
 - (c) Independent evaluation of the adaptation portfolio and approach of GCF
 - (d) Independent evaluation of the effectiveness of GCF's investments in the least developed countries
17. Dates and venues of upcoming Board meetings
18. Other matters
19. Report of the meeting
20. Close of the meeting

Further discussion on organization of work

64. At the start of the second day of the Board meeting, the Co-Chairs outlined their plan for the organization of work as circulated to Board members in the daily programme for Tuesday, 29 March 2022.

³ Including outstanding decisions from 2020–2021.

65. A Board member wished to know what the Co-Chairs' plans were in terms of achieving consensus on agenda item 12 (matters related to accreditation). It was surprising to see that it was not on the agenda that day as there seemed to be broad support for making progress on accreditation.
66. A second Board member was concerned that the outstanding items under agenda item 4 (updated accreditation framework and updated guidelines for the operation of Board committees) were not in the day's agenda. Recalling the Co-Chairs' commitment to resolve these issues, the Board member wished to know when these would be discussed; when the relevant documents would be circulated; and which version of the UAF would be used. Two Board members said the B.30 version should be the basis for continued work as that was the version circulated in between meetings.
67. On committee guidelines, the Co-Chairs explained that they were still working through one objection. It was possible that the document could be circulated that day. On the UAF, work was still ongoing on this matter and the Co-Chairs hoped to be able to share a document with the Board soon. The Co-Chairs first wished to meet with the Office of the General Counsel (OGC) to request a legal opinion on several matters.
68. The Board member who had inquired about matters under agenda item 4, asked if the legal opinion concerned which version of the UAF would be discussed. Recalling that the Board had historically been able to ask for a legal opinion from the OGC during Board meetings, the Board member wished to hear from the OGC in session that day.
69. The Co-Chairs confirmed that their request to the OGC was connected with UAF matters. The Co-Chairs had concluded that the situation was more complicated than anticipated, given the long history behind UAF and the many events that had transpired since the first issuance of the draft. The Co-Chairs wished to be careful and fully abide by the Rules of Procedure.
70. The Co-Chairs invited the Secretariat to read out loud a question from a Board member which had been raised in the Zoom chat box and which they were having difficulty accessing. This was read out loud by the Executive Director. The Board member stated that they had an impression from the previous day that the request to OGC had already been sent. They therefore wished to know if it would be sent that day? A second Board member said they thought the OGC had already provided a legal opinion. If so, they wished to know what the difference would be between what it had already submitted and the opinion that would be shared after the meeting?
71. The Co-Chairs said they wished to discuss more specific details with the OGC and confirmed that they had already sent a request for a meeting. The Co-Chairs then asked if a representative from OGC would be available to meet after the session. The General Counsel responded affirmatively.
72. A few Board members stressed the importance of having documents well in advance of Board meetings. Similarly, the daily programme should be shared at the earliest possible opportunity to allow Board members to prepare for the day's work. This was especially important for one Board member. They explained that they represented the least developed countries (LDC) constituency with 47 member countries. As such, this generated a substantial coordination workload for which they had limited capacity. The Board member asked the Co-Chairs to avoid making this even more challenging for them.
73. The Co-Chairs apologized, acknowledging that it was not a good practice to circulate documents late. They had struggled to release some documents on time because of differing views regarding their contents. The Co-Chairs said that, moving forward, they would work hard to allow Board members sufficient time to consider documents carefully and to take informed decisions.

74. At the end of the second day of the Board meeting, after the Co-Chairs had informed the Board that they would be closing the session for the day, a Board member suggested that they could perhaps extend the session to discuss one more agenda item in order not rush through the last two days of the Board meeting.

75. The Co-Chairs thanked the Board member for the proposal and said that they had to close the session promptly so as not to impose on colleagues for whom it was very late. The Co-Chairs also needed the time to consult on various items for the Board to consider in the remaining days.

76. The Board member accepted the proposal, while cautioning that the Co-Chairs should ensure that sufficient time was allocated to enable the remaining agenda items to be considered effectively.

77. The Co-Chairs closed the session for the day.

Agenda item 3: Report of the thirtieth meeting of the Board

78. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.30/18 titled "Report of the thirtieth meeting of the Board, 4 – 7 October 2021". On 17 December 2021, the draft report was transmitted to the Board for a two-week review period.

79. Given that no comments on the report had been received from Board members during the review period, the document had been sent to the Board on 13 January 2022 with a view to adoption at B.31.

80. The Co-Chairs invited the Board to adopt the report.

81. There being no comments or objections, the Co-Chairs took it that the Board wished to take note of the report.

82. The Board took note of the report of the thirtieth meeting of the Board.

83. No decision was taken under this agenda item.

Agenda item 4: Decisions proposed between Board meetings

84. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.31/Inf.01 titled "Board decisions proposed between the thirtieth and thirty-first meetings of the Board".

85. They informed the Board that the following seven decisions had been circulated to the Board for approval without a Board meeting and had been adopted:

- (a) B.BM-2021/20 titled "Accreditation of observer organizations";
- (b) B.BM-2021/21 titled "Status of approved funding proposals";
- (c) B.BM-2021/22 titled "Investigation Standards";
- (d) B.BM-2021/23 titled "Election of Co-Chairs of the Board for 2022";
- (e) B.BM-2022/01 titled "Performance review of members of the Independent Technical Advisory Panel";
- (f) B.BM-2022/02 titled "Accreditation of observer organizations"; and
- (g) B.BM-2022/03 titled "Dates and venue of the thirty-first meeting of the Board".

86. They noted that, in accordance with paragraph 44 of the Rules of Procedure of the Board, the seven decisions approved between meetings would be recorded in the report of B.31.
87. The Co-Chairs then informed the Board that the draft decisions contained in the following three documents had been proposed but received objections:
- (a) Document GCF/BM-2021/27 titled “Revised terms of reference for the Head of the Independent Evaluation Unit” transmitted to the Board on 23 December 2021, to which one objection was received;
 - (b) Document GCF/BM-2021/18 titled “Updated accreditation framework” transmitted to the Board on 8 September 2021; and
 - (c) Document GCF/BM-2021/20 titled “Updated guidelines for the operation of Board committees” transmitted to the Board on 10 September 2021.
88. In accordance with paragraph 43 of the Rules of Procedure, the Co-Chairs had engaged with the objecting members to work through the objections. Work was still ongoing in this regard, but progress was likely to be made in the course of the current meeting.
89. The Co-Chairs invited the Board to take note of document GCF/B.31/Inf.01 and the decisions proposed and approved between meetings.
90. The decisions were so noted.

Part 2

91. The Co-Chairs reopened the item later on the same day.
92. The Co-Chairs drew the attention of the Board to document GCF/BM-2021/27 titled “Revised terms of reference for the Head of the Independent Evaluation Unit” transmitted to the Board on 23 December 2021, to which one objection was received.
93. The Co-Chairs explained that, after working through the objection with the objecting Board member, the Board member had lifted their objection and agreed to proceed with the draft decision that had been circulated recently. This draft decision had been circulated to the Board on 28 March 2022 as a proposal from the Co-Chairs.
94. The Co-Chairs invited the Board to adopt the draft decision.
95. There being no comments and no objections, the decision was adopted.
96. The Board adopted the following decision:

DECISION B.31/03

The Board, having considered document GCF/BM-2021/27 titled “Revised terms of reference for the Head of the Independent Evaluation Unit”:

Adopts the revised terms of reference for the Head of the Independent Evaluation Unit as contained in annex I of this document.

97. The Co-Chairs then informed the Board that they would continue working on the outstanding issues under this agenda item.
98. A Board member asked if these outstanding issues were the updated accreditation framework and the Board committee guidelines. On the updated accreditation framework, given the opinion the Office of the General Counsel (OGC) had given the Co-Chairs, the Board

member wished to know if this item would be addressed under agenda item 12 (matters related to accreditation) of the current meeting. The Board member also expected the project-specific assessment approach and the accreditation strategy to be discussed under agenda item 12.

99. On Board committee guidelines, the Board member wished to know when the Board would be receiving a document on this item. In the spirit of transparency and for the benefit of new Board members, the Board member also requested that the Co-Chairs remind everyone which Board members had objected to the draft decision on this matter.

100. The Co-Chairs thanked the Board member and suspended the consideration of the agenda item in order to consult together.

101. The Co-Chairs reopened the agenda item a short time later.

102. Regarding the updated accreditation framework, they informed the Board that they were still working through outstanding issues and would be requesting the opinion of the OGC on some legal matters.

103. On Board committee guidelines, they recalled that the outstanding objections had been raised by three Board members. One of these had already been lifted but the Co-Chairs were still working through two remaining objections. They noted that they were close to reaching an agreement with the two Board members, one from an Asia-Pacific country and the other from an African country.

104. The Co-Chairs suspended the consideration of the agenda item.

Part 3

105. The Co-Chairs reopened consideration of the item on the third day of the meeting and drew the attention of the Board to document GCF/BM-2021/20 titled "Updated guidelines for the operation of Board committees" transmitted to the Board on 10 September 2021, to which objections had been received.

106. In working through the objections, the Co-Chairs had proposed a revised decision. As a result, the objecting Board members had lifted their objections. This proposed decision was contained in document GCF/B.31/11 titled "Guidelines for the operation of Board committees: Co-Chairs' proposal", which had recently been circulated to the Board.

107. The Co-Chairs invited the Board to adopt the draft decision in annex I to this document and opened the floor for comments.

108. A Board member said that they could not make sense of some changes in the proposed decision, which had also not accounted for important aspects that should be considered in the committee guidelines. An example was the current situation wherein the work of the committees had been stalled for the first three months of the year; the guidelines should reflect this and ensure it would not happen again. The Board member proposed that the Co-Chairs establish a process that would allow the Board to carry out further consultations before opening the final day of B.31. With this process, the Board might be able to improve the document and address the remaining concerns of the Board member.

109. The Co-Chairs clarified that it was not the case that the developing country constituency had been delaying the process.

110. The previous Board member stated that they had not made such an allegation.

111. On the revised decision proposed by the Co-Chairs, a number of Board members also said they could not support it and would be open to the creation of a small group to work through remaining issues and produce a draft that could be supported by all.

112. On the other hand, one Board member said they considered the document a compromise and could fully support it as presented. The Board member was unclear if there was sufficient time for consultations, given that there was only one day left for the current meeting.

113. The Co-Chairs invited an active observer for civil society organizations (CSOs) to take the floor.

114. The active observer said that civil society welcomed the update to the guidelines for the operation of Board committees, given the increasingly significant role of the Board committees, especially standing ones, in undertaking substantive work by the Board, including in the further development of relevant operational policy and frameworks. It was thus very much appreciated that the updated guidelines ensured consistent and coherent governance and membership rules across the thematic Board committees, although they would suggest using Chairpersonship rather than “Chairmanship” to be more gender-inclusive.

115. They appreciated the commitment in paragraph 36 to disclosure and regularly updating information on the structure and members of Board committees as well as respective Secretariat focal points on the GCF website. This had been a long-standing demand of the GCF Observer Network.

116. Their primary objection to the updated guidelines was the categorical exclusion of the participation of active observers in Board committee proceedings unless stipulated in the respective committee’s terms of reference as proposed in paragraph 28. As the CSOs anticipated increased delegation of Board business to the Board committees, it was important that active observers had an opportunity to engage with them directly. They therefore suggested rewording this paragraph to give the committee chair, in consultation with and on a no-objection basis by committee members, the discretion to allow for the participation of active observers on a case-by-case basis.

117. The CSOs hoped that, with the proposed updates, situations like the current one, where important Board committees such as the Ethics and Audit Committee were not able to convene or conduct business for over a year, could be avoided in the future. To that end, they were concerned that in the most updated draft Guidelines the paragraph stating that committees would have regular meetings, including at least once in between each Board meeting, had been deleted (old paragraph 26).

118. Lastly, they wished to recognize that the operation of any committee was strengthened by the diversity of its members and urged the Board to strive for gender balance, in alignment with multiple United Nations Framework Convention on Climate Change (UNFCCC) decisions urging Parties to take measures necessary to enable women to participate fully in all levels of decision-making relevant to climate change and improve the participation of women in bodies related to the UNFCCC. Additionally, the most recent guidance from the Conference of the Parties to the UNFCCC encouraged the Board to continue the integration of gender considerations into its activities, including through its gender policy and by promoting gender balance across the structures of the Fund.

119. The Co-Chairs thanked the active observer and opened the floor for further comments.

120. Another Board member said that although the time may be late for many Board members, they were ready to support the process of finding a way forward on this matter.

121. The Co-Chairs informed the Board that, as it was clear there was no agreement, they would be consulting together and would revert to the Board.

122. A Board member sought clarification on when the Co-Chairs would be reverting to the Board. On the first day of B.31, the Board member had asked for the commitment of the Co-Chairs that the three outstanding decisions under this agenda item would be resolved at the

current meeting. As it was the penultimate day of the meeting, the Board would need to hold consultations that day and therefore the Co-Chairs would have to elaborate on such a process.

123. The Co-Chairs reiterated that these matters would be discussed at the current meeting but, at that point, it was clear there was no agreement. The Co-Chairs would be considering all input and revert to the Board.

124. The Board member who sought clarification on when the Co-Chairs would be reverting to the Board highlighted that, although many Board members said they could not approve the decision, none had been given the opportunity to clarify the issues of substance. It was therefore not clear how the Co-Chairs would be consulting on views expressed when those views had not actually been articulated. In the past, it had been normal procedure to establish a small group to work through issues. It would have been ideal to have established this group on the first day of B.31. This matter could not wait until the following day. The Board member wished to hear back from the Co-Chairs that same day on how they intended to make progress.

125. The Co-Chairs repeated that they would be discussing together and would come back to the Board.

126. The agenda item was not reopened.

Agenda item 5: Report on the activities of the Secretariat

127. The Co-Chairs opened the agenda item and drew the Board's attention to document GCF/B.31/Inf.02 titled "Report on the activities of the Secretariat" and its addendum document GCF/B.31/Inf.02/Add.02 titled "Annual progress report on the implementation of the Updated Strategic Plan 2020–2023".

128. They invited the Executive Director, Mr. Yannick Glemarec, to provide an introduction.

129. The Executive Director provided an overview of the Secretariat's progress towards the six priorities indicated in the Secretariat's 2021 work programme, covering the period from 1 August to 31 December 2021.

130. The Secretariat fully met or exceeded over 75 per cent of its KPIs for 2021. Since the report presented at B.30, there had been an acceleration in Readiness Programme approvals, which exceeded the annual target, as well as in the deployment of Project Preparation Facility (PPF) support. The Executive Director also introduced the status of available resources since the start of GCF, with USD 11.6 billion received and USD 11.7 billion committed by COP 26 thanks to some early reflows. A record USD 2.9 billion had been programmed in 2021 alone, using both IRM carryovers as well as reflows from approved projects.

131. Other key results achieved in 2021 against USP goals were:

- (a) Programming USD 5 billion over the two years of GCF-1. This was the same amount programmed during the entire IRM period. Another was diversifying GCF's portfolio in alignment with the six USP targets for GCF-1, notably increasing programming channeled through DAEs. Meeting all programming targets would require more private sector direct access projects for adaptation, which were not common, but examples were emerging and GCF was shaping new markets.
- (b) In parallel with programming increases, implementation reached 80 per cent and disbursements had picked up significantly as well. Disbursement would continue following individual project implementation timelines. Notably, it was now ahead of the average portfolio age. The Secretariat had also started reporting results in alignment with the newly approved IRMF.

- (c) The Secretariat had advanced the mapping, codification, and streamlining of its processes. Currently, 80 per cent of codified processes benefitted from automation support. The Secretariat would soon reach the limits of how much further processing time could be reduced by process reengineering by GCF. Dramatically improving access would require improvement of quality at entry. Accordingly, the Secretariat was developing appraisal guidance and tools as well as sectoral guidance to support AEs in project origination and development and to reduce the amount of back-and-forth during project appraisal.
- (d) Finally, the Secretariat had started implementing the decisions under the capability review to increase its workforce by allocating the newly available positions, prioritizing risk and portfolio management.

132. Action areas for 2022–2023 included:

- (a) A focus on meeting programming targets and addressing the current trade-offs in the pipeline (i.e., majority of DAE projects were mitigation) through proactive programming engagement. It was important to note that targets were cumulative, so shifting the needle from IRM depended on how much money was available in GCF-1. However, the commitment authority available for 2022—2023 was less than in the first half of GCF-1, so the Secretariat would be focusing on resource mobilization.
- (b) Advancing the current trend of using Readiness beyond predominantly capacity-building support and towards pipeline development, including by leveraging country programmes for investment planning and improving country programming guidelines. A focus would also be placed on translating the 100+ concept notes supported through the Readiness Programme into full funding proposals.
- (c) A key challenge for 2022 would be the parallel management of a growing pipeline of accreditation and reaccreditation. With a pipeline of 130 accreditation requests and about twenty reaccreditations required every year, there were around 150 accreditation and reaccreditation applications pending this year, while the Secretariat could only manage 65 in a year and the Board had historically considered 15 per year. Prioritization would be required.
- (d) An ongoing priority was strengthening GCF’s institutional risk management framework and mainstreaming a risk culture across the entire organization.
- (e) There was a need to improve the consistency of policy implementation and address historical policy implementation planning gaps.
- (f) Finally, the Secretariat would need to secure sufficient time for conducting the GCF-2 replenishment process.

133. On GCF-1 financial planning, the Secretariat was pleased to report that several contributors had frontloaded their contributions for 2022, which should allow more resources to be programmed throughout 2022. The Secretariat would be working with some additional contributors to frontload contributions currently scheduled for December.

134. Finally, the Secretariat had accelerated efforts to improve access to information for Board members and had been working on revamping the GCF website, including by reorganizing the policies & strategies webpage, to make policy resources more accessible to all Board members.

135. The Co-Chairs thanked the Executive Director for the presentation and informed the Board that the Executive Director would continue to be available to answer questions even after the agenda item was closed. They opened the floor for comments or questions.

Comments

136. Several Board members thanked the Secretariat for its hard work and congratulated it for meeting and even exceeding many of its targets, which was especially impressive given the challenges posed by the ongoing pandemic. Many Board members were pleased to note the progress the Secretariat had made particularly in programming, disbursement and implementation.

137. However, one Board member noted that the Secretariat did not meet its 2021 targets for SAP and DAE funding proposals. A number of Board members wished to see more SAP and DAE projects as well as progress made on policies. In this regard, a few expressed their disappointment that the B.31 agenda was light, especially on policies. Noting that there was also room for improvement in private sector engagement, some Board members stressed the importance of having a private sector strategy and looked forward to its adoption soon.

138. On more specific comments, a Board member emphasized that despite what Board discussions may imply, based on the facts laid out in the Secretariat report, it seemed GCF was delivering reasonably effectively. They opined that everyone had a responsibility to spread this good news, especially as GCF moved towards the next replenishment. The Board member encouraged the Secretariat to increase its efforts to communicate the achievements of GCF. Another Board member agreed that it was important for GCF to communicate its success more effectively.

139. The first Board member highlighted that progress on policy issues had actually been made. In 2021, nine Secretariat-led policy items had been concluded; this was a significant increase compared to 2020. The Board member underscored that a growing number of policy mandates had been concluded through the in-between Board meetings modality, which signalled the potential of reaching policy decisions in between Board meetings. Moving forward, the Board should focus on items with the greatest operational urgency. The Board member asked the Secretariat to provide its view on which policy items the Board would need to consider in the coming year.

140. The Board member noted progress in developing sectoral guides, which would be helpful to all GCF partners. The Board member was also pleased with the increase in financial allocation to the Readiness Programme, which reflected its importance to GCF effectiveness and country ownership. This would also be useful in preparing country programmes and identifying investment projects that could be of interest to other donors.

141. The Board member said GCF should be doing more work in Central and Eastern Europe and asked the Secretariat what steps it would be taking in this direction. Another Board member seconded this call for more work in these regions.

142. Finally, the first Board member thanked the Secretariat for providing an overview in the report of information requests from the Board to the Secretariat.

143. A second Board member drew attention to issues regarding the Readiness Programme and the Project Preparation Facility (PPF). They noted that there had been improvements in approval, but it was not clear what approval meant. Did it refer to full approval in the sense that all documents had been completed and it was moving towards implementation, or did it simply mean the Secretariat's initial approval? This request for clarity was based on some feedback from DAEs.

144. The Board member said they were also keen to follow the development of the Secretariat's KPIs. Specifically, they wished to know what review for results meant under KPI 3.5. Did the percentage presented cover only the initial review or all the reports submitted by DAEs during the reporting period? In addition, how many times would the Secretariat be conducting this review? Regarding KPI 5.1 on SAP, it seemed as if there had been no attempt to

improve this. Finally, the Board member said they would insist on working with the Secretariat on the revised Readiness Programme and PPF so that they could better understand the KPIs and progress in implementation.

145. A third Board member noted advances in private sector engagement and a meaningful increase in funding for private sector adaptation projects, emphasizing that this progress should not be dependent on a few large projects. The Board member also underlined the important role large national financial stakeholders could play and that additional sectoral guidance would be helpful in this regard.

146. The Board member thanked the Secretariat for its report on the implementation of the USP. They were pleased with the progress made but also acknowledged the difficulty of reconciling all portfolio targets. On the additional contribution scenario, the Board member wished to gain more insight into what could be done to obtain such additional funding that would make a difference in achieving portfolio targets. The Board member was also pleased to see a dedicated section in the report on shifting financial flows and looked forward to more projects that addressed this, as well as policy changes that would support such a shift.

147. With regard to accreditation, the Board member wished to know to what degree the Secretariat had been screening portfolios in terms of carbon footprint and climate resilience. Finally, on loss and damage, the Board member was pleased to see concrete examples in the report of how GCF was helping vulnerable countries in the Pacific, Caribbean and Indian Ocean regions through funding proposals that contributed to reduction of loss of economic assets and lives due to extreme climate-related events.

148. A further Board member was concerned about the difficulty of GCF in significantly increasing its leverage of private funds as well as increasing the share of funding dedicated to private sector facilities. The Board member considered this further proof that a private sector strategy was needed. As the Executive Director had made a persuasive case for streamlining approval processes, the Board member also emphasized the need for an updated accreditation framework and hoped it would be concluded at the current meeting.

149. Noting the Secretariat's significant gains in programming and implementation, a Board member said they expected efficient and steady implementation of projects. On the other hand, the Board member was concerned that over 150 accreditation and reaccreditation applications were in the pipeline for 2022 alone. This was a critical burden for the Secretariat. The Board should consider an accreditation strategy as soon as possible, especially since a delay in reaccreditation may impact and delay implementation of approved projects. With this in mind, the Board member questioned the need for so many accredited entities and suggested that entities not implementing projects be encouraged to refrain from renewing their accreditation. One way could be to require a reaccreditation fee, which could have a deterrent effect.

150. On the USP implementation report, the Board member was pleased that many of the goals had already been achieved at the midpoint of GCF-1 and expected all remaining goals to be reached. On private sector engagement, the Board member welcomed the three private sector adaptation projects approved in 2021 but noted that there did not seem to be much progress in the current PSF portfolio in comparison to the IRM period. More effort was needed to increase private sector engagement, including the adoption of the private sector strategy.

151. A Board member from Eastern Europe said they were interested in increasing the number of private sector projects in their region, but it was equally important that private sector entities encountered as little bureaucracy as possible in terms of accreditation. The Board member also expected the number of adaptation projects to increase in their region.

152. On behalf of the African Group of Board members, a Board member wished to raise a few points for consideration by both the Board and the Secretariat to facilitate GCF work further. First, they noted that it could still take up to 17 months from project proposal review to

disbursement. This should be improved. Though the disbursement target for 2021 had been achieved, the 2021 target for signed AMAs had not been. They were concerned this would delay disbursement and implementation of projects.

153. They were also concerned about the substantial number of accreditation and reaccreditation applications in the pipeline. The Secretariat should strive to process more applications and the Board should aim to approve more than the average of 15 applications per year, especially for reaccreditation.

154. The GCF portfolio spanned over 92 countries but there were only 28 signed bilateral privileges and immunities agreements. Only one new agreement had been signed during the reporting period. The African Board members had repeatedly stressed the importance of addressing this legal challenge and encouraged the Board to continue its consideration under the COP.

155. On the lack of progress on policies in 2021, the African Group felt that the Secretariat's approach to bilateral outreach with Board members contributed to this lack of progress. Some previous consultation processes had been inclusive and transparent and had enabled Board members to share their views with each other. This kind of process had facilitated the conclusion of many policies, including the USP during the challenging year of 2020. They therefore requested the Secretariat to work with the Co-Chairs to facilitate a transparent and inclusive consultation process open to all Board members and advisers to conclude policies in the pipeline.

156. Lastly, the Board member had several questions regarding access. To what extent was the Secretariat improving the process to enhance access? Was there a specific plan for this? What were the concrete plans to ensure concept notes would translate into actual projects?

157. A Board member underlined that, in all Board meetings, they had repeatedly drawn attention to the realities on the ground in LDCs, but these were often not reflected in many reports. The Board member seconded the questions posed by the previous Board member and also wished to know how the Secretariat was acting on the findings and recommendations in the IEU evaluation of the effectiveness of GCF investments in LDCs.

158. The Board member also asked for updates on SAP. This modality was especially important to LDCs as they could foresee its benefits. However, there had been only one consultation regarding SAP since B.30. On consultations, the Board member pointed out that many consultations took place too close to Board meetings. Such an approach made it difficult for LDCs to fully engage and share their views. They suggested that the Secretariat develop a consultation plan and strategy for every agenda item that required consultation and ensure these consultations did not take place at the last minute. This consultation plan and strategy should then be circulated to the Board as early as possible.

159. Other Board members echoed the previous member's concerns regarding SAP. Noting that SAP programming had fallen short in 2021, one Board member questioned whether GCF was making an impact in LDCs and urged the Board to discuss the update of SAP in order to more effectively support these countries. Moreover, while faster disbursement was positive, it was critical to facilitate more actual spending of GCF resources for concrete climate action on the ground.

160. The Board member also recognized the various trade-offs and challenges of building a sufficient pipeline to meet portfolio allocation targets. Additionally, the Board member emphasized that it was urgent to increase attention to impact measurement. The implementation of the IRMF would be critical in allowing for the measurement of the paradigm shift and systemic change potential of the GCF portfolio. The timely adoption of the results handbook was a very high priority for the Board member. Finally, the Board member wished to see more projects in adaptation, mitigation and biodiversity.

161. On enhancing private sector partnership, another Board member recalled the private sector adaptation projects that had been approved in 2021. This showed that developing such projects was not impossible despite the many challenges in doing so. As GCF sought more of these projects, it would be ideal to have a private sector strategy to guide its efforts. The Board member said more progress should be made on balancing mitigation and adaptation projects as well as seeing results on the ground. The Board member stressed that LDCs and SIDS needed GCF support and thus it was positive to hear that the Secretariat was being more proactive, rather than reactive, in its work on adaptation and resilience.

162. A final Board member hoped the Board could successfully work as one and achieve its work plan. On the report, they had three points. First, processes should be simplified further for the private sector as the current processes could still be too complicated, especially for those in developing countries. Second, the updated SAP should be approved soon as this would lighten the burden on both the applicants and the Secretariat. Third, the Board member did not see how it would be possible for the Secretariat to address the critical bottleneck in reaccreditation applications even with additional staff. This situation urgently called for an updated accreditation framework and PSAA as well as an accreditation strategy. The Board should discuss its priorities with regard to AEs and what was expected from these entities. Lastly, it was clear that more speed and scrutiny were needed in project implementation. The Board member noted that GCF should have a culture of risk management and looked forward to how this translated on the ground.

163. The Co-Chairs invited an active observer for civil society organizations (CSOs) to take the floor.

164. The active observer said that civil society appreciated the considerable amount of work undertaken by the Secretariat, especially to ensure project implementation. They continued to value these reports for the insight they offered into activities to which civil society, indigenous peoples, and local communities should be, but often were not, aware.

165. They wished to reiterate previous comments about the importance of releasing information publicly, timely, and comprehensively, in line with the current Information Disclosure Policy's principle of maximizing access to information. They urged the Secretariat to use the process of drafting this report to consider whether the basic data, activities, and documents referenced were publicly available and clearly accessible on the website. This process in and of itself could contribute to ensuring the Secretariat's work was fully and transparently shared.

166. For example, despite the considerable focus on country programmes, there was no public information about them during development. The Secretariat could simply list all country programmes under development and the lead contacts in the countries and at the Secretariat. The Secretariat was preparing to revise the initial General Guidelines for Country Programmes and should ensure there were opportunities for feedback and input of in-country stakeholders including civil society, women and indigenous peoples. Likewise, the Secretariat should ensure entity work programmes were publicly and proactively disclosed.

167. These were fundamentally missed opportunities to strengthen the work of the GCF. This report mentioned that the first draft of technical guidance for project development would be published in 2022 yet there had been no engagement with the CSO network to date. Maximum access to information was not a principle that should require combing through periodic reports to discover what documents and processes civil society should investigate further. The report on the progress of the USP noted that the GCF could intensify its learning and sharing based on its implementation experience, but it could not achieve this without transparency and without engagement with stakeholders.

168. Likewise, the Digital Agenda and the launch of tools such as the Digital Proposal Submission Platform should be used not only for efficiency, but to enable greater transparency

earlier in the process. This was essential to demonstrate respect for civil society, indigenous peoples, and local communities' right to the information, including disclosure of the projects' proposal names and associated accredited entity for projects under development in their region.

169. Furthermore, they were disappointed to see the overwhelmingly positive report on the GCF's COP 26 engagement, given that the GCF observer network had not been informed or engaged in GCF Pavilion activities in any meaningful way prior to COP. Praising outreach in this fora, without considering the missed opportunity to reach key audiences that could be achieved by collaborating with civil society and Indigenous Peoples, revealed a focus on quantity, not quality.

170. The CSOs supported all efforts to ensure the GCF remained a safe, healthy, inclusive, and equitable place of work, thus they were concerned that not enough efforts were detailed when more than one-in-four staff reportedly reached out to the Ombudsperson. In the annual progress report on the implementation of the USP, they were disappointed to see that SEAH training had not been available for staff in 2021, with it being rolled out in 2022.

171. The CSOs were also grateful that the Indigenous Peoples Advisory Group had, finally, been constituted, but they remained concerned about the ways indigenous peoples and gender were being considered in project implementation given the lack of information. While the report stated that the review of APRs was an opportunity to note good practices on safeguarding, indigenous peoples, and gender, there was no accompanying Secretariat review, nor detailing of any remedial measures the Secretariat could require. It was also unclear in what form this information was captured, considering the annual portfolio performance review contained minimal information on these so-called good practices. The Secretariat had apparently also compiled funding proposals with good gender practices as examples to share with other institutions. Given the CSOs' extensive work as a network on gender, they would welcome the opportunity to know which proposals were considered noteworthy and to be engaged in these conversations directly.

172. The Co-Chairs invited the Executive Director to respond to comments and questions.

Secretariat responses

173. On direct access, the Executive Director explained that while it was true that only nine direct access funding proposals had been approved in 2021 against the 12 to 13 target, the volume of funding allocated to direct access had exceeded the target by around 200 per cent. The target volume was USD 250 to 340 million, but the allocated amount was USD 644 million.

174. As for SAP, though it had been discussed in a number of Board meetings and had had several iterations, the issue remained the same: the simplified approval process was not simple. Processes for SAP and regular funding proposals took about the same amount of time so there was little incentive for countries to engage in SAP. To fully utilize the potential of SAP, the processes involved had to be dramatically simplified.

175. Regarding programming in Eastern Europe, there were 20 proposals from this region in the pipeline for a total funding amount of USD 536 million. However, GCF currently did not have the financial resources to support all of these projects. The Secretariat recognized that balance in this region might not be achieved in the near-term but it would be paying close attention to this matter.

176. In response to the questions regarding KPIs, the Executive Director suggested that the Secretariat could organize a technical discussion on this matter to have more in-depth exchanges with the Board. The Secretariat tried to improve KPIs every year and was working on developing instruments to automatically report on KPIs on a regular basis.

177. On shifting financial flows, the Secretariat was stepping up programming in this regard and its main strategy was to improve the capacity of domestic financial institutions to originate, appraise and finance new climate solutions. Its initial focus was on raising awareness on the materiality of climate change and developing capacity to integrate this in financial decision-making. To develop capacity to originate and appraise, GCF could establish climate finance facilities or a green bank. For the past few years, it had been relying mostly on a dedicated credit line to enable financial institutions to provide finance to a specific type of climate resilient solution. The Secretariat was working on providing access to capital and domestic and international capital markets.

178. Regarding limited leveraging ratio, the Executive Director emphasized that, when assessing private sector projects, the Secretariat was not focused on maximizing financing leverage ratio. More important was whether the private sector project would be able to establish a commercial track record that would enable financiers to assess risk and crowd in a much larger amount of finance. The Secretariat looked at the potential of the project to create a market, not at maximizing the amount of co-financing at the project level. Moreover, even at the project level, leveraging ratio was the wrong indicator. Taking a private equity fund for example, the leverage ratio could be one to four at the level of pool funds. What was more important was the leverage ratio of each individual project. Climate Investor One, for instance, had provided information that the actual leveraging ratio at the individual investment level was anywhere between nine and 80. The Executive Director informed the Board that all this information was provided in the proposed private sector strategy and the Secretariat looked forward to engaging on these issues in a more comprehensive manner.

179. As for private sector engagement, the ratio of private sector projects in 2022 was anticipated to be 40 per cent under PSF and 60 per cent under DMA, in nominal terms. While this was a good ratio, it was also important to recognize that both PSF and DMA worked with the private sector. In fact, DMA was managing the largest GCF private sector project to date. DMA usually worked with SMEs and grant and concessional loans while PSF was increasingly utilizing high leverage instruments such as equities and guarantees in line with recommendations from the Board.

180. The Executive Director agreed with Board members' calls to prioritize reaccreditation. Four funding proposals were supposed to be presented at the current Board meeting, but one had been withdrawn because the AE had lost its accreditation. Reaccreditation should be prioritized in order to avoid a decrease in funding proposals in coming meetings. This was something the Secretariat was extremely concerned about.

181. Regarding improving access to GCF resources, the Executive Director explained that the Secretariat would soon be coming to the end of what it could achieve in codifying, streamlining and automating its internal business processes. The focus could not be solely on efficiency and improving processes; new processes would have to be developed to, for example, dramatically simplify the approval process of SAP funding proposals. Additionally, it was more important to invest in quality at pipeline entry. There would hopefully be a dedicated page in the GCF website by June 2022 for programming guidance including sectoral guidance and appraisal tools. The objective was to empower GCF partners by providing as much information as possible upstream to increase the chances of receiving proposals that met all investment criteria at entry. Providing these tools would also enable entities to appraise their own projects and gain a sense of how the Secretariat would rate them. The Executive Director reiterated that further improvements in enhancing access would entail taking risks, changing processes and investing in quality at pipeline entry through developing appropriate tools.

182. On signed agreements, the Secretariat had actually exceeded its target for signed FAAs. The target was 160, while the actual number of signed FAAs was 170. This was one reason 80 per cent of the GCF portfolio was under implementation, against the initial target of 75 per cent in 2021.

183. As for plans to ensure concept notes would be translated into funding proposals, the Executive Director referred the Board to the DAE Action Plan the Secretariat had presented at B.29, which detailed the cradle-to-grave approach.

184. On the status of PPF, the Board had approved nine funding proposals supported by PPF. 34 PPFs were currently under implementation. Out of these, 15 funding proposals were expected to be submitted to the Secretariat in 2022. A significant number of projects to be submitted to the Board in 2022 for approval should originate from PPF.

185. Regarding LDCs, the Secretariat agreed with the importance of LDCs, and this was reflected in GCF programming. USD 2.9 billion out of USD 10 billion was allocated to LDCs, amounting to 29 per cent of GCF resources. Outside of dedicated LDC funds, the Executive Director believed that not many other climate funds had such a substantial percentage dedicated to LDCs.

186. On policies, the Executive Director clarified that the responsibility for the outstanding items to be submitted to the Board in 2022 did not lie solely with the Secretariat. The Secretariat had prepared 19 policy drafts in 2021. It was committed to improving the consultation process and, in this regard, the suggestion to develop a consultation plan on policies was an excellent idea. The Secretariat would be reverting to the Board member who had suggested it after discussing internally about developing a systematic process for every policy entrusted to the Secretariat. The Secretariat could only speak for the policy documents mandated to it. There were ten different organs in GCF that could develop policy and the Secretariat was only one of them.

187. On increasing mitigation projects, this would depend on whether additional resources could be mobilized or frontloaded. Although the Secretariat had accelerated adaptation, DAE and private sector projects, it had not slowed down any mitigation projects. However, the Executive Director feared this could be the case should they be unable to mobilize additional resources. There were a number of critical mitigation projects lined up for B.32 and B.33, but trade-offs would be unavoidable without sufficient resources.

188. Regarding the need for the Secretariat to be proactive, the Executive Director acknowledged that the Secretariat could not just wait for projects to be submitted, especially since it was important to balance the portfolio not just in terms of adaptation/mitigation, direct access/international access and private/public but also in terms of grant/non-grant balance, balance across regions and the need to increase impact per dollar. With this task, the Secretariat had shifted from co-financier to co-investor as it engaged upstream with partners and worked very closely with them. The Executive Director anticipated this trend to accelerate in coming years.

189. Responding to the comments from civil society, the Executive Director fully agreed with the importance of transparency. The best way to learn was to provide everyone with access to information. The Secretariat had an ambitious digital plan that included an open data library. Once these digital instruments were rolled out, the hope was that it would be possible for the Secretariat to put a lot of information online in real time that could be accessed by civil society and academia. Several Board members had emphasized that it was critical for more people to be aware of results achieved by GCF. As the Secretariat communication team was relatively limited, one of the best ways to increase awareness about GCF results could be through uploading data and encouraging academia to write about these results. The Secretariat hoped to see significant progress in this area in the next two years. Finally, the Executive Director wished to assure the civil society organizations that they would be fully engaged for COP 27. The Secretariat had made some mistakes in this regard for COP 26 and it intended to learn from these and not repeat them.

190. The Board member who had spoken earlier on behalf of the African Group of Board members took the floor once more and thanked the Secretariat for its responses. The Board

member noted the Executive Director's response with regard to access about approaching the end of efficiency gains and the need for a dramatic change in processes to improve access. The Board member said they could not continue talking about delays in access. This issue had to be assessed critically and the best approach to address it had to be taken by the Board.

191. Lastly, the Board member wished to clarify what the Secretariat's role was in consultations regarding political issues. The Board member understood that this was the purview of the Co-Chairs.

192. The Executive Director confirmed that the Secretariat was not mandated to engage on political issues. In policy consultations, almost all of the issues or questions were technical in nature such as the meaning of the policy, its impact, who would be implementing it, and potential challenges for different groups of stakeholders. This also entailed finding technical solutions and reaching the best possible compromise. Addressing this was the responsibility of those who had drafted the policy. Most of the time, the Secretariat could develop a policy document that was close enough to be agreeable so that the Board could reach a decision. In cases where it was not possible to find a solution, the Secretariat would indicate as much, and the Board would then take over and utilize other mechanisms to conclude the policy.

193. The Co-Chairs thanked the Executive Director and reminded the Board that discussions regarding this agenda item could continue even after the item was closed. They invited the Board to take note of the report on the activities of the Secretariat.

194. The Board took note of document GCF/B.31/Inf.02 titled "Report on the activities of the Secretariat", its limited distribution addendum GCF/B.31/Inf.02/Add.01 titled "Status of accreditation master agreements and funded activity agreements" and its addendum GCF/B.31/Inf.02/Add.02 titled "Annual progress report on the implementation of the Updated Strategic Plan 2020–2023".

195. No decision was taken under this agenda item.

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

196. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.31/Inf.13 titled "Reports from committees, panels, and groups of the Board of the Green Climate Fund" and its addendum. These contained reports on activities that had already been conducted or were planned to be undertaken by the following committees and panels:

- (a) Accreditation Committee;
- (b) Accreditation Panel;
- (c) Investment Committee;
- (d) Performance Oversight Committee;
- (e) Technical Advisory Panel; and
- (f) Risk Management Committee.

197. The Co-Chairs stated that they would refer the Board to the published reports of the committees and panels. In addition, the Performance Oversight Committee would be providing more information to the Board on its work. It had worked on the decision text to be presented under agenda item 9(b) the next day, and further discussions on this matter would transpire in an executive session.

198. The Co-Chairs opened the floor for comments from Board members.

199. There being no comments, the Co-Chairs invited the Board to take note of the reports.
200. The Board took note of document GCF/B.31/Inf.13 titled “Reports from committees, panels, and groups of the Board of the Green Climate Fund” and its addendum.
201. No decision was taken under this agenda item.

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

202. The Co-Chairs opened the agenda item and drew the Board’s attention to documents:
 - (a) GCF/B.31/Inf.05 titled “Report on the activities of the Independent Redress Mechanism”;
 - (b) GCF/B.31/Inf.06 titled “2021 Independent Redress Mechanism Annual Report”;
 - (c) GCF/B.31/Inf.07 titled “Report on the activities of the Independent Integrity Unit”;
 - (d) GCF/B.31/Inf.08 titled “2021 Annual Report of the Independent Integrity Unit”; and
 - (e) GCF/B.31/Inf.09 titled “Annual Report 2021 of the Independent Evaluation Unit”.
203. As a time-saving measure, the Co-Chairs stated that they would refer the Board to the published reports. They then invited the Board to take note of the reports.
204. There being no comments or objections, they took it that the reports from the independent units had been noted.
205. No decision was taken under this agenda item.

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

206. This agenda item was not opened.

Agenda item 9: Updated workplan of the Board for 2020–2023

207. The Co-Chairs opened the agenda item and explained that they wished to get feedback from the Board on the workplan. They proposed to open each sub-item to collect views and expectations on how Board members wished to proceed with these matters in 2022 and 2023. The Co-Chairs would then work on a decision text covering the sub-items to enable the Board to progress these during the meeting and in the following months. They hoped this approach was acceptable to the Board.

(a) Co-Chairs’ mandates and consultations

208. The Co-Chairs opened the agenda sub-item and asked the Board for its views on governance matters, namely secret balloting; guidelines on cases for decisions without a Board meeting; guidelines for extraordinary Board meetings; and the review of committees. Another was the important matter of ensuring adequate and active consultation of all Board members to enhance the process of achieving consensus in the Board.
209. The Co-Chairs opened the floor for comments.
210. As the Co-Chairs seemed to be presenting a list of outstanding mandates already discussed at previous Board meetings, a number of Board members said they wished to receive a comprehensive plan or vision from the Co-Chairs of how and when they intended to see outstanding matters discussed and resolved. A Board member also requested guidelines from

the Co-Chairs to ensure alignment with the pre-Board consultation process detailed in decision B.23/03.

211. On consultations, the Board member emphasized that open, transparent and inclusive consultations were crucial to the effective and efficient functioning of the Board. The Co-Chairs and the Secretariat should keep this in mind as they conducted consultations in accordance with their mandates, including as described in the Governing Instrument. On the delays in circulating documents, the Board member suggested that a more flexible consultation process could help make documents available to the Board earlier and allow for more participation. Additionally, more transparency on steps to be taken on consultations could be useful in helping Board members adequately prepare for meetings and understand what steps had been taken in advance.

212. Many Board members echoed the importance of open, inclusive and transparent consultations. Given some confusion with the process, a few suggested that it would be helpful for the Board to delineate more clearly what it expected of the Secretariat regarding consultations. One Board member said most of the consultation process should be led by the Secretariat as it was set up to facilitate such a process; there were no specific roles for the Co-Chairs unless they were mandated.

213. Some Board members stressed that it was difficult to discuss items involving documents sent at the last minute, especially without advisers. A few underscored that receiving documents ahead of meetings and consultations was crucial to the quality of what they could contribute to these discussions as well as to finding consensus. Having an annotated agenda and introductions to items would also be very helpful especially in providing context for newcomers to the Board. A Board member suggested that the annotated agenda should indicate what documents Board members should expect to receive per item. Some Board members representing more than one country emphasized that they needed more than a few days to consult and therefore the 21-day rule indicated in the Rules of Procedure of the Board should remain the standard.

214. A Board member said the reiterative consultation process of Co-Chairs on documents before Board meetings may not be the best way forward. Should the Co-Chairs be unable to obtain agreement on documents, the Board should still find a way to disseminate these 21 days ahead of Board meetings. For documents that required more work, bracketed text could be included with some explanation of where differences of opinion were, especially since it was difficult for newcomers to the Board to understand longstanding or past differences and barriers. Additionally, the Board member said they had had very positive experiences with technical briefings on funding and accreditation proposals. It would be ideal to increasingly conduct similar briefings on policy matters as it would allow Board members to better understand all views and find consensus prior to Board meetings. A further Board member said that it was not the Co-Chairs' role to try to achieve agreement on documents; it was the Board's role to do this. It was more important to have the documents in advance for the Board to have fruitful discussions.

215. A Board member stressed that the Rules of Procedure were clear in how consultations were to be conducted by Co-Chairs. The Secretariat would always support the Board, but it could not lead consultations the way Co-Chairs could. The Secretariat's role was very important in technical matters, but the Co-Chairs were crucial in the settlement of political issues. They had the ability to steer that process and had a number of methodologies at their disposal, including the use of facilitators, which had worked successfully in the past. It was important for the Co-Chairs to demonstrate leadership in settling issues. The Rules of Procedure were clear that leading the consultation process was the mandate of the Co-Chairs.

216. Highlighting the difficulty and amount of work involved in being a Co-Chair, a second Board member opined that the Co-Chairs did not have the time nor the capacity to consult on

every single item the Board needed to discuss. As far as the Board member could recall, it had been standard practice for the Secretariat to hold consultations. This should continue to be the case especially since the Secretariat was expected to grow to 350 staff members.

217. The Board member recalled that, for the IRMF, the Secretariat had conducted consultations through webinars and by reaching out bilaterally to Board members to work through issues. Working through those issues with Board members required technical knowledge and experience in drafting the relevant documents; the Secretariat was in a unique position to do this. As with the IRMF, some issues could remain unresolved even after these consultations. At that point, the Board should be able to work through those few remaining issues.

218. Recalling the previous Board member's comment on the role of the Co-Chairs, the Board member said they could not find a reference in the Rules of Procedure that only Co-Chairs could consult on documents and wished to be pointed to the relevant paragraph. Furthermore, the fact that documents were frequently not released 21 days ahead of Board meetings in accordance with the Rules of Procedure may point to a need to establish a small working group mandated by the Co-Chairs to make some changes to these; this was particularly true of those sections that a) stated that the Co-Chairs had to approve the draft agenda for the Board meeting and that b) documents had to be released 21 days ahead of meetings. There had been many instances when Co-Chairs could not agree on the agenda, consequently delaying the circulation of documents. The Board member suggested that the relevant paragraph should be changed to state that if Co-Chairs were unable to approve the agenda or the release of Board documents, the Secretariat was able to do so. The Board member emphasized that having a draft agenda would enable the release of documents and reminded the Board that this draft agenda was not final. It could be changed by the Board and would have to be adopted by it at every meeting. To conclude, the Board member reiterated their request for the Co-Chairs to mandate a small working group to work on these issues to improve the governance of the Board.

219. Another Board member strongly supported the idea of establishing a small group as it would enable improvement in governance ahead of GCF-2. The Board member also thanked the Co-Chairs for giving the Board this opportunity to share views productively. For the record, the Board member stated that all the issues the Co-Chairs had tabled for Board discussion were critical to the continuing relevance and effectiveness of GCF.

220. The Board member who earlier said that leading the consultation process was the mandate of the Co-Chairs, asked if the Rules of Procedure stated anything about the Secretariat leading this process. Conducting Board business was among the duties of the Co-Chairs. Anything to be considered by the Board automatically became the responsibility of the Co-Chairs who would determine how to manage those items. They asked if a policy had ever been approved by the Board without the leadership role of the Co-Chairs. The role of the Secretariat was very important but, on political issues, the Co-Chairs would have to be involved.

221. Regarding the transmittal of documents, the Board member said the Rules of Procedure were also clear that it was the obligation of the Co-Chairs to ensure that documents were transmitted 21 days ahead of the Board meeting. They would also determine if a document was not ready and that would be on an exceptional basis.

222. A further Board member agreed that the Secretariat was indispensable, noting that secretariats were the backbone of process and institutional memory in every multilateral process. While the Board would not be able to do its work without the Secretariat, consultations were ultimately a political process. Having two Co-Chairs—who represented the overall positions of their respective constituencies—come together was an efficient way to ensure processes were inclusive. Acknowledging that there was only so much the Co-Chairs could do, the Board member pointed out that there was a variety of tools to ensure the Co-Chairs

maintained oversight of processes without being directly involved, even when they chose to delegate tasks to others.

223. The Secretariat would always have a strong influence and provide input, but the Co-Chairs, as representatives of the political vision of Parties, should lead. The Board chose these two people, not the Secretariat, every year to lead the work. This was not an adversarial situation; it was a cooperative endeavour in which the Secretariat fully supported the Board, particularly the Co-Chairs. The Board member added that decision B.23/03 was very important as it asked the Co-Chairs to continue to enhance the effectiveness of pre-Board meeting consultations in an open, inclusive, consultative and transparent matter. The Board member repeated the request for Co-Chairs to provide a roadmap, with a timeline, of their plans.

224. On the Rules of Procedure, the Board member highlighted that it was with the indulgence of Board members that matters could still be discussed despite the violation of the 21-day rule. Ignoring the rules should not be the norm; the Board had agreed on them for a reason. It would be useful for Board members to revisit the Rules of Procedure and point to rules they believed should be improved to be more conducive to the functioning of the Board.

225. The Co-Chairs thanked the Board members for their views and assured the Board that they would be working hard to ensure the mandates were realized. They had taken note of the extensive suggestions and would engage further as well as develop a plan to advance their work.

226. No decision was taken under this agenda sub-item.

(b) Appointment of Board-appointed officials and performance-related matters

227. The Co-Chairs opened the agenda sub-item.

228. They provided a brief introduction and opened the floor for comments. Following an initial query from a Board member, on advice from the General Counsel, the Board moved into an executive session.

229. The Co-Chairs reopened the agenda sub-item on day three and drew the attention of the Board to document GCF/B.31/14 titled "Selection process of the Heads of the Independent Units".

230. They invited the Board to adopt the decision in annex I to this document.

231. Seeing no comments or objections, the decision was so adopted.

232. The Board took note of document GCF/B.31/13 titled "Selection process of the Heads of the Independent Units".

233. The Board adopted the following decision:

DECISION B.31/04 (to be inserted)

(c) Strategic planning and programming matters

234. The Co-Chairs opened the agenda sub-item and said they wished to solicit views from Board members on strategic planning and programming matters. In accordance with various Board decisions, including the updated four-year Board workplan and the updated Strategic Plan (USP), the Board was expected to continue, launch or mandate work on several matters for

a resolution in 2022 and 2023. These matters were listed in the Co-Chairs' note that had been circulated to the Board prior to the start of the day and included:

- (a) Consideration of the process to update the USP;
- (b) Launch of the GCF-2 replenishment process;
- (c) Launch of the GCF strategic programming process as mandated;
- (d) Setting the annual funding goal for 2023 per the USP and in accordance with the financial management plan;
- (e) Support to adaptation;
- (f) Climate rationale;
- (g) Programmatic approach;
- (h) Matters related to the simplified approval process and the accreditation framework;
- (i) Second performance review (SPR); and
- (j) Policy for contribution from other sources.

235. The Co-Chairs opened the floor for comments.

236. As the Co-Chairs' note had just been circulated, a few Board members indicated they were not in a position to provide comprehensive input on this matter. Some Board members requested the Co-Chairs to include a timeline that captured Board work that should be concluded leading up to the replenishment conference in 2023. A Board member requested that the following be included in the list above as they required Board guidance: review of the financial terms and conditions, request for proposals, and update of the Readiness Programme to better serve access for developing countries.

237. In the context of the approaching second replenishment of GCF (GCF-2), several Board members stressed that it was critical to update the USP and close as many policy gaps as possible before the end of the current replenishment period (GCF-1). Though pleased with GCF's delivery so far, a Board member said there was still much to be done to meet the goals of the current USP. It should also be noted that, since the adoption of the USP, there had been a stronger call to step up climate ambition and action.

238. Many Board members agreed that it was important to assess progress made and lessons learned under the USP to determine what was needed for an ambitious GCF-2. Some underscored the value of the SPR in this stocktaking exercise, which should be started soon. With this in mind, a number of Board members thanked the IEU for the initial report it had presented at the current meeting on the SPR and some emerging observations on GCF performance. It would inform the work of the Board going forward.

239. A few Board members recalled that GCF-1 had been concluded in 2019 without an updated Strategic Plan. They believed this was the incorrect sequence and should not be repeated for GCF-2. One Board member said that, in addition to following the incorrect sequence, the process had not included the right people. In terms of sequence, the Board should present its vision through the updated USP and determine where priorities should be for achieving results and improving the way GCF conducted its work. This should not be determined by the replenishers; it must be determined by the Board. Thereafter, the replenishers would consider the update to the USP (USP-2), the SPR and the value proposition the Board had made, and then respond to the Board during the replenishment. This would include not just countries in the Organisation for Economic Co-operation and Development (OECD). Some non-OECD donors had made important contributions to GCF but had not been involved in the meetings held during the first replenishment of GCF.

240. The Board member added that work on USP-2 and the SPR should be conducted concurrently, not in sequence, to have enough time for all the processes involved. The Board member was pleased that the IEU had already shared an initial evaluation, which would be followed later this year by its main findings under the SPR. The Board member said that, after making an excellent job of USP-2, they would then be able to challenge the replenishers to come up with a substantial second replenishment.

241. Another Board member agreed that the process followed for GCF-1 was not as organized as it should have been. The Board member was among those appointed by the Board to follow the replenishment process. This was difficult while being both a Board member and a representative of a donor country. The Board member hoped they could learn from this and proceed to GCF-2 in the correct manner.

242. On updating the USP, a few Board members said it did not have to be perfect. One emphasized that it was more important to have a document that contained the Board's vision, general direction, aspirations and targets. It did not have to contain detailed prescriptions or all the tasks the Board should accomplish in the coming years. A second Board member added that, in addition to the value proposition to donors, USP-2 should clarify how GCF would support the catalysation of climate finance in the context of the post-2025 finance goal. This included how GCF would promote a systemic shift in finance flows. A third Board member said USP-2 should have more ambitious targets and outcomes than the current USP. They expected continued alignment with the overarching objective to promote paradigm shift towards low emission and climate resilient development pathways in the context of sustainable development.

243. Other than updating the USP, several Board members added various matters they wished to see prioritized and concluded before GCF-2. These included closing policy gaps, improving governance, and providing programming directions. A number emphasized the importance of ensuring open, transparent and inclusive consultation and negotiation processes in accomplishing this work.

244. On policy gaps, various Board members said the private sector strategy, the SAP, support to adaptation, UAF, project-specific assessment approach, and REDD-plus results-based payments should be prioritized. A few Board members said concluding these policies would be crucial in informing decisions related to contributions to GCF-2. A Board member requested a realistic timeline for the Board to address these items, while another said governance should be improved to close these policy gaps.

245. On governance, a Board member said there should be clear improvement especially in Board and committee decision-making, overall functioning and working atmosphere. This would require a more constructive and solution-oriented approach. Adding to this, a number of Board members stressed the importance of working on all these matters in a one Board spirit. A Board member added that they would also be seeking to delegate more authority to the Secretariat.

246. As for priorities in programming directions, a Board member hoped GCF could have a more predictable and relatively stable annual financial target. One wished to see more efficiency gains in project approval while a few Board members looked forward to enhanced portfolio balance particularly between adaptation and mitigation. A Board member said they wished to see more adaptation finance going to LDCs and SIDS. Furthermore, it was important to move away from a project-to-project approach and towards a programmatic approach to bring about the transformational changes GCF was seeking. It was therefore critical for the Board to approve the policy on programmatic approaches to enable GCF to support large-scale regional adaptation programmes.

247. An alternate member read a statement on behalf of the African Group of Board members regarding their concerns on the item.⁴

248. A further Board member underscored that the replenishment was not in any way linked to the update and review of the USP. Decision (B.27/06) was clear; it talked about reviewing the USP but did not mention anything about approval. Furthermore, it was important to have an informed basis for starting the USP review. As they were just one and half years into the current USP, they did not have sufficient information to update the strategic vision, priorities and objectives of GCF. The USP was clear that the SPR and strategic programming exercise would inform the Board in making the determination of whether the USP should be updated at this stage. The Board would be prejudging the outcomes of those processes as they were yet to come to the Board for consideration.

249. Second, the Board member was alarmed by the previous comments made regarding sequencing. The Board member understood that there was a desire to be better informed about the process and vision that should be followed for GCF-2. However, it was not appropriate to create the impression that the replenishment of GCF was going to be earmarked for certain priorities. Contributions from contributor countries were not earmarked for the Initial Resource Mobilization and the GCF's first replenishment. The resources to be committed to GCF were an international obligation under the Paris Agreement. The Board member cautioned that it would not be wise to make replenishment conditional on the update of the USP.

250. A third Board member added that they should remain aligned with the UNFCCC and the Paris Agreement and focus on country ownership and country-driven approach, taking into consideration the different national conditions and needs of developing countries.

251. In addition to USP-2, a few Board members representing donor countries said they would also be considering GCF impact in line with the results framework. As there were other climate funds, GCF would have to make the case for replenishment and demonstrate how this money would be invested.

252. A Board member said that, in line with their approach to the post-2025 financing goal, they were counting on emerging economies to participate in GCF-2 discussions as prospective donors. It was also important to consider lessons from GCF-1, noting that the replenishment process was reasonably efficient until it got to the Board, at which point it was delayed. It was important to ensure that they had sufficient time; therefore, the Board member wished to see a draft work timeline at the current meeting. Lastly, the Board member stressed that not all donors were represented in the Board; they therefore did not have a Board member or alternate who could directly voice their concerns. There should be a way to integrate the voices of all current and potential donors in the replenishment process. In relation to this, another Board member added that it was important to broaden the donor base for GCF-2 and for the replenishment process to be open and transparent for all interested donors.

253. A Board member reminded the Board of the priority areas for LDCs, namely SAP, climate rationale and the accreditation framework. They hoped the Board could consider these as priorities in its work in 2022 and 2023.

254. The Co-Chairs thanked the Board members for their extensive comments and informed them that the Co-Chairs would be reverting to the Board on this matter in the course of the current meeting.

255. The agenda sub-item was suspended.

Part 2

⁴ The full text of the statement is contained in annex XI.

256. The Co-Chairs reopened the consideration of the agenda sub-item on the last day of the meeting.
257. They recalled that they had collected views from the Board on strategic planning and programming matters on the second day of B.31. The Co-Chairs had since consulted on these views and was putting forward a decision text to the Board to advance its work in the coming months. This decision text had just been circulated and would also be displayed on screen.
258. After reading the decision text, the Co-Chairs invited the Board to approve the draft decision and opened the floor for comments.
259. A number of Board members were concerned that, though the decision text said the Board would consider a further update to the Strategic Plan in 2023, it was not clear this would be done before the pledging conference, which was expected to take place in the fourth quarter of 2023. They therefore could not support the decision as presented as it did not address this priority of many Board members. Other Board members questioned portions of the decision that indicated the Co-Chairs would be preparing documents with the support of the Secretariat. They said this should be the other way around as the Secretariat usually led the preparation of documents. A further Board member wished to see language in the decision that would assure the direct participation of countries with no Board member seat.
260. On the timing of the USP update, the Co-Chairs asked whether the Board members' concerns would be satisfied if the text was changed to indicate that the Board would consider a further update to the USP in the first half of 2023. One of the concerned Board members responded affirmatively.
261. A Board member acknowledged that the initial proposal of the Co-Chairs was simply a reiteration of decisions already taken by the Board. Some of the previous speakers had been deeply involved in these decisions so it was unfortunate that they were trying to reopen previous understandings of agreements the Board had already taken.
262. For the record, the Board member wished to state that review and adoption were two distinct stages. The process for review was very clearly stated in decision B.27/06 and the USP adopted by the Board. These documents stated when the review would be started, what it would be contingent on, and how those considerations would be taken. For that, the SPR and the Secretariat-led policy review of the GCF policy frameworks were the two elements that were laid down precisely.
263. Given that GCF was just one and a half years into the current USP, the Board member was not sure what had changed in that time that would be grounds for revising the vision, strategic objectives and priorities of GCF. This suggested that some Board members wished to begin the GCF strategy update process before having the reviews to be conducted by the Secretariat and the IEU.
264. On sequencing, it was clearly stated in the decision that USP-2 should be approved before the commencement of the second replenishment period, but there was no agreement on which half of 2023. Regarding the pledging conference, the Board member recalled that, during the initial discussions on this agenda sub-item, they asked whether developed country Board members wished to agree a sequence so that they could earmark funding. While appreciating that the intention might be to have greater clarity on pledging resources, the Board member emphasized that pledging was an obligation under the Paris Agreement and the Convention. It was therefore inappropriate to enter into discussions that touched on fundamental GCF mandates. Everyone wished GCF to deliver results according to the agreed Board priorities.
265. As the Board already had a workplan, the Board member wished for clarity on the strategic programming workplan indicated in the decision text. While understanding that it would help the Co-Chairs develop proposals for the Board to consider, the Board member said solutions should be mutually beneficial, not one-sided.

266. To conclude, the Board member said the addition of "first half" of 2023 was unacceptable. Previous understandings of decisions already taken by the Board should not be changed. Should the Board wish to change a decision, there should be more discussions on the matter as well as grounds to change them. In this case, what were the grounds to change the vision, strategic objectives and priorities of GCF?

267. A further Board member wished for clarity on the period covered by the 30 months indicated in the proposed decision and whether the strategic planning workplan would contain the sequence of work to be followed by the Board. Finally, the Board member asked if USP-2 would be dependent on the outcomes of the reviews.

268. On the 30-month period, the Co-Chairs explained that this was a reiteration of a previous decision already taken by the Board. This addition was to enable a smooth transition between GCF-1 and GCF-2.

269. A Board member drew attention to decision B.27/06 paragraph (p)⁵, noting that there was no ambiguity in the timing indicated and that the decision proposed by the Co-Chairs should just reflect this paragraph as approved. Another Board member supported this suggestion.

270. The Board member who earlier said that review and adoption were two distinct stages reiterated this point. The Board was currently in the review stage as it was initiating discussions on whether it should update the USP. The current USP clearly indicated the basis for this review to happen. They had not been prudent enough in timing the SPR and the Secretariat's review of policy frameworks.

271. The Board member did not doubt the intentions behind some positions, repeating that they simply wished to be informed as to why the USP should be revised at this stage, given that it was only one and a half years into its implementation. It was not yet known whether this USP had produced results. The Board member wished to have such information before agreeing to a restrictive timeline. Should the timeline be hand-in-hand with the Board's consideration of the findings of the SPR and the Secretariat-led review of the policy frameworks, the Board member would be willing to engage. There should be predictability and an informed basis for this engagement.

272. Finally, the Board member emphasized that B.27/06 paragraph (p) stated that the Board would revise the strategic vision "if and as needed". "If and as needed" meant they should have solid grounds for revising the document and not prejudge this process.

273. The Co-Chairs explained that the purpose of this proposal was to respond to the Board's strong calls to update the USP and organize a sequence of work. However, as there was no agreement, the Co-Chairs would be suspending the agenda sub-item with a view to developing a proposal the Board would find agreeable.

274. The agenda sub-item was not reopened.

275. No decision was taken under this agenda sub-item.

(d) Institutional matters

276. The Co-Chairs opened sub-item (d) Institutional matters (including administrative matters) and drew the attention of the Board to the document presented on the Boardroom

⁵ Decision B.27/06 paragraph (p) states that the Board "Decides to review the GCF Strategic Plan ahead of each replenishment process with a view to revising the strategic vision, if and as needed, and to update the strategic objectives and priorities for the coming replenishment cycle, taking into account evolving priorities, including guidance from the Conference of the Parties, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, and relevant reports from the Independent Evaluation Unit."

screen which was an extract from the Co-Chairs' note on agenda item 9 circulated with the daily programme on 29 March. Of the various items listed, they noted that the assessment of GCF regional presence and the salary scale were urgent matters. The Co-Chairs had already held bilateral consultations on the trustee arrangements which would expire in April 2023.

277. In accordance with various Board decisions, including the updated four-year workplan and the updated Strategic Plan, the Board is expected to continue, launch or mandate work on the following matters for a resolution in 2022 and 2023, including:

- (a) Further consideration of the matter of Privileges and Immunities (P&Is)
- (b) Trustee arrangements that expire in April 2023
- (c) Report to the COP (second quarter)
- (d) Assessment of the GCF's regional presence
- (e) TOR on the Indigenous Peoples advisory group
- (f) Salary scale
- (g) Administrative guidelines, including HR framework
- (h) Detailed guidelines for the effective functioning of IEU"

278. They opened the floor for comments.

279. Board members addressed the following:

- (a) Further consideration of the matter of Privileges and Immunities (P&Is). A Board member said that they did not think that privileges and immunities was a priority for the Board in the near term. This position was consistent with views their seat had expressed in the past and the position had not changed. The consideration of this issue from their perspective, should be a short one. The Board member from Switzerland stated that their position on P&Is remained unchanged. Switzerland offered P&Is for specific meetings as there was no permanent GCF presence in the country. They also urged any Board member offering to host GCF meetings in their country to think about P&Is sufficiently in advance of a meeting.
- (b) Trustee arrangements that expire in April 2023. A Board member recalled the difficulties the Board had experienced when the previous trustee term expired. The Board had spent much time looking at options when in fact there were none. They urged that the matter should be addressed quickly and "not taken down to the wire".
- (c) TOR on the Indigenous Peoples advisory group: A Board member said it was important for indigenous peoples to be consulted. From experience in Canada, there was a need to be sensitive to such matters. This was echoed by another Board member.
- (d) Salary scale. Several Board members underlined that this was a priority. Noting that the Secretariat and independent units worked very hard, under difficult conditions and had done very well, it was important that the Board showed that it took their welfare and compensation seriously. The Board fully depended on the Secretariat and the item should be addressed quickly. A second Board member echoed this view, noting that GCF needed to recruit the best. It was essential to have a well-functioning Secretariat. Others also echoed support for this as a priority item for the Co-Chairs, one of whom suggested that the Budget Committee should continue its work in this regard.
- (e) Administrative guidelines, including HR framework. One Board member recommended that this be discussed in detail. Whilst echoing others in respect of f) above, at the same time this was also linked to such matters as Secretariat staffing and performance.

(f) Detailed guidelines for the effective functioning of IEU. Several Board members queried what this referred to, since the Board had just approved the TOR for the Head of the IEU and an evaluation policy was already in place. Did this refer to guidelines for all the independent units or a further guideline for the IEU? One Board member highlighted the valuable role that the IEU played. Recognizing the views expressed, Co-Chair Jean Christophe Donnellier confirmed that the Co-Chairs would revert to the Board on the question of IEU guidelines.

280. Several Board members suggested that the PSAG be constituted or reconstituted. The PSAG could play a helpful role in engaging in local, regional and other private sector entities that were interested in participating in GCF activities and hoped this could be included in the work plan. A Board member emphasised that the Board should clarify its approach to the private sector.

281. The Co-Chair thanked Board members for their comments and suggestions as these provided important guidance on priorities. The Co-Chairs would consider these and come back with a proposal on some of these issues before the end of the meeting.

282. They suspended the item.

283. They reopened the item on day four and informed the Board that it had before it a proposal from the Co-Chairs, circulated to the Board on 30 March, that would launch the review of the trustee as the existing trustee arrangements expired in April 2023.

284. They asked the Board to approve the draft decision in annex I of the document as presented on the Boardroom screen.

285. Seeing no comments or objections, the decision was so approved.

286. The Board adopted the following decision:

DECISION B.31/05

The Board:

(a) *Takes note that the current four-year term of the Trustee expires on [11 April 2023];*

(b) *Requests the Secretariat to undertake a review of the performance of the Trustee and the value for money of the services provided by the Trustee;*

(c) *Also requests the Secretariat to notify the Board promptly upon the completion of the review in order for the Board to approve the renewal of the Trustee arrangements;*

(d) *Confirms that once the Board renews the Trustee's appointment, the Executive Director shall finalize the renewal of the term of the Trustee for a further four-year period, including by executing the necessary legal and administrative arrangements with the International Bank for Reconstruction and Development by the end of 2022, in a manner which ensures there is no discontinuity in trustee services;*

(e) *Decides that, in respect of subsequent renewals of the term of the Trustee, the Secretariat is authorized to review the performance of the Trustee over the relevant period and, unless considered unsatisfactory by the Secretariat, to further renew the term of the Trustee; and*

(f) *Also decides that in the event that:*

(i) *The Secretariat considers the outcome any of the reviews referred to in paragraph (e) above to be unsatisfactory;*

(ii) *The Trustee wishes to materially deviate from the terms of reference of the Trustee as part of the renewal of term;*

- (iii) *The Trustee does not have an interest in continuing to provide trustee services to GCF; or*
- (iv) *The Secretariat and the Trustee are not able to conclude the necessary legal and administrative arrangements in a timely manner;*

The Secretariat shall promptly notify the Board and the Board shall take such action as is necessary to ensure there is no discontinuity in trustee services.

Agenda item 10: Guidance from the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change: Co-Chairs' proposal

287. This agenda item was not opened.

Agenda item 11: Status of GCF resources, pipeline and portfolio performance

(a) Implementation of the 2022 programming and disbursement targets

288. This agenda sub-item was not opened.

(b) Foreign exchange buffer

289. This agenda sub-item was not opened.

Agenda item 12: Matters related to accreditation

290. The Co-Chairs opened the agenda item and provided a brief introduction.

291. The Co-Chairs had transmitted a B.BM decision on the updated accreditation framework as document GCF/BM-2021/18 titled "Updated accreditation framework" on 8 September 2021 on a no-objection basis for 14 days ending on 22 September 2021. Two objections were received from the Board and communicated by the Secretariat to the Co-Chairs. One Board member submitted a comment. The Board was notified of the objections and inputs, and these were shared with the Board. Responses from the Co-Chairs to the objections were shared directly with the objecting Board member and with the Board. The Board then discussed the matter at B.30. After further consideration, the Co-Chairs agreed to submit a further proposal to the objecting Board members with a view to preparing a revised document to be shared with the Board for consideration and approval at B.31. The amended document GCF/B.31/12 titled "Matters related to accreditation: Co-Chairs' proposal on the updates to the accreditation framework" was shared with the Board prior to the meeting today. The Co-Chairs apologized for the late issuance of this document.

292. The Co-Chairs highlighted the changes in the revised document:

- (a) Changes had been made to annex II, with the support of the Secretariat, to ensure consistency with policy updates relevant to the E&S safeguards; and

(b) Changes had been made to the draft decision text in annex I in consultation with objecting Board members, notably on accreditation strategy, and including references to the IEU 'Independent synthesis of the GCF's Accreditation function' report.

293. The Co-Chairs asked the Secretariat to display the draft decision on the Boardroom screen and invited the Board to approve the draft decision as presented.

294. As the version shown on screen was a clean version, a Board member requested a copy of this showing the amendments in track changes. Furthermore, they asked for time to consider the changes. This version was then shown on screen. The Secretariat was asked to talk through the changes. The Head of Accreditation and Entity Relations Unit a.i., Ms. Stephanie Kwan, explained that, in the version now shown on the screen, these were editorial changes made by the Secretariat compared to the version they had received from the Co-Chairs earlier. On the substantive amendments, the Secretariat deferred to the Co-Chairs.

295. The Co-Chairs then walked the Board through the main track changes in the draft decision viz. paragraph (d) which referenced the initial guiding framework for accreditation, paragraph (n) which referenced the USP, and paragraph (p) which set out the consultation process for preparing the accreditation strategy.

296. The Board member who had requested more time, asked that the Secretariat urgently send the track changes version.

297. The Secretariat confirmed that a tracked changes version compared to the document GCF/BM-2021/18 had now been circulated.

298. Noting that there were only a few substantive changes between the Co-Chairs' proposal and the 2021 B.BM version, the Co-Chairs briefly suspended the item.

299. On resuming a brief time later, document GCF/B.31/12 was presented on the Boardroom screen in track changes mode. The Co-Chairs explained that other than edits to ensure policy coherence, the only changes were in the decision text. These were based on discussions with objecting members who had now agreed to lift their objections. The Co-Chairs asked the Secretariat to scroll through the decision text showing all track changes. They also confirmed that this version had now been sent to Board members.

300. The Co-Chairs asked the Board to approve the draft decision.

301. The Board member who had requested additional time to review, asked for further time, not only to review the changes in the draft decision, but also in the UAF document itself.

302. The Co-Chairs agreed to provide a little further time but asked Board members to focus on the two-page decision text.

303. Subsequently, the Co-Chairs stated that as the Board member required further time, they would suspend the item and move to another agenda item.

304. The Co-Chairs reopened agenda item 12 and explained that, following discussions to clarify the difficulties identified by the Board member who had requested more time, they would present, on screen, the state of play.

305. The issue related to the coherence of existing GCF policies, in particular the AML/CFT policy, and linkages to the updates to the accreditation framework. The difficulties related to the integration of some of the elements of AML/CFT policy. As the Secretariat had said, it had attempted to integrate all the new GCF policies affecting accreditation and adopted since the initial Accreditation Framework into the draft updates to the accreditation framework. The Co-Chairs then outlined three options before the Board:

(a) Retain the current draft decision text with the annex containing the Secretariat's edits;

- (b) Amend the decision text to confirm how the AML/CFT Policy was integrated in the annex; or
- (c) Make more substantive changes to the decision text in respect of the AML/CFT Policy and Standards. However, as this was quite technical, the Co-Chairs had insufficient time to deal with this. They therefore proposed to ask two Board members, with the support of the Secretariat including the Office of the General Counsel, to discuss this further and propose a solution to the Co-Chairs. They asked if Board members, Mr. Nauman Bhatti (who had raised the issue of policy coherence particularly in relation to the AML/CFT Policy) and Mr. Matthew Haarsager, would be willing to be part of these consultations on the side-lines of the meeting.
306. Noting that they were comfortable with the text as presented in the draft decision, Mr. Haarsager asked why the Co-Chairs were specifically suggesting that they should be involved in this process.
307. The Co-Chairs said that as the United States was well versed in policy coherence, notably in connection with the AML/CFT policy, it was in this context that they had requested the help of the Board member. This was a special request from the Co-Chairs to expedite the process and the session would be suspended.
308. Mr. Haarsager opined that there were other Board members who also had clear views on the importance of the AML/CFT policy.
309. Mr. Bhatti said he would be pleased to work with Mr. Haarsager. He understood that the text was proposed by the Secretariat and their priority was to ensure that there was consistency with Board-approved policies. Given that other important agenda items were about to be considered, he could not see how they could take time out to work on this on the side-lines of the meeting.
310. Noting that there did not appear to be an issue, given that the concern of the Board member was to ensure consistency with Board policies, another Board member asked the Secretariat to confirm if the text that was proposed improved policy coherence to the member's satisfaction. Did the new text alter the meaning from the original decision of the AML/CFT Policy? If there were no material differences, then the text should be agreeable.
311. Mr. Bhatti clarified that the issue was that references to the AML/CFT policy had been added to the draft decision when that policy was a stand-alone policy. AML/CFT standards and standard operating procedures (SOP) were yet to be developed by Secretariat and to be approved by the Board. They wished to ensure that the Secretariat and the IIU would bring the matter to the EAC. The Board could either delete the references or accurately reflect the policy. They were unclear why these references to the AML/CFT policy had been added belatedly and why the references were incomplete.
312. A representative of the Secretariat confirmed that the text was consistent with the AML/CFT policy adopted at B.18 and standards that called for counterparty due diligence to be conducted. The standards called for further clarification of this due diligence in the SOP currently being drafted by the Secretariat and the IIU. These would be shared with the EAC for approval as soon as the EAC was reconstituted.
313. Mr. Bhatti reiterated his view that the simplest way forward was to delete the references to the AML/CFT policy in the draft text of the annex, namely paragraphs paras 43, 60, 64 and 102. It was their understanding that doing so would still enable the Secretariat to apply the counterparty due diligence required by the AML/CFT Policy. If not, then the entire reference to the AML/CFT policy would need to be reflected. Mr. Bhatti asked the Secretariat to confirm if the deletion of all references to the policy would prevent the Secretariat from applying the AML/CFT Policy.

314. The Secretariat representative confirmed that the deletion of the references in paragraphs 43, 60, 64 and 102 would not prevent it from applying the AML/CFT Policy and standards as approved by the Board.

315. Another Board member expressed support for the proposal to delete all references to the AML/CFT Policy.

316. The Co-Chairs then proceeded to take each paragraph with a reference to the AML/CFT Policy and to ask the representative of the Secretariat to further confirm in respect of each paragraph that the removal of each one would not prevent the Secretariat from implementing the policy. This was confirmed in respect of paragraphs paras 43, 60, 64 and 102. During the review of paragraph 60, Mr. Bhatti requested that the Secretariat confirm that the removal of the AML/CFT policy reference would not prevent the Secretariat from applying the AML/CFT policy and standards “as approved by the Board”. This was confirmed by the Secretariat representative.

317. Mr. Bhatti confirmed that the text was now acceptable and thanked the Co-Chairs for their support.

318. The Co-Chairs asked the Secretariat to once more show the draft decision on screen and asked the Board to approve the decision.

319. Seeing no further comments or objections, it was so approved.

320. The Co-Chairs opened the floor for further comments.

321. Several Board members welcomed approval of the UAF (and the PSAA) which, as one noted, had had a long and complicated birth. One expressed appreciation for the work undertaken to address the objections which had been raised when the document was circulated for a decision between meetings. However, a number of Board members expressed regret at the process followed by the Co-Chairs in presenting the revised document with extremely limited time for the Board members to consider it. Given that the revised decision went beyond the objections to the BBM, it was important that this late presentation of the document was not used as a precedent.

322. A number of interventions focused on the process for the development of the accreditation strategy. These included an expectation that the work on this should be based on the IEU’ evaluation of accreditation and its “Independent synthesis of the GCF’s Accreditation function” report. One highlighted that this contained many valuable conclusions and recommendations. Furthermore, this approach would also be in line with the Evaluation Policy adopted in 2021 which set out that evaluations should form the basis of policy-related work. The need for the work on the accreditation strategy to be done in a timely manner was also mentioned. There were several comments and queries regarding the process for developing the strategy, particularly with reference to paragraph p) of the decision which stated that this would be developed “under the guidance of the Co-Chairs”. They wished to have confirmation that this did not mean exclusive ownership by the Co-Chairs; the whole Board should be consulted at every step with full access to the document as it was developed. They proposed a working group to clarify the consultation process on the strategy and other documents. The need for full involvement of the Board was echoed by another Board member. Whilst the paragraph talked of an “open, inclusive and transparent manner”, they opined that that would only be the case if the Secretariat was in a position to share the document with the full Board and not just the Co-Chairs. It was important that this was done in a spirit of one Board and the Board should be engaged collectively, not only by constituency. They recalled there had previous cases where Co-Chairs had changed documents beyond recognition. This led to them being unimplementable, as they deviated significantly from the original document which had been drafted based on the technical expertise of the Secretariat. This process should be clear.

323. Whilst concurring with the need for an inclusive and transparent process, a Board member emphasised that it was the prerogative of the Co-Chairs to select the appropriate mechanism for consultation in line with the overarching principle that the more inclusive the process, the better the outcome.
324. Another Board member recommended that the draft accreditation strategy should first be considered by the Accreditation Committee before being passed to the Board.
325. They also highlighted the lack of common ground in the Board on where the issues lay with respect to the GCF accreditation process. There was a trade-off between addressing the delays in the accreditation process whilst simultaneously expecting accreditation of more DAEs from developing countries as these usually took longer. They suggested that the Board achieve a consensus on the optimal number of AEs the GCF should accredit and manage. However, they recognized that establishing ceilings would disadvantage some types of AEs, but this matter should still be discussed within the Board.
326. A further Board member shared several additional thoughts on the strategy. These included:
- (a) It should address questions enhancing AE approaches to project development and implementation that affected country ownership, stakeholder engagement, and monitoring and accountability. This included issues such as meaningful consultation with local and indigenous peoples, information disclosure, effective communication mechanisms with external stakeholders, participating and monitoring project-level and entity-level grievance redress and protections against retaliation; and
 - (b) Highlight the need for AEs to be capable of complying with E&S standards in all programmes and projects funded by GCF, consistent with paragraph 65 of the Governing Instrument.
327. These should be considered in developing the accreditation strategy.
328. A Board member asked for clarification on the meaning of paragraph m): “Decides to launch the process to review the Accreditation Framework in accordance with decision B.27/06, which inter alia, mandates the Board to present a revised accreditation framework to address matters outlined in paragraph 26 (a)(i)-(v) of annex VI to the decision.”
329. The Co-Chairs clarified that the decision adopted related to the updated Accreditation Framework. Paragraph (m) referred to the accreditation framework adopted by the Board at B.07, which was requested to be reviewed and revised under the USP.
330. An alternate member delivered a statement on behalf of the African Group of Board members regarding the lifting of their objection which can be found in annex XI.
331. The active observer for civil society organizations (CSOs) made the following remarks:
- (a) Accreditation was a critical component of GCF operations and one of the main ways that the GCF could have the largest impact and promote change. CSOs welcomed efforts to streamline approaches to accreditation. However, this needed to be done without compromising the quality and thoroughness of assessments. That being said, they continued to have concerns with the draft updates to the Accreditation Framework as it had some critical weaknesses that should be addressed before adoption.
 - (b) CSOs remained concerned about paragraphs in the UAF implying that entities only needed to comply with the first performance standard (interim ESS) when in fact they should be capable of ensuring compliance with all ESSs and the ESP, even if not every project invoked all the ESSs.
 - (c) As CSOs had requested in the past, an updated Accreditation Framework must establish modalities for third party input and verification, including from affected communities,

Indigenous Peoples, and civil society, in the accreditation and reaccreditation process to enhance the Accreditation Panel's assessment. This was especially important as it could help verify the actual track record of the applicant and their implementation of policies on the ground.

- (d) CSOs continued to have significant concerns with the Project-Specific Assessment Approach (PSAA) as proposed for several reasons, including that it undermined the accreditation process. Whilst limiting it to only one project per entity was welcome, they were concerned that this could be abused by larger entities which could work through existing or new subsidiaries to submit multiple PSAA requests and through proposing large-scale programmes or funding facilities with prospective numerous sub-projects under the PSAA.
- (e) They also believed that it should only be established in a pilot phase that was followed by mandatory assessment and review and initially restricted to micro scale and Category C/I-3 projects with minimal to no risks, as category B/I-2 projects could and did have significant impacts. In a pilot phase, programmes and programmatic approaches should also initially be excluded.
- (f) Additionally, in order to target "in particular DAEs," as the proposal claims, they urged that eligibility be limited in the PSAA's pilot phase only to DAEs.
- (g) They appreciated that the process for assessing the PSAA included consideration of all policies, including the ESP, Indigenous Peoples policy, gender policy, Information Disclosure Policy, and fiduciary/integrity policies (which should not take precedence over others) and that the Secretariat would assess the capacity for compliance with policies. It must be ensured and clear in the proposed approach that in applying the PSAA, the proposal's capacity to address environmental and social risks would be assessed against all relevant GCF policies. They were concerned that there were very few references to ensure entity capacity to address grievances or provide redress, including through an independent grievance redress mechanism, which was different from managing risks.
- (h) Lastly, they welcomed the development of an accreditation strategy and looked forward to providing inputs to its development as the GCF observer network. Consultation should be inclusive with the full and effective participation of observers and other stakeholders beyond the Board.

332. The Co-Chairs acknowledged that the process followed had been far from ideal. They had heard the calls from Board members the previous day for a decision on the UAF and the recommendations from the IEU to take urgent decisions on accreditation matters. As a result, the Co-Chairs took it upon themselves to propose amendments to the draft. They promised to do better going forward. In respect of the process, they noted the points raised by Board members and confirmed that they would continue to enhance consultation in an open, inclusive and transparent manner in line with the Rules of Procedure of the Board.

333. The agenda item was closed.

334. The Board took note of document GCF/B.31/12 titled "Matters related to accreditation: Co-Chairs' proposal on the updates to the accreditation framework".

335. The Board adopted the following decision:

DECISION B.31/06

The Board, having considered document GCF/B.31/12 titled “Matters related to accreditation: Co-Chairs’ proposal on the updates to the accreditation framework”:

- (a) Takes note of the findings and recommendations in the Independent Synthesis of the GCF’s Accreditation Function undertaken by the Independent Evaluation Unit (see document GCF/B.26/Inf.05), as well as other related Independent Evaluation Unit evaluations that covered matters related to the GCF’s accreditation systems, the Secretariat’s management responses, and views from the Board in accordance with decision B.30/11;
- (b) Requests the Independent Evaluation Unit to present a management action report to the Board no later than one year following the adoption of this decision;
- (c) Agrees to the revised definitions of the size categories as contained in annex IV to this document regarding the “scale of intended activities” and that these definitions shall apply to projects and programmes approved at or after the first Board meeting in 2024;
- (d) Adopts the updates to the accreditation framework set out in annex V to this document to replace the initial guiding framework for the accreditation process adopted by the Board pursuant to decision B.07/02, paragraph (a), as of the date of effectiveness set out in annex V;
- (e) Requests, pursuant to paragraph (d) above, the Accreditation Panel, with the support of the Secretariat, to establish a roster of competent external consultants and/or consultancy firms in accordance with the Administrative Guidelines on Procurement, and approves an additional budget of USD 700,000 under the administrative budget of the Board to be executed during the years 2022 and 2023 for the use of such external consultants and/or consultancy firms;
- (f) Also requests the Accreditation Committee, in consultation with the Secretariat and Accreditation Panel, to update the draft working modalities of the Accreditation Panel set out in annex I to document GCF/B.21/Inf.10 titled “Reports from committees, panels and groups of the Board of the Green Climate Fund” to reflect the use of external consultants and/or consultancy firms in the context of reviews of entities in Stage II (Step I), with a view to presenting such working modalities to the Board for its consideration no later than at its first meeting in 2023;
- (g) Decides, pursuant to decision B.23/11, to implement, on a pilot basis, a project-specific assessment approach that combines assessments undertaken during the existing accreditation and proposal approval processes in a fit-for-purpose manner, in accordance with the parameters set out in annex V and taking into account decision B.19/13, paragraph (d);
- (h) Also decides, pursuant to paragraph (g) above, to request the Secretariat and the independent Technical Advisory Panel to prioritize, during the first year of project-specific assessment approach implementation, project-specific assessment approach proposals (with respect to the Secretariat) and accompanying funding proposals (with respect to the Secretariat and the independent Technical Advisory Panel) from (i) subnational, national and regional entities based in developing countries, particularly those from developing countries that have yet to have an approved GCF-funded activity at the time of the launch of the project-specific assessment approach; and (ii) entities responding to requests for proposal issued by GCF.⁶ After the first year, unless otherwise decided by the Board, the

⁶The requests for proposal may include those for the pilot phase for enhancing direct access (decision B.10/04), the pilot programme to support micro, small, and medium-sized enterprises (decision B.10/11), and the pilot programme to mobilize funds at scale in order to address adaptation and mitigation (decision B.16/03).

approach for the review of project-specific assessment approach proposals shall default to a first-come-first-complete basis;

- (i) Approves an additional budget of USD 600,000 under the administrative budget of the Secretariat to be executed during the years 2022 and 2023, including for the procurement of the external consultants and/or consulting firms mentioned in paragraph (g), to cover the assessments of approximately 10 funding proposals submitted by entities under the project-specific assessment approach and the related legal arrangements for those project-specific assessment approach entities and related funding proposals approved by the Board;*
- (j) Decides that entities with funding proposals approved within the scope of the project-specific assessment approach set out in paragraph (g) above shall be deemed accredited for the purposes of such approved funding proposals only;*
- (k) Also decides that the Project Preparation Facility can also support project and programme preparation requests from entities not yet accredited to GCF, in particular subnational, national and regional entities, which have submitted a complete application for the project-specific assessment approach detailed in paragraph (g) above, and that the provisions of decision B.13/21 shall apply mutatis mutandis to such entities;*
- (l) Requests the Secretariat to report to the Board on an annual basis on the operationalization and implementation of the approach referred to in paragraph (g) above, and decides to review the pilot framework for the project-specific assessment approach referred to in paragraph (g) above three years after its operationalization;*
- (m) Decides to launch the process to review the accreditation framework in accordance with decision B.27/06, which, inter alia, mandates the Board to present a revised accreditation framework to address matters outlined in paragraph 26 (a)(i)–(v) of annex VI to that decision;*
- (n) Requests the Secretariat, pursuant to the updated Strategic Plan for the GCF 2020–2023 adopted in decision B.27/06, to present an analysis of the accredited entity portfolio to identify strengths and gaps in coverage and capabilities no later than the thirty-second meeting of the Board;*
- (o) Decides to develop a strategy on accreditation, as recommended by the Independent Evaluation Unit, that clarifies the role of accreditation in the GCF, building on the strategic approach to accreditation as outlined in the updated Strategic Plan for the GCF 2020–2023. In particular, the accreditation strategy should focus on:*
 - (i) Improving the efficiency of the accreditation process, including the consideration of portfolio targets, performance indicators and milestones;*
 - (ii) Seeking to increase the share of direct access entities above the initial resource mobilization level, including by prioritizing accreditation of and capacity support for direct access entities of countries which do not yet have a national or regional direct access accredited entity, including by promoting the participation and accreditation of micro, small and medium-sized enterprises in GCF activities in all developing countries, including least developed countries, small island developing States and African States;*
 - (iii) Incentivizing capacity-building and alignment with the GCF mandate within the accreditation function and further strengthening the Accreditation Panel;*
 - (iv) Improving monitoring and reporting by accredited entities in terms of performance, results and alignment with the GCF mandate;*

- (v) *Informing re-accreditation decisions with (i) an examination of accredited entities' performance in contributing to GCF programming results, considering international access entities' contribution to building capacities of direct access entities; and (ii) an assessment of the extent to which accredited entities' overall portfolio of activities beyond those funded by GCF has evolved towards low-emission and climate-resilient development pathways;*
 - (vi) *Ensuring that the re-accreditation assessments of accredited entities' portfolios are based on clear, transparent and predictable criteria that are communicated to applicants;*
 - (vii) *Providing guidance to international access entities to support the building of capacities of direct access entities;*
 - (viii) *Improving the accreditation component of the GCF's request for proposal modality; and*
 - (ix) *Enhancing the provision of pre-accreditation and post-accreditation support, in particular for direct access entities, to strengthen capacity-building for candidate entities; and*
- (p) *Requests the Secretariat, under the guidance of the Co-Chairs, to prepare the accreditation strategy in an open, inclusive and transparent manner in accordance with the relevant provisions of decision B.23/03, including engaging in consultations with the Board, accredited entities, observers and national designated authorities, for consideration by the Board no later than its thirty-third meeting.*

Agenda item 13: Consideration of funding proposals

336. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.31/02 titled "Consideration of funding proposals", and its associated addenda Add. 01-02.

337. With reference to the Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund, the Co-Chairs invited any Board members and subsequently, active observers, who wished to declare a conflict of interest in relation to deliberations on any of the funding proposals, to do so. There were no declarations in respect of the Policy.

338. The Co-Chairs invited the Secretariat to provide an introduction before proceeding to consider the funding proposals one at a time. They also noted that a technical session had been held on 24 March 2022 to address questions raised by Board members. They thanked the Secretariat and AEs for engaging in the session.

339. A representative of the Secretariat, Deputy Executive Director a.i., Mr. Henry Gonzalez, presented an overview of the two funding proposals for B.31 and the projected portfolio of GCF should both be approved. For B.31, the Secretariat had endorsed and submitted six funding proposals to the independent TAP under the rolling review process. These six funding proposals would have resulted in 72 per cent for adaptation as well as 46 per cent for DAEs, both in grant equivalent terms. Out of these six, four funding proposals were endorsed by the independent TAP. However, due to the AMA lapse of an international access entity and withdrawal of a DAE proposal, two funding proposals had been submitted to the Board at B.31.

340. The representative provided an overview of the thematic balance and DAE share before the independent TAP review and after the independent TAP review, as well as a portfolio analysis of B.31 proposals by sector, access modality and thematic area in grant equivalent terms. Figures on the distribution by geographical region, thematic area and financial instrument, in both nominal and grant equivalent terms, were provided. The presentation also

included the expected emission reductions and the number of beneficiaries, along with the portfolio distribution across the eight results areas.

341. The representative drew the attention of the Board to an error in the title of previously published document for funding proposal FP183 which stated, “Green Great Wall” instead of “Great Green Wall”. This had been amended.

342. The Co-Chairs thanked the representative and opened the floor for general comments on the package of funding proposals.

Summary of discussion

343. Board members expressed support for the two funding proposals, with one noting that they provided essential financial support, knowledge sharing and capacity building in developing countries addressing climate change. At the same time there was widespread concern at the small number of funding proposals presented at B.31. One observed that the total value of USD 187.6 million was the lowest since the Board began approving funding proposals; in their view this represented a reputational risk to the Fund. For the Board member it was essential to address this decline and ensure that there was an increase in the commitment authority for 2022. Given that COP 27 would be held in Africa, which was one of the most vulnerable regions, the commitment authority target should be increased by no later than B.32. Another, who shared the concern, also pointed to the fact that one private sector project had been withdrawn. The Board member encouraged the Secretariat to continue to strengthen the GCF pipeline, particularly in respect of private sector projects. They expected to see more such projects at B.32, as private sector engagement was essential to address environmental challenges.

344. On the positive side, the Board member expressed satisfaction that one of the two projects was based in Colombia. They wished to encourage GCF to strengthen its funding in the Latin America and Caribbean (LAC) region, particularly for adaptation, as the region was highly vulnerable to climate change. They were also pleased to see cross-cutting projects that leveraged synergies between mitigation and adaptation as an opportunity to engage the private sector to enhance climate resilience.

345. For another Board member, the small number of funding proposals from LDCs, was disappointing. The Board member felt that this was caused by systemic flaws and that the reasons for establishing the Green Climate Fund were being forgotten. Noting that a funding proposal from an LDC had not been presented for Board consideration because of non-endorsement by the independent TAP, they opined that the Board seemed to be at the mercy of the Panel. They insisted there was insufficient communication between the Panel and the Secretariat. Furthermore, the Board member stated that there was lack of transparency regarding conditions placed on funding proposals by the independent TAP. It seemed as if these were not communicated to the AEs and the countries themselves. At the same time, the Board member respected the expertise and work of the independent TAP. The Board member requested to see the conditions placed by independent TAP and asked fellow Board members to support their insistence on transparency in this matter.

346. For another Board Member, the independent TAP was a gatekeeper to ensure high quality of funding proposals and they encouraged it and the Secretariat to continue perform their respective roles. They noted that the Secretariat had submitted six proposals but there had been differences in the review by the Secretariat and the independent TAP; this was a healthy sign because there were many different views. For the Board Member, this also related to the lack of policy guidance, and this underscored the need to close operational policy gaps. Another Board member hoped that GCF and the independent TAP would work together to address the issues and enhance the review process.

347. A further Board member highlighted that one funding proposal had not been presented because of the AMA status lapse. This was because the pre-agreed dates for B.31 were changed. Therefore, the Board Member underlined the need to stick to the Board meeting dates, as delays could have significant consequences. In this case, this had impacted Africa. The concern that a funding proposal had been lost for purely administrative reasons was echoed by another Board member. A further Board member expected GCF and AEs to work together to address issues regarding AMAs, to avoid lapses in their effectiveness. This was important, not only for the submission of the proposal, but also the implementation process.

348. In relation to the FP182, a Board member was pleased to see that this proposal had been submitted by the regional direct access entity and that the project included highly innovative elements.

349. The Board Member asked how it dealt with sensitivity towards different stakeholder groups involved, including women and indigenous peoples, noting that the proposal stated it would not have direct impacts on indigenous peoples and their territories. What were the potential impacts on the indigenous peoples and would the proposed inclusion at a later stage of the project be too late to address any concerns? They also asked how mitigation impact had been assessed, as some of the production activities were greenhouse gas (GHG) intensive and potentially environmentally harmful. The Board Member wished to have further clarification on the overall emissions and land degradation impacts, as well as on the genetic improvement of certain crops and their roll out. Regarding FP183, they were pleased to see how this built on smaller programmes and learned from their experiences. They also asked for more information on the risk situation in some of the countries and how these factors would be managed during the implementation process.

350. A Board Member said that the current batch of proposals had included several LDCs, particularly in Africa, and had strong adaptation components targeting food security and climate-smart agriculture which were key priorities. The approval of the funding proposals would help to achieve a better balance in the eight result areas.

351. It was noted that many of the countries included in the funding proposals were suffering the effects of conflict, underscoring the risks in implementation and the need for an assessment of conflict sensitivity. The AE's framework for engagement with countries in fragile situations would be used, for example, in respect of FP183.

352. The Board member thanked the active observers for civil society organizations for their comments which had been circulated to the Board, highlighting issues that all Board members needed to consider when assessing and implementing the projects. At the same time, they welcomed the efforts undertaken by the Secretariat to revise the funding proposal template for consistency and alignment with the IRMF and the further work to streamline the project documentation and related processes. Finally, the Board member thanked the Secretariat and the AEs for answering their questions, and indicated they wished to approve the projects. A Board member hoped that GCF could speed up funding by enhancing project preparation and implementation processes and adopting a tailored approach to support developing countries.

353. For the Board member who had noted the record low volume of funding proposals presented at B.31, the current portfolio appeared weighted towards large-scale, multi-country programmes from Multilateral Development Banks (MDBs). They expected to see more projects from DAEs in the future. This was echoed by another Board member who opined that GCF needed to find a way to support small, country-driven projects and projects implemented by DAEs. A further Board member expected to see stronger cooperation between GCF and DAEs, as this was important to enhance developing countries' national capabilities to address climate change. In addition, they hoped to see GCF's dedicated support to DAEs and GCF's efforts to enhance cooperation between the IAEs and regional and national DAEs.

354. The Co-Chairs invited the active observer for CSOs to take the floor.

355. The active observer also registered a concern at the small number of funding proposals. In relation to the two funding proposals presented for Board consideration, they noted that, despite the considerable time spent on their review, their perception was that there were still several gaps and non-compliance with GCF policies and standards. They expressed concern about the repeated description of supported agricultural approaches as “climate-smart agriculture,” a term Board members had rejected in the past and that lacked a clear and commonly agreed international definition. As applied here in a manner that both funding proposals shared, it seemed to promote digital technology, which would drive farming approaches focused on value chains instead of concentrating on smallholder farmers, while neglecting to incorporate traditional local knowledge and approaches.

356. While both proposals claimed to focus primarily on smallholder farmers, including supporting women farmers, given that technology access, suitability and affordability issues were not detailed in the proposals, CSOs felt that the technology focus could actually further disenfranchise the most vulnerable agricultural producers instead of empowering them and improving their livelihoods. This would result in maladaptation of GCF’s funded projects. More broadly, they were concerned that this focus had resulted from the emphasis given to this type of technology-driven approach in the sectoral guide for the agriculture and food security sectors recently published by the GCF, to which CSOs provided comments, including with regards to the issues they were raising.

357. Secondly, CSOs were concerned that the funding proposals being considered had inadequate Gender Action Plans, which did not take into consideration the findings of the Gender Assessment and lived realities of women, and with little regard to the rights of local communities and Indigenous Peoples. In terms of ambition and targets set, it appeared that women were primarily seen as recipients of modules and training rather than as key partners in decision making with guaranteed access to the GCF concessional finance provided in the funded activities. While one of the funding proposals explained in detail the situation and context of women in the recipient country, there was no information about how women would benefit in each of the project outcomes.

358. Finally, the active observer said that Indigenous Peoples seemed to be an afterthought and were excluded from the formulation of the projects. CSOs were concerned that this was an attempt to avoid compliance with respecting the rights of Indigenous Peoples, such as the right to Free, Prior and Informed Consent, which should start with project and programme design, and continue throughout implementation and monitoring of the project. They urged the Board to take affirmative actions to ensure that the Gender and Indigenous Peoples Policy, among others, were fully implemented in all projects supported by the GCF. Indigenous Peoples and women should not be seen as afterthoughts, but as partners whose experience and knowledge would lead to more effective climate action; failing to fully integrate them was a missed opportunity.

359. The Co-Chairs thanked the active observer.

360. An alternate member expressed support for remarks from Board member, Mr. Hussein Alfa Nafo (Seyni), on behalf of the African Group of Board members. They also wished to make a further statement on behalf of the Group in respect of the initial no-objection letter procedure. The full statement is included in annex XI.

361. The Co-Chairs thanked the Board member and invited the Deputy Executive Director, a.i., Mr. Henry Gonzalez to respond to comments.

362. Mr. Gonzalez thanked Board members for their comments and observations and provided the following responses:

(a) Recalling the presentation from the Executive Director, Mr. Yannick Glemarec, on the financial planning, the Secretariat aimed to programme at least USD 1.77 billion which it

- considered was appropriate, given the current commitment authority, including some of the front-loading that it had been able to obtain;
- (b) The Secretariat expected to increase the volume of funds and the number of projects to achieve 1-billion-dollar programming for B.34 in October 2022;
 - (c) Given the financial planning resources and commitment authority, the Secretariat had held back larger programmes, especially for B.31 and B.32, but was planning a considerable increase for B.33 and B.34;
 - (d) The Secretariat was adopting a new funding proposal template from B.32 onwards. Some projects in the pipeline would be impacted as they had to resubmit their funding proposal using the new funding proposal template in order to comply with IRMF approved at B.29. The funding proposals would have to be presented in the new funding proposal template from B.32 onwards;
 - (e) With regards to the private sector, the Secretariat was planning to increase the number of projects. For B.32, there could be up to five projects presented to the Board, including two private sector projects;
 - (f) The Secretariat continued to implement the process where all funding proposals were reviewed on a rolling basis as part of the updated modalities for the independent TAP. This enabled the Secretariat to work closely with the various stages involved in the independent TAP approval process;
 - (g) The Secretariat had developed an online review cycle platform for the independent TAP in order to improve efficiency and work better together;
 - (h) There was a substantial pipeline to ensure DAEs, adaptation projects and private sector projects were brought forward;
 - (i) By having the resources at the end of 2022, the Secretariat expected to reach the goals set out by the Executive Director;
 - (j) Regarding the issue of the NOL, the Secretariat published SAP024, which was a first-time DAE proposal, with a letter of support from the NDA. The Secretariat informed the AE that the funding proposal could not be considered if the formal NOL was not submitted prior to B.31. The Secretariat took this approach to support a first-time DAE, which was also a private sector SAP proposal, in keeping with USP targets for greater mobilization through DAEs, the SAP and private sector; and
 - (k) The Secretariat wished to assure the Co-Chairs and the Board that this project, and any other funding proposal, would only be presented for Board consideration when the respective NOL has been obtained in line with Board Decision B.08/10.
363. The Co-Chairs thanked the representative of the Secretariat.
364. They indicated that the Board would now proceed to consider individual funding proposals.

Funding proposal 182 titled “Climate-smart initiatives for climate change adaptation and sustainability in prioritized agricultural production systems in Colombia (CSICAP)” by Corporación Andina de Fomento

365. The Co-Chairs opened FP182, as contained in document GCF/B.31/02/Add.01.
366. They informed the Board that the representative of the AE supporting the project (CAF) was present in the virtual Boardroom in case of questions.

367. They drew the attention of the Board to the draft decision in annex I to document GCF/B.31/02 and opened the floor for comments.

368. A Board member expressed appreciation for the project because the links between agriculture, livestock and forestry were addressed in a holistic manner. It included nature-based solutions, conservation agriculture, crop rotation, landscape restoration, establishment of ecological corridors and silvopastoral systems that reduced pressure on forests and restored soils. They wished to congratulate the AE for providing direct and precise answers to their questions.

369. The Board member, supported by a second Board member, wished to have confirmation that the chair of the independent TAP, whose hand was raised on the Zoom platform, would be invited to take the floor. It was the role of the independent TAP to advise the Board and it was essential that the chair was invited to take the floor when they wished to make comments.

370. They invited the Board to approve the project for the requested funding amount.

371. There being no further comments or objections, FP182 was approved for the funding amount requested.

Funding proposal 183 titled “Inclusive Green Financing Initiative (IGREENFIN I): Greening Agricultural Banks & the Financial Sector to Foster Climate Resilient, Low Emission Smallholder Agriculture in the Great Green Wall (GGW) countries - Phase I” by the International Fund for Agricultural Development

372. The Co-Chairs opened FP183, as contained in document GCF/B.31/02/Add.02.

373. They informed the Board that the representative of the AE supporting the project (IFAD) was present in the virtual Boardroom in case of questions.

374. They drew the attention of the Board to the draft decision in annex I to document GCF/B.31/02 and opened the floor for comments.

375. Expressing support for FP183, a Board member underlined the importance of commitment from the financial sector to sustainable agriculture. They welcomed the lessons learned from the experience of the Global Environmental Facility (GEF) with the Great Green Wall which had been taken into account in this proposal; this was something they had been demanding for some time.

376. The Board member reiterated their remarks made under the consideration of FP182 regarding the chair of the independent TAP. Furthermore, the chair should be invited to speak before the Board was asked to approve a funding proposal.

377. A further Board member wished to know why the chair had not been given the floor under the previous funding proposal.

378. The Co-Chairs stated that the request for the floor from the chair of the independent TAP would be considered following approval of the funding proposal.

379. They invited the Board to approve the project for the requested funding amount.

380. There being no further comments or objections, FP183 was approved for the funding amount requested.

381. The Co-Chairs invited the active observer for civil society organizations (CSOs) to take the floor.

382. Since it was their first time participating as an alternative active observer, Mr. Kairos dela Cruz extended gratitude to the Co-Chairs, Board members, Secretariat and fellow observers for their perseverance and resolve.

383. On behalf of the observer community, they expressed appreciation for the regional and substantive focus of this funding proposal. However, they had some remaining concerns despite the clarifications provided by IFAD.

384. While welcoming the programme's focus on providing access to green credit lines for women and youth-led MSMEs, the promise that 50 per cent of the loans provided would benefit those often-marginalized entrepreneur groups did not say anything about a target percentage of the overall loan amounts that would be granted to those groups. Likewise, the eligibility criteria for women and youth-led MSMEs would effectively rule out access to the credit lines for those in the informal sector, the unbanked and the very small to micro enterprises. They recommended that a minimum floor be set for the amount of loan financing provided to these currently financially excluded business segments.

385. Correspondingly, they wished to recommend that under the Gender Action Plan the proposed item to support women with securing land and property rights be significantly increased. This should be taken up in the revised gender action plan that IFAD promised to submit before the end of the first year of the programme.

386. CSOs feared that without any targets or minimum floors, there was no guarantee that a significantly considerable number of all loans under the programme would be provided as micro and small loans to smaller groups. While monitoring was promised, without setting expectations for targeted outcomes with the participating banks (such as minimum percentages for the micro and small loan category) lending could lead to an over investment in medium-size enterprises and capital goods investments.

387. It was the CSOs' understanding that IFAD would work with national seed suppliers to provide licensed or certified seeds. While they welcomed the assurance from IFAD that those would not include any GMO seeds, IFAD did not clearly state whether those licensed seeds would have to be purchased annually or whether they had allowed for seed-saving by the participating smallholder farmers, farmer organizations and cooperatives. This spoke to the financial sustainability of improved farming efforts, including the ability of farmers to repay loans. Additionally, instead of focusing on licensed or certified seeds, the programme should encourage and support local seed banks, including promoting indigenous seeds.

388. CSOs also had concerns regarding some of the proposed sustainable crop value chains. It was not clear whether proposed safeguards could prevent participating banks lending support for the potential of monoculture commodity tree crop production or maladaptation through the focus on rice production in increasingly water-scarce areas. Questions remained as to how effectively the potential for water sources depletion and soil salinization through increased use of irrigation could be regularly assessed and how this information would be shared with participating banks in a timely manner to inform loan decisions.

389. The project did not include clear measures to address certain risks common to both the agricultural sector and the countries involved, especially those from natural disasters. In their responses IFAD stated that the risk of natural disasters would be addressed by the adaptation activities of the project itself. However, these activities would require time to be fully implemented and the businesses would be exposed to these risks from the start. Depending on the severity of the disasters, they might find themselves unable to repay their loans, a situation the project did not address, while at the same time leaving the participating countries to bear the risks of these potential losses.

390. Lastly, with respect to the GGW Regional Support Programme and its planned advisory committee, the active observer stressed that local and sub-national stakeholders and representatives i.e., the beneficiaries of those activities (such as MSMEs, women's and youth groups, farmers organizations, or cooperatives) and not only representatives from countries and participating international organizations must be included. They wished to see such a

commitment – which was missing from the funding proposal – explicitly confirmed as part of the FAA.

391. The Co-Chairs thanked the active observer.

392. They informed Board members that they would now move to the consideration of the requests for extensions to deadlines in respect of four funding proposals.

Status of approved funding proposals: Extension of deadline in respect of SAP016 Fiji (Agrophotovoltaic Project in Ovalau)

393. The Co-Chairs drew the attention of the Board to document GCF/B.31/03 titled “Status of approved funding proposals: Extension of deadline in respect of SAP016 (Fiji Agrophotovoltaic Project in Ovalau)” transmitted to the Board on a limited distribution basis.

394. The Co-Chairs invited the Board to adopt the draft decision in annex I to the document GCF/B.31/03.

395. There being no comments or objections, the Board adopted the decision.

Status of approved funding proposals: Extension of deadline in respect of FP150 Promoting private sector investment through large scale adoption of energy saving technologies and equipment for Textile and Readymade Garment (RMG) sectors of Bangladesh (IDCOL)

396. The Co-Chairs drew the attention of the Board to document GCF/B.31/04 titled “Status of approved funding proposals: Extension of deadline in respect of FP150 (Promoting private sector investment through large scale adoption of energy saving technologies and equipment for Textile and Readymade Garment (RMG) sectors of Bangladesh) transmitted to the Board on a limited distribution basis.

397. The Co-Chairs invited the Board to adopt the draft decision in annex I to the document.

398. There being no comments or objections, the Board adopted the decision.

Status of approved funding proposals: Extension of deadline in respect of FP153 Mongolian Green Finance Corporation (XacBank Mongolia)

399. The Co-Chairs drew the attention of the Board to document GCF/B.31/05/Rev.01 titled “Status of approved funding proposals: Extension of deadline in respect of FP153 (Mongolian Green Finance Corporation) transmitted to the Board on a limited distribution basis.

400. The Co-Chairs invited the Board to adopt the draft decision in annex I to document GCF/B.31/05/Rev.01.

401. There being no comments or objections, the Board adopted the decision.

Status of approved funding proposals: Extension of deadline in respect of FP154 Mongolia: Aimags and Soms Green Regional Development Investment Program (ASDIP)

402. The Co-Chairs drew the attention of the Board to document GCF/B.31/06 titled “Status of approved funding proposals: Extension of deadline in respect of FP154 (Mongolia: Aimags and Soms Green Regional Development Investment Program (ASDIP))” transmitted to the Board on a limited distribution basis.

403. The Co-Chairs invited the Board to adopt the draft decision in annex I to document GCF/B.31/06.

404. There being no comments or objections, the Board adopted the decision.
405. The Board took note of document GCF/B.31/02/Rev.01 titled “Consideration of funding proposals” and its addenda Add.01-02, and Add.03/Rev.01 (general distribution); and addenda Add.04/Rev.01, Add.05/Rev.01 and Add.06 (limited distribution).
406. The Board adopted the following decision:

DECISION B.31/07

The Board, having considered document GCF/B.31/02/Rev.01 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
- (i) *Funding proposal 182 titled “Climate-smart initiatives for climate change adaptation and sustainability in prioritized agricultural production systems in Colombia (CSICAP)” by the Corporación Andina de Fomento, as contained in document GCF/B.31/02/Add.01 and 06; and*
- (ii) *Funding proposal 183 titled “Inclusive Green Financing Initiative (IGREENFIN I): Greening Agricultural Banks & the Financial Sector to Foster Climate Resilient, Low Emission Smallholder Agriculture in the Great Green Wall (GGW) countries - Phase I” by the International Fund for Agricultural Development, as contained in document GCF/B.31/02/Add.02 and 06;*
- (b) Approves funding proposal 182 for the amount of USD 73,283,080, submitted by the Corporación Andina de Fomento, subject to the conditions set out in annex VI and in the respective term sheet set out in document GCF/B.31/02/Add.06;
- (c) Also approves funding proposal 183 for the amount of EUR 104,415,189, submitted by the International Fund for Agricultural Development, subject to the conditions set out in annex VI and in the respective term sheet set out in document GCF/B.31/02/Add.06;
- (d) Reaffirms that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (e) Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.

407. The Board took note of limited distribution document GCF/B.31/03 titled “Status of approved funding proposals: Extension of deadline in respect of SAP016 (Fiji Agrophotovoltaic Project in Ovalau)”.
408. The Board adopted the following decision:

DECISION B.31/08

The Board, having considered limited distribution document GCF/B.31/03 titled “Status of approved funding proposals: Extension of deadline in respect of SAP016 (Fiji Agrophotovoltaic Project in Ovalau)”:

Decides to extend the deadline until 28 September 2022 for the execution of the funded activity agreement for the following approved funding proposal:

- (i) SAP016, titled “Fiji Agrophotovoltaic Project in Ovalau”.*

409. The Board took note of limited distribution document GCF/B.31/04 titled “Status of approved funding proposals: Extension of deadline in respect of FP150 (Promoting private sector investment through large scale adoption of energy saving technologies and equipment for Textile and Readymade Garment (RMG) sectors of Bangladesh)”.

410. The Board adopted the following decision:

DECISION B.31/09

The Board, having considered limited distribution document GCF/B.31/04 titled “Status of approved funding proposals: Extension of deadline in respect of FP150 (Promoting private sector investment through large scale adoption of energy saving technologies and equipment for Textile and Readymade Garment (RMG) sectors of Bangladesh)”:

Decides to extend the deadline until 28 September 2022 for the execution of the funded activity agreement, in a form and substance satisfactory to the Secretariat, for the following approved funding proposal:

- (i) FP150, titled “Promoting private sector investment through large scale adoption of energy saving technologies and equipment for Textile and Readymade Garment (RMG) sectors of Bangladesh”.*

411. The Board took note of limited distribution document GCF/B.31/05/Rev.01 titled “Status of approved funding proposals: Extension of deadline in respect of FP153 (Mongolian Green Finance Corporation)”.

412. The Board adopted the following decision:

DECISION B.31/10

The Board, having considered limited distribution document GCF/B.31/05/Rev.01 titled “Status of approved funding proposals: Extension of deadline in respect of FP153 (Mongolian Green Finance Corporation)”:

Decides to extend the deadline until 120 days following the effectiveness of the accredited entity’s amended accreditation master agreement for the submission by the accredited entity of a certificate or legal opinion, in form and substance satisfactory to the Secretariat, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed programme for the following approved funding proposal:

- (i) FP153, titled “Mongolian Green Finance Corporation”.*

413. The Board took note of limited distribution document GCF/B.31/06 titled “Status of approved funding proposals: Extension of deadline in respect of FP154 (Mongolia: Aimags and Soums Green Regional Development Investment Program (ASDIP))”.

414. The Board adopted the following decision:

DECISION B.31/11

The Board, having considered limited distribution document GCF/B.31/06 titled “Status of approved funding proposals: Extension of deadline in respect of FP154 (Mongolia: Aimags and Soums Green Regional Development Investment Program (ASDIP))”:

Decides to extend the deadline until 28 September 2022 for the submission by the accredited entity of a certificate or a legal opinion, in a form and substance satisfactory to the Secretariat, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme, for the following approved funding proposal:

(i) FP154, titled “Mongolia: Aimags and Soums Green Regional Development Investment Program (ASDIP)”.

415. The Co-Chairs invited the chair of the independent TAP to take the floor.

416. The chair of the independent TAP, Mr. Daniel Nolasco, thanked the Co-Chairs and provided responses on the following three points:

(a) Re the small number of funding proposals presented at B.31, Mr. Nolasco, explained that originally the Secretariat had said there would be eight funding proposals but when it came to assessments, there were six. Two of these were not endorsed and of the remaining four, two had conditions. Two did not reach the Board for reasons that were external to the independent TAP.

(b) Re non endorsement by the independent TAP or placing conditions on the funding proposals, this had been analysed by the members at B.29. Of a total of 261 submitted to the Panel at that time, 42 funding proposals had not been endorsed i.e., approximately 16 per cent. Of the 42, 29 were returned to the project proponents and were ultimately endorsed at the second or third submission. In total 12 were not endorsed and were never resubmitted i.e. less than 5 per cent of 261. Different institutions used different metrics and for some, this non endorsement rate would be considered very high or very low. The independent TAP would undertake a further analysis for the next round of assessments.

(c) Re lack of consistency and transparency, the independent TAP had been working hard with the Secretariat to support the development of a climate rationale protocol and other policies. The Panel had also been holding regular “meet iTAP” webinars for AEs, covering topics such as ecosystem-based adaptation, climate rationale, theory of change and water resource. The aim was to help AEs understand the issues and common pitfalls so that they could submit proposals which would be successful at the assessment stage. Whilst recognizing that there was still more work to be done to ensure greater consistency, including better developed policies so that assessments were fairer, good progress was being made towards that goal. The chair thanked the AEs for participating and the Secretariat for allowing the Panel to contribute on important policy issues.

417. The Co-Chairs thanked the chair of the independent TAP and Board members.

418. The agenda item was closed.

Agenda item 14: Consideration of accreditation proposals

419. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.31/07 titled “Consideration of accreditation proposals” and its addendum titled “Status of the fulfilment of accreditation conditions”.

420. With reference to the Policy on Ethics and Conflicts of Interests of the Board they invited any Board members who wished to declare a conflict of interest in relation to deliberations on any particular entity to do so.

421. Co-Chair Tlou Ramaru, stated that he wished to make a declaration under the Policy in relation to the reaccreditation application of RAPL024, Development Bank of South Africa (DBSA), based in South Africa.

422. Co-Chair Jean-Christophe Donnellier thanked his fellow Co-Chair and confirmed that this was duly noted.

423. The Co-Chairs invited a representative of the Secretariat to introduce the item.

424. The representative, Ms. Stephanie Kwan, Head, Accreditation and Entity Relations a.i. provided an update on the status of accreditation, including the:

- (a) Status of accreditation, including the status of accreditation master agreement (AMA) effectiveness as of 25 March 2022; there were 112 accredited entities (AEs), 77 of which had AMA effectiveness and additional 10 AEs pending fulfillment of accreditation conditions;
- (b) Reaccreditation pipeline for 2022:
 - (i) Twenty AEs were expected to submit their reaccreditation applications;
 - (ii) Nine ongoing reaccreditation applications had expired AMAs, so their next term of accreditation would start once their AMAs were signed and effective, after a Board decision on reaccreditation; and
 - (iii) AEs were required to submit their reaccreditation application six months prior to the end of their initial accreditation term. This timeframe covered application submission, GCF review, Board approval and negotiations and effectiveness of AMAs;
- (c) Accreditation pipeline and accreditation upgrade pipeline as of 25 March 2022:
 - (i) Entities that progressed to Stage II step 1 had complete applications, were fit for the role of AE and aligned with GCF strategic programming; and
 - (ii) The majority of entities under Stage II step 1 were direct access entities (DAEs), particularly from countries that did not have a DAE, and private sector entities;
- (d) The workload of accreditation and reaccreditation exceeded GCF capacity:
 - (i) The number of AEs seeking reaccreditation was reaching an average of 30 per year;
 - (ii) In addition, the GCF accreditation pipeline had 137 new applicants as of 25 March 2022;
 - (iii) In 2022, over 150 entities could seek reaccreditation and accreditation. This workload exceeded GCF capacity;
 - (iv) The Secretariat reviewed an average of 60 applications per year; 15 to 20 of them would complete Stage I review by the Secretariat and progress to Stage II step 1 review by the Accreditation Panel (AP); and

- (v) The AP submitted an average of 10 to 15 per year to the Board for consideration; and
- (vi) The Board accredited an average of 10 to 15 entities per year.
- (e) With the current workload, the Secretariat:
 - (i) Would prioritize reaccreditation to minimize the risks of accreditation lapses;
 - (ii) Would advance the most mature new applications that were fully aligned with the updated Strategic Plan to the AP; and
 - (iii) Expected the rate of AE submissions for reaccreditation to increase, due to signing of effective AMAs with new partners;
- (f) The Secretariat's capacity constraints:
 - (i) Would limit the Secretariat's ability to minimize the lapsed period between the two accreditation terms. During the lapsed period, AEs would not be able to programme with GCF; and
 - (ii) Would also reduce the portion of new and upgraded accreditation, as the Secretariat would prioritize reaccreditation; and
- (g) Streamlining the accreditation and reaccreditation review process through:
 - (i) New Digital Accreditation Platform (DAP):
 - (1) The DAP account request module and accreditation module for applicants were launched on 22 March 2022; and
 - (2) Expected the modules to better facilitate the accreditation process and enhance communications with entities;
 - (ii) Providing trainings and workshops to AEs on the reaccreditation process; and
 - (iii) Providing guidance to NDAs to identify potential DAEs and partner AEs for programming.

425. The chair of the Accreditation Panel, Mr. Mark Alloway, also gave a short overview of the recommended entities (one for accreditation and four for reaccreditation, including one which was also an upgrade), noting that all proposals had been processed through the Digital Accreditation Platform (DAP). The chair welcomed a new colleague to the Accreditation Panel and expressed thanks to the Secretariat and the Board.

426. The Co-Chairs thanked the Secretariat representative and the chair of the Accreditation Panel.

427. The Co-Chairs drew the Board's attention to the draft decision in annex I of document GCF B.31/07. They invited the Board to adopt the draft decision, noting that the entities would be considered one by one.

428. They invited the Board to approve paragraphs a) and c) of the draft decision.

429. They opened the floor for comments.

430. Seeing no comments or objections, these paragraphs were so approved.

Accreditation proposal for APL115, Jamaica Social Investment Fund

431. They invited the Board to approve paragraph b) of the draft decision in respect of the accreditation application of APL115 Jamaica Social Investment Fund (JSIF), based in Jamaica as contained in annex III to the document B.31/07.

432. They opened the floor for comments.

433. Seeing no comments or objections, the application for accreditation of APL115 was so approved.

Reaccreditation proposal for RAPL001, Centre de Suivi Ecologique

434. They invited the Board to approve paragraph d) of the draft decision in respect of the reaccreditation application of RAPL001 Centre de Suivi Ecologique, based in Senegal as contained in annex IV of document B.31/07.

435. They opened the floor for comments.

436. Seeing no comments or objections, the reaccreditation application of RAPL001 was so approved.

Reaccreditation proposal for RAPL002, the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)

437. They invited the Board to approve paragraph e) of the draft decision in respect of the reaccreditation application of RAPL002, the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), based in Peru as contained in annex IV to document B.31/07.

438. They opened the floor for comments.

439. A Board member expressed support for the reaccreditation of the entity. They noted that, along with other international climate funds, they expected the entity to keep strengthening its catalytic role and leveraging capacity, increasing the potential to make significant contributions to the accomplishment of Peru's NDCs and GCF's objectives.

440. Seeing no further comments or objections, the reaccreditation application of RAPL002 was so approved.

Reaccreditation proposal for RAPL004, Acumen Fund, Inc. (Acumen)

441. They invited the Board to approve paragraph f) of the draft decision in respect of the reaccreditation and upgrade application of RAPL004, Acumen Fund, Inc. (Acumen), based in the United States of America as contained in annex VI to document B.31/07.

442. They opened the floor for comments.

443. Seeing no comments or objections, the reaccreditation and upgrade application of RAPL004 was so approved.

Reaccreditation proposal for RAPL024, the Development Bank of Southern Africa (DBSA)

444. They invited the Board to approve paragraph g) of the draft decision in respect of the reaccreditation application of RAPL024, the Development Bank of Southern Africa (DBSA), based in South Africa as contained in annex IV to document GCF/B.30/03.

445. They opened the floor for comments.

446. A Board member requested a revision to the draft decision text, noting previous discussions that DBSA's overall portfolio in relation to fossil fuels had not moved in line with expectations of the Board as expressed in various decisions on reaccreditation. This was also reflected in the USP which stated that an entity's carbon footprint would be assessed during the accreditation process. Whilst it was not as detailed as they had hoped, they welcomed DBSA's net zero statement, which had been made since B.30, as a step in the right direction. They stated that this should be explicitly recognized in the decision text. It was important to be consistent

with previous decisions as well as being transparent. Reflecting this in the text would enable GCF to hold the entity to account and to track its efforts and ambitions to reach net zero by 2050. In relation to transparency, they wished to know why the net zero statement had been circulated as a limited distribution document when it was publicly available on the website of DBSA. They requested that the document be recirculated as a public document.

447. Several Board members expressed support for an amendment to the decision text and highlighted the importance of DBSA in the region and its track record as a strong and committed partner. One noted that they knew DBSA well and it was a longstanding and trusted partner, including in the energy transition partnership signed by South Africa, France and others. They supported its reaccreditation and said that its net zero statement had been instrumental in securing their support. A direct reference to this net zero commitment would be consistent with what had been done in the past with other AEs. This was echoed by another Board member who also noted the importance of assessing how far the entity's overall portfolio had evolved since it was first accredited. Another said they were fully aware of the role of DBSA in the region and in the context of sustainable development. They were pleased to see DBSA's public commitment to achieve net zero by 2050.

448. A further Board member said they had the privilege to be involved in this reaccreditation case and that GCF and South Africa could be proud to work with such a strong and committed partner. They wished to see this cooperation continue. The net zero statement was very exciting as it showed leadership by DBSA and could motivate others to follow. The inclusion of this in the decision text aligned with the goal of paradigm shift in the region.

449. A Board member expressed support for the reaccreditation of DBSA but noted that there was no agreed policy on net zero. They asked that those Board members advocating this, clarify under which policy this was specified. Whilst accepting that the Board could debate the concept of net zero, there was no agreed context for this within the Board. They requested that the Secretariat and Accreditation Panel provide information on their assessment of the DBSA portfolio.

450. A further Board member expressed regret that the Board was having this conversation. Whilst they were pleased to see that colleagues supported the work of DBSA, they were concerned that the Board was legislating "on the fly". They supported the request for the Secretariat and Accreditation Panel to explain the findings from their assessment of DBSA's portfolio. They wished to know if there was a policy on applying net zero. If not, the Board was creating a precedent without any foundation. There were no provisions in the UAF, PSAA or reaccreditation policy to deny an entity due to its portfolio of investments. Until the Board agreed a policy, this could not be imposed on entities. There were already sufficient obstacles to accreditation and reaccreditation.

451. A similar theme was echoed by another Board member who emphasised the efforts of DBSA to help developing countries combat climate change. It was important that GCF followed its procedures on accreditation and that it did not impose special conditions on agencies.

452. The Co-Chairs noted that there was no consensus on the reaccreditation of DBSA and asked the Secretariat to take the floor.

453. The representative clarified that per the reaccreditation policy, both the Accreditation Panel and Secretariat were involved in the assessment. The assessment of DBSA had been provided in document GCF/B.30/03 annex IV. The overall portfolio of an entity was assessed to determine the extent to which the entity had moved its portfolio in the direction of GCF mandates.

454. The Co-Chairs invited the active observer for civil society organizations (CSOs) to take the floor.

455. The active observer said they would provide brief overall comments on the consideration of accreditation proposals, including related to some of the specific entities. They believed it would have been timelier if they had been invited to take the floor before the approval of entities.

456. CSOs welcomed the accreditation application of APL115, being considered at B.31. They hoped it could turn its expertise in community level investments into enhanced direct access funding proposals.

457. They also appreciated the information made available on the assessment of the different entities applying for reaccreditation, as well as the detailed overview of the reaccreditation pipeline of 24 entities for 2021-2023. This type of transparency allowed civil society, indigenous peoples and local communities to seek information on the implementation track record of applicants for reaccreditation in the developing countries where they currently operated with GCF funding.

458. However, based on the detailed information on the assessment of the entities submitted for reaccreditation by the Board, CSOs wished to note an important shortcoming shared by these applicants, and that could be seen as signs of a more systemic, rather than individual issue. In particular, they wished to note that all these entities seemed to present issues with the independence, transparency and accessibility of their redress mechanisms, potentially leaving those that might have been or could be negatively affected by projects funded by the GCF without one important avenue for access to recourse or redress. This pointed to the need for the GCF to be more proactive in ensuring that entities accredited and seeking reaccreditation complied fully and meaningfully with the Fund's Environmental and Social Policy, as well as other relevant policies. This was a particular concern for B.31 in the case of RAPL004 where the grievance redress mechanism available was only for the AE's subsidiary and information about its existence was neither shared on the parent company website nor on the website of GCF supported sub-projects prior to active observers commenting on this during the technical session. This raised concerns about the accessibility of the mechanism to project-affected people.

459. It was also a concern in the case of RAPL002, when it came to meaningful compliance, as CSOs had heard from communities and Indigenous Peoples on the ground that any changes made to comply with GCF policies in the past, had resulted in minor, cosmetic adjustments. These adjustments had not provided processes and spaces for meaningful consultation, including free, prior and informed consent (FPIC), or a clear role for Indigenous Peoples and communities in monitoring and evaluation of projects, potentially leading to conflicts. For these reasons, they welcomed the increased attention paid to grievance redress mechanisms in these assessments and supported the recommendation of the Accreditation Panel that the reaccreditation of this entity, as well as that of RAPL001, should be conditional on the establishment of a fully independent grievance redress mechanism (GRM) for its GCF-funded projects and programmes.

460. Lastly, active observers had previously expressed concern about the portfolio shift assessment applied to entities seeking reaccreditation, due to the lack of a baseline methodology set at the time of accreditation of these entities. Looking at the current candidates for reaccreditation, particularly RAPL004, they were also concerned that the reaccreditation of parent companies, based on the assessments of their subsidiaries, might add additional difficulties, and allow entities in this situation to be reaccredited with minimum oversight on the compliance of their activities, policies, and overall portfolio with the GCF policies and mandate.

461. The Co-Chairs thanked the active observer.

462. The Board member who had requested clarification, reiterated their request. There were 2 simple questions. Was there a policy of net zero? What were the findings of the assessment of the entity by the Secretariat and Accreditation Panel?

463. Based on feedback they had received, another Board member said that it seemed that the Secretariat did not engage sufficiently at the midpoint of the accreditation term of an entity to allow them to be cognizant of changing GCF policies. It was therefore disingenuous of GCF to say at the reaccreditation stage that the entity was required to comply with new policies. It was essential to support DAEs as much as possible, otherwise it would impact negatively on whether these entities would want to partner with GCF.

464. The representative of the Secretariat clarified that there was no explicit policy on net zero at the present time. Regarding the assessment, this had been undertaken by the Accreditation Panel and it would therefore be valuable if they could be offered an opportunity to present their conclusions with the approval of the Co-Chairs.

465. The vice chair of the Accreditation Panel (AP), Mr. Yogesh Vyas, confirmed that the AP conducted a thorough analysis in line with GCF Board document GCF/B.28/11/Add.02 titled “the Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities”. The AP assessed the entity based on the reaccreditation procedures and requirements on the elements of commitment to climate change policies, transition and increased ambition on climate mitigation and adaptation, resources required, scope 1 & 2 emissions, and details of the portfolio on high-carbon projects. The information was provided by the applicant and the AP concluded DBSA fully met the requirements of the reaccreditation and the GCF USP.

466. The Co-Chairs thanked Mr. Vyas. They stated they would now suspend the item and consult with Board members with the aim of returning to this before the end of B.31 to enable the Board to take a decision.

467. Shortly after suspending the item, the Co-Chairs reopened it to ask Board members, if, having heard the views of other Board member and the responses from the Accreditation Panel and Secretariat, they wished to maintain the positions they had articulated earlier. They asked Board members to raise their hands if so. Seeing the hands raised, the Co-Chairs noted that there was no consensus. They reiterated that they would work with those Board members objecting the decision and would reopen the item the following day.

Part 2

468. The Co-Chairs reopened the agenda item on day 4 of the meeting and presented a revised decision text on screen. This included a new paragraph g):

“Takes note of the efforts of the DBSA to advance the purpose of the GCF including through the DBSA Board’s Just Transition Investment Framework and related statements in the context of the Convention and the Paris Agreement”.

469. The original paragraph g) now became paragraph h) with no change to the text.

470. The Board member who had requested that the original decision text be amended, requested a further revision to insert “... incorporating DBSA’s net zero pathway across its total investments and loan portfolio...” after the word “Framework”. The Board member stated that this text came directly from DBSA’s website and therefore was what DBSA had already announced publicly.

471. A Board member who had earlier stated that there was no GCF net zero policy, took the floor to oppose this amendment; DBSA had met all legal requirements for reaccreditation. It was essential to ensure predictability to those seeing reaccreditation or accreditation. It was important not to set a precedent by imposing new conditions. They requested a legal opinion,

noting that they could support the existing proposal as presented by the Co-Chairs, but not the further amendment.

472. Observing that the proposal for a further amendment had received an objection, the Co-Chairs stated that they would revert to the consideration of the draft decision as presented.

473. The Board member who had requested clarification from the Secretariat on whether there was an explicit net zero policy, echoed the previous Board member and said they could support the compromise presented by the Co-Chairs.

474. The Co-Chairs asked if the Board could approve the decision as presented.

475. Seeing no further comments or objections, the reaccreditation application of RAPL024 was so approved.

476. The Board took note of document GCF/B.31/07, its addendum Add.01 titled “Status of the fulfilment of accreditation conditions” and its limited distribution addenda Add.02, Add.03 titled “Template for questions and answers on recommended entities”, Add.04 titled “Board questions on recommended entities” and Add.05 titled “Board questions and Accreditation Panel responses on recommended entities”.

477. The Board adopted the following decision:

DECISION B.31/12

The Board, having considered document GCF/B.31/07 titled “Consideration of accreditation proposals”:

(a) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicant for accreditation:*

(i) *Applicant 115 (APL115) is the Jamaica Social Investment Fund (JSIF), based in Jamaica, as contained in annex VII to this document; and*

pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants, and subject to the completion of Stage III of the accreditation by having an effective accreditation master agreement, in accordance with decision B.24/13;

(b) *Approves the accreditation of applicant APL115, the Jamaica Social Investment Fund (JSIF), based in Jamaica, as contained in annex VII to this document;*

(c) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants for re-accreditation:*

(i) *Applicant R001 (RAPL001) is the Centre de Suivi Ecologique (CSE), based in Senegal, as contained in annex VIII to this document;*

(ii) *Applicant R002 (RAPL002) is the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), based in Peru, as contained in annex IX to this document; and*

(iii) *Applicant R004 (RAPL004) is the Acumen Fund, Inc. (Acumen), based in the United States of America, as contained in annex X to this document; and*

pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant

annexes for each of the applicants, and subject to the completion of Stage III of the accreditation by having an effective amendment to the original accreditation master agreement, in accordance with decision B.24/13;

- (d) Approves the re-accreditation of applicant RAPL001, Centre de Suivi Ecologique (CSE), based in Senegal, as contained in annex VIII to this document;*
- (e) Also approves the re-accreditation of applicant RAPL002, the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), based in Peru, as contained in the annex IX to this document;*
- (f) Further approves the re-accreditation and upgrade of applicant RAPL004, the Acumen Fund, Inc. (Acumen), based in the United States of America, as contained in annex X to this document; and*
- (g) Takes note of the efforts of the Development Bank of South Africa to advance the purpose of the GCF including through the Development Bank of South Africa Board's Just Transition Investment Framework and related statements in the context of the United Nations Framework Convention on Climate Change and the Paris Agreement; and*
- (h) Approves the re-accreditation of applicant R024 (RAPL024), the Development Bank of Southern Africa (DBSA), based in South Africa, as contained in annex IV to document GCF/B.30/03.*

478. Following the approval, several Board members took the floor to make further remarks. They also congratulated DBSA on its reaccreditation as a GCF partner.

479. A number of the interventions addressed the question of what GCF required of accredited entities when they were seeking reaccreditation in respect of their overall portfolios. A number of Board members insisted that the USP, which provided policy guidance, and Board decisions, mandated that AEs advance the GCF goal of promoting paradigm shift towards low emission and climate resilient pathways in the context of sustainable development and efforts to eradicate poverty. Whilst a commitment to net zero was not a specific policy, the intention was very clear in these Board decisions. These required that reaccreditation decisions would be informed by the assessment of how the overall portfolio of activities of AEs had shifted in this direction. The Paris Agreement required that institutions align their portfolios with the goals of the Agreement. Without net zero commitments, entities would not align themselves with the Paris Agreement. However, other Board members said that it was necessary to see this goal of alignment within the broader context of common but differentiated responsibilities (CBDR) of developing countries as acknowledged in the Paris Agreement. DAEs, by definition, fell under this umbrella. This more holistic approach to reaccreditation of DAEs, which took account of CBDR, could be insisted on in relation to other matters considered by the Board; it was not appropriate to prioritize one requirement of the Paris Agreement over others.

480. One Board member reminded the Board that the GCF was a financial mechanism under the UNFCCC and Paris Agreement. As such, equity, CBDR and national circumstances of developing countries should be taken into account. Others underlined the requirement for clarity and predictability for AEs, both in relation to accreditation and reaccreditation applications. It was not appropriate for the Board to improvise conditions or to impose special conditions on certain AEs. If an entity met the requirements for reaccreditation, they should be reaccredited. One opined that there was an inevitable imbalance in power between entities and GCF. Entities seeking accreditation or reaccreditation, or those seeking approval for funding proposals, were likely to accept additional conditions to gain approval. There needed to be a balance between the rights of Board members to place conditions versus the concessions required of entities.

481. One Board member urged the Board to have a thorough discussion on policies and to develop constructive approaches to this matter. They noted a batch of reaccreditation applications in the pipeline. These included: FECO, KDB, EBRD, ADB, BOAD, NARBARD, KfW, CABEI and AFD. It would not be appropriate for the Board to request statements from each entity before the Board had held discussions on GCF policies. They stated that they had been willing to support the reaccreditation of DBSA based on the original draft decision without the inclusion of the additional paragraph. The entity had met all the criteria for reaccreditation and made a public commitment towards the GCF goal of paradigm shift.

482. Another Board member stated that it was important to demonstrate how GCF's partnership with its AEs was transformational and paradigm shifting. For this reason, it was important to add the additional text to the decision; this both justified DBSA's efforts and demonstrated GCF's transformational impact. A further Board member looked forward to receiving annual reports from DBSA on its progress and to demonstrate its leadership in green energy transition. Another Board member said they expected to see other AEs seeking accreditation or reaccreditation showing similar ambitions for portfolio shift and Paris Agreement alignment; this was particularly important for those exposed to fossil fuel investments. They invited the Board to reflect such expectations to those seeking reaccreditation in the context of GCF mandates and the USP. They also requested that the Secretariat and Accreditation Panel monitor the progress of AEs in their implementation of the Paris Agreement alignment, the USP and Board decisions. One Board member highlighted that the Board had been clear in the USP that it expected AEs to move away from investments in fossil fuels within their initial accreditation term.

483. Whilst congratulating GCF on the increased number of DAEs which had been accredited, one Board member focused on the low number of DAEs in LDCs and with limited projects. 75 per cent of approved funding proposals in LDCs were undertaken by IAEs. They also expressed concern that only one applicant had been proposed for accreditation and that the time taken for DAE accreditation was so long.

484. The Co-Chairs thanked Board members and, speaking on behalf of the Board, extended congratulations to DBSA on its reaccreditation.

485. Following a request from the Secretary to the Board, they invited the Secretariat to make further remarks.

486. A representative of the Secretariat made the following clarifications.

487. The GCF Board had adopted the reaccreditation policy in decision B.24/06, which provided the scope for the review of accreditation. This included the Secretariat and Accreditation Panel's assessment of the extent to which the overall portfolio of activities of the AE, beyond those funded by GCF, had 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. The GCF Board had not adopted a policy on "net zero". The GCF Board in decision B.12/30, para. (d) requested the Accreditation Panel to establish a baseline on the overall portfolio of accredited entities.

488. The Accreditation Panel established such methodology as contained in document GCF/B.28/11/Add.02 titled "Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities".

489. This methodology had been used by the Secretariat and the Accreditation Panel in reaccreditation assessment for entities presented to the Board from B.29 to B.31.

490. The Board had not adopted a policy on the metric by which this methodology and assessment would be judged. The Secretariat and Accreditation Panel would continue to review reaccreditation applications in accordance with the decisions the GCF Board had set out for continuing partnerships with AEs.

491. The Co-Chair thanked the representative, noting that these were important points for the Board to bear in mind when it discussed the accreditation strategy later in the year.

492. A Board member requested the floor to make a further comment following the clarifications by the representative of the Secretariat. As they were a little surprised by the clarifications, they wished to record that remarks they had made were as a Board member. They also expressed thanks to the Secretariat for clarifications provided in response to their questions raised during the previous day.

493. The Co-Chair closed the item.

Agenda item 15: Second performance review of GCF

494. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.31/Inf.14 titled “Report of the Synthesis Study: An IEU deliverable contributing to the Second Performance Review of the Green Climate Fund”.

495. The Co-Chairs invited representatives from the Independent Evaluation Unit (IEU) to introduce the report.

496. The Head of the IEU a.i., Mr. Andreas Reumann, provided a brief overview of the objectives and scope of the SPR, along with the schedule of IEU deliverables and the methods used. IEU Evaluation Advisor, Mr. Archi Rastogi, summarized the synthesis study's findings under six key areas: (1) access to GCF; (2) programming in GCF; (3) implementing and managing for risk and results; (4) progress towards achieving impact; (5) institutional architecture and performance; and (6) complementarity and coherence. Mr. Reumann concluded the presentation by highlighting emerging observations for further exploration in the SPR.

497. The Co-Chairs thanked the IEU representatives and opened the floor for comments.

498. Several Board members thanked the IEU for the report and expressed appreciation for its hard work. They emphasized the importance of the synthesis study's findings in informing the work of the Board as well as assessing GCF's challenges and how it could improve going forward. For a number of Board members, this was especially important in the context of the upcoming second replenishment of GCF.

499. A Board member noted the usefulness of the readers' guide provided in the report and, along with many other Board members, wished the Board had more time to discuss and carefully assess the wealth of valuable information in the report. A second Board member said the findings should feed into discussions on outstanding items. Another way to discuss these findings further was to organize informal sessions before Board meetings to give Board members the opportunity to exchange views without the need for formal positions or decisions. Other Board members supported this suggestion, with one recommending that the Board could develop an implementation matrix with a clear monitoring system to track progress. A further Board member said they should properly integrate the report's findings to avoid discussing issues repeatedly. The Board member added that, based on their experience as part of the Budget Committee, the IEU was confronting challenges with regard to resources and these should be addressed to help the unit function better.

500. A Board member wished to state on record that the Board had not been able to do justice to the work of the IEU in recent years as it had not discussed any of the evaluations produced by the IEU. The Board should attend to this backlog as the evaluations should inform the discussions of the Board.

501. A few other Board members echoed this view. One Board member stressed that the Board did not have to agree on everything in the evaluation, but they should be able to find

areas of agreement in both the evaluations and the Secretariat responses that could inform Board work. For that to happen, the Board member suggested that they should, at a minimum, have institutionalized action that was more than merely acknowledging these reports and then continuing with business as usual; making a decision on these evaluations did not have to be a controversial exercise. Recalling a suggestion the African Group of Board members had made in the past, the Board member said the Board could draft a decision that would take note of the evaluation and the management response; request management to provide an action response no later than a given period of time after the decision was adopted; and seek views from Board members that would be incorporated in Board discussions and decisions moving forward.

502. Noting the timeline presented on SPR-related deliverables, many Board members said they looked forward to the final SPR report while a few asked for clarification regarding the timing of the USP Progress Report and the SPR Approach Paper. A Board member pointed out that, based on the timeline, those reports should be circulated that month i.e. March 2022. A number of Board members said it was important to follow the timeline presented as the SPR findings would be a crucial contribution to GCF-2.

503. On the substance of the synthesis report, several Board members drew attention to findings they found particularly significant and indicated the topics they wished to see prioritized and studied further in the final SPR.

504. On governance, a few Board members were concerned about the issues highlighted in the report specifically on the lack of efficiency and accountability. A Board member said it seemed this was where GCF was most lacking and hoped that the SPR would consider this carefully. Another Board member asked the SPR to shed light on how the Board and the committees worked and how this could be improved.

505. Concerning results, some Board members stressed that it was of utmost importance to know the results and impacts of GCF investments and how GCF was performing under the USP. A Board member wished to see how GCF performance had changed from IRM to GCF-1. Another Board member underscored that results were central in mobilizing further funding for GCF.

506. Regarding evaluability, a Board member noted the report's insight on the difficulty of evaluating GCF given that it was in a dynamic phase. It would be critical for the IEU to frame its findings and recommendations in consideration of this. The Board member looked forward to clear and implementable suggestions from the IEU with the caveat that GCF was not the easiest entity to evaluate in its current phase.

507. Other topics various Board members wished the SPR would examine were the concept of paradigm shift, which was ill-understood by many GCF partners; issues regarding capacity; access and the role of DAEs; private sector participation; accreditation; and the Project Preparation Facility. In particular, Board members wished to see how these could be improved and, for those involving delays, a clear indication of where those delays occurred.

508. A further Board member pointed out that the study mentioned the need for an accreditation strategy. The Board should address this immediately.

509. The Board member said they were pleased to see the potential improvements listed in the report. Of particular interest to them were matters regarding PPF, SAP, private sector, programmatic approaches and post-approval processes. They noted that PPF request processing time remained long and private sector guidance remained unclear, and looked forward to further clarification on these areas. For SIDS, programmatic approaches were particularly important as transaction costs for SIDS were high. Finally, they noted that post-approval processes centred on legal processes for signed FAAs were too lengthy but had been improving over time. They looked forward to more improvement in this area.

510. Another Board member said they were interested in matters relating to accreditation, SAP, adaptation and access. On accreditation, they expected the updated accreditation

framework to address the issues identified by the IEU. SAP continued to be a challenge for LDCs as its process was not substantially different from standard projects. On access, findings showed that accessing adaptation finance remained a challenge for vulnerable countries. Also, the project appraisal and approval cycle was still widely perceived to be bureaucratic, lengthy, inconsistent and non-transparent. The Board member emphasized that the SPR presented an opportunity to assess the direction of GCF and how it could improve. It was in the hands of the Board to take these findings and make progress especially on matters important to the most vulnerable countries.

511. The Co-Chairs thanked the Board members for their comments and invited an active observer for civil society organizations (CSOs) to take the floor.

512. The active observer made the following remarks.

513. The network of civil society, indigenous peoples, and local communities considered evaluating and assessing the performance and impact of GCF critically important, and they supported the undertaking of the SPR by the IEU as part of an overall architecture of monitoring and evaluating that should include participatory monitoring by intended beneficiaries throughout implementation alongside the monitoring being done by AEs and the Secretariat, among others.

514. As the Board looked toward the SPR, it was imperative that the methodology reflected the shift that had happened since the first, forward-looking performance review: the majority of the portfolio was under implementation. The SPR must consider, consult, and engage with communities, in particular women and indigenous peoples, where projects were under implementation, with a methodology that proactively solicited their input and was budgeted to do so in appropriate manners, venues, and languages. The performance of GCF should consider the performance of the projects under implementation in ways that reached beyond the annual performance reports, whose scope did not include voices of the communities affected by the projects. The review should ensure that the communities GCF claimed as beneficiaries were engaged in responding to this crucial question of how GCF was doing and whether it was contributing to their well-being and climate resilience.

515. Correspondingly, the CSOs welcomed the synthesis study's note on how GCF continued to be non-compliant with the GCF Indigenous Peoples policy by failing to define how local and indigenous knowledge should be integrated or were incentivized in projects or programmes. In addition, the upcoming review should also consider what the synthesis study had claimed to be "strong" CSO participation in view of the lack of GCF's support financially and operationally, and the absence of updated Guidelines for Observer Participation.

516. Lastly, they welcomed the study's observations on the need to urgently address policy gaps, in particular the development of GCF's own Environmental and Social Safeguards, and to strengthen LDC capacity to improve on the quality of the Gender Assessments and Gender Action Plans of their funding proposals.

517. The Co-Chairs thanked the active observer for CSOs and invited the active observer for private sector organisations (PSOs) to take the floor.

518. The active observer said that the private sector welcomed the IEU report and took note of the challenges especially regarding sector. They urged the Board to agree on a private sector strategy and reminded it that the private sector did not only bring money; they also brought innovation, experience, know-how and technological solutions. They wanted to work with GCF, but it remained difficult, especially for LDCs and SIDS.

519. Secondly, the active observer was both pleased and saddened to hear many Board members saying that the Board was not doing enough. As an observer, the governance of the Board clearly needed to improve; this was a responsibility. Given the lightness of the agenda and the lack of funding proposals, they believed that more activities or policy decisions could

have been worked on by the Board over the four days. They opined that the Board still seemed to be talking around issues. The policy blockages continued on matters that would facilitate access for those who needed it most.

520. Thirdly, they wished to insist on investment by developed nations, as this was owed to developing countries, and to achieve this during the next replenishment. The observer echoed several Board members on the importance of results. Though GCF was relatively new, developed nations would need to know how it was performing in order to justify the request for more funding. The active observer emphasized that they all had the same goal of ensuring greater investment. The private sector suggested it should work more closely with the GCF to find solutions and move these forward.

521. The Co-Chairs thanked the active observer and invited the Head of the IEU a.i., to respond to comments and questions.

522. Mr. Reumann thanked the Board members for their insightful comments and said that, in the interest of time, he would not be able to reply to all of them.

523. On SPR-related deliverables, Mr. Reumann said they would be submitting the USP Progress Report in a few days with a marginal delay owing to illness.

524. On the readers' guide, they were pleased that it was helpful and would continue to consider new tools and methods to improve the dissemination of their findings. They also continuously aimed to improve their evaluations in terms of length and implementability of their recommendations.

525. On evaluability, this was indeed a common issue in evaluations particularly when looking at a very dynamic organization such as GCF. The IEU had tools to manage this challenge such as by using the IRMF and the USP, and by creating artificial cut-off points to compare certain periods individually and draw conclusions.

526. On access, noting that there were many different ways of collaborating, the SPR would be focusing on the question of what kind of partnership strategy should GCF be striving for and what that would mean for access.

527. The IEU was pleased that Board members found the report useful and that it helped unpack the rich knowledge of GCF and assessments conducted by several entities on its performance. Like many Board members, the IEU also wished for the active consideration of reports and deliverables of the SPR.

528. The Co-Chairs thanked the Head of the IEU a.i. and asked the Board if it was ready to take note of the report and the information provided.

529. The Board took note of document GCF/B.31/Inf.14 titled "Report of the Synthesis Study: An IEU deliverable contributing to the Second Performance Review of the Green Climate Fund".

530. No decision was taken under this agenda item.

Agenda item 16: Evaluations conducted by the Independent Evaluation Unit

(a) Evaluations as per decision B.30/11

531. This agenda item was not opened.

(b) Independent evaluation of the relevance and effectiveness of GCF's investments in the small island developing States

532. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.30/14 titled “Independent evaluation of the relevance and effectiveness of GCF's investments in the small island developing States”.

533. They invited a representative of the Independent Evaluation Unit to make a brief presentation.

534. The Head of the Independent Evaluation Unit a.i., Mr. Andreas Reumann, and Evaluation Specialist, Mr. Archi Rastogi, summarised the conclusions of the report and highlighted the four major recommendations for the Board and Secretariat as follows: 1) Improve Readiness and Preparatory Support (RPSP) for access and capacity; 2) Accelerate and simplify the project cycle; 3) Approve a policy on a programmatic approach; and 4) Match the GCF Private sector approach to the characteristics of SIDS.

535. The Co-Chairs thanked the representatives and opened the floor for comments.

536. Board members thanked the IEU for the informative and timely report and expressed support for its findings. One highlighted that the report was helpful for knowledge exchange between SIDS, African States and other developing countries, noting that south-south learning was critical to making progress in combating climate change. Another Board member underlined that the evaluation confirmed that GCF's modalities and processes were not sufficient to address the specific challenges faced by SIDS. Furthermore, the IEU was providing clear policy guidance to the Board and the recommendations appeared very actionable. They also welcomed the consensus reached by the Board on the preceding day regarding the UAF which included the PSAA; this would be helpful in respect of SIDS. A further Board member hoped that the Board would quickly take a decision to implement the recommendations.

537. A Board member noted that their Board seat represented Spain, Ireland and New Zealand. Speaking in that capacity, they supported the findings that specifically identified the urgency of climate action, the importance of adaptation, the need to address capacity constraints, the high transaction costs for SIDS and the need for flexibility on critical issues. These remarks were supported by others. A final Board member underlined that the critical areas highlighted in the report were similar for LDCs.

538. The Board member made a number of detailed comments under each of the four recommendations regarding the Secretariat's management response (document GCF/B.28/19/Add.01 titled “Management response to the Independent Evaluation of the Relevance and Effectiveness of GCF Investments in Small Island Developing States”):

(a) Recommendation (1) Improve RPSP for access and capacity

- (i) (1b) The PPF roster of experts should include national as well as regional DAEs especially for SIDS. This would help to ensure that the advice provided was fit for purpose;
- (ii) (1c) On practical knowledge, the Board member insisted that the Secretariat follow the guidance of the IEU with respect to ensuring advisers had practical knowledge in SIDS;
- (iii) (1d) With regard to technical assistance, the Board member insisted on a revision to the management response. It was their view that the need was for more hands-on assistance when technical assistance was provided to SIDS; and
- (iv) (1e) The comments in respect of (1d) also applied to (1e).

(b) Recommendation (2) Accelerate and simplify the project cycle, especially for the SAP

- (i) (2a) The Board member agreed that the IEU recommendations could help in respect of an updated SAP policy. This related to crucial KPIs and service standards relevant to SIDS;
 - (ii) (2b) The Board member was pleased to see that the PSAA had now moved forward within the recently approved UAF; and
 - (iii) (2c) Whilst recognizing that there was no climate rationale policy, it was critical to find ways to simplify project development to allow SIDS to cross reference national reports, indigenous and local knowledge, IPCC reports and other sources to demonstrate the national vulnerabilities of SIDS.
- (c) Recommendation (3) Approve a policy on a programmatic approach
- (i) (3a) A policy on programmatic approach was particularly important for SIDS given the high transaction costs when projects were undertaken in a project-by-project manner.
- (d) Recommendation (4) Adopt a Private sector approach matched to SIDS' characteristics
- (i) (4a) The special factors experienced by SIDS including size, population, remoteness, vulnerability and geography should be taken into account when drafting policies on fit-for- purpose solutions. They should be defined in a way that allowed for access to GCF resources, particularly relating to the private sector. Further clarity was required in this respect as highlighted by the IEU, especially for enhanced direct access (EDA) for SIDS.
 - (ii) (4b) Innovative financial structures should be fit-for-purpose and take into account the special circumstances of SIDS. They requested that the Secretariat seek to address the recommendations on performance indicators. These should be developed to encourage a large number of private sector SIDS projects. This was critically important; as the report had demonstrated, this had not been supported to date. Emphasis should also be placed on performance, as monitoring the volume of projects was not sufficient to address this recommendation. It was also necessary to look at the value the projects were adding. Regarding the DAE RPSP, SIDS were advocating for a separate DAE RPSP window which would go beyond IRM support. All types of readiness support windows should be distinct from each other, and not aggregated with the RPSP country level support of USD 1 million per country.

539. In conclusion, the Board member wished to see an update on progress made in implementing these recommendations at Board level and to place these in a decision showing the concrete action that was required.

540. Several Board members expressed support for the detailed points made by the Board member in respect of the management response to the IEU's recommendations. A Board member said that the Board member had clearly articulated the situation facing SIDS. They were well aware of this as Canada represented Caribbean SIDS at the World Bank Group and at the IMF.

541. In relation to the specific recommendations, there was support for the need to expedite the approval of critical policies including, SAP, the programmatic approach and the private sector strategy; these were important not only for SIDS. Several noted that a key issue appeared to be lack of institutional capacity in SIDS. One wondered to what extent the Readiness Programme needed to be changed to more effectively cater for the needs of SIDS. Another urged GCF to increase technical support to SIDS and other developing countries. They also observed that 10 countries had not yet benefitted from the GCF and urged the Secretariat to be more proactive in this regard.

542. A Board member urged colleagues to work together to accelerate and simplify the project cycle, especially for the SAP, so that access to GCF resources could be enhanced. This was echoed by another Board member who noted the recommendation from the IEU to improve the SAP and to provide stronger support during pre and post accreditation and project development phases. Specifically in relation to SAP, there were further questions to the Co-Chairs as to why this was not on the agenda for the meeting.

543. On other specific matters, a Board member supported further development and understanding of GCF' role to avert, minimize and address loss and damage due to the impacts of climate change. Another Board member took note of the IEU' call for innovative financial structures which were fit-for-purpose to the particular circumstances of SIDS. They also supported approving more private sector projects. A Board member recommended looking at the private sector in a more granular way beyond merely co-financing or private sector-led projects. This included examining how to further engage other private sector actors, including SMEs, and through a broader "whole of society" perspective. Another noted the clear recommendations to delegate authority to the Secretariat, even though this was controversial within the Board.

544. A Board member raised a question in respect of replication and multi-country projects.

545. The evaluation identified a high potential for replication whilst at the same time concerns have been expressed about multi-country projects. Did the IEU team believe that it was possible to ensure replication while ensuring country-drivenness, and how could this be reflected in a programmatic approach?

546. The Co-Chairs invited the representatives from the IEU to take the floor.

547. The Head of the IEU a.i., Mr. Andreas Reumann, thanked Board members for their comments and support. This was the first evaluation undertaken by the IEU that looked at the vulnerable group of countries. Mr. Reumann provided the following responses:

- (a) Programmatic approach: In terms of SIDS, it was necessary to look at the programmatic approach across regions, such as the Pacific, Caribbean, or Indian Ocean as well as the programmatic approach within a country. Furthermore, it was important to not only consider a single sector but multiple sectors that were affected by climate change;
- (b) Replication: Whilst there were clearly similarities for SIDS in terms of their broader context, at the same time, each was specific. Many countries required a deeper understanding of the linkages of sectors;
- (c) Multi-country projects: Several evaluations had demonstrated that there were gaps with regards to multi-country projects, especially in ensuring country-ownership and proper financial support for the activities required in individual countries;
- (d) Capacity: Many of the AEs in SIDS, and specifically DAEs, had less than five staff. If they had one funding proposal, it was challenging to take on a second one due to capacity constraints. Another limitation was that the majority of the AEs were accredited for micro-size projects. A further challenge related to the access to and availability of data which was a requirement for funding proposals. Many of them had worked hard to support the establishment of the GCF and felt indignation because they subsequently faced challenges in accessing GCF because of the data requirements. Finally, the representative noted that there was a preference for multi-country projects as long as these projects come through regional AEs rather than IAEs.

548. The Co-Chairs thanked the representatives and opened the floor for comments.

549. A Board member made several remarks regarding the role of the Board in responding to such evaluations. It was widely agreed that the purpose of evaluations was to learn from them and then do something different where improvements were suggested.

550. This necessitated a management response and the Board then needed to decide whether or not the impact of that management response was appropriate, capable of being operationalized and that there was the necessary budget. The adaptation evaluation discussed on the previous day had a management response published in March 2021. However, this had not been considered. For the SIDS evaluation, the Board member stated that they were unaware if there had been a management response. If so, it had not been considered by the Board. For the LDCs review, a management response had been circulated, but not considered. It appeared that there was lack of clarity in the Board in respect of its important executive function, post-evaluation. In conclusion, the Board member asked when the Board would see the management response and make a decision.

551. The Co-Chairs invited the Secretariat to provide clarification in respect of the management response.

552. The Deputy Executive Director a.i., Mr. Gonzalez, stated that the management response had been published in document GCF/B.28/09 on 15 March 2021 and was also reissued on 29 September 2021.

553. The Co-Chairs thanked Mr. Gonzalez and confirmed that they would consider the way forward in terms of a decision and revert to the Board.

554. They asked the Board to note the evaluation report. Seeing no comments, the report was so noted.

555. The Board member who had highlighted the need for the Board to take action, clarified that they had asked the Co-Chairs when the findings of the evaluation and management response would be considered by the Board. They wished to consider the management response to the three IEU evaluations being presented at the meeting.

556. Whilst recognizing that the Board had now noted the IEU evaluation, a Board member requested that the Board consider a decision text in relation to this evaluation at B.32.

557. The Co-Chair asked if the Secretariat was in a position to present the management response.

558. Mr. Gonzalez said that it was important to note that the data in respect of this evaluation was from July 2020 and the management response from March 2021.

559. The Secretariat welcomed the findings and recommendations of the evaluation. It was taking action on a number of recommendations, and several had already been implemented.

560. Mr. Gonzalez provided a brief summary of progress that had been made in the year and a half since the data on which the IEU had prepared its evaluation, had been reviewed.

561. With regards to capacity, the Secretariat had expanded the scope of its PPF and technical assistance to support SIDS. It had also set up a roster of international firms to support direct access projects.

562. As mentioned previously, the Secretariat had been working with the Board to update the SAP policy. It had also developed guidance on steps to enhance climate rationale and this had been published at B.30. The approval of the PSAA and its operationalisation would allow both public and private sector funding proposals to be considered by the Board. They hoped to be able to accredit entities which could handle larger projects. With regards to new instruments, especially private sector related instruments like equity, the Global Fund for Coral Reefs Investment Window (FP180) approved at B.30 was a breakthrough on how GCF could leverage equity capital. It would support seven SIDS in Africa and the Caribbean.

563. Mr. Gonzalez noted that the Secretariat would welcome the approval of the programmatic approach to help with dealing with working in the SIDS.

564. The Co-Chairs thanked the Deputy Executive Director a.i. and said they would revert to the Board in respect of a decision. The Board would now note the IEU evaluation report and the Secretariat management response.

565. The Board member who had requested that a decision text be considered at B.32, asked that the drafting of such a text should clearly provide a mandate from the Board to the Secretariat in relation to the management response in paragraphs 1c) 1d) 2a) 4a) and 4c).

566. This was noted by the Co-Chairs.

567. No decision was taken under this agenda item.

(c) Independent evaluation of the adaptation portfolio and approach of GCF

568. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to documents GCF/B.30/13 titled “Independent evaluation of the adaptation portfolio and approach of the Green Climate Fund” and GCF/B.30/13/Add.01 “Management response to the Independent Evaluation of the Adaptation Portfolio and Approach of the Green Climate Fund”. These documents had been circulated to the Board at B.30.

569. The Co-Chairs invited representatives from the Independent Evaluation Unit to introduce the document.

570. Mr. Martin Prowse, Evaluation Specialist, introduced the purpose, objectives and methods used in the evaluation. Mr. Prowse and the IEU Head a.i., Mr. Andreas Reumann, summarized the evaluation's findings under five key areas: positioning in adaptation finance; capacity for adaptation planning; scale and the private sector; access and business model; and results and impact. Finally, Mr. Reumann summarized the IEU's recommendations in six areas: positioning; capacity; private sector; access and business model; results and impact measurement; and innovation and risk.

571. The Co-Chairs thanked the IEU representatives and opened the floor for comments.

572. Several Board members thanked the IEU for its work and welcomed the findings and recommendations to improve GCF's approach and role in adaptation. Many Board members emphasized that enhancing support to adaptation was an urgent matter, and the evaluation was valuable in moving this forward.

573. A Board member stated that they wished to deliver a statement on behalf of the African Group of Board members. This is included in annex XI.

574. Following the statement, the Board member added that, while they saw a positive trend of increased contributions from the private sector, the sector was not sufficiently incentivized. The Board member could not see a model where the private sector would be willing and interested in making investments in adaptation. Furthermore, reports suggested that private finance—in mitigation or adaptation—had a strong tendency to go to the source country of that finance. In this regard it did not cross borders and reach developing countries. It was for this reason that the African Group considered the issue of adaptation finance to be of utmost importance.

575. The Board member noted that they were aware that there might be a draft decision under consideration. As such, they encouraged everyone to engage positively so that the Board could show that it was really paying attention to the evaluations it was receiving and acting in light of these evaluations.

576. A second Board member requested that the presentations under this sub-item be sent to Board members. Noting that adaptation was consistently a high priority for their seat, the

Board member emphasized that it was important for GCF to effectively communicate progress and results on adaptation.

577. GCF was uniquely positioned to support adaptation, but it had not delivered sufficiently in that regard. The Board should consider how to urgently address this key area. Fifty-nine countries had so far not received any adaptation support from GCF and many of them were among the least developed countries. While this was concerning, it should also be noted that many of these countries were difficult to work in as they were in fragile situations. Nonetheless, this did not take away from the need to deliver climate finance to the most vulnerable.

578. Noting the previous Board member's comments on private sector engagement, the Board member believed the first step should be to develop a private sector strategy, as had been suggested by several other Board members and the active observer from the private sector. The Board member hoped the PSAA modality would also be approved to help simplify private sector engagement.

579. In addition, given its extensive list of policy gaps, the Board should prioritize those specifically linked to adaptation. The concept of climate rationale should also be discussed further, and better guidance should be provided on that topic. Indeed, GCF should achieve more results, but focus should be on achieving results through adaptation efforts.

580. Adding to comments regarding the private sector, a Board member supported an expanded role for GCF in adaptation finance and considered GCF critical in finding ways to mobilize private finance in adaptation. There was a lot of potential to be explored; having enhanced coordination with the private sector and a private sector strategy would be especially useful to this end.

581. A few other Board members highlighted the considerable imbalance between adaptation and mitigation, where there was more funding, private sector engagement and co-finance as well as shorter implementation time for mitigation projects. Noting the report's insight into challenges to adaptation—such as the complexity of adaptation projects, difficulty to reach some developing countries and domination of projects by international entities—a Board member wished to see a holistic approach to address these and enhance GCF's role in providing adaptation support to developing countries.

582. A Board member underlined several critical issues for LDCs one of which was climate rationale. Many projects from LDCs had not been able to move forward for Board consideration because of climate rationale matters. This should be addressed so as not to hamper access to GCF. Secondly, mobilizing private sector funding for adaptation in LDCs was nearly impossible. Finally, the project development process was still a major difficulty for LDCs.

583. The Co-Chairs thanked the Board members for their comments and invited the Head of the IEU a.i. to respond.

584. Mr. Reumann thanked the Board members for their comments and support. The IEU hoped the recommendations in the report would be relevant and implementable, and looked forward to engaging on the decision text to be proposed by the Co-Chairs.

585. The Co-Chairs thanked the Board and said they would be working on a decision text for the Board to consider the next day.

586. The agenda sub-item was suspended.

Part 2

587. The Co-Chairs reopened the agenda sub-item the next day, the final day of the meeting, and recalled that the Board had exchanged views on the matter the day before. Following these discussions, the Co-Chairs wished to propose a decision text to the Board.

588. After reading the decision text projected on-screen, the Co-Chairs asked the Board if it was ready to adopt the decision.

589. On paragraphs (b) and (c) of the proposed text, a few Board members wished for more clarity on what a management action report entailed. One Board member questioned whether one year was really needed for this report, while another said that it was perhaps unwise for the Board to request a management action report when it had not yet considered the Secretariat's management response to the IEU evaluation. Without considering the management response, it was unclear if the Board agreed with it or not.

590. The Co-Chairs invited representatives from the IEU and the Secretariat to provide more clarity on these matters.

591. The Head of the IEU a.i., Mr. Reumann, explained that the Evaluation Policy stated that the IEU would bring forward a management action report a year or more later after the adoption of a decision.

592. The Deputy Executive Director a.i., Mr. Henry Gonzalez, clarified that the Secretariat's management response to the evaluation had been published in March 2021 and reissued for B.30. The Secretariat had not had the chance to present this response or provide an update on what had been accomplished since the evaluation, which used data as of November 2020.

593. The Board member who earlier queried the point of requesting a management action report without considering the Secretariat's response, said they could agree with the decision, but it would have been helpful if the Co-Chairs had asked for the management response to be presented as well, even though the data used was already out of date. The Board member said that, in the future, they should sequence such considerations carefully.

594. The Co-Chairs agreed that it would be ideal to consider the sequence more carefully, but they had to follow the process indicated in the Evaluation Policy.

595. On paragraphs (d) and (e) of the proposed text, a Board member asked what paragraph (d) meant operationally in saying the Board agreed to urgently clarify the GCF's role in and vision for climate adaptation. Furthermore, the draft paper indicated in paragraph (e) should be replaced with its actual title.

596. The Co-Chairs explained that the two paragraphs were related, as the clarification of the Board's role and vision would be translated into the draft paper to be updated by the Secretariat.

597. The previous Board member said that, if that was the case, paragraphs (d) and (e) should be combined. After paragraphs (d) and (e) were combined, another Board member said they were not comfortable with merging these paragraphs and stressed that they had submitted a proposed text on this matter that would have provided more substance and clarity to paragraphs (d) and (e). Some of the language from their proposal could be incorporated to the current text to emphasize that the Board was serious about acknowledging deficiencies and incorporating valuable recommendations to improve GCF performance in adaptation.

598. A further Board member was concerned that the Board was moving towards a decision without sufficient time to consult. The Board member emphasized the importance of having an annotated agenda from the Secretariat to understand the context of reports and presentations and be aware of what had been decided or presented earlier and what decision the Board members should be expecting.

599. The Co-Chairs said they understood this reluctance, but they were simply following the process indicated in the Evaluation Policy, which the Board had approved. If there was no agreement on the decision proposed on-screen, the Co-Chairs would have to withdraw the proposal and consult further on how to best proceed.

600. A Board member stressed that the Board did not seem to be opposed to making a decision and no one was disagreeing with the value or need to act on this matter. Though a few Board members may wish to change some language, there did not seem to be strong opposition to the current text. It was of utmost importance for the Board to have a process that it could commence in relation to adaptation. It would not be sending a good message if the meeting were to end without a decision.

601. The Co-Chairs explained that the decision proposed was simply a translation of the Evaluation Policy and a way to allow the Board to take a decision on adaptation matters as early as B.32. With this said, the Co-Chairs asked the Board once more if it was ready to adopt the decision text as presented on-screen.

602. With no further comments and no objections, the decision was adopted.

603. The Board adopted the following decision:

DECISION B.31/13 (to be inserted)

(d) Independent evaluation of the effectiveness of GCF's investments in the least developed countries

604. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to IEU' evaluation on "Independent evaluation of the effectiveness of GCF's investments in the least developed countries".

605. They invited a representative of the Independent Evaluation Unit to make a brief presentation.

606. The Head of the Independent Evaluation Unit a.i., Mr. Andreas Reumann, and Evaluation Specialist, Mr. Martin Prowse, summarized the findings and set out the major recommendations under the following five areas: 1) Performance and the business model; 2) Responsiveness and relevance; 3) Coherence and Complementarity; 4) Country ownership and capacity development; and 5) Results and impacts.

607. They noted that whilst there was USD 3 billion in approved funding for LDCs and only four LDCs with no projects, 75 per cent of projects were through IAEs and the disbursement rate was lower and slower than other country groups. Whilst PPF worked when used, more than half of LDCs had not accessed it and disbursement was slow.

608. They acknowledged that the Secretariat had provided a management response where they had agreed or partially agreed with the recommendations of the evaluation.

609. The Deputy Executive Director a.i., Mr. Henry Gonzalez noted that the IEU evaluation had been published on 19 January 2022 and the management response had been circulated on 31 March 2022. Mr. Gonzalez provided responses relation to the seven recommendations detailed in the IEU report as follows:

- (a) Recommendation 1. GCF was already supporting countries in accessing resources for NAP implementation through RPSP and the Secretariat remained focused on improving this. Furthermore, COP guidance was being implemented while loss and damage required further guidance from the COP or the Board;
- (b) Recommendation 2. The Secretariat applied complementarity and coherence in such a way as to avoid creating extra burdens or a new requirement. The Secretariat could incorporate additional guidance if received from the Board;
- (c) Recommendation 3. Support was provided through the RPSP, and training modules were being designed for NDAs/focal points with LDCs as a priority; this was an ongoing

- effort. The Secretariat was developing a guidance note on designing and ensuring meaningful stakeholder engagement in GCF-financed projects including gender;
- (d) Recommendation 4. The Secretariat welcomed the updated Accreditation Framework which would allow more to be done. It was also working to provide greater support to DAEs through the RPSP upon the request of NDA/Focal Points. The Secretariat was also encouraging twinning of funding proposals where GCF could work with IAEs whilst locally based DAEs could play the role of executive entities (EEs). An example was FP114 where the Africa Development Bank played the role of AE and Ecobank acted as the EE;
 - (e) Recommendation 5. As was the case with SIDS, the Secretariat was providing project development technical assistance via a roster of independent firms. Approval of the SAP policy by the Board would also help in this regard. Appraisal Guidelines and tools would be launched and that would allow IAEs and DAEs to develop projects in a much more efficient manner;
 - (f) Recommendation 6. Regional and DAE targeted events could be improved to share knowledge on lessons learned, project evaluations and impact assessments with relevant stakeholders. The Secretariat was also considering rolling out its flagship annual private sector conference at a regional level to engage regional partners in LDC countries more effectively; and
 - (g) Recommendation 7. AEs were encouraged to use national data systems; and
 - (h) From B.32 onwards, the IRMF would further enhance the monitoring of gender outcomes. In addition, the Indigenous Peoples Advisory Group had been established to respond to this recommendation.
610. The Co-Chairs expressed thanks for the presentations and opened the floor for comments.
611. A Board member thanked the IEU for its evaluation and the Secretariat for its management response to the recommendations by the IEU team.
612. The report highlighted that accessing GCF finance was still a huge challenge for LDCs. The process was slower, and funds approved lower than other constituencies represented on the GCF Board.
613. In respect of adaptation projects, the Board member stated that the biggest issue was the stringent rules in relation to climate rationale and the data requirements set by the independent TAP and the Secretariat. This had become a much greater problem in the last two to three years. LDCs and other developing countries were trying to build data infrastructure through the projects. This required greater support for capacity building in LDCs. Asking for data for 30 years was unrealistic and the Board member requested the support of fellow Board members with regard to this.
614. Regarding the private sector, the Board member noted that it was often said that countries should mobilise funds from this sector, but in reality, mobilizing funds for adaptation was almost impossible for LDCs. This was even difficult in developed countries.
615. Turning to DAEs, something which had also been raised in connection with SIDS, there were only 14 in LDCs which was very low. Furthermore, in most cases, these DAEs were only approved for the micro financing category of up to USD 10 million, with just a few for small financing category. This needed to be reconsidered.
616. The Board member observed that there was a tendency to present statistics about progress made by the GCF as percentages. This gave the impression of success, but when this was looked at in absolute terms in terms of number and size of projects, LDCs were not

comparable with the total funds approved for projects in other constituencies. This needed to be addressed.

617. The Board member echoed support for the remarks of another Board member on the need to approve the SAP policy and to ensure that actions were taken following IEU evaluations. Whilst hearing that the Secretariat management response agreed or partially agreed with recommendations, what was critical was what was being done as a result. They asked that Board members support their request for the Secretariat to report on actions, at the next meeting, which had been taken in response to the evaluation report and the key points they had raised. It was crucial that the Board gave guidance to the Secretariat on these matters.

618. Furthermore, they opined that the voice of the LDC constituency was not being heard by the Board, including by the Co-Chairs.

619. Another Board member expressed support for the remarks of the preceding Board member. Whilst recognizing that overall timing of the various stages in the project approval process had improved, despite the pandemic, which was a great credit to the Secretariat, AEs and countries, LDCs still lagged behind. The IEU stated in their evaluation that there were non-climate systematic barriers that were impeding progress in the LDCs. The Board member said that they were not satisfied that the Board had done its part to address this matter. It was absurd that the climate rationale issue had not been resolved at B.30 when the paper had been submitted but not opened owing to lack of serious work being undertaken by the Board. They were also unclear why this topic had not been placed on the agenda for B.31 and would be happy to address it as a BBM. This was needed by the Board member representing LDCs and his colleagues. Furthermore, they were not convinced by the management response. The Board should consider providing additional dedicated support to smaller economies. In addition, there were references by the IEU in connection with SIDS for a dedicated RfP under the PSF. This could also apply to LDCs so as to make provisions for the special circumstances of these smaller economies. These were the kind of concrete measures and actions they wished to see from the Board discussions to remedy the problems. It was regrettable that the management response had only been provided that morning. As a result, the Board member was unable to provide a list of recommendations for preferential treatment for smaller economies to reflect their economic and institutional situations. Whilst a decision on this agenda item would note the report, they wished to see a more thorough discussion on how management responses referred to allocative or procedural changes. They also stated that they wished to have a Board discussion on the management response to the SIDS evaluation by the IEU.

620. Two further Board members expressed support for the IEU evaluation of GCF investments in LDCs, with one urging that the Board discuss and approve the many important IEU evaluations which had been delayed. The Board member emphasised the importance of the Board and Secretariat taking stronger action to enhance LDC access to GCF resources and to improve SAP accordingly.

621. Noting a point in the IEU presentation that the majority of financing was channelled through IAEs, the second Board member asked the IEU whether they had assessed how much finance was channelled to vulnerable groups in LDCs, over and above their reference to gender.

622. The Co-Chairs invited the Head of the IEU to respond.

623. The Head of the IEU a.i., said that they had not been able to conclusively identify any data that would indicate how vulnerable groups in vulnerable countries were targeted. The IEU team had investigated this in its Learning-Oriented Real-Time Impact Assessment (LORTA) programme with about 20 projects in the GCF portfolio; only a few projects were in the LDCs. From these it was not possible to say but early baseline data indicated that there was some alignment with regard to targeting vulnerable groups. Other than that, it was unfortunately not possible draw any further conclusions at a portfolio level.

624. The Co-Chairs thanked Board members and confirmed they had taken note of their comments. They would also be considering a decision.

625. They stated that the Board had taken note of the IEU evaluation report and the Secretariat management response.

626. No decision was taken under this agenda item.

Agenda item 17: Dates and venues of upcoming Board meetings

627. The Co-Chairs opened the agenda item on the fourth and last day of the meeting. They drew the attention of the Board to GCF/B.31/10 titled “Dates and venues of upcoming meetings of the Board” and informed the Board that they had also circulated a Co-Chairs' proposal that included a suggestion to hold an informal meeting on the agreed B.32 dates instead of a formal one. The Co-Chairs explained that having an informal session would allow for more time to consult and make progress on several outstanding matters.

628. The Board had two substantive rounds of discussion on various options for dates and venues, the value of informal sessions, and the consequences of keeping/changing Board meeting dates. Options considered were: having an informal session in May, consequently moving B.32 to the B.33 dates in June and waiting until then to determine the dates of B.33; keeping the original B.32 and B.33 dates and holding them in Antigua and Barbuda and the Republic of Korea, respectively; not meeting in May and holding B.32 on the B.33 dates and B.33 on the B.34 dates; and, finally, keeping the B.33 and B.34 dates and moving B.32 one week later to allow more time for preparation.

629. A number of Board members objected to holding an informal meeting in May and urged that the Board should have four formal meetings in 2022 as agreed. They were also in support of keeping the previously agreed dates, emphasizing that moving the dates of the current meeting had resulted in a funding proposal not being presented because the AMA of its accredited entity had lapsed. In addition, the Board had a substantial amount of work to address and they were uncertain how productive an informal meeting would be versus a formal one.

630. The Co-Chairs stressed that the original meeting dates did not allow enough time for pre-Board meeting consultations and substantial preparations required for in-person meetings, including travel, visa, health, safety and security arrangements. Holding an informal meeting would allow the Board to make progress and find consensus on various issues, ensuring that more substantive matters would be on the agenda for the formal Board meetings.

631. Other Board members supported the idea of holding an informal session as they would be able to speak openly and make progress on various matters without having to take decisions. Some Board members also questioned what could be accomplished in terms of Board documents and accreditation and funding proposals leading up to B.32 in May. With only a few weeks left, it did not seem possible to finalize enough documents while also adhering to the 21-day rule set out in the Rules of Procedure.

632. Towards the end of the meeting, the Co-Chairs presented a decision text that moved B.32 from 9–12 May 2022 to 16–19 May 2022 while keeping the agreed B.33 and B.34 dates, noting that the B.34 dates would be subject to confirmation. The first two days of B.32 would be dedicated to sessions for policy consultations while the last two days would be for the formal meeting. The venue of B.32 would be in Antigua and Barbuda.

633. The Co-Chairs invited the Board to approve the decision.

634. With no further comments and no objections, the decision was approved.

635. The Board took note of document GCF/B.31/10 titled “Dates and venues of upcoming meetings of the Board”.

636. The Board adopted the following decision:

DECISION B.31/14

The Board, having considered document GCF/B.31/10 titled “Dates and venues of upcoming meetings of the Board”:

- (a) *Agrees and confirms that the thirty-second meeting of the Board will take place from Monday, 16 May 2022 to Thursday, 19 May 2022 in Antigua and Barbuda, noting that the first two days will be sessions for policy consultations;*
- (b) *Also agrees that the thirty-third meeting of the Board will take place from Monday, 27 June 2022 to Thursday, 30 June 2022 as an in-person meeting in the Republic of Korea;*
- (c) *Takes note that the Board agreed, in decision B.30/12, that the thirty-fourth meeting of the Board was set for Monday, 24 October to Thursday, 27 October 2022, subject to confirmation by the Board in accordance with paragraph 17 of the Rules of Procedure; and*
- (d) *Requests the Co-Chairs to continue to monitor the impact of the coronavirus disease 19 (COVID-19) pandemic on the operations of GCF, and to report to the Board appropriately.*

Agenda item 18: Other matters

637. This agenda item was not opened.

Agenda item 19: Report of the meeting

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

Agenda item 20: Close of the meeting

639. The Co-Chairs thanked the Secretariat, Board members, advisers and all others who had contributed to the meeting. The Co-Chairs were grateful for the productive input of the Board and said they would be continuing their work on various outstanding items such as those under agenda item 4 (decisions proposed between Board meetings), the appointment of Board-appointed officials and a number of decisions regarding evaluations.

640. A Board member thanked the Co-Chairs and said they were committed to remaining engaged on the appointment of Board-appointed officials. It was important to fulfil all the requirements in terms of appointing these officials in a timely manner.

641. The meeting was closed on Friday, 1 April 2022 at 1:24 a.m. KST.

Annex I: Revised terms of reference of the Head of the Independent Evaluation Unit

Position Title: Head of the Independent Evaluation Unit

Role:

The Head of the Independent Evaluation Unit (IEU) will work, pursuant to paragraph 60 of the Governing Instrument for the GCF, as an operationally independent unit, in accordance with the approved terms of reference of the unit as contained in Annex I to decision B.BM-2021/15. The Head will be selected by, and will report to, the Board. She/he will conduct periodic independent evaluations of the Green Climate Fund's (the Fund's) performance in order to provide an objective assessment of the Fund's results and to capture lessons learned, including its funded activities and its effectiveness and efficiency.

The tenure of the Head of the IEU will be for three years, renewable once. The incumbent can be removed only by decision of the Board. The Board may decide to terminate the contract based on the evaluation of the performance of the Head of the IEU in relation to an agreed performance-based contract. Her/his conditions of appointment will be decided by the Board. To preserve operational independence, upon termination of service as the Head of the IEU, she/he shall not be eligible for any type of staff positions within the Secretariat. The Head of the IEU will be subject to the Staff Code of Conduct and any applicable policy on ethics and conflicts of interest with the Board or its designee as an oversight body. He or she will be based at the Fund's headquarters in Songdo, Republic of Korea, and the position will be a full-time one.

Duties and responsibilities:

The Head of the IEU will report to the Board and, for administrative purposes only, to the Executive Director and be responsible for:

- Leadership and management of the unit, including the authority to make appointments and manage staff of the unit;
- Conducting or managing, by contracting consultants, evaluations using as much as possible internally generated data streams and analytical outputs, and applying evaluation standards and practice in accordance with best international practice and standards. The use of technical expert panels or similar mechanisms may be appropriate. The Head of the IEU will ensure that evaluation team members do not have conflicts of interest with respect to the activities in whose evaluation they will be involved;
- Making recommendations to improve the Fund's performance, in the light of the unit's evaluations, including in particular to the Fund's performance indicators and its results management framework.
- Attesting to the quality of the Fund's self-evaluations conducted by the Secretariat;
- Synthesizing and sharing the findings and lessons learned from the unit's evaluations with key internal and external audiences in order to inform decision-making by the Board and the Executive Director, as well as among accredited entities;
- Proposing an annual administrative budget and work plan and updated three year rolling work plan for the IEU, to ensure its financial independence, to be considered and approved by the Board.
- Proposing detailed guidelines and procedures governing the work of the IEU to be approved by the Board. The procedures will be updated as necessary and approved by

the Board so as to always ensure that the procedures allow for the work of the IEU to be carried out efficiently and in a cost-effective manner while meeting best international standards;

- Participating actively in relevant evaluation networks in order to ensure that the IEU is at the frontier of results, evaluation and learning practice and that it benefits from relevant initiatives undertaken by other evaluation units;
- Establishing close relationships with the independent evaluation units of the accredited entities of the Fund, and seeking to involve them in their activities and to share learning wherever feasible and appropriate;
- Providing recommendations to accredited entities on how to design projects/programmes and monitoring of those activities so as to improve the ability of the IEU to provide quality evaluation of the Fund's activities;
- Ensuring the IEU contributes to the GCF knowledge management process, including communicating lessons and best practices as learned by the IEU;
- Updating the evaluation policy of the GCF in accordance with paragraph 6 of the Evaluation Policy (B.BM-2021/07), paragraph 9 of the TOR of the IEU (B.BM-2021/15);
- The independent evaluation work is separate from the day-to-day monitoring and evaluation (M&E) work of the Secretariat as per paragraph 23 (j) of the Governing Instrument;
- In addition to synthesizing the findings and/or lessons learned, disseminating/communicating results with relevant audiences;
- Developing plans to ensure that evidence informs learning across the Fund;
- Establishing close relationships with the equivalent units of the accredited entities in order to avoid duplication of their respective activities, and sharing lessons learned to ensure continuous learning;
- Providing evaluation reports to the Conference of the Parties to the United Nations Framework Convention on Climate Change for the purposes of periodic review of the Financial Mechanism of the Convention;
- Preparing and submitting periodic progress reports to the Board, as and when required, and an annual report that will also be disseminated to the public; and
- The IEU Head is also responsible for providing, according to its functions, reliable and objective assurance to the Board and GCF senior management concerning governance, risk and control as part of the IEU's line of responsibility in the Fund's internal control framework, namely the Committee of Sponsoring of the Treadway Commission (COSO).

The IEU head will be appointed at the level of IS-8

Required experience and qualifications:

- An advanced university degree in law, economics, development studies, climate change or a related field (Masters or higher); or a similar Bachelor's degree and two additional years or experience in lieu of advanced degree;
- 15 years of relevant professional experience, including at least seven years at senior management level;

- Experience of working on climate change, in particular, projects and programmes in developing countries, is desirable;
- Demonstrated expertise in project and programme evaluation;
- Good organizational skills;
- Expert experience in drafting detailed guidelines and procedures;
- Experience in setting up and executing a budget;
- Proven analytical skills with creative solutions to challenges;
- Demonstrated experience in prioritizing multiple assignments, meeting tight deadlines, and a willingness to be flexible with minimal staff in a fast-paced environment;
- Exceptional relationship and communication management skills;
- Exceptional interpersonal skills with the ability and personality to work collaboratively, accept responsibility and motivate colleagues;
- A demonstrated strong track record in leading the recruitment and development of a team;
- Sensitivity to political, and respect for cultural, factors;
- Fluency in English is essential; knowledge of another United Nations language is an advantage;
- Experience in, or working with, developing countries on climate change;
- Good knowledge/experience of relevant independent evaluation networks and the broader monitoring and evaluation (M&E) landscape;
- Experience in leading and managing a diverse team with a broad range of technical skills;
- Experience in drafting and delivering evidence plans that are aligned with and support organizational learning;
- Strong project management skills;
- Strong gender skills and experience in order to embed gender within all evaluations of the Fund; and
- Enjoy an impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.

Applications from women and nationals of developing countries are strongly encouraged.

Annex IV: Revised definition of the scale of intended activities

1. Scale of intended activities:
 - (a) Micro (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of up to and including USD 10 million for an individual project or programme);
 - (b) Small (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 10 million and up to and including USD 50 million for an individual project or programme);
 - (c) Medium (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 50 million and up to and including USD 250 million for an individual project or programme); and
 - (d) Large (total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 250 million for an individual project or programme).

Annex V: Accreditation framework of the GCF

I. General objective

1. The general objective of this framework is to facilitate a coherent integration of the GCF fiduciary principles and standards, environmental and social safeguards (ESS) policies and standards and the Updated Gender Policy with the GCF accreditation process and its related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it.
2. The accreditation framework allows GCF to drive a broader institutional shift towards low-emission, climate-resilient approaches and best practices regarding ESS and gender policies and standards.

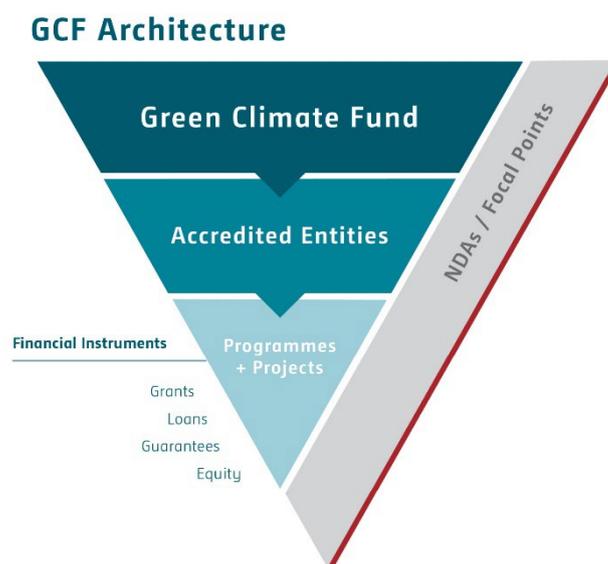
II. Role and responsibilities of accredited entities

3. As an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, GCF provides support to developing countries and Parties to the UNFCCC and the Paris Agreement to limit or reduce their greenhouse gas emissions and adapt to the impacts of climate change.
4. The Strategic Plan for the GCF states that GCF will support developing countries in the implementation of the ambitious Paris Agreement.¹ The Strategic Plan further states that GCF, based on its mandate as defined in the Governing Instrument for the GCF, will support developing countries by promoting a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development. Through country programmes, recipient countries, via their national designated authority (NDA) or focal point, can indicate country needs and priorities in addressing climate change. As per the Governing Instrument, access to GCF resources will be through national, regional and international implementing entities accredited by the Board.² Accredited entities (AEs) may be implementing entities and/or intermediaries. The diversity of AEs can provide recipient countries with a choice of partners to meet their needs and priorities.
5. In particular, direct access entities (DAEs) are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways. Private sector entities at all levels, particularly those in developing countries, can be important partners in promoting private sector climate action in developing countries. With GCF financing, private sector entities can help in de-risking the delivery of private capital and scaling up private sector investment flows for low-emission and climate-resilient development.
6. GCF and its network of partners, particularly AEs, will be responsible for the delivery of financing to developing countries to meet internationally agreed climate goals at scale while also meeting GCF standards and safeguards.

¹ Annex I to decision B.12/20.

² Paragraph 41 of the Governing Instrument.

Figure 1: GCF architecture



Abbreviation: NDAs = national designated authorities.

7. Within the architecture of GCF (refer to figure 1 above):
- (a) On an operational level, AEs are expected to:
- (i) Cover the full project and programme cycle in engaging with GCF, starting from engaging with developing countries via the NDA and focal point in order to respond to and align potential projects/programmes with country priorities, strategies, approaches and needs on climate change;
 - (ii) Develop and periodically update an entity work programme to deliver country-owned, high-impact proposals in a strategic manner;
 - (iii) Design projects and develop funding proposals to be considered by GCF for financing;
 - (iv) Where possible, undertake projects/programmes originated by other organizations (e.g. sponsorship); and
 - (v) Implement, deliver, monitor and report the results of such activities;³ and
- (b) On an administrative level, including fiduciary and legal matters, AEs must:
- (i) Demonstrate institutional capacities to undertake the overall management, implementation and oversight of climate change projects and programmes in line with the GCF fiduciary principles and standards, ESS policies and standards and the Updated Gender Policy (standards for GCF accreditation);
 - (ii) Provide evidence of institutional systems, policies and procedures in terms of those standards as well as the track record, as appropriate, of implementing such institutional systems, policies and procedures for undertaking the projects and programmes;
 - (iii) Demonstrate (a) their capacity to ensure that their downstream executing entities apply the same standards; and (b) their ability to monitor, report and

³ Annex IV to decision B.17/09, paragraph (n).

verify that the relevant GCF standards, safeguards and policies are being upheld;
and

- (iv) Possess independent legal personality and legal capacity to enter into legal agreements with GCF and undertake the relevant obligations on their own behalf, notably the accreditation master agreement (AMA) and any funded activity agreements (FAAs) resulting from approved funding proposals (or project/programme depending on financing size category).

8. The accreditation type of the AE, specifically the financing size category, financing modality (e.g. managing projects, awarding grants, on-lending, providing guarantees and/or undertaking equity investments) and environmental and social (E&S) risk category, govern the maximum scope within which the AE can submit a funding proposal for a project/programme.

9. The accreditation term for an AE is five years.⁴ AEs are considered fully accredited to GCF upon the effectiveness of the AMA.⁵ An AE will need to seek re-accreditation to GCF in order to maintain its status as an AE or its status as an AE will lapse at the end of its accreditation term.⁶

10. Once accredited, AEs may submit funding proposals that fall within their accreditation scope (e.g. financing size category, fiduciary functions and E&S risk category) for consideration by GCF. For example, an AE accredited for the specialized fiduciary criteria for project management and not accredited for the specialized fiduciary criteria for on-lending and/or blending (for loans) may seek GCF financing to manage a project/programme, but it may not on-lend GCF financing to executing entities or beneficiaries because it has not been accredited to do so.

11. GCF relies on the primary due diligence and the risk assessments performed by AEs.⁷ The AEs are responsible for the overall management, implementation and supervision of activities financed by GCF and are expected to administer funds disbursed with the same degree of care as they use in the administration of their own funds. This includes management and oversight of executing entities. Executing entities are entities through which GCF financing is channelled, entities which use GCF financing for the purposes of a GCF-funded project/programme or a part thereof (such as a specific component), or entities that execute or carry out all or part of a GCF-funded project/programme. In each case, the executing entity performs its duties under the overall guidance, management or supervision of the implementing entity or intermediary (e.g. the AE). An AE may also act as an executing entity.⁸

12. The Secretariat and the independent Technical Advisory Panel conduct second-level due diligence on funding proposals submitted by AEs.⁹

13. GCF and the AE sign an AMA,¹⁰ which contains the overarching terms and conditions codifying the partnership and relationship between GCF and the AE. For each project/programme approved by the Board, GCF and the AE sign an FAA.

14. GCF also seeks to incentivize AEs to transform their overall portfolio beyond assets financed by GCF to contribute to meeting the objectives of GCF, the UNFCCC and the Paris

⁴ Decision B.11/10, annex I, paragraph 6, states, "The accreditation of an entity to the GCF is valid for a fixed term of five years or less, depending on the terms of accreditation, in accordance with decision B.10/07."

⁵ Decision B.23/11, paragraph (a).

⁶ Decision B.24/13, paragraph (a) and annex XXVI to the decision.

⁷ Annex XXVII to decision B.12/31.

⁸ Refer to clause 1.01 of the AMA template contained in annex XXVI to decision B.12/31, available at <https://www.greenclimate.fund/document/accreditation-master-agreement>.

⁹ In decision B.17/09, paragraph (o), the Board requested the Secretariat to define the nature, scope and extent of second-level due diligence and submit the same to the Board for its consideration no later than April 2018.

¹⁰ Decision B.12/31 and annex XXVI to the decision.

Agreement. To that end, the re-accreditation decision by the Board will take into account the Secretariat and Accreditation Panel's assessment of the extent to which the AE's overall portfolios of activities, beyond those funded by GCF, have evolved in this direction during the accreditation period.¹¹

III. Guiding principles for the GCF accreditation process

15. Pending consideration of a strategic approach to accreditation, the guiding principles for the GCF accreditation process will consist of:
- (a) Best practices and continuous update. The GCF fiduciary principles and standards, ESS policies and standards and the Updated Gender Policy will consistently be in line with international best practices and standards and systematically endeavor to reflect the best of the experience and lessons learned by relevant institutions, as well as lessons learned from its own experiences with fiduciary principles and standards, ESS policies and standards and gender policies;
 - (b) Accountability, transparency, fairness and professionalism. Its governance system, procedures and organizational approach will ensure accountability, transparency, fairness and adequate professionalism in the accreditation process and across all operational procedures, allowing for reasonable levels of assurance and comparability with regard to the presence and performance of the required institutional capacities;
 - (c) A dynamic process that is reliable, credible and flexible. Its modalities will pursue rigorous, independent, objective and systematic assessment and review processes, while giving due attention to special circumstances of applicant entities through a fit-for-purpose accreditation approach.¹² A dynamic accreditation process will aim to enable potential entities to increase their scope of activities as their capacity increases over time;
 - (d) Coherence and integration with other relevant provisions of GCF. The GCF fiduciary principles and standards, ESS policies and standards, the Updated Gender Policy and general accreditation procedures will be consistent and properly linked with other relevant elements of GCF governance, particularly the GCF Independent Redress Mechanism, Information Disclosure Policy, Monitoring and Accountability Framework (MAF) for AEs, and other elements as appropriate;
 - (e) Readiness and effectiveness. The accreditation process will allow for readiness and preparatory support prior to, during and after accreditation in the context of direct access and the different capacities and capabilities of countries and institutions to enhance country ownership, with a view to facilitating capacity-building; and
 - (f) Efficiency in terms of cost, time and resources, both to GCF and the applicant. Processes and procedures should be streamlined, through simplifying or eliminating unnecessary steps and by upgrading information technology support systems, as appropriate.

IV. Standards for GCF accreditation

¹¹ Paragraph 35 of the GCF Monitoring and Accountability Framework contained in annex I to decision B.11/10. The policy is available at <https://www.greenclimate.fund/document/monitoring-and-accountability-framework-accredited-entities>.

¹² Decision B.08/02. The guidelines are available at <https://www.greenclimate.fund/document/guidelines-operationalization-fit-purpose-accreditation-approach>.

16. The following standards, as may be amended from time to time, apply to GCF accreditation.

4.2 Fiduciary principles and standards

17. The GCF fiduciary principles and standards distinguish between basic fiduciary criteria, which are applicable to all applicants, and specialized fiduciary criteria, which will reflect the institutional capacities necessary to deliver against the GCF objectives and in accordance with the scope of responsibilities entrusted to the AE. The specialized fiduciary standards include those for project management, grant award and/or funding allocation mechanisms, and on-lending and/or blending (for loans, equity and/or guarantees).

18. The GCF initial fiduciary principles and standards are illustrated in table 1 below:

Table 1: Purpose and scope of the basic and specialized fiduciary standards

	Purpose	Scope
Basic fiduciary criteria	Key administrative and financial capacities	<ul style="list-style-type: none"> • General management and administrative capacities • Financial management and accounting • Internal and external audit • Control frameworks • Procurement
	Transparency and accountability	<ul style="list-style-type: none"> • Disclosure of conflicts of interest • Code of ethics • Capacity to prevent or deal with financial mismanagement and other forms of malpractice • Investigations • Anti-money laundering and countering the financing of terrorism
Specialized fiduciary criteria	Project management	<ul style="list-style-type: none"> • Project preparation and appraisal (from concept to full funding proposal) • Project oversight and control • Monitoring and evaluation • Project-at-risk systems and related project risk management capabilities
	Grant award and/or funding allocation mechanisms	<ul style="list-style-type: none"> • Grant award procedures • Transparent allocation of financial resources • Public access to information on beneficiaries and results • Good standing with regard to multilateral funding (e.g. through recognized public expenditure reviews)

	Purpose	Scope
	On-lending and/or blending (for loans, equity and/or guarantees)	<ul style="list-style-type: none"> • Appropriate registration and/or licensing by a financial oversight body or regulator in the country and/or internationally, as applicable • Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources • Creditworthiness • Due diligence policies, processes and procedures • Financial resource management, including analysis of the lending portfolio of the intermediary • Public access to information on beneficiaries and results • Investment management, policies and systems, including in relation to portfolio management • Capacity to channel funds transparently and effectively, and to transfer the GCF funding advantages to final beneficiaries • Financial risk management, including asset liability management • Governance and organizational arrangements, including relationships between the treasury function and the operational side (front desk)

19. The GCF fiduciary principles and standards will form the fiduciary criteria against which GCF will assess applicants for accreditation to GCF and will be applied according to the fit-for-purpose accreditation approach.¹³ Once accredited, AEs will be required to fully meet these criteria for as long as the entity intends to retain its accreditation status with and commitments to GCF.

20. The GCF fiduciary principles and standards to be applied in accreditation include:

- (a) Initial fiduciary principles and standards (decision B.07/02);
- (b) Policy on the Protection of Whistleblowers and Witnesses (decision B.BM-2018/21) to the extent applicable to accreditation;¹⁴
- (c) Anti-Money Laundering and Countering the Financing of Terrorism Policy (decision B.18/10) to the extent applicable to accreditation;¹⁵ and

¹³ Decision B.08/02.

¹⁴ Decision B.BM-2018/21, paragraph (c), requests the Secretariat, in consultation with the Accreditation Committee and the Independent Integrity Unit, to revise the initial basic fiduciary standards (as adopted through decision B.07/02, paragraph (b)) to ensure that that Counterparties have effective whistleblower and witness protection policies and practices in place that are comparable to those set out in this Policy.

¹⁵ Decision B.23/15, paragraph (b), requests the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to integrate the Anti-Money Laundering and Countering the Financing of Terrorism Policy in the interim fiduciary standards and present to the Board a proposal for its consideration in 2019 as a matter of urgency. A proposal on integration has yet to be presented to the Board for its consideration. After adoption by the Board of the revised initial fiduciary standards, the accreditation process may be amended to reflect them.

- (d) Policy on Prohibited Practices (decision B.22/19) to the extent applicable to accreditation.^{16 17}

21. Scale of intended activities. Irrespective of the scale of activities to be funded with GCF resources, all entities will have to meet the GCF basic fiduciary standards and any applicable specialized fiduciary standards in order to be accredited. An entity can only access funding at a scale that is within its capacity to manage in accordance with the GCF fiduciary standards. The Accreditation Panel will use its expert judgment to determine whether the capacity demonstrated by the AE for each applicable fiduciary standard is adequate in the light of the scale of funding it will access from GCF. The Accreditation Panel may recommend to the Board that an entity be accredited to access funding within one of the following categories at a maximum, commensurate with its track record and demonstrated capacity:¹⁸

- (a) Micro (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of up to and including USD 10 million for an individual project or programme);
- (b) Small (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 10 million and up to and including USD 50 million for an individual project or programme);
- (c) Medium (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 50 million and up to and including USD 250 million for an individual project or programme); and
- (d) Large (total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 250 million for an individual project or programme).

4.3 Environmental and social safeguards

22. The GCF Revised Environmental and Social Policy,¹⁹ the ESS standards (including regarding indigenous peoples),²⁰ and the Information Disclosure Policy²¹ regarding requirements to disclose E&S information for category A/intermediation 1 and category B/intermediation 2 projects/programmes identify the principles and standards related to

¹⁶ The Policy on Prohibited Practices adopted in decision B.22/19 replaces the General Policy on Prohibited Practices adopted by the Board in decision B.12/31, paragraph (h). The policy is available at <https://www.greenclimate.fund/document/policy-prohibited-practices>.

¹⁷ Decision B.14/01, paragraph (e) notes that the Head of the Integrity Unit is to develop the full set of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism and present these to the Board for its consideration as early as feasible in 2017 as a matter of urgency; and decision B.14/01 paragraph (f) further requests the Accreditation Committee in consultation with the Head of the Independent Integrity Unit to consider the best way to integrate such policies in the interim fiduciary standards, and present to the Board a proposal for its consideration as early as feasible in 2017 as a matter of urgency.

¹⁸ This applies to entities and funding proposals to be considered by the Board after the consideration of this document by the Board. It does not prejudice decisions taken by the Board previously on the accreditation of entities and approval of funding proposals.

¹⁹ Decision B.BM-2021/18. The Revised Environmental and Social Policy as compared to the the “Environmental and social management system: Environmental and Social Policy” adopted in decision B.19/10, which it replaced, does not include any revisions to section 6.1 on accreditation, and apply to GCF-financed activities.

²⁰ Decision B.07/02. The Board has adopted the International Finance Corporation Performance Standards as the interim ESS standards that will be guided by the International Finance Corporation guidance notes, which provide more detail on each Performance Standard, until its own ESS standards are fully developed and adopted by GCF. The Board, in its decision B.07/02, paragraph (d), also decided to complete the development of the GCF’s own ESS and accordingly, in decision B.23/02, approved the proposed approach for the development of GCF ESS standards and requested the Secretariat to proceed with said development. The interim standards are available at <https://www.greenclimate.fund/document/interim-environmental-and-social-safeguards-fund-performance-standards-international>.

²¹ Decision B.12/35. The policy is available at <https://www.greenclimate.fund/document/information-disclosure-policy>.

environmental and social safeguards that AEs will be required to meet. Institutional capacities necessary to deliver against the GCF objectives and in accordance with these policies and standards will be assessed during accreditation.

23. In addition, the GCF Revised Environmental and Social Policy and the ESS standards contain the requirements that, in cases where there may be environmental and/or social risks and impacts, AEs must ensure that the executing entities they oversee and manage comply with the GCF ESS standards in relation to projects and programmes supported financially by GCF.

24. The ESS standards consist of eight standards with the first one (Performance Standard 1: Assessment and management of environmental and social risks and impacts) applying to all entities seeking to become accredited and AEs at the institutional level, and at the project/programme level.

25. Performance Standard 1 establishes the importance of:

- (a) An environmental and social management system and integrated assessment to identify the E&S impacts, risks and opportunities of funding proposals;
- (b) Effective community engagement through the disclosure of project-related information and consultation with affected communities on matters that directly affect them;
- (c) Management, monitoring, review and reporting of E&S performance throughout the life of the project or programme; and
- (d) Engagement with affected communities or other stakeholders throughout the project or programme life cycle, including on communications and grievance mechanisms.

26. At the project/programme level, AEs will be required to apply the ESS standards, in accordance with the environmental and social management system per Performance Standard 1, the GCF Revised Environmental and Social Policy,²² and the GCF Indigenous Peoples Policy, to all projects and programmes, as well as to individual projects or activities within a programme or under financial intermediation, financed through the resources of GCF. The Revised Environmental and Social Policy reaffirms the GCF's commitment to addressing Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH) and applies to GCF-financed activities. The GCF's Revised Policy on the Prevention and Protection from SEAH also contains, as its third guiding principle, that GCF and its Covered Individuals shall not enter into future engagements with those who condone, encourage, participate in, or engage in SEAH in GCF-related activities.²³

27. Performance standards 2–8 establish objectives and requirements to avoid and minimize and, where residual impacts remain, compensate/offset the risks and impacts to workers, affected communities and the environment. While all relevant E&S risks and potential impacts should be considered as part of the assessment, performance standards 2–8 describe potential E&S risks and impacts that require particular attention.

28. Performance standards 2–8 will be utilized in a modular way as needed. Where environmental or social (including SEAH) risks and impacts are identified, the AE is required to manage them in accordance with the ESS standards through the relevant executing entity(ies) that the AE oversees and manages.

4.3.1. Scaled risk-based approach

²² Decision B.BM-2021/08. The Revised Environmental and Social Policy replaces the Environmental and Social Policy adopted by the Board in decision B.19/10 with respect to projects and programmes approved at or after the thirty-second meeting of the Board. The Revised Environmental and Social Policy is available at <https://www.greenclimate.fund/document/revised-environmental-and-social-policy>

²³ Decision B.BM-2021/08. The policy is available at <https://www.greenclimate.fund/sites/default/files/document/seah-policy.pdf>.

29. The application of the ESS standards will be implemented in a risk-based manner and not in a one-size-fits-all approach. This approach will ensure that E&S requirements and processes are commensurate to their level of risk and, coupled with the modular application of the ESS standards, will not slow down or overburden minimal-to-no E&S risk projects/programmes.
30. This approach also provides GCF with a tool for judging exposure to E&S risks, both at the individual project level and at the portfolio level.
31. AEs are required to have the capacity and a system for screening funding proposals in order to identify the potential E&S risks and/or impacts and to determine if any potential inconsistencies with the ESS standards are insurmountable and/or not manageable over a reasonable period of time.
32. Funding proposals wherein the AE will utilize its accreditation for the specialized fiduciary standard for project management will thus fit into the following E&S risk categories:
- (a) Category A: activities with potential significant adverse environmental and/or social risks and/or impacts that, individually or cumulatively, are diverse, irreversible or unprecedented;
 - (b) Category B: activities with potential limited adverse environmental and/or social risks and/or impacts that, individually or cumulatively, are few, generally site-specific, largely reversible and readily addressed through mitigation measures; and
 - (c) Category C: activities with minimal or no adverse environmental and/or social risks and/or impacts.
33. Funding proposals wherein the AE will intermediate (e.g. utilize its accreditation for the specialized fiduciary standard for grant award and/or funding allocation mechanisms or the specialized fiduciary standard for on-lending and/or blending (for loans, equity and/or guarantees) activities involving investments through financial intermediation functions or through delivery mechanisms involving financial intermediation) are divided into the following E&S risk levels:
- (a) High level of intermediation (I1): when an intermediary's existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that, individually or cumulatively, are diverse, irreversible or unprecedented;
 - (b) Medium level of intermediation (I2): when an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental and/or social risks and/or impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and/or social risks and/or impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented; and
 - (c) Low level of intermediation (I3): when an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social risks and/or impacts.
34. Additional guidance on screening and categorizing GCF-financed activities provides further information on screening and categorizing environmental and social risks of activities supported through GCF resources.²⁴

²⁴ Sustainability guidance note: screening and categorizing GCF-financed activities can be accessed at <https://www.greenclimate.fund/sites/default/files/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities.pdf>.

4.3.2. Environmental and social information disclosure

35. In accordance with the Information Disclosure Policy,²⁵ with respect to project and programme funding proposals (including medium to high level of intermediation) that have limited to significant adverse environmental and/or social risks and/or impacts, AEs shall disclose and announce to the public and, via the Secretariat, to the Board and active observers various ESS reports for certain minimum durations. The ability of the applicant to meet such requirements will be assessed in the accreditation process.

4.4 Gender

36. The GCF adopted the Updated Gender Policy.²⁶ As per the Updated Gender Policy, AEs are required to have policies, procedures and competencies in place with which to implement the Updated Gender Policy. AEs shall also dedicate the necessary financial, human and other resources, as appropriate, to comply with the principles and requirements of the Updated Gender Policy. The ability of the applicant to meet the principles and requirements contained in the Updated Gender Policy will be assessed during the accreditation process.

37. At the project/programme level, the AE will be responsible for implementing the Updated Gender Policy as it relates to the GCF-approved project/programme through in-country project identification and implementation, as well as for results reporting. The application of the GCF guidelines on the initial socioeconomic and gender assessments and ESS standards as they relate to the project/programme is mandatory.

V. Accreditation approaches

38. Entities may seek accreditation through two approaches (refer to figure 2 below):

- (a) Institutional accreditation; or
- (b) Project-specific assessment approach (PSAA).

39. Institutional accreditation allows GCF to build a network of long-term partners not only through the delivery of projects, but also by building institutions. In institutional accreditation, GCF assesses an organization's institutional systems, policies and procedures in place that meet the GCF policies and standards referred to in section IV above, as well as the track record of applying said systems. The institutional capacities of an organization to meet the GCF policies and standards is reflected in an accreditation type comprising (a) a maximum project or programme size category; (b) fiduciary functions; and (c) a maximum E&S risk level within which an AE can undertake projects/programmes with GCF funding. AEs, once accredited, can submit funding proposals within the scope of their accreditation and engage with GCF on multiple projects.

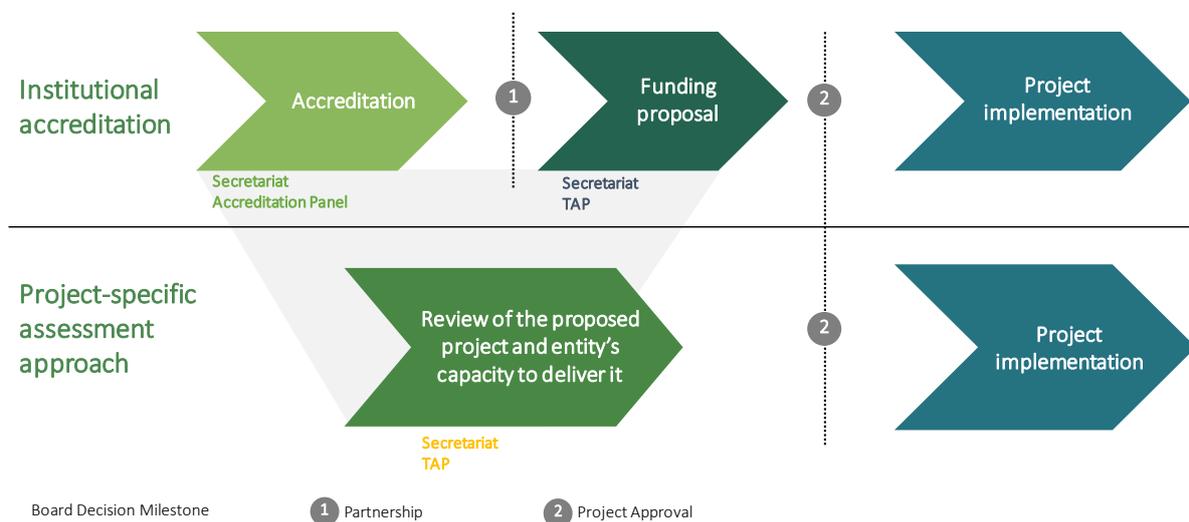
40. PSAA is a complementary approach to institutional accreditation that allows GCF to target specific projects/programmes. PSAA focuses on assessing whether the entity can undertake the proposed project/programme in line with the standards for GCF accreditation. In doing so, PSAA aims to provide a more fit-for-purpose approach compared with institutional accreditation in relation to the intended projects/programmes. Assessment of the entity's capability to implement the proposed project/programme is undertaken alongside the review of the funding proposal. Additionally, it aims to broaden access to GCF for entities for whom the

²⁵ Decision B.12/35 and annex XXIX thereto.

²⁶ The Updated Gender Policy was adopted in decision B.24/12 and is contained in annex XXIII to that decision and replaces the Gender Policy adopted by the Board in decision B.09/11 and annex XIII thereto. The policy can be accessed at <https://www.greenclimate.fund/document/gender-policy>.

institution-wide approach to accreditation does not as readily respond to the nature and number of projects they intend to develop with GCF support, and the higher transaction costs associated with the process.

Figure 2: Overview of accreditation approaches: institutional accreditation and the project-specific assessment approach



Abbreviation: TAP = independent Technical Advisory Panel.

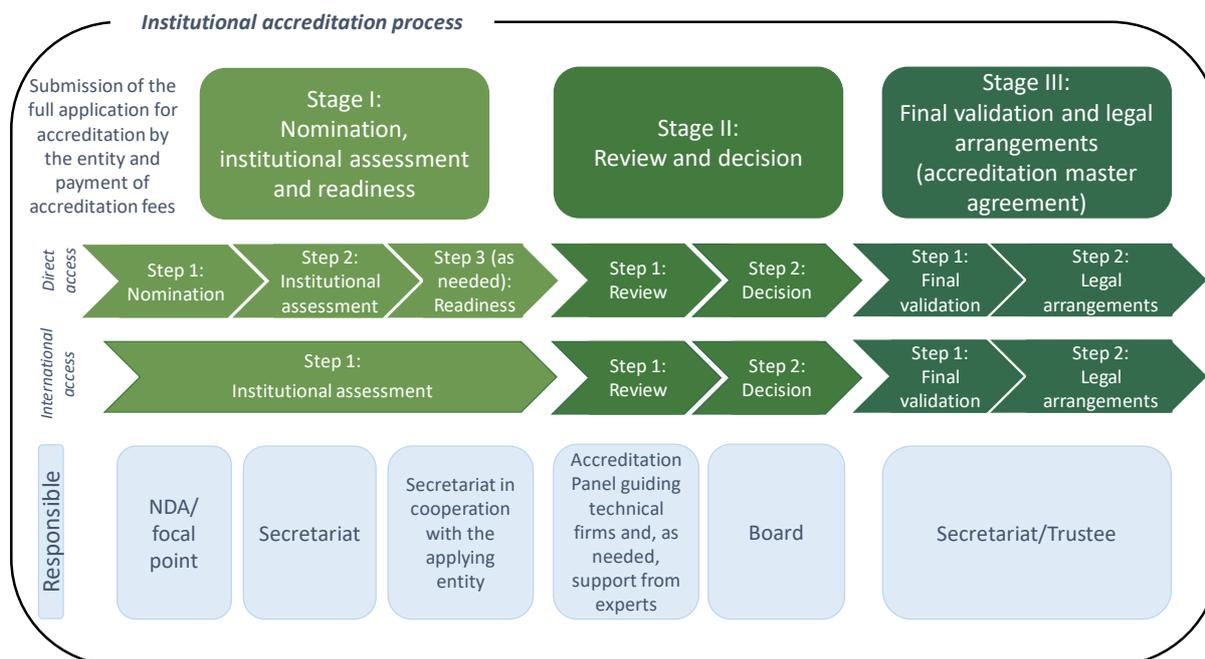
41. Entities may be encouraged to seek institutional accreditation after undergoing the PSAA should they have the potential to be a long-term partner and show interest in aligning their institutional systems to the standards of GCF accreditation. The institutional capacity checks related to the delivery of the targeted project/programme under the PSAA would be used to inform the institutional accreditation process in the context of whether the entity could be an appropriate partner for channelling GCF resources to developing countries through projects/programmes similar to the PSAA project/programme, noting that the broader institution-wide systems and capacities for a potential portfolio of projects/programmes will be assessed in institutional accreditation.

VI. Institutional accreditation process

42. The GCF institutional accreditation process will be based on three main stages (refer to figure 3 below):

- (a) Stage I: nomination, institutional assessment and readiness;
- (b) Stage II: accreditation review and decision; and
- (c) Stage III: final arrangements.

Figure 3: Overview of the accreditation process



Abbreviation: NDA = national designated authority.

43. GCF will accept and review applications on a rolling basis. Applicant entities will request access to the digital accreditation platform²⁷ and submit their application for accreditation in accordance with operational procedures developed by the Secretariat. Applicants will also have to include a communication indicating nomination from the relevant NDA/focal point, if applicable.

6.1 Stage I: Nomination, institutional assessment and readiness

44. The overall purpose of this stage is to determine whether applicant entities show strategic fit with GCF and the role of an AE, sufficient preparedness, and institutional capabilities to progress to Stage II in the GCF accreditation process.

45. Applicants may pursue accreditation to GCF using one of two access modalities:

- (a) Direct access (for subnational, national and regional entities that are registered in a developing country that will implement projects in developing countries only, including the country where they are registered); and
- (b) International access (for international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions).

46. NDAs/focal points are expected to develop a strategy or approach to accreditation, including the nomination of DAEs and confirmation that the entity can fulfil the role and responsibilities of an AE and is best suited to undertake their country's climate change programming priorities (such as in their country programme with GCF, where available). NDAs/focal points may access support under the GCF Readiness and Preparatory Support Programme to assist the country in developing, among other things, an accreditation strategy or approach, and identifying and nominating the most relevant DAEs and those that are capable of

²⁷ The digital accreditation platform is accessible via the GCF Apps Portal available at <https://apps.gcfund.org/>. From 2021 onwards, the digital accreditation platform replaces the online accreditation system (previously available at <https://accreditation.gcfund.org/>).

advancing their programming priorities to meet GCF policies, standards and other requirements.

47. Private sector entities may include entities described in either paragraph 45(a) or 45(b) above, as per the laws, regulations and rules of the relevant country in which the organization is legally registered, and may apply to become accredited through the direct access or international access modalities.

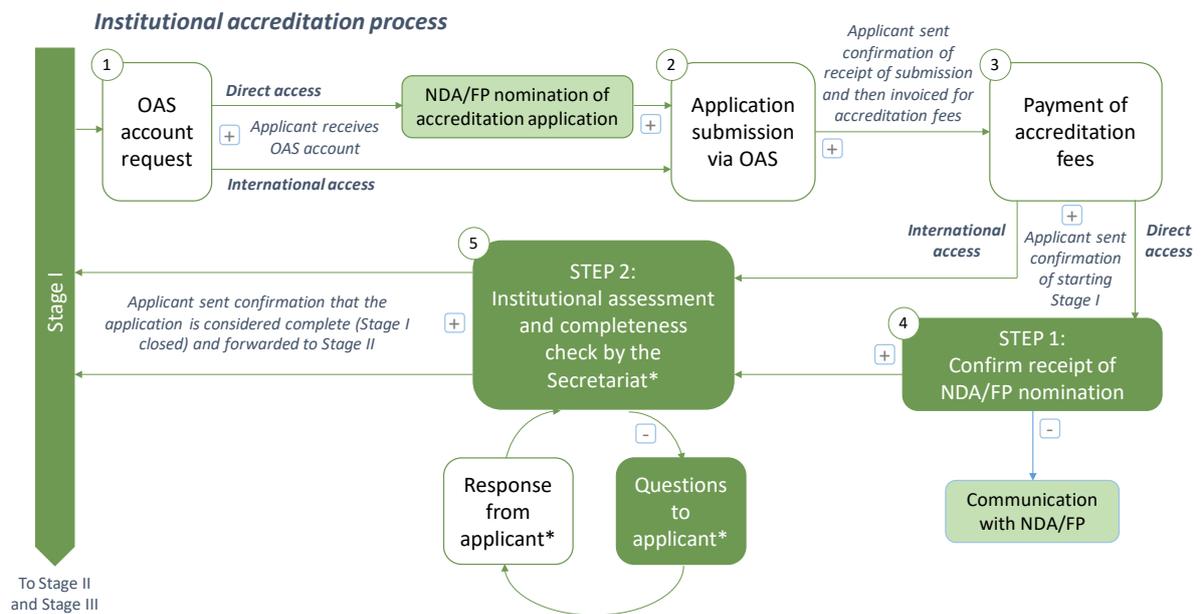
48. Private sector entities, non-profit organizations and other types of organizations with affiliates or that are part of corporate groups often query whether the organization at the group or global level, in addition to subsidiaries, affiliates, country offices and branches, among others, should seek accreditation. In that regard, the entity seeking accreditation should have separate legal personality and sufficient autonomy and a track record within the organization to implement activities. In cases of multiple applicants that are part of the same organization, the entity within the organization that is best suited to undertake the role and responsibilities of the AE and has the relevant institutional presence and networks itself to bring forward projects/programmes that meet the objectives and mandate of GCF should seek accreditation and enter into the legal agreements with GCF. Entities without separate legal personality (such as branches or country offices) should be included in the application made by the relevant entity with legal personality. Subsidiaries, affiliates and other entities that have separate legal personality, but which are part of the same corporate or organizational group as the entity that is seeking accreditation, may be included in such an accreditation application and assessed at the same time as such an entity. Notwithstanding the foregoing, subsidiaries, affiliates, country offices and branches, among others, that are not accredited in their own right may still participate as an executing entity in the project/programme proposed by the entity within the organization that is the AE.

49. Stage I will be triggered by the submission of a full application by the applicant entity and payment of accreditation fees in accordance with the Policy on Fees for Accreditation of the Fund.²⁸ This stage may follow one of two tracks (see figure 4 below):

- (a) In the case of the direct access track, two mandatory steps will apply (“nomination” by the NDA/focal point and “institutional assessment”), and there will be one optional third step, (“readiness”); and
- (b) In the case of the international access track, entities will only be required to go through the “institutional assessment”.

²⁸ Decision B.08/04 and annex VI thereto.

Figure 4: Overview of Stage I of the institutional accreditation process



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

50. The main purpose of the “institutional assessment” step is to ensure quality-at-entry of the application into the accreditation pipeline by assessing:

- (a) Alignment of the applicant to the mandate and objectives of GCF. Specifically, this includes the selection of applicants that are best suited to support the objectives of the GCF and match the programming and project delivery capacities needed to implement countries’ programming priorities and build capacity for improving wider investments in line with countries’ climate plans and strategies and national circumstances, in alignment with GCF strategic objectives and policies, ensuring all countries have coverage and a choice of AEs to support them;²⁹
- (b) Legal status: the applicant entity has full legal capacity and personality within the relevant jurisdiction that enables it to: enter into agreements with GCF, including its in-principle acceptance of the general terms and conditions of GCF as stipulated in the template AMA; become an AE of GCF; and undertake the intended activities to be funded by GCF;
- (c) Registration, permits and licenses: the applicant entity possesses all necessary, relevant and applicable registrations, permits or licenses in good standing from national and/or international regulators or oversight bodies;
- (d) Track record: the applicant entity exhibits a consistent and positive track record in the context of its own institutional mandate, as well as in areas relevant to GCF objectives, financing and results areas;
- (e) Institutional presence and relevant networks: the applicant is able to demonstrate potential for meaningful impact in one or more of the GCF result areas, and has at its disposal networks of relevant institutions and experts at the regional and national level, as appropriate;
- (f) Viability of the pipeline of projects/programmes: the applicant is able to demonstrate that the projects/programmes it intends to submit to GCF under the role of an AE will:

²⁹ Decision B.27/06, paragraph (a) and annex VI thereto (paragraph 26 (a)(i) therein).

- (i) Drive a paradigm shift and show how such a shift compares to current business practices and activities;
 - (ii) Address country programming, strategies and priorities regarding climate change of the country(ies) that the applicant intends to operate in using GCF resources; and
 - (iii) Result in impacts in the various GCF results areas; and
- (g) Readiness: the applicant entity is able to describe succinctly how – through and at the institutional level, deployed at the project/programme level – it meets the GCF initial basic fiduciary standards and applicable initial specialized fiduciary standards, as well as demonstrate that it has the capacity and commitment to implement the GCF Revised Environmental and Social Policy, the GCF ESS standards and Updated Gender Policy.

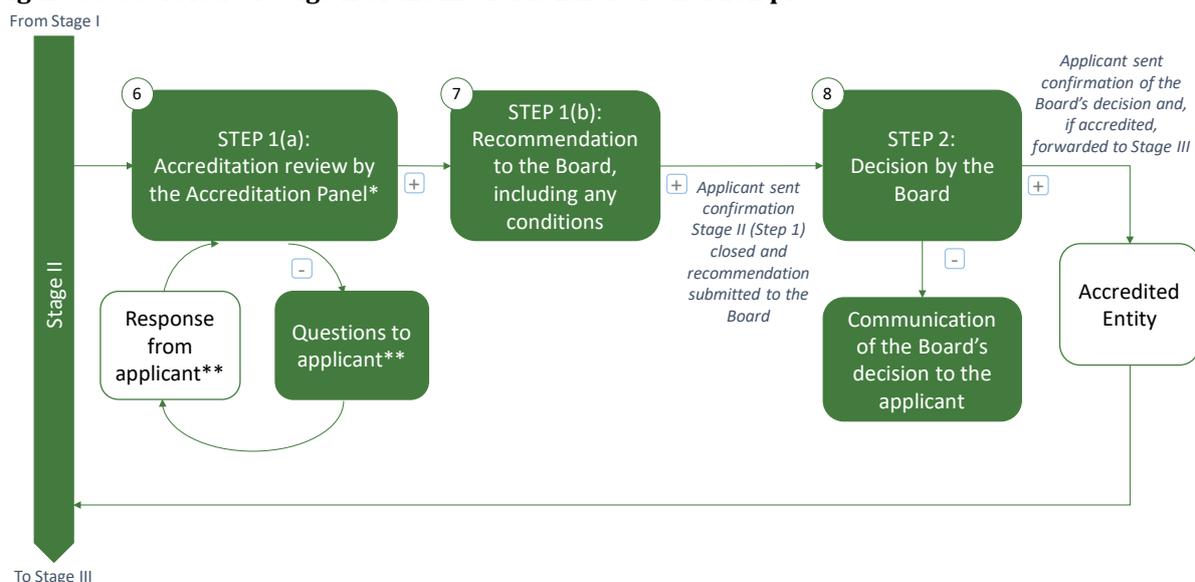
51. In the context of direct access, and in cases where weaknesses or a lack of capacity to meet the criteria above are determined, the applicant entity will be eligible to opt for a tailored readiness and preparatory support activity plan.

52. The Secretariat will be responsible for the overall coordination and management of this stage as well as for conducting the screening and institutional assessment based on the criteria above.

6.2 Stage II: Institutional accreditation review process and decision

53. The objective of this stage is to conduct the actual review of the applications for accreditation submitted by the interested entities, with a view to determining their suitability for accreditation to GCF in the role of an AE while meeting the standards for GCF accreditation. This process will consist of two main steps: (1) the review of the application for accreditation to be conducted by the Accreditation Panel; and (2) the decision on the application, to be made by the Board on the basis of the outcome of the review and recommendation of the Secretariat from Stage I and the Accreditation Panel from Stage II (Step 1) (refer to figure 5 below).

Figure 5: Overview of Stage II of the institutional accreditation process



* With support from external technical experts on an as-needed basis
 ** The number of rounds of questions may vary. Interview and a site visit may be required.

6.2.1. Stage II (Step 1): Accreditation Panel review of the application for accreditation

54. This first step in Stage II will:
- (a) Assess the completeness of the application with respect to the standards for GCF accreditation to ensure relevant policies and procedures, as well as the track record of implementing such policies and procedures, have been provided as a part of the application; and
 - (b) Ascertain whether applicant entities, in the context of the role of an AE, meet the standards referred to in section IV above.
55. A fit-for-purpose accreditation approach will be applied that matches the nature, scale and risks of proposed activities to the application of the GCF standards referred to in section IV above.
56. The Accreditation Panel will conduct the accreditation review process³⁰ by providing oversight and guidance to a panel of external service providers who will undertake accreditation review assessments.
57. The Accreditation Panel, taking into account the assessments conducted by a panel of external service providers under its guidance, will recommend to the Board whether:
- (a) The applicant entity should be accredited or not. If yes, the Accreditation Panel will also recommend the scope of accreditation proposed (e.g. financing size category, fiduciary functions and environmental and social risk category) and, in case of any gaps in meeting the standards for GCF accreditation, conditions of accreditation; or
 - (b) Alternatively, whether the applicant entity may re-apply or re-submit its application once it has addressed the specific areas of concern.

6.2.2. **Stage II (Step 2): Decision on the application for accreditation**

58. At the end of this stage the Board will consider the recommendations of the Secretariat (from Stage I) and the Accreditation Panel (from Stage II (Step 1)) and make a decision on whether the applicant entity can be granted accreditation, subject to signing and making effective its AMA under the next stage (Stage III) for final validation and legal arrangements.
59. Based on the recommendations of the Accreditation Panel, the Board may alternatively decide to assign the entity to Stage I for additional focused readiness support and reconsider the application at a later date after the application undergoes a further focused accreditation review by the Accreditation Panel.

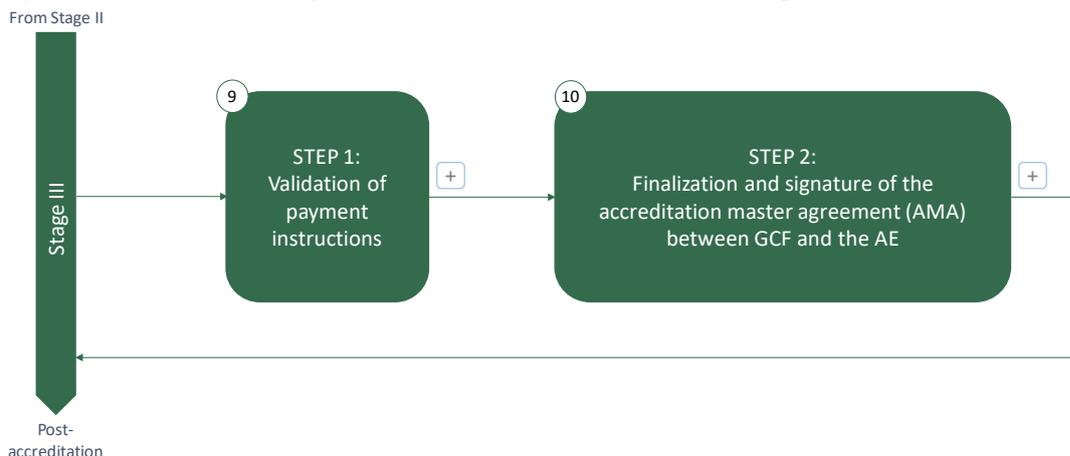
6.3 Stage III: Final validation and arrangements

60. Stage III will conclude the accreditation process through the validation and finalization of formal arrangements between the applicant entity and GCF upon the successful completion of Stage II (see figure 6 below). Specifically, it is to check that the entity has the full legal capacity within the relevant jurisdiction that enables it to undertake the intended activities to be funded by GCF and to become an AE of GCF (e.g. enter into a legal agreement in the form of an AMA). The accreditation process is considered complete upon the effectiveness of the AMA. Such date of effectiveness serves as the start date of the accreditation term for all entities accredited to GCF.³¹

³⁰ Decision B.05/08, paragraph (d)(iii).

³¹ Decision B.23/11, paragraph (a).

Figure 6: Overview of Stage III of the institutional accreditation process



Post-accreditation Process

Project and programme funding proposal preparation, assessment and approval process as per GCF's investment framework and results management framework, and in line with the AE's scope of accreditation

Abbreviations: AE = accredited entity.

61. This will include validation and registration of the payment instructions for the AE and the conclusion of legal arrangements between the AE and GCF.
62. In cases where the applicant does not have a separate legal personality, the inclusion of provisions in the legal agreements is necessary to expressly acknowledge such status and to identify who is the underlying legal entity with whom GCF is entering into such contractual relationship (e.g. a government or a parent company). An inclusion of provisions is also necessary to address situations where such an underlying legal entity decides to change, or transfer the functions of, the entity that acts on its behalf to discharge its obligations, and exercise its rights, under such relevant legal agreements.
63. In cases where a country nominates more than one governmental entity (each without separate legal personality from the government or the sovereign), such applications should be reviewed subject to the relevant AMAs being substantially consistent. This will avoid having diverse requirements or different obligations between GCF and the underlying legal entity (i.e. the country) depending on which governmental entity is discharging the obligations on behalf of the legal AE. It will also prevent the country and other stakeholders from channelling funding requests through the governmental entity, which is perceived to have less burdensome requirements with GCF, as this would be contrary to the purpose of allowing multiple DAEs from the same country. Similarly, the legal agreement (e.g. AMA) between GCF and the government or sovereign in respect of such entities should be substantially consistent across each of them in order to maintain the same terms of the agreement between GCF and the country that will discharge its roles and responsibilities as an AE through each of such applicants.

6.4 Monitoring and reporting

64. The GCF initial monitoring and accountability framework³² identifies the monitoring and reporting requirements applicable to AEs at both the institutional level and the project/programme level. At the institutional level, AEs are required to report during the term

³² Annex I to decision B.11/10.

of their accreditation on their continued compliance with the standards for GCF accreditation, which includes annual self-assessments conducted by the AE and a midterm accreditation review conducted by GCF.³³

65. The GCF MAF, as referenced in the AMA entered into between GCF and an AE, also includes provisions regarding the downgrade, suspension, cancellation and termination of accreditation, which are applicable to AEs.

66. The relevant institutional-level monitoring and reporting requirements will commence upon AMA effectiveness.

6.5 Accreditation term and re-accreditation

67. The accreditation term for an AE is five years.³⁴ The accreditation term begins upon completion of the three-stage institutional accreditation process, that is, when the signed AMA entered into between GCF and an AE becomes effective.³⁵

68. The initial MAF³⁶ identifies the monitoring and reporting requirements applicable to AEs at both the institutional and the project/programme levels. At the institutional level, AEs are required to report during the term of their accreditation on their continued compliance with the standards for GCF accreditation, which includes annual self-assessments conducted by the AE and a midterm accreditation review conducted by GCF detailed in section 6.4 above.

69. An AE will need to seek re-accreditation to GCF in order to maintain its status as an AE or its status as an AE will lapse at the end of its accreditation term. A risk-based approach will apply to the re-accreditation of AEs at the end of their accreditation term. No later than six months prior to the end of the accreditation period, the AE may submit an application either for re-accreditation in the same categories as before, or for accreditation in higher categories (i.e. upgrade).

70. The approach to and scope of re-accreditation, applying the fit-for-purpose approach to accreditation, and pursuant to the initial guiding framework for the GCF accreditation process, includes:

- (a) Process: the accreditation process, consisting of three main stages, as contained in sections 6.1 to 6.4 above. For AEs that are accredited under the direct access modality, the nomination from the NDA or focal point will remain valid for the re-accreditation process;
- (b) Standards for re-accreditation assessment: the standards for GCF accreditation in section IV above. Any new or amended standards as contained in section IV above adopted by the Board during the five-year accreditation period of an AE will be assessed at the institutional level during the re-accreditation review of the AE. However, this does not preclude the applicability of such standards to funding proposals, as may be required in accordance with GCF policies;
- (c) Conditions of initial accreditation: in the context of re-accreditation, the status of accreditation conditions from the initial accreditation of the AE should be considered;
- (d) Timing to apply for re-accreditation: no later than six months prior to the end of the accreditation period if the AE is applying for the same accreditation scope as that during their current accreditation term, noting that the next accreditation term would

³³ Unless otherwise agreed in effective AMAs.

³⁴ Decision B.11/10, annex I, paragraph 6, states, "The accreditation of an entity to the GCF is valid for a fixed term of five years or less, depending on the terms of accreditation, in accordance with decision B.10/07."

³⁵ Decision B.23/11, paragraph (a).

³⁶ Decision B.11/10, paragraph (a).

- commence upon effectiveness of the amended and restated AMA for the next term following a Board decision on re-accreditation. In cases where the AE applies for an upgrade in its accreditation scope jointly with its re-accreditation application, the AE should submit its joint application earlier;
- (e) Fees for re-accreditation: no fees for re-accreditation shall be charged if the AE is seeking re-accreditation for the same or lower scope of accreditation it was originally accredited for (e.g. the same size category, fiduciary criteria and E&S risk category). In cases where the AE is applying for an upgrade in its accreditation scope, the AE shall pay fees for the upgraded scope of accreditation minus the fees already paid for the existing accreditation scope, in line with the Policy on Fees for Accreditation of the Fund;³⁷
- (f) Scope of review:
- (i) AE performance in contributing to GCF programming results,³⁸ including reports relating to the performance of the AE over the previous five years, including whether concept notes and funding proposals were submitted, and reports on the GCF-funded activities;³⁹
 - (ii) Risk flags incurred by the projects, AE or country over the previous five years;⁴⁰
 - (iii) Report on participatory monitoring and review submitted by the NDA or focal point, if available, related to the GCF-funded projects/programmes undertaken by the AE within the country;⁴¹
 - (iv) For international access entities, their contribution to building capacity of DAEs,⁴² as well as reports on their support to DAEs to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of GCF in order to enhance country ownership;⁴³ and
 - (v) The Secretariat and Accreditation Panel's 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;⁴⁴
- (g) Reviewers: the Secretariat and the Accreditation Panel, in accordance with the process identified in the accreditation framework;
- (h) Output: recommendation to re-accredit or not to re-accredit by the Secretariat and the Accreditation Panel. The scope of accreditation recommended by the Accreditation Panel may be:
- (i) No change (same accreditation categories the AE was originally accredited for);

³⁷ Decision B.08/04.

³⁸ Decision B.27/06, paragraph (a) and annex VI thereto (paragraph 26 (a)(v) therein).

³⁹ Decision B.11/10.

⁴⁰ Decision B.11/10.

⁴¹ Decision B.11/10, particularly annex I, paragraph 15.

⁴² Decision B.27/06, paragraph (a) and annex VI thereto (paragraph 26 (a)(v) therein).

⁴³ In decision B.10/06, paragraph (i), the Board decided that "all international entities, as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership and that they report annually on these actions."

⁴⁴ Paragraph 35 of the MAF and decision B.27/06, paragraph (a) and annex VI thereto (paragraph 26 (a)(v) therein).

- (ii) Upgrade (new accreditation categories compared with those the AE was originally accredited for); or
 - (iii) Downgrade (lower accreditation category than the AE was originally accredited for); and
- (i) Decision-making: the Board will decide whether an entity is to be re-accredited and for which criteria, based on the assessment conducted by the Secretariat and the Accreditation Panel.⁴⁵

71. If re-accredited, the new accreditation term shall commence on the date of the effectiveness of the amended and restated AMA, taking into account the decision on re-accreditation and any conditions of re-accreditation, as well as reflect the GCF policies and standards adopted by the Board that have become effective since the agreement between the GCF and the AE of the AMA for its previous accreditation term.

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

73. If an AE does not wish to seek reaccreditation or its accreditation term lapses, the AE will no longer be able to present new funding proposals to GCF for consideration. If such an AE also has approved GCF projects/programmes for which there are FAAs in place, the entity shall continue to implement said funded activities as per the FAA.

74. The following principles will be applied in the re-accreditation process (see figure 7 below):

- (a) The extent of assessment related to institutional capacities is ordered from the highest level of assessment to the lowest, as follows:⁴⁶
 - (i) Accreditation;
 - (ii) Re-accreditation;
 - (iii) Midterm review by GCF;⁴⁷ and
 - (iv) Annual self-assessments by AEs;⁴⁸
- (b) Any assessment of institutional compliance with GCF accreditation requirements following the initial accreditation assessment (e.g. annual self-assessments, midterm accreditation review and re-accreditation) should focus on the changes in the institutional systems, policies, procedures and capacities that impact the ability of the AE to undertake its role and responsibilities as an AE and meet its obligations as per the AMA;
- (c) The re-accreditation process and midterm accreditation review should build upon the institutional compliance assessments previously reported by the AEs and due diligence conducted by GCF in order to minimize overlap in the periodic reviews and reduce the burden for both AEs and GCF in the re-accreditation process; and
- (d) For applications for re-accreditation for the same accreditation scope as the initial accreditation, taking into account paragraph 74 (b) above, only new track records

⁴⁵ Decision B.10/07, paragraph (c).

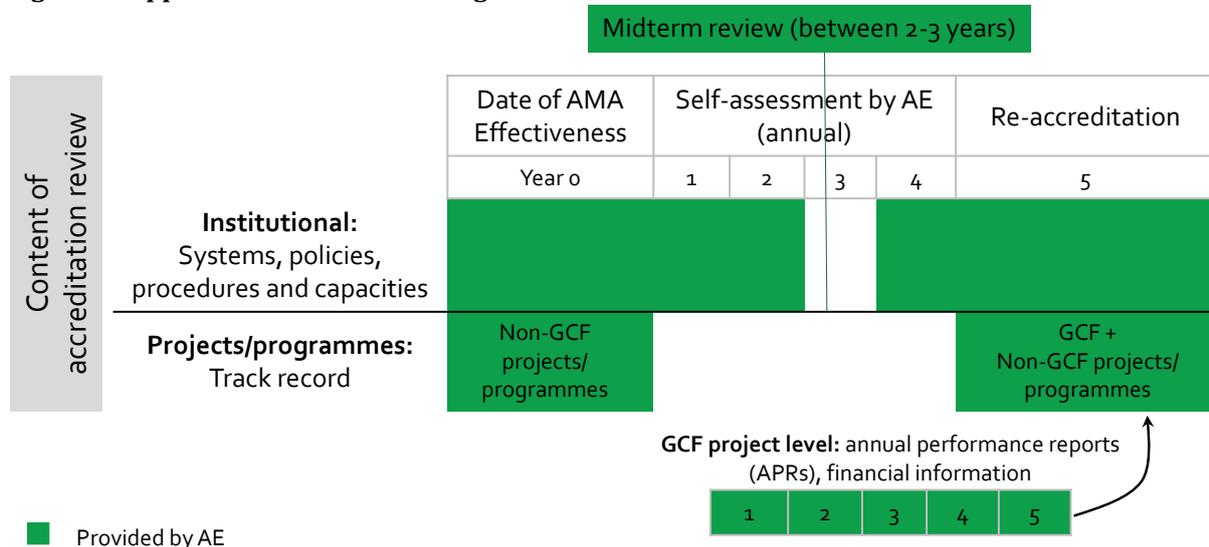
⁴⁶ Unless otherwise agreed in effective AMAs.

⁴⁷ Decision B.11/10.

⁴⁸ Decision B.11/10.

during the accreditation term should be subject to review. For re-accreditation applications that include an application for a new accreditation scope, the accreditation assessment of the new accreditation scope will be treated as an upgrade application and be assessed in its entirety (i.e. not only focusing on changes, because the new scope has never been assessed).

Figure 7: Approach to level of due diligence for institutional accreditation and re-accreditation



Abbreviation: AE = accredited entity, AMA = accreditation master agreement, APR = annual performance report.

75. The indicative approach to paragraph 74 above is as follows:
- (a) Year 1: the AE provides its annual self-assessment using the GCF annual self-assessment template covering the period from year 0 to year 1, indicating whether there have been any changes in institutional systems, policies, procedures and capacities that impact its ability to undertake the role and responsibilities of an AE and obligations as per its AMA with GCF. If there are no changes, the AE would report this. If there are changes, further information should be provided by the AE in order for GCF to assess whether such changes impact its status as an AE;
 - (b) Year 2: the same as paragraph 75(a) above, but focusing on changes during the period from year 1 to year 2;
 - (c) Year 3: the midterm review between years 2 and 3: GCF conducts its review on the basis of information already provided by the AE in the year 1 and year 2 self-assessments, and any changes since year 2 reported by the AE in the GCF midterm review template; the same as paragraphs 75(a) and (b) above, but focusing on changes during the period from year 2 (or midterm review) to year 3;
 - (d) Year 4: the same as paragraph 75(a) above, but focusing on changes during the period from year 3 to year 4; and
 - (e) Year 5 (six months prior to the end of the fifth year): the AE applies for re-accreditation for the same accreditation scope as that during their current accreditation term, where the application focuses on changes during the period from year 4 to year 5. In cases where the AE applies for an upgrade in its accreditation scope jointly with its re-accreditation application, the AE should submit its joint application earlier.
76. In cases where the annual self-assessment is not required but the midterm review and re-accreditation are, at the time of the midterm review of these AEs, any changes in the institutional systems, policies, procedures and capacities of the AE that impact its ability to undertake the role and responsibilities of an AE and obligations as per its AMA with GCF for the

period between year 0 and between years 2 and 3 would be assessed. At the time of re-accreditation, such changes for the period between years 2 and 3 and year 5 would be assessed.

6.6 Upgrades in accreditation scope

77. The accreditation of additional institutional capacities (e.g. upgrade in accreditation scope) can be done at any time and as soon as the AE considers itself ready to pursue such an upgrade in its accreditation. The accreditation process for the upgrade will then focus only on the new capacities to be reviewed and not on all the other capacities already accredited.

78. The table below outlines indicative approaches for different scenarios regarding the status quo or changes in the accreditation scope (see also para. 74(d) above).

Table 2: Indicative approach to re-accreditation scenarios concerning changes in accreditation scope

Compared with initial accreditation	Case A: no change to accreditation scope <ul style="list-style-type: none"> Original = PM Re-accreditation = PM 	Case B: no change in original accreditation scope and upgrade <ul style="list-style-type: none"> Original = PM Re-accreditation = PM and GA 	Case C: change in original accreditation and upgrade ^a <ul style="list-style-type: none"> Original = PM Re-accreditation = PM and GA
Initial accreditation			
Accreditation criteria	Same	Change	Change
1. Systems, policies, procedures and capacities	Same	<ul style="list-style-type: none"> Same for PM New for GA 	<ul style="list-style-type: none"> Change in PM New for GA
2. Track record	Change (GCF + non-GCF (in the absence of GCF) projects/programmes)	Change (GCF + non-GCF (in the absence of GCF) projects/programmes)	Change (GCF + non-GCF (in the absence of GCF) projects/programmes)
Re-accreditation			
Re-accreditation assessment	Taking into account paragraph 70(f) above, focus on new track record (GCF + non-GCF (in the absence of GCF) projects/programmes)	Taking into account paragraph 70(f) above: <ul style="list-style-type: none"> For the same criteria (PM), focus on new track record (GCF + non-GCF (in the absence of GCF) projects/programmes) For new criteria (GA), check (1) systems, policies, procedures and capacities and (2) track record (e.g. new accreditation application for GA, treated as an upgrade) 	Taking into account paragraph 70(f) above: <ul style="list-style-type: none"> For the same criteria (PM), focus on change compared with the original in (1) systems, policies, procedures and capacities; and (2) new track record (GCF + non-GCF (in the absence of GCF) projects/programmes) For new criteria (GA), check (1) systems, policies, procedures and capacities; and (2) track record (e.g. new accreditation application for GA, treated as an upgrade)

Abbreviations: GA = specialized fiduciary standard for grant award and/or funding allocation mechanisms, and PM = specialized fiduciary standard for project management.

^a Accreditation scope as in: maximum financing size category; environmental and social safeguards risk category; geographic scope (national/regional).

6.7 Governance and organizational approach

79. The institutional accreditation process will include and be conducted, implemented and supported by the following actors:

- (a) The Board;
- (b) The Secretariat;
- (c) The Accreditation Committee;
- (d) The Accreditation Panel; and
- (e) External technical experts/firms.

6.7.1. Role and mandate of the Board

80. As defined by the Governing Instrument, the Board will develop, manage and oversee accreditation and re-accreditation processes for all entities based on specific accreditation criteria that reflect the GCF standards for accreditation, including the fiduciary principles and standards, ESS policies and standards and the Updated Gender Policy as contained in section IV above.

81. The Board will therefore be the ultimate decision-making body on accreditation and overall policy guidance on accreditation matters, and will broadly oversee the accreditation process.

6.7.2. Role and mandate of the Accreditation Committee

82. The Accreditation Committee will be accountable to the Board and under its authority. Its composition and the scope of its responsibilities are defined in the terms of reference of the GCF Accreditation Committee contained in annex IV to decision B.07/02, and include:

- (a) Providing guidance on the development of policies and procedures for the GCF accreditation framework;
- (b) Facilitating the Board's interaction with recipient countries with regard to disseminating information to them and familiarizing them with the accreditation process;
- (c) Providing policy guidance to the Accreditation Panel to facilitate the accreditation and re-accreditation process without interfering with the technical assessments of the Accreditation Panel; and
- (d) Providing policy guidance and inputs for the development of the complementarity and coherence element of the accreditation framework, its work programme and the criteria and assessment of entities already accredited to other relevant funds.

6.7.3. Role and mandate of the Accreditation Panel

83. The Accreditation Panel will function as an independent review body accountable to the Board and under its authority. Its composition and the scope of its responsibilities are defined in the terms of reference of the Accreditation Panel contained in annex V to decision B.07/02, and include:

- (a) The accreditation and re-accreditation review process, particularly Stage II (Step 1);

- (b) Independent advice to the Board on applications for accreditation;
- (c) Expert inputs for the further development of the GCF fiduciary principles and standards, environmental and social management system and ESS policies and standards, the Updated Gender Policy, as well as inputs to the review of the accreditation framework; and
- (d) Expert advice and inputs for the development of the complementarity and coherence element of the accreditation framework, its work programme and the criteria and assessment of entities already accredited to other relevant funds.

6.7.4. Role and mandate of the Secretariat

84. The Secretariat will support the systems, processes and procedures of the accreditation and re-accreditation processes and will be responsible for the following core functions:

- (a) Ongoing development, in consultation with the Accreditation Committee and Accreditation Panel, of the GCF fiduciary principles and standards, ESS policies and standards, the Updated Gender Policy and criteria for the accreditation of entities to GCF, for adoption by the Board;
- (b) Operationalization of the procedures supporting the GCF accreditation process and the execution of all necessary and related activities, including the implementation, management and maintenance of its supporting systems;
- (c) Overall responsibility for conducting the nomination, institutional assessment and readiness assessment in Stage I of the GCF accreditation process, as well as general management of the overall accreditation process;
- (d) Presentation of the outcomes of the nomination, institutional assessment and readiness assessment to the Accreditation Panel for its consideration during the Stage II (Step 1) accreditation review; and
- (e) Implementation, operation and execution of any other functions and/or activities necessary to effectively carry out its responsibilities in the accreditation process.

6.7.5. External technical experts and firms

85. External technical firms/institutions and, as needed, individual experts, will be engaged by the Accreditation Panel in the in-depth review of individual applications for institutional accreditation, under the oversight of and guidance by the Accreditation Panel. Independent and recognized professionals, consultancy firms or institutions will need to demonstrate experience and expertise in the accreditation process or similar processes in order to qualify as external technical experts.

86. The Secretariat, in coordination with and on behalf of the Accreditation Panel, will be responsible for setting up and managing a roster of external technical experts and firms/institutions through an open, competitive and transparent selection process, which should ensure the availability of relevant competencies. The Secretariat will also assist the Accreditation Panel in developing and updating, as necessary, the terms of reference to guide the work of the external technical experts and firms.

87. External technical experts and firms/institutions will be compensated in accordance with relevant administrative provisions for contracting external technical support. Consequently, external technical experts will be bound by standard contractual regulations relating to the provision of consultancy services to GCF.

VII. Pilot framework for the GCF project-specific assessment approach

7.1 General objective

88. The general objective of this pilot framework is to enable a coherent integration of the GCF fiduciary principles and standards, ESS policies and standards, and the Updated Gender Policy with the PSAA as an accreditation approach, and the pilot framework's related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it.

89. Unless otherwise specifically modified herein, all other relevant GCF policies apply as usual to this PSAA pilot framework.

7.2 Applicability

90. The PSAA applies to any funding proposal submitted by entities not yet accredited to GCF, in particular subnational, national and regional entities based in developing countries and entities responding to requests for proposals issued by GCF.⁴⁹

91. Entities submitting such funding proposals are entities not yet accredited to GCF that submit or have submitted funding proposals.

92. Each entity will be capped at a maximum of one approved funding proposal under this approach.

93. Funding proposals submitted under the PSAA may include only those that are in either category C/low level of intermediation, I-3 or category B/medium level of intermediation, I-2.⁵⁰

94. The Secretariat shall take appropriate measures, such as through the GCF Readiness and Preparatory Support Programme and the Project Preparation Facility, in accordance with paragraph 127 below, to encourage and provide support to subnational, national and regional entities based in developing countries to submit a project or programme under this approach.

7.3 Standards

95. The GCF standards contained in section IV above apply to the PSAA, which will form part of the review of the proposed project/programme. The focus of the assessment will be on the entity's ability to meet said GCF standards in implementing the proposed project/programme – not on the institution-wide systems, policies and procedures or general track record as are assessed in the institutional accreditation process. The entity will be assessed against these standards in a manner that is fit-for-purpose in the context of the proposed project/programme.

96. GCF policies and standards that apply to the project cycle, which include but are not limited to the investment framework, risk management framework, results management framework, GCF Revised Environmental and Social Policy, Updated Gender Policy, Indigenous Peoples Policy, Information Disclosure Policy, Policy on Prohibited Practices, Anti-Money Laundering and Countering the Financing of Terrorism Policy, Policy on the Protection of

⁴⁹ The requests for proposals may include those for the pilot phase for enhancing direct access (decision B.10/04), a pilot programme to support micro, small, and medium-sized enterprises (decision B.10/11), and a pilot programme to mobilize funds at scale in order to address adaptation and mitigation (decision B.16/03).

⁵⁰ Refer to the GCF Revised Environmental and Social Policy adopted in decision B.BM-2021/18.

Whistleblowers and Witnesses and MAF, will be applied as usual to the proposed project/programme and the project cycle for consideration of the funding proposal.

7.4 Project-specific assessment approach process

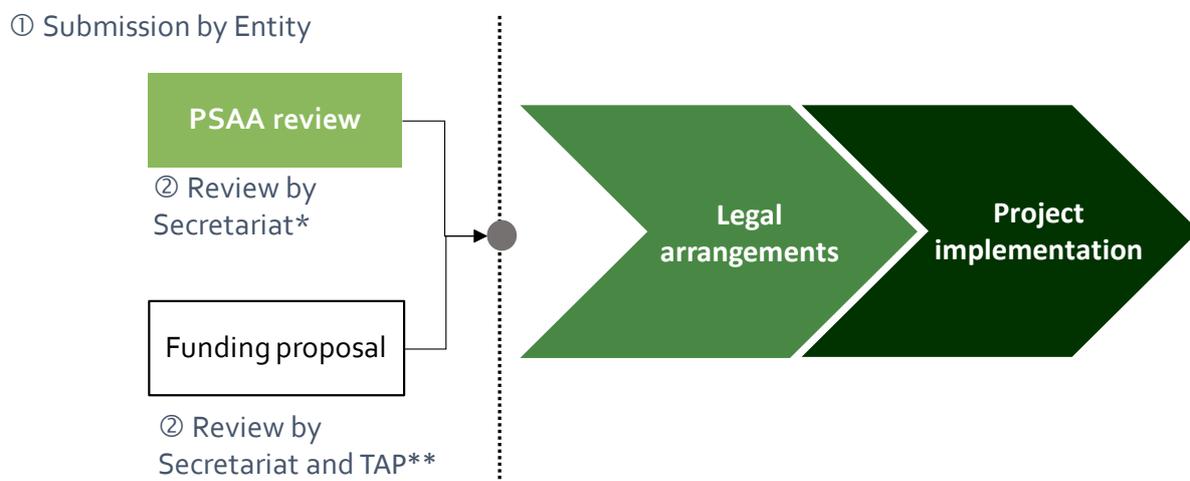
7.4.1. Process

97. An entity may submit a funding proposal in accordance with section 7.2 above. Entities are encouraged to submit a concept note where possible. The entity should submit its PSAA application alongside the funding proposal or, where possible, the concept note.

98. In accordance with paragraph 47 of the Governing Instrument and the initial no-objection procedure as per decision B.08/10, and for all funding proposals for a project/programme submitted under this approach, the NDA or focal point is required to submit a letter including both the nomination of the entity (applicable to subnational, national and regional entities based in developing countries only) and its no-objection for the proposed project (for all entities). This letter will be a confirmation from the NDA or focal point that the funding proposal fits under national priorities and country ownership, in line with decision B.17/09, paragraph (f).

99. The Secretariat will undertake a project-specific assessment of the entity's ability to undertake the project; this will be included in the Secretariat's assessment of the funding proposal (see figure 8).

Figure 8: Process for the pilot framework for the project-specific assessment approach



Board decision milestone: ● Partnership and Project approval

* The Secretariat will augment its capacity by using external experts, third-party organizations and/or service providers to support it in undertaking such assessments on its behalf.

** The independent TAP review focuses on the funding proposal, in line with its terms of reference per decision B.09/10, paragraph (a).

Abbreviations: PSAA = project-specific assessment approach, TAP = independent technical advisory panel.

100. The PSAA process will be based on two main stages:

- (a) Stage I: project-specific assessment of the entity and consideration of the funding proposal; and
- (b) Stage II: final arrangements.

101. The purpose of Stage I is three-fold:
- (a) To determine whether the project being submitted has the potential to broaden access to GCF resources by entities to whom institutional accreditation does not readily respond;
 - (b) To determine whether the entity submitting a funding proposal has appropriate legal status and sufficient institutional capabilities to implement the proposed project/programme in a manner that meets the GCF fiduciary, environmental, social and gender policies and standards (institutional capacity assessment in section 7.4.2 below); and
 - (c) To assess the funding proposal submitted by the entity, following the established procedure for the simplified approval process or the standard proposal approval process, as applicable.
102. Unless stated otherwise in this annex, the Secretariat will undertake an assessment of the proposed project/programme and the entity submitting the funding proposal in a manner consistent with all relevant GCF policies, and will also build on assessments previously undertaken by GCF, where applicable.
103. The Secretariat will augment its capacity to support it in undertaking such assessments on its behalf.
104. The results of the PSAA assessment and assessment of the funding proposal will be presented to the Board for a funding decision.
105. The Board's consideration of whether to work with that particular entity for the proposed project will be taken into account as part of its consideration of the funding proposal.
106. The Board's consideration of whether the implementation of such a project will be an important step in further building the capacity of such an entity for future engagement with GCF as an AE under the institutional accreditation process, should the entity be interested in doing so and, in the case of subnational, national and regional entities based in developing countries, be nominated by the NDA for institutional accreditation.
107. Stage II will conclude the process through the validation and finalization of formal arrangements between the applicant and GCF upon the successful completion of Stage I.

7.4.2. Entity's institutional capacity assessment

108. The PSAA, as a part of the assessment of the proposed project, will include an assessment of the entity's institutional capacities to implement the proposed project. This will include:
- (a) How the entity could contribute to the mandate of GCF;
 - (b) Potential reputational risks to GCF;⁵¹
 - (c) Legal status: the entity has full legal capacity and independent legal personality within the relevant jurisdiction that enables it to undertake the proposed project/programme to be considered for funding by GCF and to undertake the same responsibilities with respect to project/programme implementation as an AE and enter into legal agreements with GCF in its own name;

⁵¹ As defined in the GCF Risk Management Framework adopted in decision B.19/04. Specifically, see section V titled "Reputation Risk Management" in the risk management framework component VI – non-financial risk policy.

- (d) How the entity meets the GCF fiduciary standards and principles contained in section IV above at the institutional level that allow it to implement the proposed project/programme; and
- (e) Whether the entity has the capacity to manage relevant E&S (including SEAH) and gender risks (in line with the environmental, social and gender-related policies and standards indicated in section IV above) and the scaled risk-based approach⁵² at the institutional level that allows it to implement the proposed project/programme.

109. Notwithstanding that all entities are required to meet the standards listed in section IV above, the PSAA will entail two steps: capacity checks at both the project and the institutional level and an overall capacity assessment. They will be applied in a fit-for-purpose manner in the assessment of the entity's capacities to implement the proposed project/programme, as detailed below.

110. Step 1: Capacity checks:

- (a) Institutional capacity check. This check will focus on those elements that are most needed to ensure that an entity has the institutional capacity to implement the proposed project/programme. This check would include, as applicable:
 - (i) Review of internal control mechanisms such as financial controls, organizational structure, anti-money laundering, countering the financing of terrorism and other prohibited practices, and fraud and mismanagement systems, in so far as they relate to the undertaking of the proposed project; and
 - (ii) Depending on the E&S risk level and relation to the financing structure of the proposed project/programme, institutional function, environmental and social management system including organizational structure and competency on E&S due diligence, monitoring, reporting and review processes to assess and manage E&S risks and impacts, stakeholder and indigenous peoples engagement, information disclosure, consultations and grievance redress mechanisms. This check will also look into the functions, structure and competency to address gender issues as may be assessed in the proposed projects; and
- (b) Project track record check. The entity will submit examples of projects that the entity has implemented in the past that are similar to the proposed project in terms of (1) project/programme size; (2) E&S risk category; and (3) financial instruments and financing modalities. Preferably, the entity will have examples of both completed and current projects. An indicative list of information to be provided may include:
 - (i) Fiduciary standards information:
 1. Organizational structure and chart, including evidence of independent legal personality and legal capacity;
 2. Structure, involvement and experience of oversight bodies (e.g. audit committee and audit function), including a board of directors or equivalent of the entity, and quality and experience of senior management;
 3. Previous track record in the country or region where the proposed project/programme would take place;
 4. Entity profile in terms of types of past activities (e.g. assets built in the past, products and services sold, percentage of revenue generated from activities), information on the current projects portfolio, and forecasted

⁵² Decisions B.07/02, B.08/02, B.19/10 and B.BM-2021/18.

- profile of the entity for the near future (e.g. three years), including its investment strategy;
5. Basic financial information (e.g. balance sheet and profit and loss statement) and ratios to assess company sustainability for the proposed project/programme duration;
 6. Evidence of structure and use of financial instruments in past projects that are relevant to the proposed project/programme. This may include evidence of the entity's project management experience;
 7. Where applicable, a project-specific procurement plan on a rolling basis and evidence of procuring various types of goods, works and services in similar projects, including experience and capacity to select, manage and oversee executing entities;
 8. Application of prohibited practices, anti-money-laundering and countering the financing of terrorism requirements, including due diligence such as "know-your-customer" checks and similar due diligence of the executing entities in the proposed project/programme;
 9. Disclosure of past incidences of fraud, non-compliance and malpractice;
 10. Institutional and contractual arrangements with executing entities for similar financing structures applied in past projects/programmes;
 11. Risk management and risk identification systems and procedures to be applied in the planning and implementation process of the proposed project/programme;
 12. Project-specific financial audits, including audits of procurement activities, or similar reviews for projects/programmes similar to the proposed project/programme;
 13. Monitoring and evaluation plans and reports and evaluation reports, including terminal evaluations. Completed projects should include project-specific financial audits and terminal evaluations or similar reviews, including audits of the expenditures and results compared with planned budget and implementation plans;
 14. Audit and assurance reports (external and internal) of the entity's financial management and control systems/framework, including on financial mismanagement, anti-money-laundering and countering the financing of terrorism, and prohibited practices, such as fraud, corruption as well as whistleblowing;
 15. Information on the internal governance reliability of the entity, its internal policies, code of conduct and/or code of ethics, and internal monitoring of legal and information technology issues;
 16. Credit ratings received from international and national rating agencies, or evaluation reports/reviews received from multilateral and bilateral organizations on the entity's performance in the past regarding financial management capabilities for projects/programmes similar to the one proposed;
 17. Information technology arrangements for disclosing project-related information (e.g. website/webpage or publicly available reports), where the information on project/programme progress and completion is

- published as well as a weblink for the public to submit comments or complaints that would be used in the proposed project/programme;
18. Records of any complaints received from the public and employees with regard to the implemented projects in the past, and records of incidents of fraud/malpractice identified and investigated together with the information on the status of the investigation process;
 19. Such other best practices in fiduciary management as may be applicable/appropriate to the specific project/programme; and
 20. Information on the entity's ability to safeguard the interests of GCF, including the disclosure of any potential conflicts of interest that may arise out of its role to implement the project/programme or inconsistencies with GCF fiduciary standards, ESS policies and standards and Updated Gender Policy; and
- (ii) Environmental, social and gender information:
1. For a category B/medium level of intermediation 2 (I-2) project/programme, a sample of E&S risk screening, categorization and assessment (environmental and social impact assessments, E&S audits and/or related safeguards instruments), environmental and social management plans, E&S management system/framework and/or related E&S risk management plans, E&S monitoring, supervision and evaluation reports, results of E&S project audits, environmental, health and safety permits and clearances, information disclosure and stakeholder engagement activities, grievance redress mechanism, compliance and non-compliance (grievance) reports of past projects/programmes that are similar to the proposed project/programme;
 2. For a category C/low level of intermediation 3 (I-3) project/programme, a sample of E&S risk screening and categorization, and management plan (if any) of the minimal E&S risks and/or impacts and stakeholder engagement activities, grievance redress mechanism, compliance and non-compliance (grievance) reports of past projects/programmes that are similar to the proposed project/programme;
 3. Gender policies and initiatives, including a sample of gender assessments and gender action plans to mainstream gender considerations that have been applied in past projects/programmes that are similar to the proposed project/programme; and
 4. Environmental and social management system certifications and sustainability reports.
111. Step 2: Overall capacity check. Based on the institutional capacity and project track record checks, the entity may be assessed to have potentially high capacity in certain areas (e.g. financial management) and low capacity in other areas (e.g. management of E&S and gender risks) as follows:
- (a) High capacity would indicate that the entity has a well-developed financial management system, a well-functioning control framework, including risk management, and robust systems and policies in place to prevent money-laundering and the financing of terrorism and other prohibited practices, such as fraud and corruption, and with sufficient scope to manage E&S and gender risks and impacts with a low likelihood of negative impact on the entity's ability to undertake the proposed project as designed;

- (b) Medium capacity would indicate that the entity has a developed financial management system, a functioning control framework, including risk management, and systems and policies in place to prevent money-laundering and the financing of terrorism and other prohibited practices, such as fraud and corruption, and with scope to manage E&S and gender risks and impacts with moderate likelihood of potential negative impact on the entity's ability to undertake the project as designed; and
- (c) Low capacity would indicate an underdeveloped financial management system and/or weak control framework, little or no risk management, and inadequate systems and policies in place to prevent money-laundering and the financing of terrorism and other prohibited practices such as fraud and corruption, and with inadequate scope to manage E&S and gender risks and impacts with a significant likelihood of potential negative impact on the entity's ability to undertake the project as designed.

112. If the entity is assessed to have high capacity to undertake the proposed project/programme, and if the funding proposal assessment is also positive, the Secretariat would recommend that the entity is able to undertake the proposed project/programme.

113. If the entity is assessed to have medium capacity to undertake the proposed project/programme, and if the funding proposal assessment is positive, potential mitigating factors shall be required (e.g. conditions prior to project implementation (such as grievance redress mechanisms), conditions during project implementation, requesting a partnership with another entity) before the Secretariat may recommend the funding proposal to the Board for its consideration. The Secretariat should only advance the funding proposal if there is a reasonable expectation that the gaps leading to the medium capacity assessment can be addressed.

114. If the entity is assessed to have low capacity to undertake the proposed project/programme, the Secretariat will not recommend the funding proposal, and the entity would need to address the gaps identified prior to further consideration of the funding proposal under the PSAA. NDAs may request support for such entities under the Readiness and Preparatory Support Programme to address the gaps identified.

7.4.3. Proposal approval

115. Funding proposals recommended by the Secretariat under this approach shall be submitted to the Board for consideration during its regular meetings. Entities with funding proposals approved under this approach shall be deemed accredited only for the purposes of such approved funding proposal.

7.4.4. Legal arrangements and post approval

116. The entity submitting a funding proposal to GCF under this approach will be subject to the same responsibilities with respect to project/programme implementation as an AE were it to submit the same funding proposal under the normal GCF funding modalities, and such responsibilities will, during Stage II, be codified in legal arrangements similar to the template AMA⁵³ and FAA as may be relevant to the approved project/programme.

117. The legal arrangements for PSAA projects/programmes will typically consist of a single agreement that is a hybrid of the AMA and FAA, and that will need to take into account the fact that the institutional assessment was undertaken in the context of the overall assessment of the relevant project rather than as per the institutional accreditation process. As such, the PSAA legal arrangements are likely to contain provisions, principally in the form of representations and covenants, that are not currently set out in the AMA or FAA.

⁵³ Decision B.12/31, and updated to include relevant Board decisions since the twelfth meeting of the Board.

118. The existing process for AMA approvals defined in decision B.12/31 regarding the Secretariat and the Risk Management Committee of the Board and, where there are material deviations, approval by the Board, will be applied to PSAA legal agreements insofar as only the AMA-related provisions for the partnership are concerned.

7.5 Fees for assessing the entity

119. The Policy on Fees for Accreditation of the Fund⁵⁴ applies to entities under the PSAA, except that fees for the PSAA application shall be calculated at the ratio of 80 per cent of the fees payable under the said policy.⁵⁵ PSAA application fees shall be paid only after the Secretariat concludes its assessment of: (i) the entity's institutional capacities to implement the proposed project, pursuant to section 7.4.2 above, as 'high' or 'medium'; and (ii) the funding proposal in accordance with stage 5.1 of the updated project and programme activity cycle, but before the Secretariat submits the funding proposal to the independent Technical Advisory Panel for review under stage 5.2 of the updated project and programme activity cycle.

7.6 Entity fees for projects/programmes approved under project-specific assessment approach

120. The policy on fees for accredited entities⁵⁶ applies to entities under the PSAA with respect to the accompanying project/programme.

7.7 Monitoring and accountability

121. The initial MAF for AEs⁵⁷ regarding project-level monitoring and reporting will apply to entities under the PSAA with respect to project/programme implementation, as applicable. Considering the context of the project/programme, the legal agreement between GCF and the entity will also reflect the relevant reporting requirements under the PSAA legal agreement, similar to such requirements contained in the template AMA and FAAs with respect to project/programme implementation.

122. In line with decision B.10/06, paragraph (j), 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, entities under PSAA with an approved accompanying funding proposal will be required to report every year to the Board through the Secretariat on the extent to which the entity's overall portfolio of activities beyond those funded by GCF has evolved in this direction during the implementation period of the approved project.

123. The Secretariat will report to the Board on an annual basis on the operationalization and implementation of the PSAA.

124. The Secretariat may augment its capacity to undertake reviews of reporting related to the PSAA entity and accompanying funded activity, for which such budget request shall be included in the administrative budget of the Secretariat, subject to approval by the Board.

7.8 Review of project-specific assessment approach

⁵⁴ Decision B.08/04.

⁵⁵ Refer to the table contained in annex VI to decision B.08/04 titled "Structure of fees for accreditation to the Fund".

⁵⁶ Decision B.19/09.

⁵⁷ Decision B.11/10.

125. A review of the pilot framework for the PSAA will take place after the initial three years of operationalizing the PSAA.

7.9 Additional considerations

126. Entities that have submitted a complete application for PSAA and that have submitted a project or programme concept note that has been reviewed by the Secretariat, determined to be satisfactory with regard to the GCF investment criteria and endorsed to be developed into a funding proposal, and that has been assessed to have high or medium capacity as per section 4.2 above, may request financial support under the Project Preparation Facility to help to develop the concept note into a funding proposal.

VIII. Readiness and Preparatory Support Programme

127. The revised Readiness and Preparatory Support Programme⁵⁸ and the Readiness and Preparatory Support Programme Strategy 2019–2021 contain the objectives and outcomes of the programme. In particular, Objective 1: Capacity-building refers to GCF recipient countries and relevant stakeholders set up of adequate systems – human, technical and institutional – that enable them to fulfil their roles and responsibilities towards the GCF and enhance their ability to achieve their objectives.

128. The objectives and outcomes of the Readiness Programme relevant for direct access applicants and direct access AEs (collectively referred to as DAEs) include:

- (a) Objective 1: Capacity-building and Outcome 1.2 refer to DAEs having established capacity to meet and maintain GCF standards for accreditation, and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities;
- (b) Objective 2: Strategic frameworks and Outcome 2.3 refer to entity work programmes of accredited DAEs having been developed, which are aligned with the priorities of the countries, including country programmes and the GCF result areas;
- (c) Objective 4: Pipeline development and Outcome 4.2 refer to an increase in the number of quality funding proposals developed and submitted from accredited DAEs; and
- (d) Objective 5: Knowledge-sharing and learning and Outcome 5.1 refer to best practices with respect to institutional capacity-building, direct access and pipeline development that are developed and disseminated to strengthen engagement by NDAs, DAEs and delivery partners with the GCF.

129. NDAs/focal points and DAEs are encouraged to seek readiness support towards these objectives and outcomes.

IX. Complementarity and coherence with the accreditation processes of other relevant funds

130. Following the principle of complementarity and coherence that underpins the operational modalities of GCF, as outlined in the Governing Instrument, the accreditation framework will also pursue complementarity and coherence with the accreditation frameworks and processes of other relevant funds.

⁵⁸ Decision B.22/11, paragraph (f) and annex IV thereto.

131. This element of the updated accreditation framework includes, among other operational aspects:
- (a) Regular coordination, collaboration and exchange of information with the secretariats and accreditation panels, or their equivalent institutional arrangements, of other relevant funds;
 - (b) Formal and continuous mutual update on new operational guidelines and procedures, best-practice fiduciary principles and standards, ESS policies and standards, gender policies, information technology support systems and other relevant policies and procedures; and
 - (c) Appropriate modalities for the fast-track accreditation process⁵⁹ based on the appropriate degree of compatibility between the accreditation systems of GCF and those of other relevant funds, ensuring that the fast-track process will not diminish the rigour of the application of the standards for GCF accreditation.

X. Effectiveness, transitional arrangements and review of the accreditation framework

132. This updated accreditation framework shall become effective as from 1 April 2023 onwards and will from that date replace the initial guiding framework for the GCF accreditation process adopted by the Board pursuant to decision B.07/02, paragraph (a).

133. Applicants for which the Accreditation Panel has begun its review in Stage II (Step 1) of the accreditation, upgrade or re-accreditation process prior to the effectiveness of this updated accreditation framework shall continue to be reviewed by the Accreditation Panel using the process contained in annex I to decision B.07/02.

134. The updated accreditation framework will evolve to ensure continuous improvement and alignment with international good practices and to reflect the experience gained by GCF.

135. The Secretariat will be responsible for proposing to the Board, in collaboration with the Accreditation Committee and Accreditation Panel, the terms of reference for a comprehensive review of the updated accreditation framework in five years from the effectiveness of this framework.

136. The Secretariat, the Accreditation Committee and the Accreditation Panel may also propose to the Board a focused review of specific elements of the accreditation framework, including the standards for GCF accreditation, as deemed necessary.

⁵⁹ Decision B.08/03.

Annex VI: List of conditions and recommendations

1. The approval of the funding proposals approved by the Board pursuant to decision B.31/07 shall be conditional upon the satisfaction of the conditions set out in tables 1 and 2.

Table 1: General conditions applicable to all funding proposals

FP number	Conditions
All proposals	<p>(a) Signature of the funded activity agreement (“FAA”) in a form and substance satisfactory to the GCF Secretariat within 180 days from the date of Board approval, or the date the accredited entity has provided a certificate or legal opinion set out in paragraph (ii) below, or the date of effectiveness of the accreditation master agreement (“AMA”) entered into with the relevant accredited entity, whichever is later.</p> <p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <p>(i) Completion of the legal due diligence to the GCF Secretariat’s satisfaction; and</p> <p>(ii) Submission of a certificate or a legal opinion in a form and substance that is satisfactory to the GCF Secretariat, within 120 days¹ after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme.</p>

Table 2: Conditions specific to individual funding proposals

FP number	Conditions
FP182 (CAF Colombia)	<i>None</i>
FP183 (IFAD IGREENFIN I)	<i>None</i>

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

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

¹ For FP183 (IFAD IGREENFIN I), in case the Board approval is conditional on substantial modification of the Funding Proposal, the period shall be 180 days.

Table 3: Project-specific recommendations

FP number	Recommendations
FP182 (CAF Colombia)	<p><i>independent TAP recommendation</i></p> <p>The independent TAP recommends that the Secretariat establish a special monitoring regime for the implementation of ESMF commitments and establish periodic reporting to the Board on this issue.</p>
FP183 (IFAD IGREENFIN I)	<p><i>independent TAP recommendations</i></p> <p>If the programme is approved by the GCF Board, the independent TAP makes the following recommendations to the AE, in order to maximize the programme's contribution to the investment criteria:</p> <ul style="list-style-type: none"> (a) The AE should conduct an analysis of the revised nationally determined contributions of four of the five target countries for Components 1 and 2, which have been submitted to the UNFCCC subsequent to the development of the funding proposal, to ensure that IGREENFIN I remains optimally aligned with national adaptation and mitigation priorities. (b) The AE should work with the 17 AEs in the inception phase of Component 3, the Regional Support Programme, to clarify the expected deliverables of the activities, as well as the differences and relationships between project-level and RSP-level indicators and results, to avoid any confusion and maximize ability of the programme to effectively deliver and monitor portfolio-wide achievements.

Annex VII: Accreditation assessment of applicant 115 (APL115)

I. Introduction

1. Applicant 115 (APL115), the Jamaica Social Investment Fund (JSIF), is a national direct access entity based in Jamaica. JSIF is responsible for planning, initiation, implementation and close out or evaluation of sustainable development projects across the island of Jamaica. With a focus on infrastructure, disaster risk reduction, agriculture, health and livelihood, and education and tourism, the applicant facilitates the empowerment of communities and assists in building national capacity to effectively implement community-based programmes, targeting vulnerabilities associated with poverty, crime, environment, disaster and climate change as well as issues impacting vulnerable groups.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 11 October 2018 following pre-accreditation support for the entity to strengthen its capacities to be able to meet the GCF accreditation standards and undergo accreditation to GCF, funded by the GCF Readiness and Preparatory Support Programme. Accreditation fees were received from the applicant on 30 November 2018, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 21 December 2020 and the applicant was progressed to the stage II (step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the GCF fit-for-purpose approach:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority (NDA) or focal point nomination for its accreditation application from Jamaica;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** small¹ (including micro²);
- (d) **Fiduciary functions:**³
 - (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)).⁴

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

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

³ Decision B.07/02.

⁴ 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.”

II. Stage I institutional assessment and completeness check

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

- (a) “Updated Strategic Plan for the Green Climate Fund: 2020–2023” (decision B.27/06);
- (b) “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);
- (c) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);
- (d) “Interim Policy on Prohibited Practices” (exhibit A of the accreditation master agreement considered in decision B.12/31);
- (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 Whistle-blowers 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) risk information;
- (j) “Gender Policy and Action Plan” (decision B.09/11); and
- (k) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as part of the application. The applicant was established in 1996 as a component of the Government of Jamaica’s national poverty alleviation strategy. JSIF was incorporated under The Company’s Act of Jamaica on 28 February 1996 and signed a memorandum of understanding with the Government of Jamaica on 24 June 1996.

2.2 Institutional presence and relevant networks

5. The applicant is a national fund with 98 employees in 2019 and is headquartered in Kingston, Jamaica. It works with central and local government, non-government organizations, communities, and private and public organizations. The applicant’s main business areas include community-based socioeconomic, infrastructure, and social services projects.

6. JSIF is committed to supporting Jamaica’s efforts to tackle the effects of climate change and the applicant’s focus has increasingly been the vulnerabilities associated with livelihoods, disaster and climate change. In line with Jamaica’s National Development Plan for Hazard Risk Reduction and Adaptation to Climate Change, JSIF seeks to improve protection of the most vulnerable people from externalities by increasing the resilience of the country’s natural ecosystems to climate change. The applicant also intends to apply ecosystem-based adaptation approaches as the primary approach to counter climate change and incorporate climate change adaptation and/or mitigation approaches in all development plans.

7. The applicant intends to use GCF funding for cross-cutting projects and programmes to:
- (a) Increase adaptation to existing and future climate impacts and reduce greenhouse gas emissions;
 - (b) Develop projects aimed at carbon sequestration to improve the removal of carbon from the atmosphere and to reduce sources of emissions; and
 - (c) Improve the livelihoods of poor and vulnerable populations, especially in rural areas, and provide the necessary sensitization and awareness training with a view to reducing environmental degradation and perpetual vulnerability.

8. The applicant is one of three nominated entities by Jamaica and is included in the country programme endorsed by GCF. The three entities nominated by Jamaica have strong complementarity: for example, according to the NDA, it is envisaged that the applicant would be able to provide support to the climate projects at the community level working with community groups and civil society organizations, whereas the Planning Institute of Jamaica will be serving the public sector at large and the Development Bank of Jamaica will be focused on the micro and small and medium-sized enterprises in the private sector. The NDA has indicated that it is awaiting the accreditation to fully programme the applicant as an implementing entity for its pipeline.

9. The JSIF is mandated to mobilize resources and channel these to community-based socioeconomic infrastructure and social services projects, including those with climate change resilience-building potential. The JSIF works through a national partnership between central and local government, communities, and private and public organizations to empower communities and assists in building national capacity to effectively implement community-based programmes aimed at social development.

2.3 Track record

10. The applicant has executed several climate change adaptation and mitigation projects in Jamaica, financed by national and international public and private institutions. The project areas include solid waste management and sanitation, electricity regularization and disaster risk reduction.

11. The applicant's track record in managing sustainable development and climate change related projects includes the following:

- (a) USD 42 million (loan received, community-based contracting and enterprise on-granting) provided by the International Bank for Reconstruction and Development (IBRD) for the Integrated Community Development Project in Jamaica;
- (b) USD 30 million (loan received) provided by the IBRD for the Jamaica Disaster Vulnerability Reduction Project;
- (c) USD 44.7 million (low-value grants) provided by the European Union for the First to Fourth Poverty Reduction Programmes (PRP I–IV); and
- (d) USD 4.8 million (grant) provided by the Caribbean Development Bank for the Basic Needs Trust Fund 6th Cycle project in Jamaica.

III. Stage II accreditation review assessment

12. The applicant applied under the normal track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during stage II (step 1) against the standards of GCF to the extent applicable to accreditation in accordance with:

- (a) The GCF policies and standards identified in paragraph 3 above; and
 - (b) “Revised Environmental and Social Policy” (decision B.BM-2021/18).
13. As part of this assessment, the AP consulted the applicant’s website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

14. As a government-owned entity, JSIF sets its long term and annual objectives to advance community and national development. As such, JSIF’s role is to channel funds to community-based socioeconomic infrastructure and social services projects in partnership with government and non-state actors. JSIF reports to the office of the Prime Minister of Jamaica and is overseen by its board of directors, with 10 subcommittees in the following areas: management review; projects; finance; audit; national contracts; ethics; social review; technical review; human resource; and bid evaluation. JSIF budgets and plans are set by the Government of Jamaica as part of the overall annual budget for the country. The portion of the national budget allocated annually to JSIF determines the projects and programmes that JSIF supports and implements. The high-level government objectives that drive JSIF’s projects are tracked by key performance indicators to which each department is held in support of the achievement of the overall goals.

15. JSIF has a strong monitoring and evaluation unit that reports to a senior manager. The unit coordinates the utilization of contemporary results-based monitoring and evaluation methods and processes to report on the JSIF’s performance both as an organization and across project portfolios in the context of the objectives of the JSIF, its donor agencies and the Government of Jamaica. Responsibilities include providing qualitative and quantitative information on the execution of selected interventions, procurement and contractual decisions, accounting and financial recording, progress towards organizational and portfolio outcomes and outputs. Compilation of statutory reports for donors and the Government of Jamaica, among others, is undertaken along with critical oversight being provided to ensure funds are targeted efficiently, value for money is obtained and sustainable development for the underserved communities is stimulated.

16. The applicant’s external auditors prepare annual statutory financial statements in accordance with International Financial Reporting Standards and the requirements of the Jamaican companies act. Management information system (MIS) reports are generated monthly, quarterly and annually for senior management and the board. A fund manager software tool tracks projects from initial request, through appraisal, procurement, implementation and supervision. An accounting system called ACCPAC is used to provide financial and accounting information as well as for tracking electronic funds transfers. In addition, there is a funding agency MIS tailored to meet the requirements of each funding agency. This would be adapted to meet the specific reporting requirements of GCF projects.

17. The audit committee is appointed by the JSIF board with at least three members, all of whom are independent and one of which represents the Ministry of Finance. The JSIF internal audit is governed by a charter that sets out the independence, purpose, authority and responsibility of the function. Internal audits are carried out in accordance with internationally recognized standards while meeting the needs of the Government of Jamaica and the JSIF management. The chief internal auditor is independent and reports to the JSIF board through the audit committee on a monthly and quarterly basis, summarizing the results of completed audits, status of management actions to address audit findings, as well as other issues, as directed by the committee.

18. The JSIF internal controls framework is overseen by the audit committee, including reviewing management and internal auditor reports on the effectiveness of the systems for financial control, reporting and risk, and the adequacy of the computerized information system for controls and security. Other responsibilities of the audit committee include the procedures for the prevention of conflicts of interest, the detection of fraud and corruption, and the arrangements for staff to raise concerns, in confidence, about possible issues relating to financial reporting, financial controls, procurement procedures and any other matters.

19. JSIF is required to meet the procurement policies of the Government of Jamaica as well as the agencies it works with, including the World Bank, the Caribbean Development Bank and the European Union. As such, JSIF follows the procurement processes of its donor entities with a procurement committee responsible for the review of policies and procedures, and the review of contracts including those of executing entities. Evidence of fair and transparent procurements has been provided and the dispute resolution processes are outlined in the bidding documents. There have been no procurement complaints during the past three years.

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

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

21. On joining JSIF, staff and consultants are required to sign an employee contract for conflict of interest and code of ethics. The JSIF human resources committee is responsible for and manages oversight of ethical issues. This requires all employees to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the performance and reputation of the organization. Staff are also required to sign an employee fraud policy acknowledgement form. The whistle-blowers policy prohibits legal action being taken against whistle-blowers. Government employees, which include JSIF staff, who feel at risk of victimization can ask for a transfer to another job and can also apply to a court to stop victimization and to seek damages.

22. JSIF has an investigative function which is managed within its internal audit department. The chief internal auditor is functionally independent and reports directly to the board through the audit committee. This ensures objectivity and independence. JSIF has an AML/CFT policy that was updated in July 2020. It is the policy of the organization to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements under Jamaican and international laws and regulations. The JSIF 'know-your-customer' policy is included in its AML/CFT policy and addresses four key elements: client identification and verification; client acceptance; monitoring of clients; and risk assessment of client relationships. Copies of recent 'know-your-customer' reports have been provided that demonstrate the effectiveness of this function.

23. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the basic fiduciary standards on transparency and accountability, and to the extent applicable to accreditation, the GCF Policy on the Protection of Whistleblowers and Witnesses,⁵ the GCF Policy on Prohibited Practices⁶ and the GCF AML/CFT Policy.⁷

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

⁵ Decision B.21/25 and annex II thereto.

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

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

24. The JSIF operations manual details the procedures for project appraisal. A risk assessment is done during the preparation stage, at several levels, beginning with the social and technical appraisal by the project teams. A complete appraisal report is prepared, which addresses the economical, technical, environmental, social, legal and other operational risks. These reports are passed through the various committees: first by the technical review committee chaired by a senior management followed by the review of the full senior management; second by the projects committee (a subcommittee of the board); and finally it goes to the full JSIF board for approval.

25. JSIF has provided the Government of Jamaica project proposal form that is used to design and present projects. It is issued by the Public Management Investment Secretariat of the Government of Jamaica and it requires key performance indicators with baselines, targets, objectives and expected outcomes to be incorporated into the project design for funding proposals. Details of recent projects demonstrate that project objectives, outcomes and key performance indicators are established at the project design stage. Also demonstrated is the assessment of technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects relevant to each project proposal.

26. JSIF has provided details and examples of how quality review is addressed at various stages and levels during project design and implementation, and during the review, appraisal and approval stages. This includes procedures for monitoring, follow up and corrective actions during project implementation. The JSIF policies and procedures relating to project closure, including reporting on results achieved, lessons learned and recommendations for improvement, are embedded in the operations manual. Capacity to disseminate results and making key findings publicly available are part of the JSIF public disclosure policy and its monitoring and evaluation (M&E) policy. This policy shows how organizational M&E is segregated from functions at the portfolio level, and a results-based matrix for a project has been provided that demonstrates the tools and templates used for the M&E function. In addition, monthly reports from the finance department track expenditures against budget for each project in the JSIF portfolio. Examples of M&E reports and independent evaluations are available on the JSIF website.

27. The JSIF operations manual has a recently updated section on subproject supervision, which explains how projects at risk are identified. An example has been provided showing how issues are identified and what mitigation measures are taken. Project audit reports have also been provided that demonstrate the effective implementation of risk management systems and procedures.

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

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

29. The JSIF community-based contracting (CBC) manual provides full details of the grant award programme, with extensive use of application forms and checklists. CBC provides grants to local projects that help to address social and poverty-reduction objectives. The processes of inviting proposals, then assessing, appraising and approving them via a grant award evaluation committee are well documented in the CBC manual. Applicants for the grants are informed of the results with reasons if rejected, and grant award details are published on the JSIF website. The CBC manual also provides details of the composition and terms of reference of members of the CBC committee.

30. Requests for proposals for grant awards are published on the JSIF's website, in national newspapers and at the Jamaican Social Development Commission. Eligibility criteria are clearly

described in the announcements. The grant award evaluation committee has four members. They review the technical; the environmental, social and gender; and the fiduciary aspects of proposals. The committee is chaired by the executive secretary of JSIF and members are generally JSIF staff, supported by external members when specific expertise is needed. All members are required to confirm that they do not have conflicts of interest in serving on this committee and that they agree to assess proposals impartially. Terms of reference of members of the committee are documented in the CBC manual, and examples of agendas and minutes have been provided.

31. There is a clear process of approval of grant awards, which starts with the evaluation committee and finishes with approval by the JSIF board. Decisions are taken in accordance with the recommendation of the evaluation committee, and the grant award process is tracked on the fund manager section of the MIS, which ensures that a beneficiary can only receive one grant for a proposal. At the end of the process, and once all validation checks have been successfully completed, a final completion certificate is issued. Unsuccessful grant applicants are provided with reasons for their proposal being rejected. Examples of recent rejection and acceptance letters have been provided.

32. The CBC programme requires the local community that will benefit from the project to provide at least 10 per cent of the cost of the project, either in cash or in kind. In addition, each proposal is required to show who will manage the project, whether that is an external contractor (subject to strict procurement procedures) or individuals or a team within the community. Whoever is charged with managing the project is referred to as the community-based organization, and their capacity is assessed as part of the evaluation and appraisal of the project. JSIF uses a process called MONFIS⁸ to assess the capacity of the community-based organization.

33. The grant financing agreement signed with awardees, and the examples provided of bills of quantities, clearly demonstrate how JSIF is assured of the authenticity and eligibility of activities being supported by the grant. Examples have been provided of audit reports, site visit reports and project status updates. Audits of the CBC programme are done by both the JSIF IAD and the external auditors. These include checks of the expenditure of grantees; and the CBC manual addresses the issue of misappropriation or mismanagement of funds. There are clearly defined procedures for recovery of funds paid to grantees, in respect of expenditures that are unauthorized or fall outside the scope of the project, or for any other breach of the grant award contract with the grantee. Such cases have been rare and are included in the annual audit report on the programme.

34. There is a system in place for supporting beneficiaries of grants through counselling and advice during implementation of grant award activities. Unsuccessful applicants can also benefit from advice on how their proposals could be strengthened to meet eligibility criteria and to present a successful proposal in the future. JSIF has active and successful grant programmes with the World Bank, the Caribbean Development Bank and with the European Union Directorate General for International Cooperation and Development (DG DEVCO). Articles and reports demonstrate that JSIF is well regarded and in good standing with these multilateral organizations.

35. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms.

⁸ MONFIS stands for Management; Organization; Networking and mobilization; Financial management and fundraising; Impact; and Sustainability.

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

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

3.2 Environmental and social safeguards

3.2.1. Environmental and social policy

37. The applicant's environmental and social management system has undergone a significant evolution, in keeping up with the international best practice. The applicant's most recent E&S policy is its "Environmental and Social Framework (ESF)" which was approved by its management in June 2020.⁹

38. The ESF updates and replaces the applicant's 2015 environmental management system (EMS) based on ISO 14001 and its 2016 environmental and social management framework (ESMF), which was based on the World Bank's operational policies. The EMS and by extension the ESMF were applicable to all project portfolios regardless of funding sources including the Government of Jamaica, World Bank, Caribbean Development Bank, European Union, Inter-American Development Bank, and the PetroCaribe Development Fund. The ESF was developed in response to the new requirements of funding partners. The ESF integrates both environmental and social standards into a single policy document. The ESF is aimed at ensuring that the execution of applicants' projects/programmes is in alignment with the national laws and the requirements of project funders. It provides the approach for identifying and managing the environmental and social requirements of project funders.

39. The main objectives of the ESF are to develop and implement subprojects that are environmentally and socially sustainable; identify and determine project E&S risks and establish procedures to avoid, minimize, reduce or mitigate the potential adverse risks and impacts; build the capacity of stakeholders to successfully implement projects in accordance with the environmental and social standards of international funders; establish a foundation for continual improvement in the management of E&S risks; and establish a set of standardized environmental and social guidelines and due diligence procedures that must be followed in order to access international funding.

40. To meet the requirements of funding partners and those of the applicable local authorities and regulatory entities, the JSIF has aligned its ESF with ten international environmental and social policy standards (ESPs). ESPs 1–8 are the same as the International Finance Corporation performance standards 1–8 (PS 1–8), but PS 9 on financial intermediaries does not apply because the applicant does not work through financial intermediaries. The JSIF ESP 10 is on stakeholder engagement and information disclosure. These ESPs were established to help the JSIF manage the risks and impacts of a project, and improve its environmental and social performance through a risk and outcomes-based approach. These standards reflect a paradigm shift from the 'do no harm' to a 'do good' approach to project implementation.

41. The applicant's Managing Director is responsible for ensuring conformance with the ESF and is responsible for its execution. The ESF has been communicated to the applicable stakeholders, including staff, and is also posted in applicant's intranet as well as on the JSIF website.

42. The AP finds that the applicant's environmental and social management system, comprising the environmental and social policy, supported by evidence of its track record, fully

⁹ See <https://www.jsif.org/sites/default/files/JSIF%20ENVIRONMENTAL%20AND%20SOCIAL%20FRAMEWORK%20ESF%20-%20FEBRUARY%202021.pdf>.

meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, and the GCF interim environmental and social safeguards (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

43. The applicant finances and implements a variety of small-scale community-level projects in rural, peri-urban and urban areas. These projects are expected to have generally positive environmental impacts, albeit some could result in minor adverse environmental impacts that would be mostly local and reversible. Occasionally, there may be a need for involuntary land acquisition under eminent domain to meet the requirements of land for a project.

44. In 2016 the applicant adopted its ESMF, which was based on the Operational Policies of the World Bank. Subsequently, the applicant adopted an updated ESMF for its Rural Economic Development Initiative (REDI II). The main objectives of the updated ESMF are to: establish procedures for screening all proposed projects for their potential adverse environmental impacts and land requirements/acquisitions; specify measures for managing, mitigating and monitoring environmental impacts during project implementation and operation; and outline the training and capacity-building arrangements needed to successfully implement the provisions of the ESMF. The updated ESMF includes tools on the applicant's institutional processes to identify the E&S risks and impacts of projects/programmes including for the subprojects consistent with ESPs 1–10 articulated in the ESF.

45. Depending on the magnitude of the potential impacts of projects or subprojects, the E&S risk level may be categorized as High, Substantial, Moderate or Low, which correspond to the GCF E&S risk categories A, B, -B and C, respectively. The risk level of the project will determine the type of additional E&S assessments that may be required and the extent of the mitigation measures to be implemented including the need for any changes in the design of the projects/programmes. The risk level will also be a determinant as to whether the applicant will pursue the subproject, at least in the proposed location. Where the risk of significant impact is too high and/or where the proposed mitigation measures are not viable, the applicant will forego the subproject and seek an alternative site if possible or feasible.

46. The applicant's REDI II ESMF provides evidence on its track record in applying the procedures consistent with the ESF on identification of E&S risk and impacts of projects/subprojects including E&S risk categorization. The applicant facilitated an online viewing for the AP of its computerized MIS to demonstrate the implementation of E&S risk and impacts identification, and its E&S management and monitoring processes in line with the ESMF and ESF.

47. The AP finds that the applicant's system of identifying E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, and the 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

48. The ESF and the updated ESMF describe the applicant's institutional processes for managing mitigation measures and actions stemming from the E&S risk identification process. The applicant assesses, manages and monitors the E&S risks and impacts of all applicable projects/subprojects throughout their life cycle and in accordance with the requirements of its applicable standards, ESP 1–10.

49. High-risk projects may require an environmental permit to be obtained and an environmental and social impact assessment to be conducted prior to implementation of the projects/programmes. A site-specific environmental and social management plan (ESMP) will also be developed for high-risk projects and programmes, including subprojects. Projects assessed as Substantial and Moderate risk may require an environmental permit; however, an environmental and social impact assessment is rarely required. Standard environmental and social screening and assessment is required. The applicant's generic ESMP is applied to the management of environmental and social issues for these projects/programmes, including subprojects, in those risk categories. Projects/programmes are classified as Low risk if the potential adverse risks and impacts and issues on human populations and/or environment are likely to be minimal or negligible. These projects/programmes, with few or no adverse risks and impacts and issues, will not require further environmental and social assessment.

50. At the project/programme level, E&S risk assessment will be conducted by the applicant during the E&S risk and impacts identification and appraisal to determine the overall risk level for the project/programme and to outline any additional assessment that should be conducted throughout the implementation of the project/programme. Where a project/programme involves the implementation of multiple subprojects for which the exact location cannot be ascertained during the appraisal, an ESMF will be used as the tool for environmental assessment and monitoring. A generic ESMP will be included in the ESMF, which will outline the potential risks; mitigation measures; who is responsible for implementation of the proposed mitigation measures; and the associated costs of the mitigation measures. The ESMF will be used to manage the E&S risks of the subprojects throughout the project cycle.

51. The applicant may also develop an environmental and social commitment plan (ESCP): an instrument required for specific projects that forms part of the legal agreement for projects. The ESCP reflects an accurate summary of the material measures and actions to address the potential E&S risks and impacts of the project in accordance with the mitigation hierarchy.

52. As evidence of its track record, the applicant has provided the ESMF for the REDI II of October 2018. The REDI II ESMF describes the requirement for developing an ESMP to be incorporated into the bidding documents when procuring contractors and consultants to implement the project. The applicant provided a sample of an ESMP for its projects/programmes including subprojects.

53. The applicant is an ISO 14001:2015 certified organization, and one requirement of that certification is that the EMS must be audited at least once per year by a qualified team of trained internal auditors. The EMS is audited annually by an independent external auditor for compliance with the ISO standard. The JSIF currently has a cohort of approximately 16 staff that have been trained to conduct internal EMS audits to the ISO 14001:2015 standard. The internal EMS audit team carried out planned audits annually over the 11-year life of the JSIF EMS. Auditors are assigned areas to assess that are independent of their job functions. A comprehensive report of the audit findings is prepared and documented as required by the ISO standards. A corrective action request is prepared by the auditors for each finding or non-compliance, and this is signed off by the auditor only after implementation of corrective measures. The issues are tracked to determine if the corrective actions are effective. The applicant provided copies of internal and external audit reports on its EMS.

54. The AP finds that the applicant's E&S risk management programme, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, and the 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

55. The applicant's ESF describes its internal processes to support a monitoring/supervision programme that tracks and ensures completion of mitigation and performance improvement measures. The updated REDI II ESMF and the Environmental Management System Procedures Manual (November 2015) also contain the applicant's monitoring and reporting procedures. All projects/programmes or subprojects are monitored during implementation to ensure that work activities are being carried out in accordance with the environmental and social performance standards. The ESMP and ESCP form the basis for monitoring the environmental and social performance of the projects/subprojects. The E&S risk monitoring is carried out by the applicant's relevant technical staff including environmental and social officers. However, where applicable, qualified external consultants may be contracted to carry out monitoring activities and to assess for potentially new or unforeseen E&S risks.

56. As evidence of its track record on monitoring and reporting, the applicant provided a sample of E&S risk monitoring reports for subprojects implemented under its Integrated Community Development Project financed by the World Bank, including on-granting. That project is aimed at improving access to urban infrastructure and services and increasing public safety in economically depressed and socially volatile communities in Jamaica.

57. The applicant facilitated online viewing by the AP of the MIS to demonstrate the applicant's processes on screening, monitoring, supervision and mitigation measures. The applicant conducts an annual management system review with senior management, as a requirement of the environmental and social management system. The exercise is a detailed assessment of the performance of the environmental and social management system over the reporting period and outlines, in general terms, plans for any changes to the system. A sample of a management system review report was provided.

58. The AP finds that the applicant's system of E&S risk related monitoring and review, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, and the 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

59. The applicant's external communication channels are provided in the ESF, which states that affected persons or any other interested parties can lodge complaints or provide feedback through multiple channels, including: the JSIF officer assigned to the project; the site supervisor; JSIF telephone lines; project environmental consultants; via the JSIF social media platforms (Instagram, Facebook and Twitter); emails addresses and fax numbers; and a link on the JSIF website.

60. The applicant has established an institutional-level grievance redress mechanism (GRM) policy that is applicable to all projects to be implemented.¹⁰

61. The GRM policy is also outlined in ESPs 10 of the ESF as well as in its internal operations manual and its CBC manual. The GRM policy is designed to be culturally appropriate and accessible to affected vulnerable people; and considers the availability of judicial recourse and customary dispute settlement mechanisms among indigenous peoples. The GRM policy will be implemented by the applicant's grievance redress team, which will comprise the Social Development Manager, a social officer, a project officer and an environmental officer. The manager for the project which is subject to the grievance will also be invited to participate in assessing and resolving the grievance. The legal officer will provide legal guidance throughout

¹⁰ See <<https://www.jsif.org/sites/default/files/Grievance%20Redress%20Mechanism%20Policy.pdf> and also available in its website at: <https://www.jsif.org/content/jsif-corporate-profile>>.

the process of resolving grievances and, where necessary, will approve documents. The applicant provided information on the composition, qualifications, experience and reporting lines of the grievance redress team that would manage any E&S risk grievance for GCF projects/programmes.

62. While the grievance redress team will be directly responsible for implementing the activities to ensure that grievances are resolved, the IAD (led by the chief internal auditor) will provide independent oversight of the process. The IAD is staffed with an auditor with over twenty years of experience and an internal audit assistant to whom delegation takes place with the oversight of the chief auditor. The IAD is not only skilled at handling audit issues but also has experience of receiving various complaints ranging from project or employee complaints, to the conduct of external stakeholders. The IAD reports to the JSIF board through the audit committee. The applicant provided CVs of the chief internal auditors who would provide an independent oversight on the GRM. The applicant provided a copy of its log on previously managed complaints.

63. Through multiple consultations, the grievance redress team will ensure that community members, particularly those affected by the project, are informed about the avenues for grievance redress. Communities will also be notified of the GRM in project information meetings and through other State entities including the Social Development Commission. The grievance team will ensure that records of grievances received and the result of attempts to resolve these are maintained. This information will be entered into the applicant's MIS and be included in the regular progress reports, including the date of the dispute, the nature of the dispute and how it was resolved. Additionally, representatives of line ministries of other partnering government agencies can communicate grievances on behalf of people affected by the project to JSIF. Complaints will be noted in a grievance log with a response time of between 1 and 4 weeks, depending on the complexity of the issue.

64. An addendum to the ESF outlines the JSIF environmental and social disclosure policy that is consistent with the requirements of the GCF Information Disclosure Policy, particularly related to E&S risk category B/I-2. The applicant has a track record on disclosure and consultation of its E&S risk assessments for its World Bank funded projects/programmes. The applicant's CBC manual includes the provision for the applicant's executing entities to include GRM at the project level. The applicant provided evidence on its track record on disclosing E&S risk assessments to the public and also of inclusion of its GRM in its projects/programmes.

65. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, the GCF interim ESS standards and the GCF Information Disclosure Policy regarding E&S risk 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

66. The applicant provided its organizational chart and the biodata of its key E&S risk experts as well as details of their E&S risk training. The applicant's Managing Director leads the organization and is responsible for final approval of environmental and social policies and plans, as well as funding for implementation. All general managers report directly to the Managing Director. The general manager for technical services manages all technical staff including project managers, and develops the ESF. They also review environmental and social policies and plans for submission to the Managing Director for final approval.

67. The social development managers, systems operation and environment manager and project managers report directly to the general manager for technical services. The systems operation and environment managers develop environmental policies and ESMF

implementation plans. The social development managers develop the social policies and plans. The project managers supervise the day-to-day project activities including implementation of ESMF requirements. The technical and social officers, including the environmental officers, are managed directly by the project managers and are responsible for implementing and monitoring environmental and social activities. The environmental officer is supervised by the systems operation and environment manager. The environmental officer helps to develop policy and performs day-to-day monitoring for ESMF compliance.

68. With the approval of the Managing Director, the general manager for finance and procurement allocates funding for the implementation of the ESMF with the support of the finance and procurement staff. The general manager for corporate services manages the MIS, legal, communications and human resources staff, who are all critical in the implementation of the ESMF. The legal and governance manager ensures ESMF policies and plans are compliant with applicable laws prior to implementation. The legal and governance team plays a critical role in the resolution of grievances and settling matters relating to displacement or resettlement. The MIS manager provides support for managing ESMF documents including publication of information. The communications team develops and provides public information regarding the ESMF to improve awareness. They also play a critical role in stakeholder consultations. The human resources manager is responsible for hiring staff to support the ESMF where additional capacity or competency is required. The IAD reports directly to the JSIF board and will be responsible for independent auditing of the ESMF implementation.

69. The environmental and social team has been sensitized on the requirements of the ESF. A training plan has been developed to include training for staff and other project stakeholders on the requirements of the ESF, which has been approved by the applicant's board of directors for implementation. The training matrix, appraisal report and board approval have been provided by the applicant and reviewed by the AP. The applicant has provided CVs which show that its personnel have experiences in each ESP.

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

3.3 Gender

71. The applicant complies with the Jamaica National Policy on Gender Equality,¹¹ as codified in the applicant's operations manual. The operations manual describes the key principles and approach to promoting social inclusion, guiding the applicant's on gender mainstreaming both at its institutional level and at the projects/programmes level. The applicant's gender mainstreaming strategy is more holistic than is common in scope because it incorporates a human rights approach involving the government, private sector and civil society to ensure that women and men have equal access to opportunities, resources and rewards towards promoting sustainable human and national development. The policy is implemented through gender action plans. The applicant provided separately its most recent institutional-level gender action plan for the period Jan 2020 – Jan 2025.

72. The applicant's procedures and practices to support the implementation of its Gender Policy are described in the operations Manual, which also includes the checklist to be completed as part of the appraisal process and presented to the Social Review Committee along

¹¹ See <<https://www.nlj.gov.jm/files/u8/NPGE-JA-FINALwCover21311.pdf>>.

with the project appraisal report. The operations manual also includes gender indicators to be used in monitoring and evaluating project performance.

73. The applicant's Social Development Unit is responsible for ensuring that social dimensions such as participation, gender and development, social safeguards, and management of social risks are incorporated into the three major processes of JSIF operations: national programming, project design, and project implementation and evaluation.

74. The unit performs the following functions within the JSIF project cycle: provides input on social development issues at the senior management level into processes related to project concept design and development; reviews projects screening recommendations and making decisions to reject, accept or proceed into project concept development; chairs the Social Review Committee including review of projects, terms of reference related to social services and making recommendations for amendment, approval or rejection; provides input on social development to guide the development of concept papers, research, manuals, terms of references, reports and other documents; and documents and disseminates best practice and lessons from project results to staff and external parties.

75. The applicant's Monitoring & Evaluation Unit ensures that M&E functions are fully integrated into JSIF operations at all levels, and provides technical support to staff and coordinates reporting at national, organizational and project levels. It is staffed by an M&E coordinator and an M&E analyst, with oversight provided by the project manager for social development/M&E. The applicant provided the CV of its CBC and training coordinator. The applicant provided evidence on training and development programmes for its E&S, gender and other relevant staff, particularly related to the implementation of the Gender Policy.

76. The applicant has provided several project documents including on the St Thomas Women's Agricultural Initiative to help women increase access to market for their vegetables grown in greenhouses for sustainable income and employment. The applicant also provided project documents on its initiative on a Solid Waste Management Project; the Caribbean Coastal Management Program – Product Development and Capacity Building, on developing tourism; a financing agreement for the Treasure Beach Women Group Benevolent Society Promotion and Training; and the Church Pen Drainage Improvement Project. The applicant also provided evidence that, for the Integrated Community Development Project, it ensures its contractors have no gender discrimination in terms of payment; and provided a wage sheet on its Grainville Project showing non-discriminatory practices in terms of benefits and remuneration for both men and women employees.

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

IV. Conclusions and recommendation

4.1 Conclusions

78. Following the assessment of the applicant, the Secretariat concludes the following in relation to the application with respect to the potential to continue in the role of an accredited entity and to support the mandate and objectives of GCF: the applicant has the potential to support GCF in implementing its Updated Strategic Plan for 2020–2023 with respect to:

- (a) Bringing complementarity to existing national entities in the accreditation pipeline through the applicant's ability to engage with community-level organizations and support grass root and projects run by civil society organizations.

- (b) The indicative projects/programmes that the applicant intends to submit to GCF within the scope of accreditation recommended by the AP in paragraph 7 above and alignment of said indicative pipeline with country programming priorities. The applicant is engaging with the NDA of Jamaica on relevant country projects/programmes identified in the endorsed GCF country programme and/or otherwise prioritized with a view to bringing a project to GCF if accredited. The applicant's accreditation will strengthen the country's strategy of having key nominated national direct access entities (DAEs) addressing specific but complementary aspects of reducing emissions and resilience-building in addressing the challenges of climate change for a small island developing State;
- (c) Enabling country ownership and increasing the portfolio of DAEs to GCF, particularly as the applicant is the first national DAE in the country to be recommended by the AP for the Board's consideration on accreditation;
- (d) Potential contribution to the adaptation and mitigation balance in the GCF portfolio since the applicant focuses on adaptation and cross-cutting activities and supporting diversity in GCF results areas such as health and food and water security; ecosystems and ecosystem services, and livelihoods of people and communities; and
- (e) Addressing interests of particularly vulnerable groups.

79. Following its assessment, the AP concludes the following in relation to the application with respect to the applicant's ability to meet the GCF accreditation standards identified in paragraph 12 above:

- (a) The applicant meets the requirements of the GCF basic fiduciary standards, and to the extent applicable to accreditation, the GCF Policy on the Protection of Whistle-blowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy; the specialized fiduciary standard for project management; and the specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (b) The applicant meets the GCF Revised Environmental and Social Policy and to the extent applicable to accreditation, the GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk (category B/I-2); and
- (c) The applicant has demonstrated that it has a policy, procedures and competencies in order to implement its gender policy, which is found to be consistent with the updated GCF Gender Policy to the extent applicable to accreditation, and has demonstrated that it has experience in gender considerations in the context of climate change.

4.2 Recommendation on accreditation

80. The AP recommends, for consideration by the Board, applicant APL115 for accreditation as follows:

- (a) Accreditation type:
 - (i) **Maximum size of an individual project or activity within a programme:**
small (including micro);
 - (ii) **Fiduciary functions:**
 - (1) Basic fiduciary standards;
 - (2) Specialized fiduciary standard for project management; and

- (3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iii) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2) (including lower risk (category C/intermediation 3 (I-3)¹²)).
81. The applicant has been informed of the recommendation for accreditation including the accreditation type as identified in paragraph 80 above, and agrees to the recommendation.

¹² As per the GCF Revised Environmental and Social Policy adopted in decision B.BM-2021/18, 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 VIII: Re-accreditation assessment of Centre de Suivi Ecologique (RAPL001)

I. Introduction

1. Centre de Suivi Ecologique (CSE) is a national direct access entity located in Senegal. Its core activities include environmental monitoring, natural resources management and conducting environmental impact assessments. It has built partnerships at the local (subnational) and national levels, as well as with international donors, in order to develop climate change projects and programmes, particularly in the areas of environment, agriculture and livestock. One of its key activities has been improving the access of vulnerable populations and local stakeholders to information required in order to strengthen their resilience to and build capacity to adapt to climate change variability and impacts, such as droughts and desertification. Other activities include conducting economic analyses for areas that are particularly vulnerable to climate change and natural risks, thereby allowing for better adaptation project selection.

2. CSE was accredited by the Board on 26 March 2015 in decision B.09/07, paragraph (b), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of GCF:

- (a) **Access modality:** direct access, national. The accredited entity (AE) received a national designated authority or focal point nomination for its accreditation application from Senegal;
- (b) **Track:** fast track under the Adaptation Fund (AF);
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (category C).³

3. CSE signed its accreditation master agreement (AMA) with GCF on 24 October 2015, which became effective on 28 March 2016. With the AMA having become effective, the AE's first accreditation term is from 28 March 2016 to 27 March 2021. Due to the coronavirus disease 19 (COVID-19) pandemic and in line with decision B.26/01, paragraph (h), the AE requested, and was issued, an extension in the deadline to submit its re-accreditation application to GCF from 27 December 2020 to 27 March 2021. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 25 March 2021. Accreditation fees were received from the applicant at the time of its initial accreditation application to GCF, during which the AE sought but had not been recommended for accreditation for the same criteria that it is seeking in its current upgrade application. Thus, the stage I institutional assessment and completeness check was launched following receipt of the application. Stage I was completed on 8 August

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

² Decision B.07/02.

³ As per annex I to decision B.07/02, 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."

2021 and the AE was progressed to the stage II (step 1) accreditation review by the AP, which has been concluded with the publication of this assessment.

4. The AE applied for an upgrade in its accreditation scope at the same time as its re-accreditation application for the following parameters under the fit-for-purpose accreditation approach of GCF. The changes as compared to its accreditation scope during the first accreditation term are below:

- (a) **Access modality:** direct access, national. The national designated authority or focal point nomination from Senegal for the AE's first accreditation term remains in effect for the re-accreditation application;
- (b) **Track:** fast track under the AF;
- (c) **Maximum size of an individual project or activity within a programme:** small;⁴
- (d) **Fiduciary functions:** no change; and
- (e) **Maximum environmental and social risk category:** medium risk (category B).⁵

II. Stage I institutional assessment and completeness check

5. The AE was eligible for, and applied under, the fast track re-accreditation process as an AF 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, B.26/01, B.29/05 and B.30/05, and in accordance with the GCF policies and standards to the extent applicable to accreditation below:

- (a) "Updated Strategic Plan for the Green Climate Fund: 2020–2023" (decision B.27/06);
- (b) "Matters related to the accreditation framework" and "Consideration of accreditation proposals, including consideration of the reaccreditation deadline" regarding the reaccreditation process (decisions B.24/13, para. (a), and B.26/01, para. (h), respectively);
- (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);

⁴ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁵ As per the Environmental and Social Policy adopted in decision B.19/10, category B is defined as "Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures," and intermediation 3 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 impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented."

- (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).

6. Based on the discussions with the Secretariat on the AE’s performance during the first accreditation term, the AE suspended its upgrade application for the accreditation scope indicated in paragraph 4 above until (i) the relevant track record is available; and (ii) improvement of performance of its approved GCF project “Increasing the resilience of ecosystems and communities through the restoration of the productive bases of salinized lands” (FP003) is demonstrated.

2.1 Legal status, registration, permits and licences

7. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that there had been no change in its legal status or licences to operate since the original accreditation application.

8. As indicated in paragraph 3 above, the AE and GCF entered into the AMA for the AE’s first accreditation term from 28 March 2016 (date of AMA effectiveness) to 27 March 2021. With the deadline for the re-accreditation application submission having been extended until the end of the accreditation term at the request of the AE, the AE’s accreditation term has lapsed as of 27 March 2021 since its re-accreditation application was submitted at the end of the first accreditation term. As the AE has sought re-accreditation prior to the end of its first accreditation term, it shall remain designated as an AE during the period between its first and, if re-accredited and having a signed and effective amended and restated AMA, second accreditation terms.

9. Once re-accredited, the AE’s AMA would need to be amended and restated to account for the re-accreditation decision and any conditions of re-accreditation based on the AP’s assessment of the AE against the GCF standards and policies listed in paragraph 31 below, as well as reflect the GCF policies and standards adopted by the Board that have become effective since the agreement between the GCF and the AE of the AMA for its first accreditation term.

10. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on amending and restating the AMA to account for new GCF policies that have become effective after the agreement between GCF and AE of the AMA for the first accreditation term and that it will put in the necessary resources to review the draft amended and restated 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**

11. Implementation experience under the funded activities portfolio is limited as there is only project - FP003, and which entered into effectiveness in February 2020 and received its first disbursement in May 2020. Implementation thus far has focused on project start-up activities, albeit with some delays due to the coronavirus pandemic.

12. **CSE as a delivery partner for the GCF Readiness and Preparatory Support Programme (Readiness Programme):** In addition to its role as an AE, CSE is a delivery partner for the Readiness Programme. The implementation of the readiness portfolio is generally satisfactory, though the portfolio is characterized by time extensions. Seven out of eight grants have received extensions due to delays related to procurement processes, implementation delays, revision of reports to meet compliance and/or quality standards, etc. In several instances, CSE has required extensive guidance from the Secretariat on the legal terms and conditions of the readiness grants under their purview. Three readiness grants have also received blanket six-month COVID-19 no-cost extensions.
13. Overall, across both the funded activity and readiness portfolios, CSE has had difficulties in meeting reporting timelines stipulated in the funding agreements. Under the funded activity, the first annual progress reports (APR) for FP003 was submitted in 2021, with a delay of two months. The inception report, due by August 2020, was submitted in April 2021, that is with a delay of eight months.
14. The quality of reporting under the readiness portfolio is generally satisfactory, however reporting by the AE is often delayed, with 90 per cent of reports submitted late. Interim progress reports, completion reports and audited financial statements have an average delay of 10 months. Approximately half of the reports (48 per cent) have been submitted with significant delays of over 60 days.
- 2.2.2. Inclusion of the work programme in the country programme, concept notes, funding proposals and Project Preparation Facility requests**
15. **Country programme/entity work programme:** Per the current Country Programming guidelines, only accredited regional direct access entities and international access entities are to develop an entity work programme. As a national direct access entity, the CSE engagement plan with GCF is incorporated in Senegal's country programme.
16. CSE's expertise is well aligned with four of six of the axes that Senegal's country programme is formulated around, namely (i) strengthening resilience of vulnerable communities; (ii) resilience of infrastructure, habitats and natural ecosystems; (iii) sustainable land use and forest management; and (iv) capacity-building on the institutional framework. The country also wants to leverage the entity's experience to improve engagement of local communities in climate action.
17. The first of the two direct access accredited entities from Senegal, CSE remains an important contributor to the action on climate, and the country plans, through the Readiness Programme to build up the entity's capacity in the areas of monitoring and evaluation and of project development.
18. The planned engagement for CSE covers the GCF result areas of forest and land use, health, food and water security, livelihoods of people and communities, and ecosystems and ecosystem services.
19. The country programme presented to GCF in 2019 included two projects to be submitted by CSE focusing on agroforestry and resilience of coastal communities. The country will update its nationally determined contribution (NDC) by 2022 and plans to identify additional projects CSE will develop and submit to GCF in the upcoming second replenishment period of the GCF.
20. The current CSE pipeline includes five projects at various stages of the project cycle. The pipeline is made up of one SAP funding proposal, two concept notes and two simplified approval process (SAP) concept notes. These projects are all themed around smart agroforestry and communities' resilience. The entity has also submitted a Project Preparation Facility (PPF) proposal for eco-agricultural business solutions for Senegal model forests.

21. **Concept notes/funding proposals:** CSE currently has five projects in the pipeline: one funding proposal and four concept notes. The five projects focus primarily on the result areas of forests and land use; livelihoods of people and communities; health, food, and water security; and ecosystems and ecosystem services. The main project interventions across these result areas concentrate on increasing resilience of farming systems through, for example, agroforestry systems, diversifying farming and cropping systems, and strong community participation and ownership. All projects use grants as a financial mechanism with co-financing available amounting up to approximately USD 300,000 in one project, with the other projects having no or minor co-financing.

22. The original concept notes showed innovative ideas in general, but lacked overall quality in project structure, narrative, climate rationale and design, and required additional resubmissions and support. The response time in addressing Secretariat reviews has been significant. Several of the projects have shown good progress after being resubmitted, but additional rounds of reviews were still required. PPF has been used in some cases and proven very effective and supportive for CSE.

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

23. Despite progress on the design and structure on some of the concept notes, the response time from GCF review to resubmission has remained significant, averaging close to two years. More targeted support from GCF on a more frequent basis would facilitate CSE's resubmission and update of the concept notes and funding proposals.

24. There is no change reported on the minimal environmental and social risks and impacts (category C) as identified during approval and arising from the implementation of the only approved funding proposal (FP003) by the AE. While a preliminary environmental and social management plan (ESMP) has been prepared, the AE has reported that it will update the ESMP prior to the start of the works. No grievance has been received yet and the AE, together with the executing entity, will work on establishing a project-level grievance mechanism. Field missions have been undertaken to engage in consultations and dialogue with its stakeholders and to identify their key roles during project implementation.

25. The project the AE submitted was approved with a condition precedent to second disbursement on gender which is "Delivery to GCF by the accredited entity of a gender assessment and a project-specific gender action plan". This renders the project gender-blind and continues to be so until the documents are submitted and implementation of the gender action plan actually starts. The submission is expected, as per the latest APR, prior to second disbursement. Providing an assessment without demonstrated intervention is therefore a challenge.

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

26. As per the Strategic Plan for the GCF 2020–2023 (2020–2023 Strategic Plan), the re-accreditation process, and the monitoring and accountability framework, 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.

27. The AE provided the following information in its re-accreditation application with regard to guiding questions in the GCF methodology for establishing a baseline of greenhouse gas (GHG) emissions and climate resilience for the portfolio of AEs:⁶
- (a) Guiding question 1: Has the AE established policies or commitments in the short, medium or long-term regarding investment in climate change projects?
 - (i) The AE supports the State of Senegal in the operationalization of its policies and strategies on climate change. In addition, CSE is an active member of the Senegalese National Climate Change Committee. As such, CSE staff contribute to the elaboration and execution of national policies including its national communications, national adaptation programme of action, NDC, national adaptation plan, etc. The AE has provided its Strategic Plan for 2020–2024, which includes the provision of vulnerability assessment services and its partnership with GCF; and
 - (ii) The AE confirmed that it has not invested in any fossil fuel portfolio and does not intend to. Accordingly, the current portfolio of the AE does not have carbon-intensive projects;
 - (b) Guiding question 2: Does the AE receive resources from third parties for the financing of climate projects?
 - (i) Twenty-seven projects out a total of 32 in the CSE project portfolio are climate-related, representing 84.3 per cent of the portfolio in number and 96 per cent (USD 19,157,259) of the portfolio in financial value. One project funded by the GCF, consisting of the restoration of salinized lands, corresponds to a 40.82 per cent share in the overall project portfolio; and
 - (ii) The AE also provided specific information at the project level, including the number of beneficiaries (individuals) whose resilience to climate change has been improved through CSE-supported projects; the extent of adoption of climate-resilient technologies/practices in climate-related projects across the portfolio; area of ecosystems/natural assets that have been made more resilient to climate change in climate-related projects across the portfolio; and hectares receiving investment for climate-resilient agriculture management practices in climate-related projects across the portfolio;
 - (c) Guiding question 3: Does the AE calculate and reduce its GHG emissions?
 - (i) Regarding experience with calculating and tracking the GHG emissions of its portfolio, the AE does not have an institutional-level carbon footprint available. The CSE indicated that such provision can be included when updating its environmental and social policy. The AE reported no experience with calculating and tracking GHG emissions in its portfolio; and
 - (ii) At the project level, the AE is involved with several projects which are deploying GHG measurement and mitigation, including soil carbon sequestration, carbon biogeochemical modelling, and estimation of above and below-ground carbon through various periods including past, present and future. Supporting documents were made available, including GHG calculations for the “Upscaling ‘Naatangué’ integrated family and village farms for a resilient agriculture” project, which involves resilient agriculture in Senegal.
 - (d) Guiding question 4: Does the AE evaluate the climate risks of its portfolio?

⁶ Document GCF/B.28/11/Add.02.

- (i) The AE indicated that 32 per cent of its portfolio (equivalent to 10 projects) currently has investments in climate change vulnerability assessments. During project development, CSE carries out an assessment of the risks and impacts of climate change under the risk management section of the project proposals. These same risks are assessed during the implementation of the project and are reported in the periodic reports (annual, semi-annual); and
 - (ii) Also, the AE has provided its Strategic Plan for 2020–2024, which briefly mentions opportunities relating to the provision of vulnerability assessment services by the AE as well as its partnership with GCF;
- (e) Guiding question 5: What are the main sectors of activity of the AE?
- (i) The AE indicated that the main sectors in which it has invested in climate change are health, agriculture and fisheries;
- (f) Guiding question 6: Is the AE investing in mitigation projects/operations?
- (i) CSE has indicated in its application for its first accreditation term the intention to pursue both mitigation and adaptation projects. Currently, 100 per cent of its portfolio focuses on climate change adaptation, and CSE has no plans to invest in mitigation projects/operations; and
- (g) Guiding question 7: Is the AE investing in adaptation projects/operations?
- (i) The AE provided information on the amount of investments in climate-resilient projects; also, it has indicated that 100 per cent of its portfolio is related to climate change adaptation. Approximately 26,000 people have benefited from climate resilience initiatives funded by CSE through 27 projects.
28. Based on the information presented by the AE and analysed as part of the re-accreditation assessment, the AP notes the following:
- (a) The past five years have seen the AE grow in stature and gradually become a reference in Senegal known for financing adaptation solutions as a national direct access entity whose strategy to address climate change is embedded in Senegal’s country programme;
 - (b) The strategic plan of the AE aligns with the GCF mandate and objectives and the 2020–2023 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;
 - (c) As stated under guiding question 1 above, the AE has never been involved in fossil fuel financing in the past; and
 - (d) As stated under guiding question 2 above, climate change projects make up 96 per cent of the current funding portfolio of the AE.
29. The AP concludes that CSE aligns with the GCF mandate and objectives and with the 2020–2023 Strategic Plan. The CSE is a direct access entity from a least developed country and its areas of expertise and capabilities are mostly in the adaptation column, as is confirmed by the nature of its project pipeline. As a national direct access entity, its strategy to address climate change is embedded in Senegal’s country programme. The AP encourages the AE to establish a climate change policy for its portfolio, including principles and guidance on the assessment of the risks and impacts of climate change at the institutional level.
30. The AP considers that the evidence provided for the first accreditation term demonstrates the continuous positive trend of developing climate change adaptation, mitigation and cross-cutting activities. Both the strategy and the trend of activities are aligned with the GCF mandate and objectives.

III. Stage II re-accreditation review assessment

31. At the time of the AP's assessment during stage II (step 1), the AE was undergoing the re-accreditation process with the AF, and its previous (second) accreditation term was from 31 March 2015 to 30 March 2020. While the AE is eligible for, and applied under, the fast-track accreditation process as an AF entity, it did not meet the prerequisite of confirming accreditation to AF prior to the AP's assessment. As such, its application has been assessed by the AP during stage II (step 1) against the standards of GCF to the extent applicable to accreditation under the normal track against:

- (a) The policies and standards of GCF identified in paragraph 5 (a)–(j) above; and
- (b) “Revised Environmental and Social Policy” (decision B.BM-2021/18).

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

3.1 Fiduciary standards

33. Basic fiduciary standards: key administrative and financial capacities

34. CSE did not have any conditions with regard to the basic fiduciary standards on key administrative and financial capacities recommended by the AP for the first accreditation term.

35. CSE's key administrative and financial capacities have evolved during its first accreditation term, with concerted efforts carried out by the management and staff of CSE with the support of the Readiness Programme to strengthen policies and procedures to meet the GCF accreditation standards related to fiduciary standards.

36. During the first accreditation term, no major governance or structural changes have occurred, and CSE's recent annual financial statements have received unqualified audit opinions. CSE renewed its engagement with its incumbent external audit firm.

37. The AE's Audit Committee has not met periodically according to its charter, and when it has met, it has focused on approving the AE's audited financial statements with less attention paid to internal audit and risk management. The AE has indicated that its Audit Committee plans to meet more regularly in future to take up its mandate to oversee CSE's independent internal audit function and to ensure the function operates to internationally accepted standards.

38. Concerning internal audit, in 2019 CSE introduced, with General Assembly (CSE Board) approval, an Internal Audit Charter and Internal Audit Manual that meet GCF standards. For more than five years, the AE has engaged the services of a consultant internal controller who produces value-adding reports and recommendations to management and the Board. However, the internal controller's work and reports, whilst accepted and used by management, are not independent internal audit reports and contain disclaimers in relation to international internal auditing standards. Implementing the Internal Audit Charter, including producing and approving annual internal audit plans and tracking the implementation of internal audit recommendations, will enable the AE to address this issue and demonstrate a clear link between policy and practice and establish a track record in this area.

39. During the accreditation period, a key governance enhancement and initiative was the introduction of a fit-for-purpose Code of Ethics and an Ethics Committee.

40. CSE's policy/procedure on risk management was reviewed and found to need strengthening to meet GCF fiduciary standards for risk assessment and risk management. In particular, the AE did not provide an institutional risk register to demonstrate its policy implementation.

41. The AE revised its procurement policies and procedures in 2019 and shared documentation to demonstrate its track record in project procurement in line with the GCF basic fiduciary standards on key administrative and financial capacities.

42. The AP finds that the AE's policies, procedures and capacity partially meet the basic fiduciary standards on key administrative and financial capacities. Furthermore, the AP finds that the AE's track record is insufficient. The relevant gaps are identified in paragraphs 36, 37 and 39 and are reflected by the corresponding conditions for re-accreditation in section 4.2.

3.1.1. Basic fiduciary standards: transparency and accountability

43. CSE has fulfilled and closed conditions with regard to the basic fiduciary standards on transparency and accountability recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.⁷

44. Regarding ethics, disclosure of conflicts of interest and preventing financial mismanagement, since accreditation CSE has introduced an ethics code and its Preventing and Combating Fraud and Corruption Policy, modelled on international best practice. The policy includes sections on whistleblowing, and the AE's website has a link to the policy and displays the email address for reporting suspected fraud and corruption.

45. The AE shared examples that demonstrate that policies are applied in practice to consultants, contractors and other relevant parties associated directly or indirectly with its general operations. Notwithstanding this, the AP noted that the Code of Ethics and Preventing and Combating Fraud and Corruption Policy, as they are currently written, only apply to employees. Key policies are appended to contracts, and the AE has indicated that it will ensure policies reflect best practice in this respect when they are reviewed and revised in the near future. In addition, the AE indicated to the AP that it has imminent plans to provide further awareness training to staff and stakeholders.

46. The AE's new Code of Ethics and recently chartered Ethics Committee are important initiatives and signs of CSE's maturing governance capacity and compliance. The AE indicated that the Ethics Committee met in December 2021, and the AP noted the AE's proactive steps to ensure meaningful implementation of this important policy and process.

47. Concerning disclosure of conflicts of interest, the AE's policy is robust; however, in terms of implementation, the AE was not able to share completed annual disclosure forms for General Assembly members and staff.

48. In its policy on Preventing and Combating Fraud and Corruption, CSE lists various methods by which the public can report cases of alleged/suspected fraud, corruption or other forms of misconduct. The full policy, which is available on the AE's website also includes information on the investigation process. Extracting and highlighting information from the policy on the investigation process to inform potential whistleblowers is highly encouraged by the AP.

49. Regarding CSE's investigative function, its internal audit function, according to its charter, is independently responsible for investigations. Because the AE has not received any recent reports of suspected fraud or wrongdoing, investigations have not taken place during its first accreditation period. The AE's policies and processes are in line with the GCF basic fiduciary standards on transparency and accountability related to the investigation function, and the AE is positioned to respond to and investigate any cases that may arise.

50. CSE's policies now include an Anti-Money Laundering and Counter Terrorism Financing Policy, which includes counterparty due diligence procedures. The AE shared examples of due diligence conducted on executing entities and indicated that its bankers are relied upon when it

⁷ Document GCF/B.15/16.

comes to tracing and monitoring electronic transfers to counterparties. The AE is establishing a track record in implementing its relatively new policy by conducting due diligence on all counterparties.

51. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the basic fiduciary standards on transparency and accountability, and to the extent applicable to accreditation, the GCF Policy on Prohibited Practices,⁸ the GCF Policy on the Protection of Whistle-blowers and Witnesses,⁹ and the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy.¹⁰

3.1.2. Specialized fiduciary standard for project management

52. CSE did not have any conditions with regard to specialized fiduciary standards for project management recommended by the AP for the first accreditation term.

53. In light of the AE's project management track record over the past five years, highlighted by the Secretariat in section 2.3 in particular in relation to reporting timeliness and quality, the AP reviewed several key areas of project management.

54. The AE is still establishing a track record in implementing GCF projects. FP003 commenced in 2020 and is now in its post-inception phase. In addition, several readiness support grants are underway.

55. The AP noted that CSE is taking initiatives to improve project management, including recently updating its project cycle management manual and promoting the professional development of technical staff in project management theory and practice. In addition, the AP noted further steps that the AE is taking in developing a communications and knowledge management plan for its current GCF project that will ensure disclosure of project evaluation reports and project results on its institutional website.

56. The AP finds that the AE's policies, procedures and capacity, 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

57. The AE did not apply for accreditation for this standard at this time.

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

58. The AE did not apply for accreditation for this standard at this time.

3.2 Environmental and social safeguards

59. CSE did not have any conditions with regard to the GCF interim environmental and social safeguards (ESS) standards recommended by the AP for the first accreditation term.

3.2.1. Environmental and social policy

60. The CSE applied for re-accreditation against the minimal to low E&S risk category (category C), which, by definition, contains minimal to no environmental and/or social risks or

⁸ Decision B.22/19 and annex XIV thereto.

⁹ Decision B.BM-2018/21 and annex I thereto.

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

impacts. Commensurate with the fit-for-purpose accreditation approach and the nature of category C E&S risk, an E&S policy within an institutional environmental and social management system is not required for the category C level of risk. However, CSE does have an E&S policy, which has been adopted by its senior management in November 2014. CSE's E&S policy includes principles, objectives and standards to be implemented at the institutional level as well as at the project/programme level, safeguards, a project screening tool, and provisions on monitoring and reporting.

61. The CSE E&S policy covers 15 principles, including performance standards (PS) 1–8 plus others such as (i) equitable and equal access to natural resources and national data; (ii) viability of the action; (iii) climate change, (iv) soil conservation, (v) health, public safety and working conditions, (vi) human rights and (vii) sexual equality and women's empowerment. Regarding PS 7 (Indigenous People), CSE has integrated a principle related to local populations, which includes indigenous people, into its E&S manual (section 4.8 on principle 8 – local populations).

62. The Environment Assessment and Management Unit is responsible for the implementation of the E&S policy under the supervision of the Technical Director.

63. For projects and programmes funded by GCF, the AE has provided evidence on its track record consistent with the GCF interim ESS standards in their entirety insofar as it relates to the level of E&S risk they applied for.

64. The current portfolio of CSE does not contain carbon-intensive projects, and its current project portfolio is considered to be 96 per cent climate-related. The AE also confirmed that it has not invested in any fossil fuel portfolio since its accreditation by GCF.

65. The AP finds that the AE's environmental and social management system (ESMS), comprising the environmental and social policy and supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8.

3.2.2. Identification of environmental and social risks and impacts

66. Regarding E&S procedures, the AE has set up a framework for risk assessment and risk management at all stages of its project cycle. Guidelines, processes and procedures are described in CSE's E&S Policy Implementation Manual,¹¹ which was made effective in November 2017 and is available on the CSE website. This document provides for a process of screening projects against PS 1–8, categorizing, consulting with stakeholders managing projects throughout its life cycle. It also includes a checklist to screen prospective investment opportunities against the risk classifications of the International Finance Corporation PS. The AE's E&S assessment process demonstrates a greater degree of ESMS maturity than is required by the GCF interim ESS for the level of E&S risk in accordance with Category C that the AE is seeking re-accreditation for.

67. Suitable evidence relating to the E&S risks and impact identification has been provided, including a sample of environmental assessment and risk management reports for the Project to Support Local Small-Scale Irrigation (PAPIL). PAPIL is category C and aims at the development of lands starting from small-scale interventions to control of surface waters, with a view to ensuring food safety, in the regions of Fatick, Kédougou, Kolda and Tambacounda in Senegal.

¹¹ Refer to <<http://docplayer.net/173834487-Cse-environmental-and-social-policy-implementation-manual.html>>.

68. The CSE has also provided evidence of its staff's technical skills and competency to perform assessments and risk management. The staff has the required capacities to conduct environmental impact assessment activities and implement/monitor the ESMP, in compliance with the criteria defined in Senegal's Environment Code.

69. The AP finds that the AE's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1-8.

3.2.3. Environmental and social management programme

70. The AE's E&S policy includes the description of the process for managing E&S risks and impacts that are identified during the risks and impacts assessment process.

71. The AE has established a project cycle management process with clear provisions on risk management, risk assessment and management of projects. The AE provided its operational manual titled CSE Adaptive Management of the Project Cycle (2014), which is currently being updated. The procedure on project management includes steps for managing E&S risks and impacts, developing monitoring indicators, and monitoring results.

72. The AE provided a sample of four (4) risk categorization reports as well as a monitoring table for the implementation of the E&S policy for E&S risk category B/I-2 in line with PS 1-8. The sample reports related to the following projects: (i) Climate Smart Agriculture to Promote Green Growth in Senegal, submitted by the Ministry of Agriculture and Rural Equipment; (ii) Upscaling "Naatangue" integrated family and village farms for a resilient agriculture; (iii) Strengthening Resilience to the Impacts of Climate Change; and (iv) Typha Combustible Construction West Africa. The AE's track record demonstrates a greater degree of ESMS maturity than is required by the GCF interim ESS for the level of E&S risk in accordance with category C that the AE is seeking accreditation against.

73. The AP finds that the AE's E&S management programme, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1-8.

3.2.4. Monitoring and review

74. Monitoring and review of projects with respect to E&S requirements is guided by CSE's Project Cycle Management Manual, which contains a monitoring and evaluation (M&E) framework. A system to monitor E&S performance in projects and programmes is in place.

75. The AE provided a sample project report with M&E results ('PAPIL project M&E final report'), which contains provisions for mitigation measures and related improvements at project level. The AE organizes regular field missions, including interviews with communities, extensions, local government units and local project staff, to ensure that relevant risk mitigation measures are implemented.

76. The AE provided a project performance report, including information on E&S, under risk category B. It has also provided two AE-wide biannual progress reports covering E&S matters since 2018.

77. The AE informed the AP that an external audit is planned after at least five years of operation of the ESMS; the first is scheduled for January 2022 and should lead to an update of the ESMS.

78. The AP finds that the AE's system of E&S-related monitoring and review fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the

GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8.

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

79. The AE provided a stand-alone procedure on information disclosure, including principles, standards, exceptions, language, timeframe for responses, and implementation. This “Procedure for disclosure of information” is consistent with and sufficient to meet the GCF Information Disclosure Policy requirements for E&S risk categories B and C.

80. The CSE-Grievance Mechanism was established in 2017 as part of CSE’s Quality Management System. The CSE-Grievance Mechanism targets complaints relating to environmental and social harms as well as the partners’ satisfaction with the services provided by CSE. Therefore, any person, community or local government unit or partner wishing to complain about harms or prejudice arising from activities within the framework of projects or programmes executed by CSE can submit a claim to the Complaint Resolution Staff (CRS). The CSE-Grievance Mechanism is executed by the CRS, which consists of the coordinator of the CSE’s major programme “Environmental Assessment and Risk Management” and the quality manager. The AE has not yet appointed an independent observer of its CSE- Grievance Mechanism – however, the AE provided clarifications that the Direction de l’Environnement et des Etablissements Classés, a Senegalese governmental agency, can receive any complaint or grievance resulting from project or programme activities executed or implemented by CSE.

81. With regard to the CSE’s GRM, the AE has published its operational procedures on its website (both in French and in English) and it includes an outline of the complaints handling mechanism, timeframes and departments involved in the process. CSE has not received any complaints during its first accreditation period. It might be linked to the fact that there was no project-specific GRM implemented to date. The AE aims to include a GRM in its FP003 project funded by GCF and in any new GCF project/programme.

82. The AP finds that the AE’s system of external communications, consultations, information disclosure and GRM, supported by evidence of its track record, partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8. The relevant gaps identified in paragraphs 79 and 80 are reflected by the corresponding conditions for re-accreditation in section 4.2.

3.2.6. Organizational capacity and competency

83. The CSE organizational chart has been provided as well as the database of staff and focal points responsible for E&S matters. The structure indicates that the Environmental Assessment and Risk Management Program Coordinator has been appointed by the E&S Safeguard Focal Points and reports to the Technical Directorate under the General Management.

84. The AE indicated that there are eight designated permanent staff involved in the implementation of E&S requirements. Evidence that E&S staff are knowledgeable about PS 1–8, can screen and categorize funding proposals, and manage E&S risks and impacts throughout the project cycle has been provided. Therefore, the AE has competency within its structures to undertake the tasks associated with an ESMS dealing with minimal to no E&S risk (Category C).

85. The AP finds that the AE’s organizational capacity and competence to implement the ESMS, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category C projects/programmes with respect to PS 1–8.

3.3 Gender

86. CSE has fulfilled and closed conditions with regard to gender recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.¹²

87. The AE adopted the first version of its Gender Policy in 2015, following a study on the gender gaps to be addressed. Since July 2020, it has an updated institutional-level Gender Policy in place. The Gender Policy and related commitments are set within the framework of the National Strategy for Gender Equity and Equality, which is the Government of Senegal's main instrument for the integration of gender issues into the country's development priorities. The Gender Policy is also consistent with international benchmarks on gender, such as the Convention on the Elimination of All Forms of Discrimination against Women, the United Nations Framework Convention on Climate Change, the Universal Declaration of Human Rights, the Declaration of the Heads of the State of the African Union for Gender Equality in Africa and the Sustainable Development Goals.

88. The newly adopted Gender Policy focuses on three main areas: governance, capacity-building and communication. Its key objectives are to: (a) introduce gender mainstreaming into the vision, policies, strategic directions and activities of CSE; (b) promote and develop the institutionalization of gender in the procedures and practices of the AE's different major programmes and service units; (c) ensure that the specific needs of women and men are identified and considered in the development, implementation, monitoring and evaluation of projects and programmes; and (d) put in place mechanisms to reduce gender disparities and inequalities among stakeholders, targeted beneficiaries and partners in the implementation of activities. The Gender Policy includes guidance on gender mainstreaming, comprising processes and tools for monitoring various phases of project preparation, appraisal and monitoring, including gender-disaggregated indicators.

89. The AE's E&S policy also acknowledges gender equality as an overarching objective of the organization and includes a section on equity and women rights with guidance on how to address gender-related risks. Furthermore, the AE also provides a non-discrimination policy statement guaranteeing equal rights, treatment and remuneration for the staff (men and women) and a declaration of commitment to gender equity and the development of its gender capacities.

90. The Gender Policy provides guidance for assessing gender impacts and improving gender performance at the project/programme level as well as at the institutional level. In addition, a guide was developed including process and procedures for the implementation of the gender-responsive approach at project/programme level, including through gender action plans.

91. Regarding the current organizational structure, the AE provided a decision by senior management, dating from February 2021, which approved the creation of a specialized gender unit in CSE's organizational structure. The gender unit was charged with the implementation and monitoring of the gender policy, including in relation to CSE's partnerships. The AE also provided information on the three members of its staff with competencies and responsibilities related to implementing the gender policy, including their respective CVs. Gender focal points have been designated amongst staff and they have attended various workshops on the application of gender equity. The AP concludes that the AE has suitable competencies and is currently in a position to implement the CSE Gender Policy.

92. The AE provided its updated track records in relation to the implementation of the Gender Policy, which included a gender assessment and action plan in the funding proposal submitted under the SAP titled "Upscaling 'Naatanguée' integrated family and village farms for a

¹² Document GCF/B.15/16.

resilient agriculture” in Senegal, which is under GCF review, and two project assessment reports for the AF-funded resilience-building project in Senegal. The AP concludes that the AE demonstrates its ability to apply gender-sensitive approaches to climate change adaptation projects.

93. Examples of the AE’s gender-relevant knowledge products developed and disseminated to its staff and recipients/borrowers/clients have been provided, including workshop reports.
94. The AP finds that the AE’s gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the updated GCF Gender Policy to the extent applicable to accreditation.

IV. Conclusions and recommendation

4.1 Conclusions

95. Following its assessment, the Secretariat concludes the following in relation to the application with respect to the potential to continue in the role of an AE and to support the mandate and objectives of GCF: the AE can continue to contribute to GCF in implementing its Updated Strategic Plan for 2020–2023 with respect to:

- (a) The alignment of the AE’s GCF portfolio and pipeline with the climate-related national priorities identified in Senegal’s country programme;
- (b) Enabling country ownership through the AE’s ability to channel GCF funding under the national direct access modality;
- (c) Contribution to the adaptation and mitigation balance in the GCF portfolio since the AE has the ability to implement adaptation projects; and
- (d) Supporting diversity in GCF result areas such as health, food and water security and livelihoods of people and communities.

96. Following its assessment, the AP concludes the following in relation to the application with respect to the AE’s ability to meet the GCF accreditation standards it is seeking re-accreditation and an upgrade in accreditation scope for:

- (a) The AE partially meets the requirements of the GCF basic fiduciary standards on key administrative and financial capacities and meets the GCF basic fiduciary standards on transparency and accountability, and to the extent applicable to accreditation, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy and the specialized fiduciary standard for project management. The relevant gaps in relation to basic fiduciary standards for key administrative and financial capacities are related to the functioning of the AE’s Audit Committee and independent internal audit function, as well as risk assessment and management, and are identified in paragraphs 36, 37 and 39. Said gaps are addressed by corresponding conditions in section 4.2 below;
- (b) The AE partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards in relation to minimal to no E&S risk (category C). The gaps relate to (i) appointing an independent observer to the GRM; and (ii) ensuring that a fully independent GRM will be established at the project-level, and are identified in paragraphs 79 and 80; 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 Gender

Policy to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change.

4.2 Recommendation on re-accreditation

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

(a) **Accreditation type:**

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

(ii) **Fiduciary functions:**

(1) Basic fiduciary standards; and

(2) Specialized fiduciary standard for project management; and

(iii) **Maximum environmental and social risk category:** minimal to no risk (category C¹³); and

(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 by the AE prior to the execution of the amended and restated AMA during stage III of the re-accreditation process:

(1) Delivery to GCF of evidence that an independent internal audit function, as described in the AE's Internal Audit Charter and Internal Audit Manual, has been operationalized, including:

a. An internal audit plan for 2022 approved by the Audit Committee; and

b. A report prepared for and reviewed by the AE's management and its Audit Committee on the status of implementation of the internal control recommendations issued by the Internal Controller up to 31 December 2021;

(ii) Condition to be met by the AE prior to the effectiveness of the amended and restated AMA during stage III of the re-accreditation process:

(1) Delivery to GCF of evidence that the AE has enacted an update to its institutional-level grievance redress mechanism (GRM) policy to create the position of an independent observer to the AE's institutional-level GRM;

(iii) Conditions to be met by the AE not later than 12 months after the date of the Board decision to re-accredit the AE:

(1) Delivery to GCF of (a) a revised Risk Management Policy and Procedure, which shall include procedures for assessing and managing risk; and (b) an up-to-date, institutional risk register in line with such policy or procedure; and

¹³ As per the Revised Environmental and Social Policy adopted in decision B.BM-2021/18, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts."

- (2) Delivery to GCF of the approved minutes of one Audit Committee meeting conducted in accordance with the Audit Committee Charter, which shall include the review by the Audit Committee of the AE's institutional-level risk register; and
- (iv) Condition to be met by the AE prior to the submission of the first funding proposal to the Board during the second accreditation term:
 - (1) Delivery to GCF of evidence of the establishment and operationalization of the project-level GRM for FP003.

98. The AE has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 96 above, and agrees to the recommendation.

4.3 Remarks

99. The AE's General Assembly and Audit Committee are encouraged to ensure clarity and amend its governance documents according to good practice to provide for a maximum tenure period for its external auditors (between five and seven years), with annual renewals within that period subject to documented performance.

100. The AE is already in the process of implementing a schedule for key policy reviews and revisions and in the process of rolling out further training for staff in fraud awareness, prevention and management. In addition, the AE is already taking steps to ensure stakeholders have summary information on how the AE's policies and processes operate in practice, by providing additional, accessible information on its website on its whistleblowing process, including anonymous reporting, whistle-blower protection and the investigation process that follows a report.

101. The AP encourages the AE to commission a fraud risk assessment and develop an action plan – either by its internal audit unit or another competent external body.

102. The AE is taking steps to ensure that all General Assembly members and staff complete annual conflict of interest disclosure statements as per the AE's policy.

103. The AE is already taking steps to develop a communication strategy and plan for its current GCF-funded project FP003, including optimizing the use of its website and other websites for communicating project results. It is also developing a knowledge management system.

104. The AE should continue developing its ESMS in order to support a potential future application for accreditation against medium E&S risk level (category B).

Annex IX: Re-accreditation assessment of the Peruvian Trust Fund for National Parks and Protected Areas for the second accreditation term (RAPL002)

I. Introduction

1. The Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) is a national direct access entity located in Peru with experience in catalysing domestic and international financing for biodiversity conservation, sustainable development and climate change mitigation and adaptation actions in Peru. The accredited entity (AE) has partnered with donors at the local, national and international levels to provide stable and long-term funding to develop and implement climate change projects and programmes.

2. PROFONANPE was accredited by the Board on 26 March 2015 in decision B.09/07, paragraph (b), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The AE received a national designated authority (NDA) or focal point nomination for its accreditation application from Peru;
- (b) **Track:** fast track under the Adaptation Fund (AF);
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (category C).³

3. PROFONANPE applied for an upgrade in its accreditation scope which was approved in decision B.21/16, paragraph (d), for the following parameters:

- (a) **Fiduciary functions:**
 - (i) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (b) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2)).⁴

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

² Decision B.07/02.

³ As per annex I to decision B.07/02, 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.”

⁴ As per the Environmental and Social Policy adopted in decision B.19/10, category B is defined as “Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures,” and intermediation 3 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 impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented.”

4. PROFONANPE signed its accreditation master agreement (AMA) with GCF on 19 July 2016, which became effective on 10 October 2016. With the AMA having become effective, the AE's first accreditation term was from 10 October 2016 to 9 October 2021. Due to the COVID-19 virus pandemic and in line with decision B.26/01, para. (h), the AE requested for, and was issued, an extension in the deadline to submit its re-accreditation application to GCF from 9 July 2020 to 9 October 2021. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 10 August 2021. Accreditation fees were not applicable since the AE is seeking re-accreditation for the same accreditation scope that it was previously accredited for. Stage I was completed on 25 November 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.

5. The AE has applied for re-accreditation for the same accreditation scope that it was previously accredited for:

- (a) **Access modality:** direct access, national. The NDA or focal point nomination from Peru for the AE's first accreditation term remains in effect for the re-accreditation application;
- (b) **Track:** fast track under the AF;
- (c) **Maximum size of an individual project or activity within a programme:** micro;
- (d) **Fiduciary functions:**
 - (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/ I-2).

II. Stage I institutional assessment and completeness check

6. The AE was eligible for, and applied under, the fast-track re-accreditation process as an AF 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, B.26/01, B.29/05 and B.30/05, and in accordance with the GCF policies and standards to the extent applicable to accreditation below:

- (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, para. (a), and B.26/01, para. (h), respectively);
- (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) “Revised Environmental and Social Policy” (decision B.BM-2021/18);
- (j) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) risk information; and
- (k) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

2.1 Legal status, registration, permits and licences

7. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. [The AE confirmed that there had been no change in its legal status or licences to operate since the original accreditation application.]

8. As indicated in paragraph 4 above, the AE and GCF entered into the AMA for the AE’s first accreditation term from 10 October 2016 (date of AMA effectiveness) to 9 October 2021. With the deadline for the re-accreditation application submission having been extended until the end of the accreditation term at the request of the AE, the AE’s accreditation term has lapsed as of 9 October 2021 since its re-accreditation application was submitted at the end of the first accreditation term. As the AE has sought re-accreditation prior to the end of its first accreditation term, it shall remain designated as an AE during the period between its first and, if re-accredited and having a signed and effective amended and restated AMA, second accreditation terms.

9. Once re-accredited, the AE’s AMA would need to be amended and restated to account for the re-accreditation decision and any conditions of re-accreditation based on the AP’s assessment of the AE against the GCF standards and policies listed in paragraph 6 above, as well as to reflect the GCF policies and standards adopted by the Board that have become effective since the agreement between the GCF and the AE of the AMA for its first accreditation term.

10. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on amending and restating the AMA to account for new GCF policies that have become effective after the agreement between the GCF and AE of the AMA for the first accreditation term and that it will put in the necessary resources to review the draft amended and restated 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**

11. The GCF-funded project “Building the Resilience of Wetlands in the Province of Datem del Marañón, Peru” (FP001) is presently the only ongoing funded activity with PROFONANPE as the AE. This pioneering mixed, micro-size project, which is the first project approved by GCF, was signed under the funded activity agreement in March 2017 and the first disbursement started in June 2017. The original USD 9.1 million in funding included USD 6.24 million in grants from GCF and USD 2.97 in co-financing (USD 1.8 million from the Korean International Cooperation Agency (KOICA) and USD 1.17 million from PROFONANPE). As of 31 December 2020, the project had spent USD 3.22 million: USD 2.04 million from GCF, USD 0.49 million from KOICA and USD 0.78 million from PROFONANPE.

12. The project has been under implementation since 2017 and is in the fourth year of a five-year implementation period. It has four components and is expected to contribute to the GCF institutional core indicators by reducing greenhouse gases (GHG) resulting from deforestation and forest degradation by 1.3 megatonnes of carbon dioxide equivalent (MtCO₂eq) for five years, and by improving the resilience to climate change and livelihoods of 20,400 beneficiaries from 120 mostly indigenous communities. It is also expected to contribute to improved resilience of 338,000 hectares (ha) of ecosystems and ecosystem services by recovering indigenous knowledge, strengthening natural resource management, vigilance and control, and improving land-use planning, governance and monitoring. With respect to the mitigation indicator, the project started the process for calculating carbon stock when 9,120 beneficiaries from 76 communities and neighbouring lands had been included in project activities and when the number of hectares of improved resilience of ecosystems and ecosystem services reached over 200,000 ha.

13. As a result of the formidable geography, institutional capacities and changes, evolution of GCF technical and administrative requirements, and differences in vision and culture among project stakeholders and participants, the project has experienced a number of setbacks during the first 2.5 years, which resulted in technical and financial sub-execution and low efficiency. Several mid-term goals had not been met at the point when the project had less than five months to closure. The annual performance report (APR) for 2018 indicated shortcomings or non-compliance with important planning processes and documents relating to stakeholder engagement, gender, social safeguards and the grievance mechanism.

14. The 2019 APR indicated concern about progress in relation to GCF environmental and social policies and safeguards; the status of carbon accounting; the need to be aware of the quality of the consultation process; the risk of benefits being captured by elite groups and the exclusion of some groups within the communities; the need for greater work with women leaders to improve inclusion; and the need to focus the grievance redress process on traditional, simple and accessible processes that are well-known and accepted by the communities.

15. However, since October 2019, owing to the changes in PROFONANPE leadership and field personnel and the large number of urgent tasks that were undertaken to reorient and reorganize the project, there has been increased institutional technical support, improved supervision and monitoring, adaptive management in the field, and improved coordination and relationships with local stakeholders have permitted the project to make up much lost ground, despite being hampered by the COVID-19 virus pandemic. There has been some progress in project implementation and delivery.

16. As noted in the interim evaluation report, the project has faced a lot of challenges, missing most of its mid-term targets. Key challenges include the following:

- (a) Weak project design assumptions at the funding approval stage;
- (b) Challenging geographical, socioeconomic, political and social context based on the remoteness and isolation of the project area and under-estimation of the local terrain and logistical needs leading to delays in implementation;
- (c) PROFONANPE institutional capacities and changes;
- (d) Changes in government and policies;
- (e) Evolution of GCF technical and administrative requirements and weak institutional capacities to adapt to the legal requirements;
- (f) Differences in vision and appreciation of the contextual challenges between KOICA and PROFONANPE co-financing constraints and limited capacity of the executing entities; and

- (g) The COVID-19 virus pandemic, which has also restricted travel and on-the-ground activities.

17. Proactive adaptive management has played a key role in project implementation and includes improved PROFONANPE administrative and supervisory procedures, increased institutional technical support, improved supervision and monitoring, reorganization of the bio-business component, and the hiring of more technical personnel and a more effective field team. Despite recent improvements, however, attaining the overall project goals is unlikely in the original time frame due to the large delays during the first 2.5 years. PROFONANPE has already submitted an extension request for an additional 21 months and 21 days based on the interim evaluation recommendation and approved by the Secretariat in December 2021.

18. **PROFONANPE as a delivery partner for the GCF Readiness and Preparatory Support Programme** In addition to its role as an AE, PROFONANPE is a delivery partner for the GCF Readiness and Preparatory Support Programme (Readiness Programme).

- (a) There are three grants under the Readiness portfolio, with one completed (PER-RS-002) and two under implementation being managed under the United Nations Office for Project Services (PER-RS-003 and PER-RS-00). The three approved grants are valued at USD 1.46 million, of which USD 960,000 has been disbursed. The readiness support delivered by PROFONANPE to date has been strategically geared towards strengthening the capacities of the entity to better manage future GCF investments during all project stages, either as an implementing or executing entity. Initial readiness support focused on positioning PROFONANPE to undertake more specialized fiduciary functions, such as grant awarding, and to achieve an accreditation upgrade of its environmental and social risk to category B. Through the completed grant (PER-RS-002), PROFONANPE's technical team benefited from a series of training sessions focused on (i) climate change, (ii) project management, (iii) monitoring and evaluation, (iv) environmental and social safeguards (ESS) and gender policy, among others. Under this initial grant, the direct access entity also received support to update its Manual of Operations and Procedures to ensure alignment with the GCF fiduciary standards and GCF interim ESS standards. Updating the Manual of Operations and Procedures also included the formation of an independent Ethics Committee to ensure that all of PROFONANPE's staff, consultants and project teams abide by its code of ethics;
- (b) Building on changes implemented using its initial support, PROFONANPE secured a subsequent readiness grant which focused on addressing the following key institutional gaps: (i) carrying out an audit of the environmental and social management system (ESMS) focused on institutional management effectiveness; (ii) increasing staff capacity for project design, institutional and project quality management, impact evaluation, applied statistics for monitoring, procurement specialization, and gender safeguards implementation; (iii) acquiring GIS software, ICT equipment and training to prepare project-related materials. In its most recent Readiness grant (PER-RS-005), PROFONANPE benefited from further strengthening its capacity to prepare for its upgrade in its accreditation scope. Key activities included a gap analysis and development of corresponding operational guidelines as well as updating PROFONANPE's institutional documents to be more aligned with GCF policies. This grant also included provisions for the development of an indigenous peoples engagement and mainstreaming plan for PROFONANPE; and
- (c) Implementation of the Readiness portfolio is generally satisfactory, although the portfolio is characterized by time extensions. Two grants currently under implementation have received two no-cost extensions each, including a COVID-19 blanket extension granted by GCF as an adaptive management strategy due to the pandemic. Overall, both projects have been extended for an average of 12 months – almost double their original duration.

19. **Reporting:** Insofar as quality and timeliness of APRs, overall Profonanpe has been providing its APRs per terms and conditions as included under the AMA and the applicable FAAs.
- (a) Overall, across both the funded activity and Readiness portfolios, PROFONANPE has largely not met reporting timelines stipulated in the funding agreements. Overall reporting by the AE has often been delayed, with 90 per cent of reports submitted late; and
- (b) For the Readiness portfolio, in terms of reporting timeliness, PROFONANPE has submitted three interim progress reports; the reports were submitted with some delay (<2 months on average) mostly due to the rescheduling of the original submission in order for the delivery partner to be able to submit a disbursement request. However, the quality of reporting under the Readiness portfolio is very satisfactory. Supporting documentation is always provided in a clear and efficient manner, while the turnaround time for additional clarifications as requested by United Nations Office for Project Services is short.
20. **Overall Performance:** Overall, the key performance parameters of PROFONANPE's performance on the first approved project are low in terms of the results delivery, disbursement rates, and also below average in terms of timely reporting for all reporting obligations when compared with other AEs. This is due to limited technical advances (about 60 per cent) and financial execution (about 56 per cent). This result is largely a product of underperformance during the first 2.5 years, especially of Components 1 and 2, followed by an uptick in project technical and financial performance during 2020, when project technical and financial performance, especially that of Component 3, improved notably.
21. Despite initial delays, the project is only gradually getting back on track with regards to project implementation (based on the 2020 APR and the interim evaluation report). It is noteworthy that, as the first approved project by GCF, it represents a learning experience for both GCF and the AE. Although implementation progress was limited during the first 2.5 years of the project (due to flaws in design, and inadequate supervision and governance), administrative changes and the hiring of a new field team have resulted in significant progress since the end of 2019. There is hope that an extension of the project would allow for the completion of project activities and meeting planned outcomes. The AE is encouraged to continue with the proactive adaptive management measures that can help to speed up project implementation.
22. For the Readiness portfolio, the projects are already completed but reports have not yet been submitted.
- 2.2.2. **Inclusion of the work programme in the country programme, concept notes, funding proposals and Project Preparation Facility requests**
23. **Country programme/entity work programme:** As per the current country programming guidelines, only accredited regional direct access and international access entities are to develop an entity work programme. As a national direct access entity, PROFONANPE's engagement plan with GCF is incorporated in the Peru country programme. Peru's portfolio with the GCF includes one approved project with PROFONANPE. The country programme for the first replenishment period of GCF considers one project with PROFONANPE, identified as "Peruvian Amazon Eco Bio Business Facility (Amazon EBBF)". The funding proposal was received by the Secretariat in April 2021 and is under review.
24. **Concept notes/funding proposals:** PROFONANPE has two concept notes in the public sector pipeline for a total project value of USD 21 million seeking GCF funding of USD 18.86 million.

2.2.3. Risk flags incurred by the projects, accredited entity or country during the first accreditation term

25. **Financial risk:** At the time of the interim evaluation, approximately 3.5 years into the project cycle, budget execution was at 41 per cent, and the project has only made three out of five disbursement requests and will not be able to draw down on disbursements as its closing date has passed. Low financial efficiency (expenditures/annual operating budget programmed) is associated with underperformance during the first 2.5 years related to inadequate project supervision and turnover of personnel.

26. **Operational risk:** Due to frequent institutional changes, the project has had three project teams (field teams) since 2017 and although the second project team had experience in implementing conservation projects in rural areas, it did not have experience with indigenous communities in the Amazon. Also, the move of the project office from San Lorenzo to Yurimaguas distanced the project team from the local communities. In 2019, coupled with political changes in the country, PROFONANPE underwent institutional restructuring, where a new Executive Director was appointed with a total renewal of the project team, in order to fulfil PROFONANPE's commitments to the project objectives. This had important repercussions on the implementation of activities, reinforced by management difficulties along the way.

27. Also, the COVID-19 pandemic has had a profound impact on the Peruvian economy, travel within the country, the implementation and effectiveness of local and regional institutions, and the presence of the project team in the project area. Due to government-imposed travel restrictions, since October 2019, the current field team has spent 11 months in the project area and visits by PROFONANPE's technical support team from Lima have been limited to one field visit since February 2020. Periodic quarantines have prohibited travel and limited the types of meeting permitted.

28. **ESS risk:** The project has been on GCF watchlist for almost two years due to the non-completion of the action items relating to issues raised by the independent redress mechanism (IRM). In April 2019, the IRM notified the Secretariat that it had initiated a suo moto case regarding FP001. There were five action items that the IRM had requested updates on: (a) free, prior and informed consent (FPIC); (b) ESS risk categorization guidance; (c) project-specific information where the project required a qualified expert in land titling of indigenous communities to examine the impact of the Áreas de Conservación Ambiental (ACA) on collective land rights of indigenous people who are part of the project and their ongoing or future efforts to register title to those land rights; (d) FPIC documentation submitted by PROFONANPE for the establishment of the ACA is complete and compliant with the guidance; and (e) GCF's Secretariat monitoring of the above actions and updates presented to IRM. Four action items have been submitted. The action item on ACA monitoring still has a pending action; namely that, while one of the two existing ACAs has been strengthened, the other ACA is inactive, and the establishment of a new ACA is questionable due to land rights issues and the lack of resources. The AE has not been able to finalize the assessment due to the COVID-19 lockdown. The problems with the ACAs as a result of uncertainties in funding by the local municipalities and land use rights were also unanticipated as additional operational risks.

29. **Reputational risk:** Due to difference in vision and contextual differences between PROFONANPE and KOICA, it is important that adequate screening and communications with donors is undertaken to ensure that both parties are conceptually aligned, share a similar appreciation of challenges to the project, have access to information pertinent to decision-making and channels for sharing perceptions and discussing the differences that invariably arise.

30. Given the delays in project implementation and budget execution, and the good progress shown since October 2019, one recommendation of the interim evaluation was a two-year extension of the project, at no additional cost to GCF. This extension would enable the

project to continue progress towards the goals of the four components while consolidating the bases for future sustainability. Additional personnel costs entailed by the extension should be covered by PROFONANPE. The AE has accordingly submitted an extension request for 21 months and 21 days which was approved by the Secretariat in December 2021.

31. Risks and issues were identified in the 2020 APR submitted by PROFONANPE. There are opportunities for improvement in terms of compliance as well as adequate and timely reporting if/when COVID-19 related restrictions are lifted. The Secretariat will continue consultations with the AE to address the aforementioned opportunities.

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

32. As per the Updated Strategic Plan for the Green Climate Fund: 2020–2023 (USP), the re-accreditation process, and the monitoring and accountability framework, 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.

33. PROFONANPE has been working to catalyse domestic and international financing for biodiversity conservation, sustainable development and climate change mitigation and adaptation actions in Peru for 25 years. PROFONANPE has managed to turn into a source of long-term funding and to build a reliable institutional mechanism to transparently manage and channel significant resources from multiple donors. During its first accreditation period with GCF, PROFONANPE established its institutional environmental, social and gender policies, together with its Manual of Operations and Procedures. Most of the projects in PROFONANPE's portfolio aim at protecting biodiversity and enhancing natural capital. Investments related to these goals increased from USD 2 million in 2016 to USD 15 million in 2020.

34. Through the AE's own 2014–2024 Strategic Plan, PROFONANPE hopes to increase its support to national efforts to counter expected scenarios of more frequent and intense climate events and enhance Peru's preparedness to climate change. PROFONANPE's new fundraising plan (for 2021–2031), developed to operationalize the goals of the National Environment Agenda, targets adaptation focusing on biodiversity protection, land use and land-use change, forestry, and water resources management. The plan also targets mitigation, with emphasis on sustainable use of forest resources, renewable energy and waste management, and continuing to work with the Ministry of Environment of Peru to meet the country's commitment to reduce its GHG emissions by 40 per cent by 2030.

35. The AE provided the following information with regard to guiding questions established in the GCF methodology for establishing a baseline of GHG emissions and climate resilience for the portfolio of AEs:⁵

- (a) Guiding question 1. Has the entity established policies or commitments in the short, medium or long term regarding investment in climate change projects?
 - (i) Since its accreditation, PROFONANPE has increased its portfolio of projects promoting low-emission and climate-resilient development pathways, mostly in relation to biodiversity and ecosystems conservation. There has been a continuous increase in nature-based solutions investments: from USD 2 million in 2016 to USD 15 million in 2020. This has been allocated mostly in protected

⁵ Document GCF/B.28/11/Add.02.

- areas (49 per cent of investments in the period), forests (16 per cent), marine zones (22 per cent) and water management zones (13 per cent);
- (ii) To date, five projects in different geographical areas are contributing to the increase of total hectares targeted by nature-based solutions. This has involves setting up of schemes for payment of environmental services, establishing conservation agreements, sustainable management of non-timber resources, restoring drug-cultivated degraded areas via reforestation, and restoration of Andean ecosystems. Up until 2020, PROFONANPE's projects had implemented nature-based solutions in 36,000 hectares in Peru;
 - (iii) By 2020, PROFONANPE had implemented thirteen projects that contributed to the adoption of climate-resilient technologies and/or practices (i.e. cooling systems; agro-pastoral practices and water management), with the number of such implemented technologies increasing from 1 in 2016 to 111 in 2020. A specific example is, in the Amazon region (through the GCF-funded project FP001), the sustainable use of aguaje and Brazil nuts by introducing agricultural management technologies to increase productivity and by engaging the local producers in preservation agreements. These actions have led to an increase in value-added activities such as processing these products in the form of aguaje pulp. Other examples include the Wetlands project that has invested in solar energy to power peeling, and pulping machines and is also powering an ice plant that helps in processing fresh fish for commercialization; watershed management, reforestation and the creation of a seed bank that supports farmers in Andean ecosystems; and, in the marine ecosystems, the use of sustainable fishing arts, the restoration of fish banks and aquaculture activities. These changes are increasing the resilience of fishing communities in two fishing areas, as well as promoting female artisanal production and its commercialization; and
 - (iv) During the first accreditation term from 2016 to 2021, PROFONANPE invested on average 57.60 per cent of its funding in climate-related projects; 27.51 per cent in non-climate related projects and 14.90 per cent in projects involving the development of rehabilitation plans for, inter alia, fossil fuel-based power and heat generation, as well as for the construction, transport and chemical sectors. With the merger between PROFONANPE and the National Environmental Fund (FONAM) in January 2020, all the remediation activities from FONAM were incorporated into PROFONANPE's portfolio. As a consequence, these non-climate related investment tends to maintain over the years.
- (b) Guiding question 2. Does the entity receive resources from third parties for the financing of climate projects?
- (i) PROFONANPE has provided substantive information on climate change related projects financed by 23 donors, such as the Global Environment Facility (GEF), US Forest Service, the World Wildlife Fund, Moore Foundation and Kreditanstalt für Wiederaufbau;
 - (ii) It has provided quantitative information on funds received over its first accreditation term (2016–2020), which totals USD 52.7 million and is distributed as follows: 39 per cent for cross-cutting activities; 52 per cent for adaptation; and 3 per cent for mitigation. As a result, the climate-related portfolio has grown from USD 4.6 million in 2016 to USD 26.4 million in 2021 (an increase of 473 per cent);
 - (iii) The AE also provided information on the relative size of the currently active portfolio of projects, indicating that 17 per cent of PROFONANPE's current

funding is climate-focused. Currently, around USD 24.7 million are invested in climate-resilient activities and more than USD 1.7 million in mitigation activities; and

- (iv) PROFONANPE has prepared a 10-year fundraising plan (2021–2031), taking into consideration Peru’s nationally determined contribution. In this regard, the plan has been elaborated by comparing the budget gaps found in the budgets of PROFONANPE’s main strategic partners (i.e. the Environment Ministry and the National Service for Protected Areas) and the goals of the National Environment Agenda. PROFONANPE, in its role as fundraiser, expects to contribute to closing that budget gap via international funds and by encouraging the participation of the private sector in environmental activities.
- (c) Guiding question 3. Does the entity calculate and reduce its GHG emissions?
- (i) PROFONANPE has calculated and offset its GHG emissions at a corporate level since 2019. A file indicating the GHG emission estimates was provided, indicating GHG emissions of approximately 11.34 tCO₂eq in 2019 as a result of PROFONANPE’s operations (Scope 2) and 138.27 tCO₂ as indirect emissions (Scope 3). In addition, PROFONANPE reported buying carbon credits in the voluntary market to offset these emissions and indicated that calculation and purchasing carbon credits for 2020 is due in early 2022;
- (ii) The AE’s estimates were done using the Peruvian Ministry of the Environment (MINAM) carbon calculator platform.⁶ Under Scope 1 emissions, residential and commercial air conditioning is the major source; under Scope 2, it is electricity consumption. The AE does not yet estimate Scope 3 emissions. The AE has not adopted specific carbon footprint reduction targets; and
- (iii) The AE has also begun to estimate the direct and indirect emission reduction impacts of its portfolio of projects. The following three PROFONANPE projects demonstrate the AE’s experience with calculating and tracking GHG emissions:
- (1) Mitigating deforestation in chestnut concessions in Madre de Dios, Peru (2015–2019). This project is aimed at conserving and sustainably managing forests in nut concessions in order to reduce GHGs caused by deforestation and degradation. It was financed by a partnership with GEF via the Inter-American Development Bank and was managed and executed by PROFONANPE. An expert was hired in 2019 to calculate the deforestation rate and the GHG emissions before and after project implementation. As a result, it was found that the deforestation rate was lower in areas where conservation agreements and a system of incentives were put in place (1.52 ha/year) as opposed to areas where only control and vigilance activities were executed (1.55 ha/year). Furthermore, in control areas, with no project intervention, the deforestation rate was much higher (2.24 ha/year). The results show that deforestation decreased, as did GHG emissions (from 503,537 tCO₂eq to 171,762 tCO₂eq) in the project areas;
- (2) Building Resilience in the Wetlands of Datem del Marañón Province, Peru (2017–2021) (FP001). This project aims at reducing GHG emissions and improving living standards for the beneficiary communities of the project. This project is funded by GCF and is managed and executed by PROFONANPE. An expert was hired to calculate the deforestation rate and the GHG emissions and

⁶ See <<https://huellacarbonoperu.minam.gob.pe/huellaperu/#/inicio>>.

sequestration before and after project implementation. As a result, it was found that the project intervention resulted in 234,106,975.44 tCO₂e stored within the forest ecosystem (9.18 per cent of the total carbon stock sequestered by the Datem del Marañón Province). Reduction in GHG emissions is estimated at 55 per cent and attributed to the project intervention (comparing emissions during the periods 2007–2016 and 2010–2017); and

- (3) Peru Heritage Initiative Transition Fund for the natural protected areas of the Amazon biome (2019–2029). This project aims at strengthening the effective management of 38 natural protected areas of the Peruvian Amazon biome by creating the required enabling conditions in an 11-year period to secure its perpetual financial and technical sustainability. The project is funded by GEF, the World Wildlife Fund, Moore Foundation and the Andean Amazon Fund, and managed by PROFONANPE. Although a baseline indicator has not yet been calculated, it is expected that the National Service for Natural Protected Areas (SERNANP) will estimate the loss of forest cover in the natural protected areas within the Amazon biome, with the information reported by the Ministry of Environment annual reports.
- (d) Guiding question 4. Does the entity evaluate the climate risks of its portfolio?
- (i) PROFONANPE began to assess climate change vulnerability in 2018. Two projects (“Adaptation to the impacts of climate change on Peru’s coastal marine ecosystem and fisheries” and “Ecosystem Profile for the Tropical Andes Biodiversity Hotspot” project) have been assessed, representing 5 per cent of the AE’s portfolio.
- (e) Guiding question 5. What are the main sectors of activity of the entity?
- (i) Energy: transformation of the energy mix from fossil fuel to solar renewable energy for the implementation of bio-businesses. For example, for the production of ice to preserve fresh fish and for the production of palm oil;
- (ii) Forest management: best practices for harvesting palm fruits, carbon credit sales for protected areas;
- (iii) Fisheries: management plans to adjust and establish quotas depending on the seasonality and changes in the weather. Development of special fishing techniques to avoid catching juvenile stock. Design of early warning systems to mitigate possible impacts (for example, El Niño or La Niña);
- (iv) Agriculture: restoration of traditional agriculture techniques to protect crops; and
- (v) Water: implementation of payment for ecosystem services.
- (f) Guiding question 6. Is the entity investing in mitigation projects/operations?
- (i) Yes, PROFONANPE currently invests in mitigation-focused activities and in cross-cutting activities, including promoting bio-businesses and the use of renewable energy.
- (g) Guiding question 7. Is the entity investing in adaptation projects/operations?
- (i) Yes. During the first accreditation term from 2016 to 2021, project beneficiaries that have increased their resilience to climate change due to PROFONANPE’s projects increased from 138 in 2016 to 15,271 in 2021. Initiatives that help improve people’s resilience include provision of equipment and training.

36. On the basis of the information presented by the AE, which has been analysed as part of the re-accreditation assessment, the AP notes the following:

- (a) As part of its strategic planning, PROFONANPE is reviewing the scope of its areas of intervention to identify budget gaps of the Peruvian climate change policy. The strategic direction of the AE aligns with the GCF mandate and objectives and the USP 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 1 above, the AE was not involved in fossil fuel financing in the past, other than rehabilitation plans, and no activities of this kind are planned for implementation in the future; and
- (c) As stated under guiding question 2 above, the climate change projects' share in the overall portfolio of PROFONANPE is increasing and currently totals 17 per cent of the funding portfolio, with ample margin for further growth.

37. The AP considers that the evidence provided for the first accreditation term demonstrates the continuous positive trend of developing climate change adaptation, mitigation 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

38. The AE is eligible for, and applied under, the fast track re-accreditation process as an AF 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, in accordance with the re-accreditation requirements to the extent applicable to accreditation identified in paragraph 6 above.

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

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

40. PROFONANPE did not have any conditions with regards to the basic fiduciary standards on key administrative and financial capacities recommended by the AP for the first accreditation term.

41. As per paragraph 38, the GCF basic fiduciary standards concerning key administrative and financial capabilities are considered to have been met by way of fast track re-accreditation. In light of the timeline for the AF's fast-track re-accreditation of PROFONANPE (June 2021) on the basis of GCF's accreditation of the AE for its first accreditation term, the AP conducted reviews where changes have taken place in the AE's systems, policies, procedures and capacities, and reviewed the AE's recent track record in implementing the requirements of the GCF basic fiduciary standards for key administrative and financial capabilities.

42. At the time of the AP's assessment for the AE's first accreditation term, the AP noted that the AE had implemented appropriate managerial and administrative processes and procedures developed with substantial financial and technical support from international development agencies. In the re-accreditation review, the AP noted that, during the first accreditation term, continuing technical and financial support from the GCF and other organizations (notably Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) has

allowed the AE to further strengthen its systems, policies, processes and procedures, and to create an enabling structure and project management framework for future projects.

43. PROFONANPE's absorption of (merger with) the FONAM was announced under an emergency decree in January 2020. PROFONANPE's board and management identified risks and mitigation plans associated with the merger. The AP reviewed FONAM's 2020 audited financial statements and PROFONANPE's 2019 and 2020 audited financial statements, all of which contained unqualified audit opinions. The AP noted that FONAM's financial accounts will be incorporated in PROFONANPE's audited financial statements for the first time in 2021. Noting that AEs are required under their AMA to share their annual financial statements with the GCF, PROFONANPE's consolidated audited financial statements will be reviewed during the mid-term accreditation review during the second accreditation term if approved by the Board.

44. An organizational restructuring that included creating several new senior management positions, driven by PROFONANPE's 2020 strategic plan and the need for financial sustainability, has positioned PROFONANPE for broader impact and influence. During the latter part of the first accreditation term, key governance enhancements and initiatives included the introduction of an Ethics Committee and the development of a fit-for-purpose code of ethics. In addition, an internal audit function (Integrity and Compliance Office) was recently created.

45. In addition to board-level reporting against objectives that include portfolio and project management and funding and organizational priorities, in recent times, management-level monthly reporting was supplemented by weekly reporting as an intervention to mitigate against concerns about project-level performance and disbursements.

46. The AE's Audit Committee has matured in delivering its mandate and fulfilled its responsibilities with respect to external audit oversight; however, the AC has not yet demonstrated oversight of the new internal audit function.

47. The AE's internal audit function (Integrity and Compliance Office) was designed and established in 2020/21 and its terms of reference (TOR) have been drafted but are yet to be approved. The qualified and experienced staff member recently recruited to manage the function is in the process of developing ways of working that will allow the function to demonstrate its independence and compliance with international internal auditing standards and to establish a track record in generating reports and tracking its findings for management and for the Audit Committee. In addition, the current TOR includes direct responsibility for risk, compliance and certain policies, which may compromise its independent internal audit role. The AE has the capacity to operationalize its new internal audit processes, and after that its track record may be demonstrated via an independent evaluation against its TOR and internationally recognized standards.

48. Concerning the basic fiduciary standards on key administrative and financial capacities regarding procurement, the AE, with support from the GCF Readiness Programme, finalized and introduced a new Operations Manual (Manual de Procesos de PROFONANPE) in October 2021. This Operations Manual documents and builds on existing practices and processes to ensure clarity for staff and other stakeholders, and promotes consistency and compliance. The AE shared examples from the first accreditation term of effective procurement using legacy systems and ways of working. The AP notes that implementation of the Operations Manual (2021) and the procurement procedures that it contains will ensure a continuing track record.

49. The AP finds that the AE's policies, procedures and capacity partially meet the basic fiduciary standards on key administrative and financial capacities; furthermore, the AP finds that the AE's track record is insufficient. The relevant gaps are identified in paragraphs 46 and 47 and are reflected by a corresponding condition for re-accreditation in section 4.2.

3.1.2. Basic fiduciary standards: transparency and accountability

50. PROFONANPE has fulfilled and closed conditions with regards to basic fiduciary standards on transparency and accountability recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.⁷

51. As per paragraph 38, the GCF basic fiduciary standards concerning transparency and accountability are considered to have been met by way of fast-track re-accreditation, with the exception of items 4.2.3, policies on prohibited practices and the protection of whistleblowers and witnesses, 4.2.4, investigation function, and 4.2.5, AML/CFT policies. In light of the timeline for the AF's fast-track re-accreditation of PROFONANPE (June 2021) on the basis of GCF's accreditation of the AE for its first accreditation term, the AP conducted reviews where changes have taken place in the AE's systems, policies, procedures and capacities, and reviewed the AE's recent track record in implementing the requirements of the GCF basic fiduciary standards for transparency and accountability.

52. The AE, partly with GCF Readiness Programme support, has established a comprehensive revised code of ethics and guidelines for preventing conflicts of interests with clear roles and responsibilities. The code of ethics was approved by PROFONANPE's board in December 2021. In addition, an independent Ethics Committee was established to oversee the code of ethics; however, the committee has not yet convened. As a result, the AE's track record in implementing its code of ethics and Ethics Committee TOR is yet to be demonstrated.

53. Concerning standards on the disclosure of conflict of interests, the AE has robust guidelines operating in practice to prevent conflicts and disclosures. The AE shared examples to demonstrate its track record in implementing declarations and disclosures by staff members, including procurement at the project level. The AE indicated that it had no recent examples of declared potential/perceived conflict of interests; therefore, its handling of disclosures has not been tested.

54. Regarding systems for preventing financial mismanagement, the AE's systems and policies, supported by processes and procedures for preventing financial mismanagement, are well articulated and published on the AE's website, along with whistleblowing mechanisms and an outline of investigative processes, confirming the AE's capacity in this area. In addition, the AE has handled project compliance issues. The AE reported that no specific substantiated complaints related to financial mismanagement and prohibited practices have had to be investigated.

55. The AE's website⁸ features a statement of zero tolerance for conflict of interest, fraud, corruption, financial mismanagement and any other form of malpractice, a code of ethics, Guidelines for Preventing Conflicts of Interest and Guidelines for Preventing and Fighting Corruption.

56. The AE's investigative process is well established, and the remit for overseeing the investigative process is well documented in the draft TOR of the Integrity and Compliance Office. The AE shared a summary of the investigation process prepared for publication on its website to inform potential complainants and whistle-blowers.

57. Regarding anti-money laundering and anti-terrorist financing, reports are prepared annually for regulatory authorities; the Financial Intelligence Unit of the Superintendency of Banking, Insurance and Private Pension Fund Administrators of Peru and the Peruvian Agency for International Cooperation. The AE shared recent examples of such reports.

58. The AE's revised AML/CFT policy was approved by its board in December 2021 and included processes for internal reporting. The AE's documented policies, systems, processes and procedures meet GCF basic fiduciary standards on transparency and accountability related to AML/CFT and the GCF AML/CFT Policy, and the AE has the capacity and competency to

⁷ Refer to document GCF/B.11/03.

⁸ See the section on integrity and transparency <<https://profonanpe.org.pe/en/integridad/>>.

implement the revised procedures. However, the AE's track record can only be demonstrated over time.

59. The AP finds that the AE's policies, procedures and capacity fully meet the basic fiduciary standards on transparency and accountability, and to the extent applicable to accreditation, the GCF Policy on Prohibited Practices,⁹ the GCF Policy on the Protection of Whistleblowers and Witnesses, and the GCF AML/CFT Policy. However, the AP finds that the AE's track record is insufficient. The relevant gaps are identified in paragraphs 52 and 58 and are reflected by the corresponding conditions for re-accreditation in section 4.2.

3.1.3. Specialized fiduciary standard for project management

60. PROFONANPE did not have any conditions with regards to the specialized basic fiduciary standard for project management recommended by the AP for the first accreditation term.

61. As per paragraph 38, the specialized fiduciary standard for project management is considered to have been met by way of fast track re-accreditation. In light of the timeline for the AP's fast-track re-accreditation of PROFONANPE (June 2021) on the basis of GCF's accreditation of the AE for its first accreditation term, the AP conducted reviews where changes have taken place in the AE's systems, policies, procedures and capacities, and reviewed the AE's recent track record in implementing the requirements of the specialized fiduciary standard for project management.

62. The AE has one GCF-funded project (FP001). APRs and review information from the Secretariat indicate delays in project implementation, technical and financial performance concerns, risk of project non-completion within the current contractual period, and a proposed project extension.

63. The AP noted that the AE's systems and procedures have further evolved during the first accreditation term, drawing on external expertise and GCF Readiness Programme support. A notable initiative is the finalization of the Operations Manual (2021) covering all areas of project management.

64. Ensuring operational procedures that represent past and emerging good practices are documented and ensuring revised policies are operationalized/implemented has been identified as a strategic priority by PROFONANPE.

65. Concerning standards for project oversight and control, oversight of implementation and financial performance, monitoring and evaluation, project risk management, project closure and reporting/publication of lessons learned, the AE's newly issued Operations Manual (2021) is expected to standardize and strengthen processes and procedures. The AE has the capacity to continue to implement and adapt existing processes and further demonstrate its track record.

66. In addition to the AE's track record under FP001, the AP reviewed a sample of project reports and evaluations for non-GCF-funded projects, including the GEF and World Wildlife Fund mid-term evaluations.

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

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

⁹ Decision B.22/19 and annex XIV thereto.

68. As indicated in paragraph 3, PROFONANPE's accreditation scope was upgraded to incorporate the specialized fiduciary standard for grant award and/or funding allocation mechanisms. As part of the upgrade application assessment, the AP noted the track record that the AE has gained as a fund manager with international donor funds; however, at the time of the upgrade assessment in 2018, procedures and processes had only been recently documented, and the AE's track record in implementing the procedures could not be fully demonstrated. As a result, the upgraded accreditation scope included conditions requiring annual attestations from external auditors on non-duplication of grant awards for the same activities or retroactive awards and compliance with grant award procedures. The conditions are to be met starting from the date of the first disbursement by GCF for the first approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the AE, and the AE is to provide the aforementioned information on an annual basis for three consecutive years from the said starting date. Given that PROFONANPE has yet to have a project/programme (either approved for GCF funding or that is in its portfolio outside of GCF funding) that includes a grant award and/or funding allocation mechanism, the AP recommends that these conditions remain in place during the second term of accreditation until PROFONANPE has a project/programme with grant award or funding allocation mechanism components. PROFONANPE is currently developing a funding proposal to be submitted to GCF that includes a grant award component.

69. Since the upgrade in accreditation scope, the AE has developed a comprehensive Operations Manual (2021) covering all aspects of project cycle management, including managing grant awards. The implementation of this new manual and its standardized processes and procedures is expected to lead to further improvements.

70. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms, subject to meeting the conditions that were recommended by the AP and approved by the Board in the upgraded accreditation scope during the first accreditation term.

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

71. The AE did not apply for accreditation for this standard at this time.

3.2 Environmental and social safeguards

72. PROFONANPE did not have any conditions with regards to the GCF interim environmental and social safeguards (ESS) standards recommended by the AP for the first accreditation term with the accreditation scope of a maximum E&S risk category C/intermediation 1, nor for the upgrade for a maximum E&S risk category B/intermediation 2.

3.2.1. **Environmental and social policy**

73. The AE's senior management first adopted its environmental and social policy (ESP), which constitutes a set of environmental and social safeguards (ESPs), in November 2017. Its goal is to avoid, mitigate and manage potential adverse environmental and social impacts and risks that may result during programme and project implementation; and to improve the environmental and social benefits and opportunities for the involved local populations. The implementation of the ESP is the responsibility of the Research and Development Office (OID). The ESP has been disseminated within the AE's organization, and related staff training programmes have been undertaken.

74. The ESP incorporates eleven performance standards to guide implementation based on domestic law and international standards required by international multilateral and bilateral institutions. These include the performance standards 1–8 of the International Finance Corporation and additional performance standards, as follows: 1. Evaluation and management of environmental and social impacts and risks; 2. Compliance with regulations; 3. Biodiversity conservation; 4. Climate change; 5. Pollution prevention; 6. Stakeholder’s involvement and participation; 7. Gender approach; 8. Indigenous or Native Peoples; 9. Cultural heritage; 10. Involuntary resettlement and/or restrictions to the use of renewable natural resources; and 11. Occupational safety.

75. Regarding performance standard 8 on indigenous peoples, PROFONANPE has adopted an indigenous or native peoples policy and a corresponding action plan, both of which include FPIC requirements, in line with Peru’s legislation on FPIC (Law No. 29785). PROFONANPE’s policy also establishes that in case of indigenous or native peoples in isolation or in initial contact, the Peruvian regulations and protocols in this regard will be used, such as the law for the protection of indigenous or native peoples in a situation of isolation and in an initial contact situation (Law No. 28736).

76. The current project portfolio of PROFONANPE does not have carbon-intensive projects. On the contrary, around 17 per cent of PROFONANPE’s current portfolio has directly promoted climate-resilient activities and the use of renewable energy. That includes FP001, that deploys solar photovoltaics and energy storage system technologies to source ice-making plant that enhance fish commercialization bio-businesses. In 2020, PROFONANPE absorbed and merged with FONAM, which was aimed at the management and remediation of environmental liabilities, especially those caused by extractive industries. In that sense, far from promoting or funding projects using fossil fuels or promoting extractive industries, PROFONANPE is working on mitigating past environmental impacts.

77. The AP finds that the AE’s environmental and social management system, comprising the environmental and social policy and the indigenous or native peoples policy, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards¹⁰ 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

78. PROFONANPE’s institutional process and procedure to identify E&S risks and impacts is consistent with good international industry practice, and its ESMS shows how it can support the implementation of performance standards 1–8 of the GCF interim ESS standards. The management of E&S risks includes screening, risk assessment, ESMS clearance, and management and monitoring and evaluation, based on the evaluation of the 11 PROFONANPE ESPs and three risk categories for projects/programmes. The risk categories in use by PROFONANPE are in line with the three-tier GCF E&S risk categories in the GCF Revised Environmental and Social Policy (i.e. E&S risk levels A/I-1, B/I-2 and C/I-3). An environmental and social evaluation document is issued for each project/programme assessed.

79. As evidence of its track record on the identification of E&S risks and impacts, the AE provided documents for two projects categorized as moderate risk (category B) and one category C, as follows: (i) the “Adaptation to the Impacts of Climate Change on Peru’s Coastal Marine Ecosystem and Fisheries” project (risk category B with PROFONANPE as the national implementing entity; approved by the AF in 2016); (ii) FP001 (risk category C with PROFONANPE as the AE; approved by GCF in 2015); and (iii) the “Securing the Future of Peru’s Natural Protected Areas” project (risk category B with the World Wildlife Fund – US Chapter as

¹⁰ Decision B.07/02 and annex III thereto.

the implementing agency and PROFONANPE as one of the executing agencies; approved by GEF in 2017). The sample project documents include the E&S risk assessment and management procedure, carried out in line with the ESMS as well as with the applicable donor safeguards, and examples of checklists and templates that reflect the requirements of PROFONANPE's performance standards 1–11. The financing instruments include grants.

80. The AP finds that the AE's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the 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

81. Since the AP's assessment for the AE's first accreditation term, the AE has adopted new E&S risk guidelines to strengthen its ESMS towards greater alignment with GCF E&S risk requirements. Additional changes and improvements involved the development of an Environmental and Social Safeguards Manual (ESSM), adopted in 2021 and consisting of an updated set of policies, standards, procedures and management processes compared with its original Manual of Operations and Procedures from 2018. The main changes involved the procedures detailed below and the governance structure of the ESP implementation, which is detailed in section 3.2.6 below.

82. The ESSM describes the institutional processes in place to manage E&S risk and impact mitigation measures and actions stemming from the E&S risk identification process in a comprehensive and consistent, coherent and transparent manner. The ESSM includes (i) an environmental and social assessment report and risk category identification; (ii) a comprehensive environmental and social impacts assessment; (iii) an environmental and social management plan (ESMP) setting out the project mitigation measures, including GHG emissions and climate change risks; (iv) measures necessary to incorporate the gender perspective in the implementation of the programme/project; (v) measures necessary to involve stakeholders in the implementation of the programme/project; and (vi) an action plan regarding indigenous peoples impacted by the project. The ESSM also contains a set of indicators, including on actions with the potential to reduce emissions and increase climate resilience, such as "Actions to promote the sustainable use of resources" and "Actions to reduce deforestation".

83. Regarding track record, the AE provided sample ESMP reports for the "Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries" project financed by AF and the "Mitigating deforestation in chestnut concessions in Madre de Dios, Peru" project, approved in 2017. Both are E&S risk category B projects.

84. The AE will conduct an external audit of the effectiveness of the management of mitigation measures in its ESMS through a 5-year evaluation of the performance level of PROFONANPE in compliance with the ESP, due at the end of 2023. In addition, PROFONANPE plans to evaluate the operation of the ESMS annually, starting in 2022.

85. The AP finds that the AE's E&S risk management programme fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the 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

86. PROFONANPE's main instrument for monitoring a project's ESMS is a project-specific ESMP or an environmental and social management framework, which establishes the project's risk management strategy. PROFONANPE's ESSM document describes the contents of the ESMP and how the ESMP is monitored, including two template tables for monitoring the plan: one for

tracking the implementation of the mitigation measures; and another with the protocol for monitoring and evaluation of the effectiveness of the plan (including indicators).

87. PROFONANPE provided evidence on its track record: two sample E&S risk monitoring reports and two samples of independent evaluation reports for category B projects comprising ecosystem conservation, climate change adaptation and reduction of deforestation.

88. The AP finds that the AE's system of E&S risk-related monitoring and review, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the 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

89. PROFONANPEs ESSM includes a guideline for E&S risk information disclosure that the AP finds consistent with the GCF Information Disclosure Policy regarding E&S risk information disclosure requirements for a maximum E&S risk category B/I-2 projects/programmes. In addition, the AE has a website for overarching external communications through which it shares information on projects and receives E&S risk-related information requests and complaints for projects/programmes that it manages and finances. Regarding public consultation, the ESP contains specific provisions on "Stakeholder's involvement and participation", and the ESSM contains specific indications on the inclusion of local populations in the decision-making process throughout the programme/project cycle, which includes the design, implementation and monitoring stage.

90. Regarding the AE's track record on implementing its disclosure policy for projects financed by the GCF, PROFONANPE has not yet submitted a funding proposal categorized as E&S risk category B/I-2 to GCF. Nevertheless, the ESMP, the Environmental and Social Analysis of Bio-businesses, the Complaint and Grievance Procedure Manual, and the stakeholders' involvement plan of the only project currently financed by GCF (FP001) are publicly available on the PROFONANPE website.¹¹

91. Since the AP's assessment for the AE's first accreditation term, the AE has adopted new E&S risk guidelines to strengthen its grievance redress mechanism (GRM) process, procedures and competencies towards greater alignment with GCF E&S risk requirements. Additional changes and improvements involved the development of the Complaint and Grievance Procedure Manual, containing information such as the avenues/channels of communication and the internal procedures and competencies to screen, assess and, as needed, address E&S risk-related issues raised through a complaint tracking matrix. Changes further involved the establishment of the PROFONANPE ESMS GRM – referred to as "PROFONANPE cares" – which can be accessed online, in person at the documents filing desk or during field visits to the territories where the interventions are implemented.

92. The procedure for the resolution of complaints and grievances is managed by the Compliance and Integrity Office, a control unit that is supervised by the Board of Directors. The compliance and integrity officer is in charge of ensuring compliance with the process for handling complaints and grievances. The resumé of the Compliance Official was made available by the AE. Currently, an online form and a relevant mailing address for complaints are easily accessible on the PROFONANPE website.

93. At the project level, the AE has published the operational procedures of the project-level grievance mechanism, describing with great detail the complaints handling process, indicating time frames for each process and indicating the teams involved in receiving and handling

¹¹ See <<https://profonanpe.org.pe/proyectos/construyendo-resiliencia-en-los-humedales-de-laprovincia-datem-del-maranon-peru/>>.

complaints. According to this document, the project-level grievance mechanism will receive grievances in the complainants' native language and provide interpretation when necessary. Additionally, the procedures state that the project-level grievance mechanism was designed through a participatory process involving various relevant stakeholders.

94. Regarding GCF-funded projects, currently PROFONANPE only has FP001. As stated in the project's GRM procedures, it is the project implementation team located in San Lorenzo and the strategic direction based at the AE's headquarters in Lima that receive and handle complaints. However, the AP notes that the GRM should be managed with independence from the organization's management, in order to secure the legitimacy and effectiveness of the GRM. Additionally, according to the APR 2020 for FP001, the project-level GRM was not yet operational in 2020. Considering that the project entered the implementation phase in 2017 and that 68 per cent of the GCF funding has been disbursed as at 31 December 2021, it is concerning that the project has lacked a project-level grievance mechanism.

95. A sample document on the project-level GRM was provided, consisting of a logbook of cases received and respective response measures taken in the past three years for projects Castañas and Humedales, which are not GCF-funded. To date, the AE received and managed 12 queries, 29 grievances and two suggestions relating to the aforementioned projects. However, the AE has not made these or other complaints registered publicly available.

96. The AP finds that the AE's system of external communications, consultations, information disclosure and its GRM, supported by evidence of its track record, partially meet the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, the GCF interim ESS standards and the GCF Information Disclosure Policy regarding E&S risk information disclosure requirements for the maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1–8. The relevant gaps identified in paragraphs 94 and 95 are reflected by the corresponding conditions for re-accreditation in section 4.2.

3.2.6. Organizational capacity and competency

97. PROFONANPE has provided an organizational chart that describes the roles, responsibilities, reporting lines and authority of its experts, including their competencies in implementing the ESMS. The project-related environmental and social functions, including compliance and operation of the ESMS and the indigenous peoples and native peoples policy, are the responsibility of the OID, created in 2020. In addition, the AE provided a list of personnel with qualifications to manage environmental and social issues, including the environmental specialist, the social specialist and the policy specialist. Project oversight and supervision are assumed by the Head of the OID, which supervises the work of the environmental, social and policy specialists.

98. The AE also provided evidence that ESMS training for PROFONANPE's Directors and general staff and an in-depth course for project staff were organized online (due to COVID-19) in 2021.

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

3.3 Gender

100. An institutional gender policy (IGP) was approved in June 2021 by the AE's executive management. The IGP includes the institutional commitment on promoting equality between women and men in the exercise of their rights and development opportunities and puts into place principles and requirements for embedding a gender-responsive approach into projects/programmes. The IGP further institutionalizes the mainstreaming of the gender approach at the institutional level and of the programmes and projects, which was already considered in PROFONANPE's ESP approved in 2017. Also, the IGP is reinforced by the updated ESSM, because it includes gender safeguards to be applied at the programme/project level in the diagnostic phase, in the identification, analysis and definition of risks and impacts, and during the elaboration of the ESMP. Furthermore, the IGP is complemented by an equity, diversity and inclusion policy, approved in December 2020, with guidelines on equal opportunities and non-discriminatory, fair and impartial treatment of people within the organization and in the territories where its interventions are implemented.

101. At the institutional level, PROFONANPE has adopted gender-sensitive and responsive procedures, tools, guidance and checklists to implement its gender policy that the AP finds are in line with the GCF Updated Gender Policy, including the joint implementation of E&S risk and gender policies that promote stakeholder engagement while fostering gender equality. As an example, PROFONANPE's Complaint and Grievance Manual includes in its typology of complaints those related to participation and gender, and also considers elements of gender diversity.

102. The IGP will be jointly implemented by the diversity team (responsible for developing the gender action plan), together with the OID, responsible for ESP implementation and monitoring. The AE's diversity team was created on 13 April 2021, consisting of seven staff from different departments. This team will submit biannual reports to the OID to document the implementation of the institutional policies associated with diversity, equality and inclusion. As well as overseeing the implementation of the IGP, the OID is also responsible for hiring an independent external evaluator to assess the overall compliance to the ESP every five years.

103. Regarding capacity, PROFONANPE provided the resumés of staff involved in the implementation of the gender policy, including the OID social specialist and personnel at the project level.

104. Regarding track record, the AE provided a sample of two project examples for category B/I-2, and one example for category C/I-3 regarding E&S safeguards assessment that integrates a gender perspective in projects involving climate change adaptation in wetlands; ecosystem conservation in natural protected areas; and climate change adaptation in coastal marine ecosystem and fisheries. The AE also provided a sample of three project/programme-level gender assessments and gender action plans for these projects, and updates to the programme/project gender baseline, indicators, targets, gender assessment and gender action plan, during implementation for two of them. FP001 has had an acceptable performance in relation to gender aspects, as evidenced in the AE's promotion of women's participation in the Directive Boards of the associations involved in the project and support to a few associations that are led by women. However, as the project aims to promote so-called bio-businesses, so far these have disproportionately less participation by women. To improve this, the AE has identified the need to actively promote female leadership in community affairs, the development of bio-enterprises aimed at women, and further inclusion in activities.

105. Regarding knowledge generation, the AE provided information on gender-relevant knowledge products developed in the context of two projects – one on climate change adaptation in wetlands and another on Brazil nuts harvesting – which have been disseminated widely, including a video, a study report and social media posts.

106. The AP finds that the AE's gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the updated GCF Gender Policy to the extent applicable to accreditation.

IV. Conclusions and recommendation

4.1 Conclusions

107. Following its assessment, the Secretariat concludes the following in relation to the application with respect to the potential to continue in the role of an AE and to support the mandate and objectives of GCF: the AE can continue to contribute to GCF in implementing its Updated Strategic Plan for 2020–2023 with respect to:

- (a) Alignment of the AE's GCF portfolio and pipeline with the climate-related national priorities identified in Peru's GCF country programme;
- (b) Enabling country ownership through the AE's ability to channel GCF funding under the national direct access modality;
- (c) Contribution to the adaptation and mitigation balance in the GCF portfolio because the AE has the ability to implement adaptation projects; and
- (d) Supporting diversity in GCF results areas such as health and food and water security, forestry and land use, ecosystems and ecosystems services, and livelihoods of people and communities.

108. Following its assessment, the AP concludes the following in relation to the application with respect to the AE's ability to meet the GCF accreditation standards for which it is seeking re-accreditation and an upgrade in accreditation scope:

- (a) The AE partially meets the requirements of the GCF basic fiduciary standards on key administrative and financial capacities, and on transparency and accountability; and to the extent applicable to accreditation, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, and the GCF AML/CFT Policy. Relevant gaps are identified in paragraphs 46, 47, 52 and 58 above and refer to TORs and operations of the internal audit function, code of ethics implementation, and aspects of investigations procedures. Said gaps are addressed by corresponding conditions in section 4.2 below;
- (b) The AE fully meets specialized fiduciary standards for project management, and the specialized fiduciary standards for grant award and/or funding allocation mechanisms (subject to meeting conditions recommended by the AP and approved by the Board for the first accreditation term);
- (c) The AE partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of E&S risk information in relation to the medium E&S risk (category B/I-2). The gaps relate to providing evidence of a fully independent GRM at the institutional level, and maintaining and routinely updating a public record of all grievances and complaints handled by the GRM for GCF-funded projects/programmes. The gaps are identified in paragraphs 94 and 95 and are addressed by corresponding conditions in section 4.2 below; and
- (d) 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 to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change.

4.2 Recommendation on re-accreditation

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

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (ii) **Fiduciary functions:**
 - (1) Basic fiduciary standards;
 - (2) Specialized fiduciary standard for project management;
 - (3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/intermediation 3 (I-3)¹²); and
- (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) Conditions to be met by the AE prior to the effectiveness of the amended and restated AMA during stage III of the re-accreditation process:
 - (1) Delivery to the GCF of evidence confirming board approval of the AE's Charter or TOR of the Integrity and Compliance Office and a risk-based internal audit plan for 2022; and
 - (2) Delivery to the GCF of evidence of the establishment of a fully independent project-level grievance redress mechanism which shall include:
 - a. The designation by the AE of an individual to serve as the GRM Focal Point separate from the AE's Focal Point for GCF or other personnel handling project design and implementation;
 - b. The public disclosure of the details of the relevant mandate/policies of the GRM, and the personnel operating the GRM; and
 - c. The decision-making processes and procedures that will govern the handling of complaints; and
 - (ii) Condition to be met by the AE not later than 24 months after the Board decision on re-accreditation:
 - (1) Delivery to the GCF of:
 - a. (i) The approved minutes of one meeting of the Ethics Committee, and (ii) one annual activity report prepared by the Ethics Committee for the President of the AE's General Assembly; and

¹² As per the GCF Revised Environmental and Social Policy adopted in decision B.BM-2021/18, 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. One quarterly report prepared for its Executive Director in line with the AE's AML/CFT Policy, which shall include confirmation that policy training has been provided to staff and stakeholders; and
- (iii) Condition to be met by the AE on an annual basis for two consecutive years, starting with financial year 2022:
 - (1) Delivery to the GCF of evidence that a public record of all grievances and complaints handled by the GRM for GCF-funded projects/programmes is maintained and routinely updated; and
- (iv) Condition to be met by the AE on submission of the next mid-term accreditation report:
 - (1) Delivery to the GCF of:
 - a. A summary of internal audit findings and recommendations for the period of 24 months prior to the submission by the AE of the mid-term accreditation report, and the status of their implementation, that has been presented to the AE's Audit Committee; and
 - b. Written confirmation by the AE's Audit Committee or an external opinion confirming that the AE's internal audit function is operating according to its charter and to internationally recognized standards.

110. The AE has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 109 above, and agrees to the recommendation.

4.3 Remarks

111. The AP encourages the AE to ensure that the TOR of the Integrity and Compliance Office provides maximum independence from management and from direct responsibility for policies and processes.

112. The AP encourages the AE to ensure that open procurement processes are clearly labelled on its website and that policies and communications are clear that integrity-related whistleblowing and complaints mechanisms on the AE's website can be used for procurement dispute resolution.

113. The AE is already making steps to ensure the TOR for its investigation function and summary of its investigation process are published on the "Integrity and Transparency" page of its website.

114. The AP encourages the AE to seek, through a GCF Readiness and Preparatory Support Programme request made by the NDA, support to address the accreditation conditions identified in paragraphs 109(b)(i)(2), 109(b)(iii), and 109(b)(iv) above.

Annex X: Re-accreditation with an upgrade assessment of Acumen Fund Inc (RAPL004)

I. Introduction

1. Acumen Fund, Inc. (Acumen) is an impact investment fund headquartered in the United States of America with experience in small and medium-sized enterprises (SMEs) that serve low-income communities in developing countries primarily in sub-Saharan Africa and South Asia. Acumen has a successful track record in sourcing and executing equity investment opportunities primarily in the clean energy and agriculture sectors, which provide environmental and livelihood impacts. The results of its activities overlap with the results areas and impacts of GCF in the areas of reducing carbon dioxide emissions from energy efficient products (appliances); and improvements in the livelihoods of vulnerable populations through the provision of improved agricultural inputs, services and information. The activities of Acumen's portfolio companies, for example, include the distribution of solar lanterns, solar home systems, smoke-free cookstoves (energy) and the sales of agricultural inputs, services, financing and technical assistance. Leveraging its well-established track record investing in companies via equity and loan instruments, Acumen is currently seeking re-accreditation to GCF under the international access modality compared to its first accreditation term as a regional direct access entity (DAE) in Africa that better reflects its business model and mandate, to further assist more people in the low-income communities in which it operates.

2. Acumen was accredited by the Board on 26 March 2015 in decision B.09/07, paragraph (b), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of GCF:

- (a) **Access modality:** direct access, regional. The accredited entity (AE) received a national designated authority (NDA) or focal point nomination for its accreditation application from Kenya;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹⁰⁴
- (d) **Fiduciary functions:**¹⁰⁵
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans and equity only); and
- (e) **Maximum environmental and social risk category:** minimal to no risk (category C/intermediation 3 (I-3)).¹⁰⁶

3. Acumen applied for an upgrade in its accreditation scope, which was approved in decision B.18/05, paragraph (d), for the following parameters:

¹⁰⁴ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme."

¹⁰⁵ Decision B.07/02.

¹⁰⁶ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts", and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts."

(a) **Fiduciary functions:**

- (i) Specialized fiduciary standard for grant award and/or funding allocation mechanisms.

4. Acumen signed its accreditation master agreement (AMA) with GCF on 8 June 2016, which became effective on 11 July 2016. With the AMA having become effective, the AE's first accreditation term was from 11 July 2016 to 10 July 2021. Due to the coronavirus disease (COVID-19) pandemic and in line with decision B.26/01, para. (h), the AE requested, and was issued, an extension in the deadline to submit its re-accreditation application to GCF from 10 April 2020 to 10 July 2021. The AE submitted its application to GCF for re-accreditation, as well as an application to upgrade its accreditation scope, via the digital accreditation platform on 9 July 2021. Accreditation fees were received from the applicant in relation to the upgrade application on 13 September 2021, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 25 November 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.

5. The AE applied for an upgrade in its accreditation scope at the same time as its re-accreditation application for the following parameters under the fit-for-purpose accreditation approach of GCF. The changes as compared to its accreditation scope during the first accreditation term are below:

- (a) **Access modality:** international access;
- (b) **Maximum size of an individual project or activity within a programme:** medium;¹⁰⁷ and
- (c) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2)).¹⁰⁸

II. Stage I institutional assessment and completeness check

6. The AE applied and was assessed by the Secretariat during stage I under the normal track re-accreditation process in accordance with the GCF policies and standards to the extent applicable to accreditation below:

- (a) "Updated Strategic Plan for the Green Climate Fund: 2020–2023" (decision B.27/06);
- (b) "Matters related to the accreditation framework" and "Consideration of accreditation proposals, including consideration of the re-accreditation deadline" regarding the re-accreditation process (decisions B.24/13, para. (a), and B.26/01, para. (h), respectively);
- (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);

¹⁰⁷ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme."

¹⁰⁸ As per the Environmental and Social Policy adopted in decision B.19/10, category B is defined as "Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures," and intermediation 3 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 impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented."

- (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) “Revised Environmental and Social Policy” (decision B.BM-2021/18);
- (j) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (k) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

2.1 Legal status, registration, permits and licences

7. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that there had been no change in its legal status or licences to operate since the original accreditation application.

8. As indicated in paragraph 4 above, the AE and GCF entered into the AMA for the AE’s first accreditation term from 11 July 2016 (date of AMA effectiveness) to 10 July 2021. With the deadline for the re-accreditation application submission having been extended until the end of the accreditation term at the request of the AE, the AE’s accreditation term has lapsed as of 11 July 2021 since its re-accreditation application was submitted at the end of the first accreditation term. As the AE has sought re-accreditation prior to the end of its first accreditation term, it shall remain designated as an AE during the period between its first and, if re-accredited and having a signed and effective amended and restated AMA, second accreditation terms.

9. Once re-accredited, the AE’s AMA would need to be amended and restated to account for the re-accreditation decision and any conditions of re-accreditation based on the AP’s assessment of the AE against the GCF standards and policies listed in paragraph 34 below, as well as reflect the GCF policies and standards adopted by the Board that have become effective since the agreement between the GCF and the AE of the AMA for its first accreditation term.

10. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on amending and restating the AMA to account for new GCF policies that have become effective after the agreement between the GCF and AE of the AMA for the first accreditation term and that it will put in the necessary resources to review the draft amended and restated 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**

11. Acumen’s portfolio as per the funding proposals approved by the Board includes three funded activities with GCF financing of USD 81 million, out of which USD 8 million is in grants

and USD 73 million in equity, and co-financing at USD 145 million, out of which USD 107 million is in equity, USD 26.3 million is in senior loans and the remaining USD 11.7 million is in grants. Funding proposal (FP)005, KawiSafi Ventures Fund (KawiSafi) approved at B.11 in November 2015 and FP078, Acumen Resilient Agriculture Fund (ARAF) approved at B.19 in March 2018 are currently under implementation while the funded activity agreement (FAA) for FP148, Participation in Energy Access Relief Facility (EARF) approved at B.27 in November 2020 reached effectiveness in November 2021 and will enter the implementation stage with disbursements expected. Per the funding proposal approved by the Board, KawiSafi is a cross-cutting fund seeking to reach 15 million beneficiaries and avoiding 1.5 million tons carbon dioxide equivalent (CO₂eq). ARAF is an adaptation fund seeking to reach 10 million beneficiaries, while EARF is a mitigation fund aiming to reduce 1.3 million tons CO₂eq.

12. Both KawiSafi and ARAF have required the setting up and subscription of separate FAAs for the respective equity components and Technical Assistance Funds (TAF). In KawiSafi, Acumen achieved FAA effectiveness for the equity component just 13 days after execution, and in ARAF, it took nine months from execution to effectiveness. KawiSafi's closing is expected in August 2028 and ARAF's closing is expected in September 2032. Acumen also established different capitalization goals for the two funds under implementation, USD 100 million and USD 50 million for KawiSafi and ARAF respectively, yet targeted similar GCF equity contributions – USD 20 million for KawiSafi and USD 23 million for ARAF. KawiSafi held its final fund commitment at USD 67.4 million. At the end of 2020, ARAF held fund commitments of USD 48.3 million, and was targeting a fund final close in 2021.¹⁰⁹ As a result, GCF currently has a higher equity stake in one of the funds compared to the other.

13. For KawiSafi, the first disbursement of USD 5.35 million took place less than two months after FAA execution and in this way served as an initial catalyzer for additional fundraising from other partners. For ARAF, GCF committed junior equity, in this way catalyzing senior capital commitments above the fund's target. As at 31 December 2021, Acumen has been working actively, is investing in companies and has requested cumulative GCF disbursements for each equity FAA, already reaching 66 per cent of GCF's equity investment in KawiSafi and 32 per cent in ARAF.

14. In both KawiSafi and ARAF where the funds are under implementation, the respective TAF components were set up to identify and address core needs of portfolio companies to enable their scale and financial viability. Additionally, each TAF includes a Technical Assistance Committee (TAC). GCF funds requested by Acumen in the funding proposals approved by the Board for each TAF were similar – USD 5 million for KawiSafi and USD 3 million for ARAF. Acumen completed the operationalization of KawiSafi's TAF in 2020.

15. EARF is different to its predecessors, highlighting Acumen's capitalization on its experience with GCF as an AE. Hence, whilst EARF has just recently entered into effectiveness, it will cover a more ambitious geographic scope and therefore include more countries, but will continue to focus on Africa with GCF funding. EARF will not deploy equity investments and has been designed as a concessional debt fund. Total capitalization of this fund is similar to ARAF (i.e. target fund size of USD 60 million as per the Board-approved funding proposal), however EARF has sought a higher participation from GCF, USD 30 million versus USD 23 million in equity. Finally, EARF does not include a TAF component.

16. **Project implementation progress:** As of 31 December 2021, of two projects that are under implementation (KawiSafi and ARAF), USD 26.16 million (51.79 per cent) have already been disbursed.¹¹⁰

¹⁰⁹ The information is from the 2020 annual performance report for the relevant approved projects/programmes.

¹¹⁰ The disbursement rate shown is the simple average for two projects (KawiSafi and ARAF) under implementation.

17. With regard to overall performance, both KawiSafi and ARAF, the two funds under implementation, have been performing adequately well thus far. Through Quarter 3 of 2021, KawiSafi is in its fifth year of implementation with investments in 9 companies, and ARAF is in its second year of implementation with investments in 5 companies, as per the annual performance report for 2020. It is worthy to note that Acumen has been providing periodic key data and information on each fund's performance and progress in addition to the annual performance reports (APRs) for funded activities on a quarterly basis.

18. Regarding the results, in Kenya and Rwanda, in 2020 alone, KawiSafi's portfolio companies directly impacted 4.8 million lives directly and 13.1 million lives indirectly and offset 5.6 million tons of climate-warming emissions. Since investment, with the support of GCF's funding, KawiSafi's portfolio companies have directly brought access to clean energy to an estimated 15.1 million individuals in Kenya and Rwanda and averted 11.8 million tons of climate-warming emissions. Of the lives impacted, it is estimated that 52 per cent have incomes at or below USD 3.20 per day (the poverty line as defined by the World Bank). In 2020, KawiSafi's portfolio companies employed over 2,500 people globally with over 30 per cent being women: a 2 per cent increase in the ratio of women from 2019. These companies have also provided training to over 4,000 women in the solar sector (including technicians, installers, sales agents, and customer care professionals) representing a 2.7-times increase from 2019.

19. Similarly for ARAF, as of the end of 2020, through its investments the fund had impacted 13,000 smallholder farmers (65,000 lives based on a household multiple of 5) within the first year of investing.

20. **Reporting:** As regards the quality and timeliness of APRs, Acumen has been providing these per terms and conditions as included under the AMA and the applicable FAAs.

2.2.2. **Entity work programme, concept notes, funding proposals and Project Preparation Facility (PPF) requests**

21. **Entity work programme:** Acumen submitted a draft entity work programme (EWP) to GCF in April 2020 outlining their priorities for the GCF-1 period, which focused on operationalizing and scaling two of its funded activities (KawiSafi and ARAF) through a potential expansion to new countries, specifically targeting least developed countries (LDCs) in Africa. Acumen had also included a potential project that addressed COVID-19, which has since been approved at B.27 as EARF; Acumen has made the legal agreements effective and is currently working on meeting the conditions precedent for disbursement. Through the EWP Acumen also signaled expansion of its partnership with GCF to Asia Pacific and shared new project ideas it is exploring in agriculture and energy access. The AE's comparative advantage is in developing innovative financing solutions at the nexus of poverty and climate change with energy access and agriculture being the primary sectors it targets for investment opportunities. The new project ideas in Asia Pacific have the potential to leverage the AE's comparative advantages, are cross-cutting targeting smallholder farmers as end beneficiaries, and leverage private sector finance. Acumen also intends to propose follow-on projects replicating the KawiSafi and ARAF business models to new countries and regions. Acumen is in the process of updating its EWP for the remainder of GCF-1 and the period of the second accreditation term, if re-accredited. Once updated and reviewed by the Secretariat, the Secretariat will consider the EWP for potential CIC endorsement.

22. Acumen is open to partnerships with GCF AEs, including direct access entities (DAEs), to play the role of an executing entity (EE) in the projects they may prepare for submission to GCF, where complementarity and synergies in accreditation scope are mutually beneficial.

23. **Concept notes/funding proposals:** As of 31 December 2021, Acumen does not have any officially submitted concept note or funding proposal. However, GCF is in discussion with

Acumen on a few project ideas at a nascent stage, related to first-time access to clean and affordable energy in difficult markets. Acumen's pipeline signifies an alignment with the overall strategic objectives of GCF including an increased emphasis on equity to leverage financing from a multiplicity of local actors. Furthermore, the AE has a stated objective of collaborating with national actors and is open to working with DAEs where appropriate, which helps enhance their capacity, and in the process contributes to institutional development and readiness for local actors to approach GCF.

24. As indicated in Acumen's EWP and re-accreditation application, being a relatively small-sized impact investment fund, the AE will focus on ensuring successful implementation of the three approved projects during its second accreditation term. Over the accreditation term, with respect to GCF-funded projects/programmes, Acumen will also focus on building capacity and on exploring new investment strategies focused on resilient agriculture and energy access, among others, in new regions. To this end, as indicated above, with the re-accreditation application, Acumen has requested to change its status from a regional DAE focused on Africa to an international access entity (IAE) with ability to work in Asia. This change is requested also because the entity is headquartered in the United States of America.

2.2.3. Risk flags incurred by the projects, accredited entity or country during the first accreditation term

25. COVID-19 impacted Acumen and its funds in 2020 in the following areas: (i) mobility restrictions and requiring telecommuting; (ii) creating supply chain challenges in relation to investee companies; (iii) shifting priorities in investee companies by having them put resources towards short-term management and longer-term planning; and (iv) macroeconomic impacts such as devaluation of currencies and decreased capital availability. Acumen has also been experiencing talent transition, both for its own staff at fund level and in portfolio companies consistent with market trends. Lastly, Acumen needs to continue to expand its investment portfolios and close new deals over the implementation period, consistent with its current pace.

26. Regarding country ownership, while engagement of Acumen with relevant national designated authorities (NDAs) during the project development phase has been satisfactory, communication during post-approval stages needs to be improved by providing regular updates to the respective NDAs on the amount and timeline of disbursements reaching the involved countries.

27. From the safeguards perspective, an environmental, social and gender review of KawiSafi's portfolio has been completed and no substantial risks were identified that required immediate and necessary action. No complaints were received by the project-level grievance redress mechanism (GRM). For ARAF, as is the case with most agriculture investments, the ESS risk is in the borderline between the category C/intermediation 3 (minimal or no risk) for which Acumen is accredited, and category B/intermediation 2 (medium risk). No complaints were received by the AE-level grievance redress mechanism.

2.3 International access entity contribution to building the capacity of direct access entities

28. As Acumen was accredited as a regional DAE during the first accreditation term, the requirement – for an IAE – to report to GCF annually on activities intended or actually undertaken to strengthen the capacities of already accredited DAEs, or to support potential DAEs, did not apply to Acumen. With its request in its re-accreditation application to change from a DAE to an IAE in terms of access modality, Acumen intends to explore leveraging its accreditation to work with other local partner organizations in the countries where it is

working across Africa, Asia and Latin America, with the understanding that these organizations may one day apply for accreditation with GCF.

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

29. As per the updated Strategic Plan (USP) for the GCF: 2020–2023, the re-accreditation process, and the monitoring and accountability framework, 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.

30. During its first accreditation term, Acumen has embedded a stronger climate focus across its investment portfolio and programming. One of the key sectors Acumen works in is energy – driving innovation in energy access to generate income and create a pathway out of poverty in East Africa, West Africa, India and Pakistan. Apart from GCF-funded energy-focused projects, since its first accreditation term to GCF, Acumen has doubled down on its philanthropy-backed, pioneer investing activities in energy. In late 2016, Acumen launched its Pioneer Energy Investment Initiative (PEII) to bridge the funding gap for early stage off-grid energy companies and accelerate energy access across the developing world. Since its launch, PEII evolved into a USD 22 million initiative and invested in 12 companies delivering off-grid energy from renewable sources in India, East Africa, West Africa and Latin America with the focus on solar home systems in new markets, mini and micro grids and innovations in productive use averting 62,500 tons of black carbon emissions while providing energy access to 918,500 people.

31. Agriculture is another core sector for Acumen that has traditionally focused on investing in pioneer agriculture companies serving smallholder farmers to improve productivity, income and access to markets. During the first accreditation term, Acumen has made 21 new investments in agriculture companies and moving forward it anticipates that its regional pioneer agriculture investment strategies in Latin America, India, East and West Africa, will take a targeted approach connected to the context and the needs of the regional markets, but will implement a climate lens.

32. The AE provided the following information in its re-accreditation application with regard to guiding questions established in the GCF methodology for establishing a baseline of greenhouse gas emissions (GHG) and climate resilience for the portfolio of AEs:¹¹¹

- (a) Guiding question 1. Has the entity established policies or commitments in the short, medium or long term regarding investment in climate change projects?
- (i) Since Acumen's first accreditation term starting in 2016, it has brought three funding proposals to GCF representing USD 211 million in funding to support climate change mitigation and adaptation. As at 31 December 2021, the USD 81 million committed by GCF to Acumen-initiated projects has catalyzed USD 130 million in climate finance co-financing. The narrative below provides an overview of how Acumen, at the organization level, has evolved during its first accreditation term to embed a stronger climate focus across its investment activity and programming.

- (ii) **Investing and portfolio**

¹¹¹ Document GCF/B.28/11/Add.02.

- (1) *Energy:* In late 2016, Acumen launched the Board-approved Pioneer Energy Investment Initiative (PEII) to bridge the funding gap for early stage off-grid energy companies and accelerate energy access across the developing world. Since its initial launch, the PEII evolved into a USD 22 million initiative with funders from development finance institutions, corporate partners and institutional and family foundations. From 2016 through the end of 2021, the PEII invested in companies delivering off-grid energy from renewable sources in India, East Africa, West Africa, and Latin America, with a focus on solar home systems in new markets, mini and micro grids, and innovations in productive use. Since the launch of the initiative, the PEII has invested over USD 13 million in investments across 12 companies that have averted 62,500 tons of black carbon emissions and provided energy access to 989,000 people.
- (2) *Agriculture:* In agriculture, Acumen has traditionally focused on investing in pioneer agriculture companies serving smallholder farmers to improve productivity, income and access to markets. During the first accreditation term, Acumen has made 21 new investments in agriculture companies that are (1) providing smallholder farmers access to better inputs that allow them to sustainably increase production and sell more crops; and (2) integrating farmers into global supply chains by enabling them to bypass middlemen and sell their products directly to processors at fair market value. Acumen's investments in agriculture have resulted in 36 million livelihoods supported across 30 companies operating in 14 countries backed by USD 36 million in capital. USD 114 million has been attracted by these companies, following Acumen's investment. Many of these companies are inherently contributing to community resilience and adaptation efforts, during the first accreditation term. Since ARAF's launch in 2019 with USD 58 million of committed capital (leveraging the GCF contribution of USD 23 million in junior equity to raise USD 35 million in senior equity from other investors), the fund has already invested in several companies bringing climate-smart products and services to smallholder farmers to support community resilience in Africa. Acumen is seeing great potential to replicate the fund model in other geographies, including India and Pakistan, and is seeking a change in the access modality from a direct access entity to an international access entity to facilitate this enablement.
- (b) Guiding question 2. Does the entity receive resources from third parties for the financing of climate projects?
- (i) Acumen receives resources (both in the form of investment and grant) from third parties to finance climate projects. During the first accreditation term from 2016 to 2021, Acumen and its sponsored funds received a total of USD 93.76 million from third parties, including high networth individuals, foundations, governments, wealth managers and corporates, to fund both adaptation (USD 31.63 million) and mitigation (USD 62.13 million) activities. During the first accreditation term, Acumen has seen a general uptick in third-party support for the financing of its climate projects, reflecting the fundraising for the GCF-funded projects KawiSafi, ARAF and EARF, and the non-GCF funded project PEII.
- (c) Guiding question 3. Does the AE calculate and reduce its institutional-level greenhouse gas (GHG) emissions?

- (i) At present Acumen does not calculate its institutional-level greenhouse gas emissions, (i.e. carbon footprint). As impact investors, Acumen operations do not have a significant environmental effect and have limited environmental risks. Acumen's largest office is located in a Leadership in Energy and Environmental Design (LEED)¹¹² certified building, and Acumen considers efficiency as one of the key factors when selecting its office sites. Document retention is primarily soft copy, reducing carbon footprint and paper waste. Work travel is only permitted when necessary, and localized regional teams mean that there is less need for long-haul travel.
- (ii) The AP encourages Acumen to establish a methodology and calculate its institutional-level GHG emission footprint in the future.
- (d) Guiding question 4. Does the entity evaluate the climate risks of its portfolio?
 - (i) During the first accreditation term from 2016 to 2021, Acumen's executing entities formally evaluated the climate risks of its portfolio companies for its GCF-funded projects, including KawiSafi, ARAF and EARF, by conducting climate change vulnerability assessments during the due diligence process. For the purposes of the following indicators, each investment transaction is considered "a project".
 - (ii) By the end of the first accreditation term, almost a quarter of investments (i.e. projects) made by Acumen's direct investments in energy and agriculture projects and its GCF-funded programmes in 2020 were applying a formal climate change vulnerability assessment to the pre-investment process. All GCF-funded programmes applied formal assessments: KawiSafi conducts these assessments using their Responsible Investing Policy, EARF uses their Environmental and Social Management System to assess climate risks, while ARAF applies its ARIS tool to the pre-investment screening tool developed by ARAF to measure how investments will impact the resilience of communities to climate change.
 - (iii) Investment transactions conducted without formal assessments are attributed to Acumen's early stage pioneer portfolio-investing work, which in 2016–20 primarily included small size investments made into clean energy access companies and early-stage agriculture companies that integrate smallholder farmers into global, sustainable supply chains.
- (e) Guiding question 5. What are the main sectors of activity of the entity?
 - (i) During the first accreditation term from 2016 to 2021, the bulk of Acumen's sectors of activity were climate related. Over the period, over USD 53 million was invested into climate related projects representing 61 per cent of Acumen's investment activity. In terms of total amount invested in USD millions, in 2016 47 per cent of Acumen's investments were climate related and by 2020 this figure had increased to almost 90 per cent. All GCF-funded projects are climate related.
- (f) Guiding question 6. Is the entity investing in mitigation projects/operations?
 - (i) Acumen invests in mitigation projects and operations through its energy-investing work. Investments made by KawiSafi and Acumen's PEII both track their portfolio companies' contributions to the reduction of greenhouse gas

¹¹² Leadership in Energy and Environmental Design, or LEED, is a building certification process developed by the United States Green Building Council (USGBC), a non-profit organization (not a government agency) headquartered in Washington, D.C.

emissions. At the start of the first accreditation term in 2016, Acumen’s energy companies contributed to averting approximately 0.6 million tons of CO₂eq. In 2017, 1.3 million tons; in 2018, 2.01 million tons; in 2019, 5.55 million tons; and in 2020, 7.16 million tons. The increase in investment in mitigation projects during the first accreditation term resulted in an increase in emissions averted each year. During the first accreditation term, these companies averted a cumulative almost 17 million in CO₂eq.

- (ii) With respect to total investment (USD millions) into renewable energy and energy efficiency projects, these too saw a general increase across the accreditation period. In 2016, Acumen invested \$10 million into these projects (representing 100% of Acumen’s investments into renewable energy and energy efficiency projects as compared to its total portfolio in power generation); in 2017, \$4.6 million (100%); in 2018, \$4.5 million (90%); in 2019, \$10.25 million (95%); and in 2020, \$16.19 million (100%). During the first accreditation term, Acumen invested in cumulative \$45.54 million into renewable energy and energy efficiency projects.

Table 1: Cumulative greenhouse gas emissions (carbon dioxide equivalent (tCO₂eq)) averted (in millions of tons) by year

Sector	Year					Total
	2016	2017	2018	2019	2020	
Energy	0.60	1.3	2.01	5.55	7.16	16.62

- (iii) Calculations were made as follows: greenhouse gas emissions averted are calculated as number of tons of GHG and black carbon emissions averted from reduction in use of baseline lighting, cooking methods, or other. This indicator, which is calculated by both the KawiSafi and PEII teams, looks at the tons of carbon dioxide and black carbon (in CO₂ equivalent) averted from purchase of energy product/services over the expected lifetime of the energy product. The carbon averted is due to reduction in kerosene lantern and diesel/fuel use. This formula is aligned to the Global Off-grid Lighting Association (GOGLA). GOGLA harmonized impact framework and is used for business to consumer (B2C) and some business to business (B2B) companies. The approach is different for commercial and industrial companies since they often do not replace kerosene usage. To arrive at the amount of carbon averted, Acumen uses the average aversion per product multiplied by the installed and operational capacity. The figures in this section do not include investments into a company producing clean cookstoves that use liquid petroleum gas.

(g) Guiding question 7. Is the entity investing in adaptation projects/operations?

- (i) Acumen invests in adaptation projects and operations. The AE’s first climate resilience and adaptation fund, ARAF, held its first close in 2019 and made its first investments in 2020. In 2020, ARAF invested into four companies whose climate-smart products and services impacted at least 65,000 beneficiaries by improving their resilience to climate change. This figure is expected to grow year over year as ARAF makes more investments and these companies grow. Given 2020 was the first year that ARAF held investments and its first full year of operations, no beneficiary lives impacted were recorded for 2016 to 2019.
- (ii) Looking ahead to the potential second accreditation term, Acumen expects to invest more intentionally in companies with a resilient agriculture focus. In the

next iteration of the AE's agriculture investment strategy, the AE plans to support resilient agriculture start-ups that are nurturing a sustainable ecosystem that centres on the needs of smallholder farmers, advances climate mitigation and resilience and reduces poverty.

33. The AE has not been involved (either past or current) in fossil-fuel financing. The AP considers that the evidence provided for the first accreditation term demonstrates the continuous positive trend of developing climate change mitigation and adaptation and cross-cutting activities. Both the strategy and the trend of activities are aligned with the GCF mandate and objectives.

III. Stage II re-accreditation review assessment

34. The AE applied under the normal track re-accreditation process. Its application was assessed by the AP during stage II (step 1) against the standards of GCF in accordance with the re-accreditation requirements to the extent applicable to accreditation identified in paragraph 6 above. As part of this assessment, the AP consulted the AE's website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

35. Acumen did not have any conditions with regard to the basic fiduciary standards on key administrative and financial capacities recommended by the AP for the first accreditation term and upgrade in accreditation scope during said term.

36. While there have been personnel changes since the AP's assessment in late 2014 and early 2015 for the AE's first accreditation term starting in 2016, and the organizational structure has evolved, there have been no significant changes in the administrative and financial capacities. The latest bylaws and board committee charters have been provided together with details of the members of its 14-strong board of directors and the 44 members of the organization's advisory council. The board has several sub-committees covering the following areas: audit, finance and risk; compensation; and development/fund raising/nominations. In addition, the AE has an executive management committee and a corporate-level investment committee as well as separate investment committees for each of the funds it manages.

37. Acumen's 2030 strategic direction presentation articulates a high-level vision for the organization over the next decade, with the inclusion of climate impact in its investment work and an intention to increase financing for the transition to clean energy. The organization's 2020 objectives and priorities included key performance indicators and action plans for the areas of: communications; financial sustainability; ideas and insights; portfolio; and leadership.

38. In 2020, the AE changed its external auditor from to RSM United States LLP to follow the best practice policy of periodically moving auditors to get a fresh perspective on systems, contracts and data and to ensure the highest audit standards are achieved. The new auditor has specific expertise in impact investing and Acumen believes this will enhance its ability to undertake its role as an AE under its AMA with GCF. Audits are prepared under the generally accepted accounting principles (GAAP) of the United States and the 2019 and 2020 audits have been provided to illustrate financial capacities and track record in financial management.

39. The audit and finance committee is responsible for ensuring audits are performed on time and accurately and that recommendations of the external auditor are addressed. The chief financial officer works with the finance team to support the preparation of the audits by the

external auditor. Audit plans have been provided together with examples of recent minutes from the audit and finance committee. External auditor's management letters for 2011, 2012 and 2013 were provided at the time of the AP's assessment for the AE's first accreditation term together with details of responses to the external auditor's recommendations. A report to the board of directors detailing recommendations and corresponding action plans stemming from recent external auditor's management letters has also been provided to demonstrate current track record in this regard.

40. Acumen's risk committee substantially performs the roles of an internal audit function. The committee comprises the General Counsel; Chief Financial Officer; Director of Talent; Compliance and Risk Manager; and Environmental and Social Governance (ESG) Manager. The committee meets quarterly and each year conducts a review and update of major risks, mitigants, and action plans. The intervening quarterly meetings are used as progress checks against annual priorities, as well as for troubleshooting as new issues arise. Risk categories assessed span regulatory, assets and programmes, geographies, conflict and operational issues. The risk committee has a framework for the basis of its work and has developed a risk-based methodology for completing a risk dashboard that takes into account the likelihood and magnitude of any risks identified, that in turn informs the prioritization and sequencing of action plans. The risk dashboard plots Acumen's risks, impacts, mitigants and action plans.

41. The risk committee reports to the audit and finance committee on an annual basis regarding its risk framework and key risks identified, together with the trend reporting provided to the audit and finance committee in accordance with the investigative function policy. The risk manager has a process in place to monitor and assess the overall effectiveness of the function, including periodic internal and external quality assessments. More specifically, the risk committee determines the frequency of any internal or external audits in addition to the external financial and systems audit conducted by a third-party auditor selected by the board of directors. For example, in 2021, a third party was engaged to assess compliance and systems related to fund management, and internal parties not involved in execution conducted a documentation audit of a COVID-19 relief grant facility.

42. The AE has provided full details of its control framework, with supporting documents and evidence of track record for internal controls. As explained above, Acumen has articulated how it has strengthened its risk management process since the AP's assessment for the AE's first accreditation term. Additionally, a risk dashboard has been developed and a risk and compliance manager hired. As such, Acumen has significantly improved its risk management since the AP's assessment for the AE's first accreditation term, which enhances its ability to undertake its role as an AE with GCF.

43. While the work of the risk committee that aligns with what is expected of an internal audit function is thorough and appropriate for the nature and extent of Acumen's global operations, it does not constitute a stand-alone internal audit function. However, the recent decision to include reporting from the risk manager to the audit and finance committee, whose members are all external, adds to the independence of the risk manager's responsibilities and accountabilities that align with an internal audit function. This change of reporting line, together with the other measures recently taken to strengthen the risk management function, is considered sufficient to satisfy the requirement for an internal audit function at this stage of the AE's development.

44. The AE has provided details of the nature and types of its procurements, which are generally small in size. As such the procedures and processes are deemed satisfactory for the AE's business. With respect to GCF-funded activities, the executing entities (EE) or investee companies in the AE's funds take the approach outlined in their respective technical assistance (TA) operating manuals and Acumen's own procurement guidelines which meet the GCF basic fiduciary standards on key administrative and financial capacities. Where an Acumen affiliate is

the EE, Acumen's existing procedure for oversight of EE procurements is to review EE activity each quarter. Acumen has access to EE financial reports, ledgers, and purchase order documents and conducts spot audits of compliance with the procurement policy. As a practical example of how EEs conduct procurements, KawiSafi tendered a contract for an implementing partner to manage their TAF. The procurement terms of reference and a request for proposal were published publicly and circulated amongst their networks. Proposals were received from six entities and reviewed by members of the KawiSafi team, who ranked and scored the proposals received against pre-set criteria in order to select the most competitive proposal.

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

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

46. Acumen has fulfilled and closed conditions with regards to basic fiduciary standards on transparency and accountability recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.¹¹³

47. Acumen has no explicit ethics committee. The AE has a Code of Ethics and investigative function policy. The President oversees the Code of Ethics and the director of talent and general counsel are engaged as required to investigate matters and report to the President with conclusions and recommendations. Formal complaints under the Code of Ethics are reported to the audit and finance committee of the board; the AE has provided sample reporting to the AP. The President also oversees the investigative function policy and general counsel is engaged to investigate matters and report to the President and the audit and finance committee on trends. Regarding other ethics matters embedded in the AE's work, diligence issues are handled by the legal and the relevant individuals (in portfolio or other functional teams) and recommendations are made to the General Counsel, which in turn makes a recommendation to the President for whether or how to proceed. The 2021 Code of Ethics and Non-Disclosure Agreement affirmed by employees have been provided. Employees are required to sign the agreement on accepting Acumen's offer of employment. The AE's policies and procedures on ethics, supported by its track record, are deemed adequate for the organization's size and nature of its business.

48. The AE has provided its latest conflict of interest policy together with examples of the procedures and processes for addressing potential conflict of interests. Employees are required to disclose potential conflicts of interest on an annual certification form and examples have been provided from a board member, investment committee member, an adviser and an executive team member. Track record on conflict resolution has been demonstrated with two recent examples of potential or actual conflicts of interest, with details of the process and how they were resolved.

49. Acumen's Code of Ethics includes statements on fraud, financial mismanagement and other forms of malpractice or prohibited practices by staff members, consultants, contractors, executing entities or from any other relevant party associated directly or indirectly with the general operations of the organization and particularly in relation to the implementation of approved investments. There is a clear policy of zero tolerance for businesses and people who do not obey the letter and spirit of all relevant laws, particularly in the areas of corruption, tax fraud, terrorism and money-laundering. To instill this culture employees are required to confirm their agreement to the Code of Ethics. All new employees receive a Code of Ethics training during their on-boarding and regular ongoing training for all staff consists of relevant discussion topics and reminders.

¹¹³ Refer to document GCF/B.11/03.

50. Acumen's whistle-blower protections are detailed in the reporting section of the Code of Ethics, which prohibits retaliation against whistle-blowers (including job loss, loss of promotion, harassment, etc.) and provides for the disciplining of any employee who takes retaliatory measures against a whistle-blower. Acumen has recently modified the non-disclosure agreement, that all employees sign to clarify that it should not deter potential whistle-blowers from reporting any good faith concerns relating to illegality, ethical standards or impropriety.

51. Details of the AE's investigation function with the most recent updates have been provided. The AE's policy is published on its website: <https://acumen.org/anti-corruption-policy/>.

52. The AE's approach to anti-money-laundering and combatting the financing of terrorism (AML-CFT) is covered in the Code of Ethics and in the AE's compliance policies and procedures. AML-CFT procedures include running sanctions' searches on prospective investors and investees prior to a transaction and cover a variety of international sanctions lists, including the European Union and United Nations consolidated lists, and the World Bank ineligible list. Examples of 'know your customer' (KYC) investigations have been provided. As a US registered company, Acumen is required to comply with US regulations including the US Foreign Corrupt Practices Act.

53. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the basic fiduciary standards on transparency and accountability, and to the extent applicable to accreditation, the GCF Policy on Prohibited Practices,¹¹⁴ the GCF Policy on the Protection of Whistle-blowers and Witnesses,¹¹⁵ and the GCF AML/CFT policy.¹¹⁶

3.1.3. Specialized fiduciary standard for project management

54. Acumen did not have any conditions with regards to the specialized fiduciary standard for project management recommended by the AP for the first accreditation term.

55. The AE has demonstrated its ability to appraise potential projects and to bring them to fruition. Several examples of information memoranda have been provided as well as the three funding proposals approved for GCF funding. The AE has operated successfully in several jurisdictions since its inception, which supports Acumen's application to be reclassified from a regional DAE to an IAE. There have been no material changes to Acumen's process regarding its investment appraisal framework and fiduciary oversight. The various investment committee charters and their compositions have been provided. Track record has been well proven with the three GCF approved programmes.

56. There have been no material changes to how portfolio companies are managed and reported. Acumen's President, CFO and general counsel have oversight of the investee companies and EEs and their reporting to Acumen through regular meetings to discuss operations and other matters. Acumen reviews the investee's audited financials, quarterly financials and periodic reports provided to investors. Evidence of track record has been provided in the quarterly and annual reports of KawiSafi and ARAF.

57. There have also been no material changes to the AE's monitoring and evaluation (M&E) processes since the AP's assessment for the AE's first accreditation term. Updated annual reviews have been provided to illustrate Acumen's M&E process and the impact measurement on the portfolio. Acumen has confirmed that it will prepare M&E reports, including independent evaluation reports, for future GCF-approved programmes once re-accredited, in the same way

¹¹⁴ Decision B.22/19 and annex XIV thereto.

¹¹⁵ Decision B.21/25 and annex II thereto.

¹¹⁶ Decision B.18/10 and annex XIV thereto.

as the requirement under the funded activity agreements for the three programmes currently approved with GCF.

58. Acumen's structure for monitoring risk remains unchanged. A recent annual report has been provided together with a newer risk register template that is used to assess risk across the organization.

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

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

60. Acumen has fulfilled and closed conditions with regards to the specialized fiduciary standard for grant award and/or funding allocation mechanisms recommended by the AP and approved by the GCF Board in its decision to upgrade the AE during the first accreditation term.¹¹⁷

61. Acumen's grant programmes are designed to provide technical assistance (TA) to support the investee companies in Acumen-managed funds and facilities. They can be direct TA grants to the investee companies, or TA grants to support or strengthen aspects of the business and operating environment in which these investee companies operate. Acumen has provided several examples of how these TA grant programmes are designed, implemented and managed. These include operating manuals, details of TA committees, minutes of meetings and examples of TA project concept notes. Most of these examples relate to GCF supported investment vehicles, KawiSafi and ARAF. One of these documents, a "GCF technical assistance facility for KawiSafi" addresses governance, policy and procedures for the grant award operations. This document, and the other documents provided, demonstrate that Acumen can meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

62. Acumen has stated that sample grant notices cannot be provided for medium-sized project proposals, because all grants extended to existing portfolio companies are small or micro-sized. As of the end of Quarter 3 of 2021, KawiSafi had nine portfolio companies and ARAF had five portfolio companies. Given the size of Acumen's fund teams and the portfolios, it is not common practice to issue formal grant notices or calls to portfolio companies. However, given the track record and processes that Acumen has demonstrated with existing funds and portfolio companies, it is clear that Acumen would be able to design and implement programmes that will meet requirements per the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms for the medium-sized category with respect to total programme or fund sizes. The decision to disclose information on grant awards is based on public utility, donor relations, the confidential nature of the disclosure, and regulatory, legal or consent issues. This decision is generally made by appropriate staff in various functions (communications, portfolio, business development, finance and legal), often with consultation with donors and outside advisers. Historically, Acumen has used a portion of the philanthropic capital granted to the organization for the purpose of targeted technical assistance grants exclusively to existing investees. With these grants made to investees of Acumen's philanthropically-backed funds, the organization does not customarily share information about grant awards with the public, outside of disclosure required by law, primarily due to investee companies' request for confidentiality regarding certain aspects of their business operations. However, Acumen has previously shared reports with donors and grant supporters regarding progress on deploying their funds in the form of technical assistance grants to investees.

¹¹⁷ Refer to documents GCF/B.22/02, GCF/B.28/11/Add.02 and GCF/B.31/07/Add.01.

63. The KawiSafi TAF has two focus areas: 1) Consumer protection to address risks that may arise in the event of insolvency, financial distress, operational issues or technological obsolescence of a business or its products and services; and 2) Gender-specific interventions to advance the participation and contribution of women in initiatives that promote access to modern energy. This focus is intended to be achieved through training, awareness creation and supporting access to finance initiatives. Due to the confidentiality concerns of private enterprises, the uses of grants for portfolio company specific initiatives would generally not be disclosed publicly. In contrast, public reports are expected to be made available for grants used for ecosystem interventions that are non-company specific, as well as for company-specific initiatives where possible to adequately anonymize and aggregate data or obtain company consent.

64. Notwithstanding the confidentiality concerns of the private companies, the AE has agreed to share with GCF and the public non-confidential information, when reasonably requested and feasible. Details of grant awards with KawiSafi and ARAF are already accessible via GCF's website.

65. Acumen has a strong community of international financial supporters that includes individuals, foundations, and corporations. Relationship managers on the business development team are in constant communication with partners to provide insights into Acumen's work and to solicit feedback. Acumen values its corporate, foundations and multilateral partner relationships and in addition to detailed grant reporting holds regular calls with donors to provide progress updates and to solicit feedback. These informal, oral communications have proven to be an effective and real-time way to ensure aligned donor and recipient expectations. The continued support of these donors and international organizations is evidence of Acumen's good standing with these agencies.

66. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, 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 and equity)

67. Acumen did not have any conditions with regard to the specialized fiduciary standard for on-lending and blending for loans and equity recommended by the AP for the first accreditation term.

68. Acumen's overall approach to on-lending and blending has not changed since the AP's assessment for the AE's first accreditation term with the GCF. However, over the past five years Acumen has increasingly experimented with creating innovative investment vehicles that raise blended capital to target specific needs along the capital continuum and social enterprise growth life cycle. Acumen has provided two examples of innovative funding vehicles: Pioneer Energy Investment Initiative (PEII), providing early-stage equity to energy access entities; and East Africa Education Facility (EAEF) that uses recoverable grant capital to fund early-stage social ventures designed to improve the quality of education for 8–18 year-olds.

69. The annual report to certain institutional donors on the USD 22 million PEII programme has been provided. In addition, examples of two equity capital calls on behalf of ARAF, have been provided: one that is requesting Acumen's equity commitment to ARAF, which was funded by a large, philanthropic foundation; and the other that is requesting GCF's equity commitment to ARAF.

70. Certificates of incorporation of Acumen's funds have been provided. Acumen is a US not-for-profit corporation whose mission is to invest in companies that serve low-income

populations with critical goods and services in developing countries. As such, Acumen is not a financial institution and not assessed by credit rating agencies.

71. The AE has confirmed that there have been no material changes to its due diligence policies and procedures. For on-lending and blending, investment memoranda are prepared for presentation to the relevant investment committees. These information memoranda include all of the information gathered concerning the company through the due diligence processes. Examples of such due diligence memoranda have been provided to demonstrate the AE's track record on due diligence capabilities and processes.

72. The applicant has provided a revised valuation policy for equity and for debt, with flow charts illustrating the valuation process. This includes the specific valuation policies for ARAF and KawiSafi that have been provided. These revisions enhance Acumen's ability to deliver on its obligations as an AE and ensure investments are valued in accordance with US GAAP accounting standards.

73. Acumen's policies and guidelines for providing information to the public regarding the beneficiaries and results of projects and programmes, funded through loans, equity or guarantees, are guided by the information disclosure section of its new Environmental and Social (E&S) Policy for GCF Funded Projects. Acumen has provided two energy access impact reports and the 2019 and 2020 Annual Reports, which demonstrate Acumen's track record on public disclosure.

74. There have been no material changes to Acumen's investment management processes or procedures since the AP's assessment for the AE's first accreditation term. Acumen has provided relevant supporting documents including an Acumen portfolio annual review and a 2017 Acumen energy impact report.

75. With regard to financial risk management and asset liability management, since the AP's assessment for the AE's first accreditation term, Acumen has articulated a risk management process and significantly improved its risk management system. Acumen has developed the Acumen risk dashboard and hired a full-time employee as risk and compliance manager. To illustrate these changes, the risk management process document, the risk and compliance manager job description, two trend reports, two risk committee meeting agendas and minutes, and the risk management dashboard have been provided. Acumen's finance team establishes certain financial key performance indicators and tracks progress against those metrics through quarterly budget review and financial statement analysis. Acumen presents the results to its board of directors at every board meeting, along with plans to mitigate any financial risks on the horizon.

76. Two examples of medium-size programmes for which the individual programme activities (e.g. investments into companies) are in the GCF micro-size category in which Acumen has blended grants with other sources of capital have been provided: KawiSafi and EARF. KawiSafi is a total USD 67.4 million fund with individual programme activities or investments of up to USD 5 million. An equity investor summary for the fund demonstrating blended sources of capital has been provided. EARF involves a mixture of instruments contributing to approximately USD 68 million in total, with individual programme activities or investments of up to USD 3 million. A financial instrument summary for the EARF fund demonstrating blended funding has been provided.

77. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for on-lending and/or blending for loans and equity.

3.2 Environmental and social safeguards

78. Acumen did not have any conditions with regard to environmental and social safeguards (ESS) recommended by the AP for the first accreditation term with the accreditation scope of a maximum E&S risk category C/intermediation 3.

3.2.1. Environmental and social policy

79. The AE provided Acumen's "Environmental and Social Policy (ESP) for GCF-funded Projects", approved by its Management Committee in December 2021. Regarding the International Finance Corporation (IFC) Performance Standard 7 on Indigenous Peoples, the AE has adopted an Indigenous Peoples Policy and a corresponding Action Plan, both of which include free, prior, and informed consent (FPIC) requirements. The AE has demonstrated an explicit organizational and senior management commitment to E&S practices in its GCF-funded projects/programmes under implementation. The AE has developed a clear communications strategy around its E&S practices for GCF-funded projects/programmes which demonstrate transparency and credibility in its work with third parties who have environmental and social frameworks in their projects/programmes. The ESP has adopted the IFC performance standards PS1-8 for its E&S assessment and practice reflected in the AE's environmental and social management system (ESMS) for its GCF funded programme EARF (FP148). The AE is also committed to comply with the applicable national E&S regulations in countries of its operations.

80. While the AE does not have specific climate-change policies as such, its investment strategy is in line with intended nationally determined contributions, nationally determined contributions, national adaptation programmes of action and national adaptation plans of the countries of its investments through its focus on renewable energy (solar) and climate resilient agriculture. The AE's experience in assessing climate change risks and impacts is demonstrated in its GCF funded projects/programmes and in regular reporting to GCF. The climate change risks and challenges are commonly assessed and presented to the AE's Investment Committee for relevant investments. The AE does not hold, has never held, and does not intend to hold a fossil fuel portfolio such as coal-fired power plants, coal mining, etc. One former investee of the AE, representing <1 per cent of total invested capital, supplied liquid petroleum gas for cooking to populations using higher carbon-emitting fuels such as charcoal and wood. This investment was exited in 2019.

81. The AE's President is responsible for oversight of the implementation of the ESP with additional operational guidance and monitoring provided periodically by the General Counsel, Country Directors, environmental and social governance (ESG) manager and heads of the AE's investment programmes. The ESP has been disseminated internally and is also available on the AE's website at <https://acumencapitalpartners.com/about/>.

82. The AP finds that the AE's environmental and social management system, comprising the Environmental and Social Policy, supported by evidence of its track record, fully meets the GCF Revised Environmental Social Policy to the extent applicable to accreditation, and the GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to IFC Performance Standards 1-8.

3.2.2. Identification of environmental and social risks and impacts

83. The ESP describes the AE's processes for identification of E&S risks and impacts including E&S risk categorization. The AE has adopted a three tier E&S risk categorization system similar to that of the GCF system (i.e. A/I-1, B/I-2 and C/I-3). All the AE's GCF-funded projects are required to establish an ESMS and provide E&S impact assessment reports to the

AE. The AE engages a third-party impact measurement service (currently 60 Decibels)¹¹⁸ to conduct impact due diligence on investees. The AE's GCF-funded project teams conduct and present E&S impact assessment information to the relevant Investment Committees as part of the internal approval process. The AE's President, Country Directors (who oversee each region's investment team), and Insights and Strategy team monitor the AE's investment impact assessment.

84. In January 2015, the AE incorporated a robust ESG process based on best-in-class standards from institutions such as CDC and IFC, including addressing performance standards 1–8. The AE's GCF-funded projects/programmes have their own ESG policies/ESMS in place, which adhere to GCF interim ESS standards requirements.

85. The AE's track record on E&S risk and impacts identification is mostly with E&S risk category C/I-3 investments as evident in KawiSafi (FP005), ARAF (FP078) and EARF (FP148), with some experience in EARF also identifying and managing low E&S risk category B/I-2 investments. Both KawiSafi and ARAF used ESG assessment tools which are substantively in line with the IFC PS 1-8. The AE provided a sample of ESG action plans, processes, and policies developed for the ESG reviews for KawiSafi and ARAF in E&S risk category C/I-3 and two new ESG action plans for projects which could be considered in category B/I-2. The AE also provided a copy of its first formal ESG report for a non-GCF funded equity fund investment in E&S risk category B/I-2. The AE's GCF-funded projects/programmes have either a dedicated internal ESG manager or third-party ESG consultants to help manage the ESG process. The AE has also recently hired an ESG manager to assist with this work across GCF-funded activities.

86. The AP finds that the AE's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the 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

87. The ESP describes the AE's E&S mitigation and management of E&S risks and impacts identified during the E&S risk screening. The AE requires sponsored funds and investee companies to have an ESMS in place, which meets investor requirements, including the IFC performance standards 1–8.

88. As evidence of its track record on E&S risk mitigation and management for its loans and equity, the AE provided the ESMS for EARF and ARAF as well as the environmental and social governance report prepared by KawiSafi's ESG contractor and delivered to KawiSafi management, and the ARAF ESG annual report as prepared by the ARAF team. Furthermore, the ESMS for EARF has some components in category B/I-2. The AE also shared two ESG Action Plans of its portfolio investee companies that were evaluated using category B/I-2 assessments procedure (PS 1-8). The KawiSafi annual report prepared by management and delivered to investors includes ESG information on investees' E&S performance. The AE also provided a sample of side letters which include the ESG provisions used by KawiSafi and ARAF, binding investees for their investments.

89. The AE's oversight mechanism verifies the overall performance effectiveness of the ESMS at the institutional level including reviewing E&S risk and impact identification, project categorization and implementation of E&S mitigation measures. The AE provided a sample

¹¹⁸ 60 Decibels is a global, tech-enabled impact measurement company that brings speed and repeatability to social impact measurement and customer insights. It provides genuine benchmarks of impact performance, enabling organizations to understand impact relative to peers and set performance targets.

independent audit report for KawiSafi's ESG approach against the operating principles for impact management with the accompanying disclosure statement by KawiSafi.

90. Because the AE only recently formalized its ESP and other processes and procedures, it has not conducted an external audit on the effectiveness of its institutional-level ESMS. If re-accredited, the applicant is willing to conduct an independent institutional-level audit of the ESMS in GCF-funded projects/programmes during the potential second re-accreditation term.

91. The AP finds that the AE's E&S management programme fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1–8. However, the AP finds that the AE's track record is insufficient. The relevant gap is identified in paragraph 90 and is reflected in the corresponding condition for re-accreditation in section 4.2.

3.2.4. Monitoring and review

92. The ESP describes the AE's E&S monitoring and reporting process. The AE's ESG Manager conducts an annual review of E&S matters which provides an in-depth review of each GCF-funded project. This reporting is shared with the AE's senior management, and with executing entities to disclose any E&S issues as they arise. The AE's General Counsel, CFO, or President, as appropriate, may follow up on any E&S concerns to ensure adequacy of executing entities' ESMS. The AE reports to its donors on an ad hoc basis, through quarterly newsletters, and on an annual basis through its annual gathering.

93. The AE provided the ESG monitoring reports prepared by a third-party for KawiSafi, two ESG action plans including monitoring plans for KawiSafi and ARAF, and the ARAF ESG annual report, including updates in which some of the investments that could be considered as category I-2.

94. The AE's investment vehicles include monitoring and evaluation (M&E) annual/quarterly reporting to investors. The AE provided annual/quarterly reports from KawiSafi and ARAF, as provided to GCF, as well as annual performance reports submitted to GCF. The AE reviews all such materials before distribution to ensure adequacy and appropriateness of reporting.

95. The AP finds that the AE's system of E&S related monitoring and review, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation 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

96. The AE has a Business Development team (for fund raising) and a Marketing and Communications team that handles external communications with donors and other stakeholders. Relationship Managers on the Business Development team are in regular contact with donors to provide them with insights and information when needed. These Relationship Managers also handle any inbound requests or complaints from donors. The Marketing and Communications team is responsible for dealing with in-bound requests from media and other relevant stakeholders and is also responsible for producing and publishing materials that are communicated to external and internal stakeholders. This team also receives external inquiries from the public through a publicly accessible email address and the AE's telephone number found on the website. On the portfolio side, Relationship Managers are responsible for

communicating with their respective portfolio companies and for fielding any complaints or questions that may arise during the AE's engagement with the portfolio company.

97. In response to the GCF recommendation to the AP to address potential risks related to an inadequate grievance redress mechanism (GRM) with respect to Acumen's upgrade application for E&S risk category B/I-2, the AE has developed a comprehensive institutional-level GRM for GCF projects/programmes that is hosted on the AE's website and available at <https://acumencapitalpartners.com/grievance/>.

98. The AE's GRM is a tool that stakeholders can engage with on concerns that affect their communities and livelihoods. The AE's GRM is based on its ESP for GCF-funded projects and incorporates the Ruggie Principles in line with the UN Guiding Principles on Business and Human Rights,¹¹⁹ and the requirements of the GCF Independent Redress Mechanism, to ensure that stakeholders can easily access the GRM and have a thorough, fair, equitable and transparent process. A summary of the GRM is included in both the AE's ESP for GCF-Funded Projects, and the Gender Sensitivity Policy for GCF-Funded Projects/programmes. The GRM includes provision for monitoring and reporting and post-decision follow-up with complainants by the AE's General Counsel to ensure redress is delivered in a timely manner. The GRM is managed by the AE's legal team, led by the General Counsel providing an independent oversight on the GRM process. The staff responsible for ESG matters are not involved in investigations related to E&S complaints received. The AE has created a GCF-specific grievance webpage on its website.

99. The AE's E&S policy requires its EEs to include project-level GRM. The AE's legal team provides back-office support to EEs, including for investigation of complaints under project-level GRM. In the course of its re-accreditation assessment, the AP had initially found the AE's track record on ensuring its EEs implemented project-level GRM for GCF-funded projects/programmes to be inadequate. However, since then the AE's EEs have retroactively included project-level GRMs for their GCF-funded projects/programmes (KawiSafi, ARAF and EARF) and these are available on their respective EE's websites. The AE has also agreed to maintain and routinely update a record of all grievances and complaints received and addressed for its GCF projects/programmes.

100. The AE has committed to E&S information disclosure and consultation in its Acumen Environmental and Social Policy for GCF-Funded Projects. Additionally, Acumen regularly shares reporting on its work with investors, donors, stakeholders and industry groups. The AE's Head of Insights and Strategy continues to build knowledge-sharing opportunities within and outside Acumen. The AE provided evidence on having published the EARF's ESMS on its EE's websites. Some activities of the EARF ESMS are equivalent to category B/I-2 projects. As the AE was accredited for E&S risk category I-3, it was not required to publish its ESMS on its or the GCF websites. The AE has, by disclosing the EARF ESMS on the EE's website, gone beyond its E&S risk category C/I-3 expectations. Also, in the amended and restated AMA with GCF, and if upgraded to category B/I-2, the AE has committed to publicly disclose its ESMS for category B/I-2 in line with the GCF Information Disclosure Policy.

101. The AP finds that the AE's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track record fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, the GCF interim ESS standards and the GCF Information Disclosure Policy

¹¹⁹ Refer to http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf. The UN Guiding Principles on Business and Human Rights are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. They were proposed by UN Special Representative on business and human rights, John Ruggie, and endorsed by the UN Human Rights Council in June 2011. In the same resolution, the UN Human Rights Council established the UN Working Group on Business and Human Rights.

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

102. The AE provided its organizational chart showing the placement of its ESG team and its reporting structure. At the AE-level, E&S impact is monitored by regional investment teams, each of which is led by the relevant Country Director, with impact measurement services provided by a third party (60 Decibels). The President oversees the Country Directors and reports to the Chief Executive Officer (CEO), while the CEO reports to the Board of Directors. The AE also has an Insights and Strategy team to analyze impacts at an organization-wide level. The ESG Manager supports ESG monitoring and activities across its sponsored funds, or funds it participates in, including GCF-funded projects/programmes. Escalation protocols are in place to elevate E&S issues to the appropriate level of seniority as and if they arise. KawiSafi engages a third-party ESG consultant to oversee ESG activities and reports directly to the Managing Director of the fund. ARAF has an in-house ESG analyst who reports to the Investment Director. For the AE's funds, including GCF-funded projects/programmes, E&S information is shared through reporting with investors and the advisory committee. E&S incident disclosures are made in line with the requirements of the governing documents and respective side letters of the funds. The AE provided prior reporting from KawiSafi and ARAF.

103. The AE provided curriculum vitae of its own staff and the ARAF's staff responsible for ESG matters as well as the backgrounds of the employees of KawiSafi's ESG contractor. The ARAF investment team received ESG training from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. in early 2020. The KawiSafi investment team received ESG training from their third-party ESG provider (Vukani Collective, formerly First Principles) in 2018, reviewed the annual ESG portfolio assessment with such provider in April 2021, and plans to repeat training for all staff in Quarter 1 of 2022. The AE's ESG staff also participated in these trainings.

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

3.3 Gender

105. Acumen has fulfilled and closed conditions with regard to gender recommended by the AP and approved by the Board in its decision to accredit the AE for the first accreditation term.¹²⁰

106. The AE's institutional and project-level gender policy and action plans for GCF-funded projects/programmes is provided in its Gender Sensitivity Policy (GSP) which has been approved by its Management Committee and made available on its website. The GSP is further supported by the AE's Gender Statement outlining its various international initiatives and partnership work. The GSP applies to the AE, its affiliated subsidiaries, and its GCF-funded projects/programmes for which Acumen Capital Partners is the EE. The AE has committed to strong personnel policies to protect and empower all its staff. The AE's policies include a Code of Ethics, non-discrimination policy applied to its employees, region-based personnel policies and benefits packages, and a US-specific anti sexual harassment policy. The AE's regional offices

¹²⁰ Refer to document GCF/B.15/16.

provide family leave benefits in compliance with local laws and competitive benefits packages. The AE's commitment to an equitable and safe workplace extends to supporting a diverse staff. The approach to diversity is annexed in the GSP.

107. The key principles of the GSP for projects/programmes commits to: gender equality, equal rights, human rights, labour conventions, intergenerational equity and to the Sustainable Development Goals for gender mainstreaming; country ownership and the equal opportunity of all stakeholders during project consultations and decision-making; free, prior and informed consent in projects involving indigenous peoples, as well as gender-sensitive stakeholder engagement; disclosure of information to be transparent and provide non-discriminatory access to information and gender-relevant information; ensure that stakeholders are aware of how to submit grievances and/or complaints; and continue to develop gender development and impact measurement capacity as an organization through ongoing trainings, collaborating with gender experts, and sharing its insights across the industry.

108. The AE prepares and appraises GCF-funded projects/programmes that integrate gender-relevant activities and gender-sensitive and gender-responsive indicators at activity-, output-, outcome- and impact-levels and gender-dedicated budget. Through its ESG manager the AE monitors GCF-funded projects to ensure that this data is tracked and aligned with its commitments. The AE reviews annual ESG reports from its EEs for GCF-funded projects/programmes for a measure of compliance with GCF, other investor, and project expectations. Where relevant, linkage between gender and climate change are reflected.

109. The AE collaborates with EEs for GCF-funded projects to develop gender assessments and action plans for its projects/programmes. The AE utilizes several resources and stakeholder engagement strategies to understand the gender realities of the project area. The AE engages with national designated authorities, government agencies, international organizations, local companies, local men and women to understand the gender realities of the project areas. Additionally, the AE utilizes publicly available gender data to provide additional context for its gender assessments of the projects/programmes. Assessments include gender-based risks to the projects and developing mitigating strategies. The AE may contract with gender experts and consultants to develop the gender assessment and/or the Gender Action Plan.

110. Responsibilities for implementing the GSP work are as follows: the Director of Talent is responsible for developing and implementing entity-level human resources and gender-based policies and directives for AE staff. Additionally, this position is responsible for hiring policies and practices. The Director of Talent works with the General Counsel when a staff member shares a complaint; the General Counsel also develops and reviews entity-level policies for its staff. Additionally, the General Counsel is responsible for investigating staff-level and GCF project-level complaints; and the ESG manager works with GCF-funded project teams on developing, implementing and reviewing gender policies and Gender Action Plans.

111. The AE's Gender Working Group has existed for the last five years. The Gender Working Group reviews the AE's Gender Sensitivity Policy for GCF-Funded Projects on an annual basis and advises on gender assessments and gender action plans for GCF-funded projects/programmes. The AE provide an organizational chart showing the placement of key gender experts and their curricula and related training on gender.

112. The AE provided examples of programmes in which women were the primary beneficiaries particularly related to efficient cookstoves, microfinance, small-size hospitals, etc. As part of its Annual Portfolio Review, the AE is systematically applying the 2X Challenge criteria developed by the G7 Development Finance Institutions¹²¹ to determine areas of strength

¹²¹ Refer to <https://www.dfc.gov/media/opic-press-releases/2x-challenge-g7-development-finance-institutions-commit-and-mobilize>.

and weakness among its portfolio companies, and to inform future investment and accompaniment activities that can address these findings.

113. The evidence on the AE's track record on implementing its gender policy is provided in the gender assessment and action plans contained in the EARF (FP148) in line with the GCF updated Gender Policy. The AE's ARAF (FP078) and KawiSafi (FP005) also reflect gender analysis in line within the then applicable B.09 GCF Gender Policy. The executing entities of each GCF-funded project/programme (KawiSafi, ARAF, and EARF) developed robust gender capacities at an organization level for their staff to implement the gender policies and gender action plans. EARF hired a gender consultant to support its borrowers with the development of gender action plans. KawiSafi and ARAF each have specific persons responsible for their gender work including their Technical Assistance Facilities.

114. The applicant also shared several publications and knowledge products narrating the AE's experience and expertise on gender and social enterprises and gender and climate change impact measurement.

115. The AP finds that the AE's gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the updated GCF Gender Policy to the extent applicable to accreditation.

IV. Conclusions and recommendation

4.1 Conclusions

116. Following its assessment, the Secretariat concludes the following in relation to the application with respect to the potential to continue in the role of an AE and to support the mandate and objectives of GCF: the AE can continue to contribute to GCF in implementing its updated Strategic Plan for 2020–2023 with respect to:

- (a) Alignment of the AE's GCF portfolio with the climate-related national priorities of the countries where the AE operates, particularly with the expanded geographic coverage through becoming an IAE;
- (b) Contribution to the adaptation and mitigation balance in the GCF portfolio since the AE has the ability to include adaptation components in its activities;
- (c) Supporting diversity in GCF results areas such as health and food and water security, and livelihoods of people and communities;
- (d) Enhancing private sector participation as the AE is one of the few impact investment funds accredited to GCF;
- (e) Diversification of the use of financial instruments, particularly with equity as well as loans; and
- (f) Mobilizing climate finance at scale since the AE is seeking an upgrade in its accreditation scope for the medium-size category.

117. Following its assessment, the AP concludes the following in relation to the application with respect to the AE's ability to meet the GCF accreditation standards it is seeking re-accreditation and an upgrade in accreditation scope for:

- (a) The AE meets the requirements of the GCF basic fiduciary standards, and to the extent applicable to accreditation. the GCF Policy on the Protection of Whistle-blowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy, specialized fiduciary standard for project management, specialized fiduciary standard for grant

- award and/or funding allocation mechanisms, and specialized fiduciary standard for on-lending and/or blending for loans and equity;
- (b) The AE partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk (category B/I-2). The gap identified in paragraph 90 comprises: the AE's ESMS has not undergone an independent audit on effectiveness of its E&S mitigation and management, and is addressed by the corresponding condition in section 4.2 below; 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 to the extent applicable to accreditation, and has demonstrated that it has experience in gender considerations in the context of climate change.

4.2 Recommendation on re-accreditation

118. The AP recommends, for consideration by the Board, Acumen 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 (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
 - (4) Specialized fiduciary standard for on-lending and/or blending (for loans and equity); and
 - (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/I-3)); and
- (b) **Conditions:** the AE will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition. The AP will thereafter assess whether the condition has 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 by the AE within three years of the first disbursement by GCF for the first approved project/programme in E&S risk category B/I-2 to be undertaken by the AE during the second accreditation term:
 - (1) Delivery to the GCF of a report prepared by an independent body (such as an external auditor specializing in ESS matters) assessing the effectiveness of the implementation of the AE's ESMS, which shall include examples of its application in projects implemented under the oversight of or by the AE and of lessons learned.

119. The AE has been informed of the recommendation for re-accreditation, including the accreditation type and condition, as identified in paragraph 118 above, and agrees to the recommendation.

Annex XI: Board member statements

Statement of the Board member from Spain during the consideration of agenda item 1, “Opening of the meeting”

This constituency would like to express its full solidarity with Ukraine and the Ukrainian people. We condemn in the strongest possible terms Russia's unprovoked and unjustified act of aggression against Ukraine, which grossly violates international law and the UN Charter, and undermines international security and stability. Among many serious consequences, we also believe this aggression makes all the more urgent and important the case for the clean energy transition.

Statement of the Board member from China following the above statement

GCF is the financial mechanism serving UNFCCC, and not a political platform, and therefore should stick to the principle of political neutrality, in line with its Governing Instrument, policies and procedures, and shall not be affected by political factors.

Statement of the Board member from Albania during the consideration of agenda item 1, “Opening of the meeting”

We as Board members and alternate members of GCF are determined to advance the goal of equity within the GCF and beyond. As part of our mandate, we wish to promote gender equality in climate change programmes and initiatives, including within this Board. The 2030 agenda for sustainable development cannot be achieved without sustainable development goal 5 on achieving gender equality and improvement for all women and girls. The GCF Governing Instrument, the Rules of Procedures of the Board and Policies on Ethics and Conflicts of Interest form the procedural basis for mainstreaming gender considerations in the Board as well as women representation and voices in these processes.

The Board has a further mandate to ensure the implementation of the Gender Policy as per decision GCF/B.24/15. To fully support an inclusive approach at the GCF, we therefore want to emphasize the role that we, as a Board, and particularly as women Board members and alternate members, have to play in showcasing respect, equality and inclusivity in all our work. While we are inching gradually towards gender balance in the Board and aim to achieve this in the near future, in respect of equitable participation from recipient and contributor countries, as well as geographical balance, as per the Board's founding documents, we have decided to establish a new informal group of women on the Board at GCF. Gender equality and women leadership in climate change are of key importance in our global efforts. This informal group aims to support these efforts and to consider potential actions and concrete efforts that GCF can adopt to promote changes towards more gender sensitive and inclusive proceedings and functioning of the Board. Therefore, at the Board and across the Fund's operational engagement with its stakeholders, as members of the informal group, we will promote inclusive and respectful behaviours. We will promote full, meaningful and equal participation of women. We will promote the mainstreaming of gender equality principles. We welcome any and all support and participation from women at the GCF, including through this Board and the alternate members' forum, and through further engagement with advisers, observers, the GCF Secretariat and stakeholders.

Statement of the alternate member from Ghana on behalf of the African Group during the consideration of agenda item 9(c), “Strategic planning and programming matters”

There are a series of decisions that address the sequencing work on the replenishment and the strategic programming document, which includes decisions B.24/04, B.24/02 and B.27/06¹. It is imperative that the Board sequences the work appropriately and does not, in this exercise, actually change and diminish agreed approaches that have been agreed on. As we have experienced from the initial Strategic Plan and then the USP, we would need to reflect on a number of things: (1) the modality that would ensure developing countries' engagement and involvement; (2) under whose authority the development of the plan will sit; and (3) the appropriate timeframe for this work, considering the IEU evaluations and the COP guidance.

Therefore it is essential that in 2022 for the Board to agree on the following:

- (a) On the replenishment process and its launch. The decision would need to incorporate lessons from the GCF-1 replenishment and address: (a) the role of the Board in the replenishment and then (b) the Fund's agreed inputs. In this case, the Co-Chairs should be mandated at B.31 to propose a decision on the replenishment process for consultation and approval not later than July 2022.
- (b) The Board consideration of the second performance review on the GCF. This review undertaken by the IEU is also expected to be presented in several segments, with the IEU delivering three outputs at the first meeting of the Board in 2022. The management action report of the first replenishment period, a synthesis and strategy report, and then a rapid assessment report of the progress made on the Strategic Plan 2020–2023. The IEU will present the SPR report summary with evidence and findings and with areas of recommendations at the last meeting of the Board in 2022, the final report in the first meeting in 2023. As the USP clearly states that the SPR will inform the Board's consideration of a further update to the USP and if the Board decides to update the USP, this would need to be in place before the commencement of the GCF-2, that is the end of 2023; and
- (c) The launching and guidance for the development of the review and possible update to the GCF updated Strategic Plan. In this, we expect that the process for this will start in 2022 and conclude in 2023.

Given the agreed timeframes, it will be important for the Board to agree on the following:

- (i) That the USP review and update will be undertaken by the Secretariat under the authority and guidance of the Co-Chairs.
- (ii) The Secretariat be requested to present for the Board approval a comprehensive consultation programme to seek the views of the GCF stakeholders for a six-month period from June to December 2022. The results of the consultative process will be presented to the Board to support the Board's consideration of the review and update to the USP and then the SPR.
- (iii) The Board should agree on the timeframes for sequencing and replenishment process, the strategic programming exercise and the SPR not later than B.32.

¹ Secretariat: The statement referenced paras 4, 2 and 6 of the decisions. Text amended to reflect the correct decision codes instead of paragraph numbers.

These are some of the reflections that we want to put across as a group for your consideration.

Statement of the alternate member from Kenya on behalf of the African Group during the consideration of agenda item 12, “Matters related to accreditation”

On behalf of the African Board and alternate Board seats, we thank you for your genuine efforts to work through the objections to the UAF that we had raised in the technical session on this more than seven months ago. We welcome the efforts from the Co-Chairs to apply the ROP to its fullest extent and for according our members the opportunity to have our concerns addressed in a manner that is open and responsive.

We have lifted our objection based on the proposal you submitted. We want to place on record that our objections were made in the context of our belief in the deeply rooted African traditions shared among the 55 nations of our great nation of the indaba. As Africans, we know the value of calling together elders to sit around the table for an indaba when there is a divergence of opinion to listen to one another carefully as a powerful mechanism to find collective answers for moving forward on a particular problem or a challenge. In fact, a former UNFCCC Executive Secretary, reflecting on the last African COP, praised the indaba process as a unique African imprint on the climate change negotiations. Unfortunately, the practice of advancing policy work via a binary system of decisions without a Board meeting does not allow for a listening of views.

On the substantive side, we remain deeply concerned with the Fund's accreditation system. The IEU Synthesis Report for the SPR2, which will be discussed later, concludes the following on the Fund's accreditation system:

- (i) The median time taken by entities for submission of application to receiving Board's approval has increased in GCF-1 with a median duration being 1321 days for entities accredited at B.29;
- (ii) DAEs are also underrepresented in the pipeline of funding proposals;
- (iii) The focus in the USP on strategic and sufficient coverage of AEs to meet GCF objectives and much programming gaps and needs has not yet been operationalized;
- (iv) Only 37 per cent of GCF-eligible countries are covered by DAEs;
- (v) The number of GCF private sector DAEs also remain very small; and
- (vi) A project-specific assessment approach has also been under consideration for three years but does not yet have final Board approval. The main objective of the approach remains unclear.

The IEU accreditation synthesis report³ confirms our concerns that there is a need to strengthen the governance structure of accreditation, clarify the strategic role of accreditation in the GCF and, critically, address the mission overload. The IEU also found that GCF's accreditation process is perceived as too lengthy and too cumbersome to secure accreditation of private sector entities especially for direct access entities. The

² Secretariat note: “Report of the Synthesis Study-An IEU Deliverable Contributing to the Second Performance Review of the Green Climate Fund.”

³ Edited to “synthesis report” replacing “system”, titled “Independent synthesis of the GCF’s Accreditation function (Accred2020).”

revised Co-Chairs' proposal of UAF in our view does little to arrest the problem of a paralyzed bureaucracy that takes three and a half years from submission to Board decision on accreditation. We have considered, however, that your proposal, even if it is small incremental steps, will allow the Board to at some point reverse the inertia and make GCF an accessible and viable financing mechanism for developing countries. It is with this bigger picture in mind that we can lift our objection, noting that we have agreed in the USP to revise the UAF before the end of 2023.

On procedural matters, we must continue to express concerns regarding the use of the mechanism in paragraphs 41 to 44 of the ROP4 for transmitting decisions without a Board meeting that do not clearly identify the extraordinary nature of a decision and why it cannot be delayed to the next Board meeting. We note, in the case of this decision, it was transmitted 20 days before a Board meeting. Using the binary method of decision-making where you are simply afforded an opportunity to support or object, as⁵ has been demonstrated does not work for complex policy matters.

On evaluations, we remain concerned that the Board has failed to meet the expectation set out in the Evaluation Policy that the Board will actively considering evaluations and most of the Board is not abiding by the Governing Instrument, which mandate the Board to set up an operation unit with the express purpose to inform decision-making by the Board.

Finally, the Board consultation procedures are routinely being watered down. We urge the Co-Chairs, as mandated in the Board decision B.23/03, to continue to enhance effectiveness of pre-Board meeting consultations in an open, inclusive, consultative, transparent manner and to ensure that Board members and alternate members shall be consulted on draft decisions and related documents to be considered by the Board prior to their publication and comments received from Board members and alternate members shall be taken into account when such draft decisions and related documents are being finalized for publication.

With this, we are ready to approve your proposal without any amendments, initiate work and find solutions to systemic⁶ issues that inhibit developing countries from accessing the Green Climate Fund.

Statement of the alternate member from Ghana on behalf of the African Group during the consideration of agenda item 13, "Consideration of funding proposals"

We would like to understand on what basis the Secretariat actually issued the funding proposal for consideration by the Board without a letter of no-objection. This is an extremely important matter for the developing countries and raises a serious concern regarding the Secretariat's compliance with the Board procedures. Board decision B.08/10 contains the following provisions: paragraph (a) "Decides that the Board will only consider funding proposals that are submitted with a formal letter of "no-objection", in accordance with the procedure approved in this decision.

On 24 March 2022, the Secretariat informed the Board that proposal SAP024 had been withdrawn by the accredited entity. This was submitted to the Board without a letter of

⁴ Rules of Procedure of the Board.

⁵ Edited to "as" replacing "or".

⁶ Edited to "systemic" replacing "systematic".

no-objection. In our view, the Secretariat is not compliant with the provision of the Board decision B.08/10. We support all efforts by the Secretariat to secure the letter of no-objection. However, we see no record of whether paragraph (a) of the initial no-objection procedure had been complied with. Our members expressed similar concerns at B.30 on the transmission of incomplete no-objection letters but note that the situation was slightly different as it was more about incomplete no-objection than the absence of letter of no-objection. We note that at B.30, the Board confirmed in decision B.30/03 paragraph (c) "that only countries that have provided a letter of no-objection that is fully in compliance with the initial no-objection procedure approved by the Board by decision B.08/10 can be considered by the Board". Given the non-compliance with both B.08/10 and B.30/03, we propose that the Co-Chairs undertake an audit of the Secretariat's compliance with the agreed Board procedures regarding letters of no-objection.

Statement of the Board member from Egypt on behalf of the African Group during the consideration of agenda item 16(c), "Independent evaluation of the adaptation portfolio and approach of GCF"

First and foremost, the IEU evaluation was presented to the Board in 2020 and has not been considered nor have we acted in accordance with the Evaluation Policy to actively consider it. I should note that, since the evaluation was issued, some progress has been made by the Fund. However, we do think it's valuable to note the following matters:

The Governing Instrument obviously mandates the GCF to invest in mitigation and adaptation to the extent possible in a balanced manner. The evaluation report referred to OECD and GCF data which indicated that the resources for adaptation were limited to USD 26.2 million between 2013 and 2018. In 2018, GCF commitments of USD 805 million constituted about 3 per cent of the annual global flows to adaptation. However, since 2018, GCF commitments to adaptation have fallen back to USD 349.3 million and USD 535 million committed in 2019 and 2020, respectively. The key findings of the evaluation recognized this gap and provide recommendations on how to address it.

My next point is that the GCF has not, as of yet, identified or defined a specific approach or vision for adaptation programming. This was one of the key findings among the six presented by the IEU. The GCF has committed USD 2.6 billion to adaptation activities via 67 adaptation projects and 40 cross-cutting projects. Of this amount, USD 1.69 billion is committed to projects that have 100 per cent focus on adaptation results. USD 937 million is committed to the estimated adaptation part of cross-cutting projects. Mitigation projects are typically of significant scale, with 71 per cent of all mitigation projects categorized as large or medium, compared to only 34 per cent for all adaptation projects.

One of the other important points was that—and this was also in the key findings—on average, adaptation projects take longer to complete the GCF approval process compared to mitigation. Adaptation projects on average take over two years, 109 days more than mitigation projects, to conclude the project approval process, including the legal agreement. This is very alarming to all developing countries particularly in Africa, in addition to the delays in disbursement, which are additional challenges.

The finding on the GCF's private sector engagement also emphasize the limited investable opportunities that generate a financial return, especially when compared to mitigation, as a result of higher upfront cost and lack of predictability for those investments. It's also very concerning that 40 per cent of all registered adaptation projects are withdrawn during the review process. This has been a result of the difficulty

in data and legal arrangements and, again, the climate rationale issue was mentioned in the presentation.

We, as African Board members, concur with IEU findings particularly on two further points:

- (i) Project-level interactions between GCF proposals and projects of other climate funds, multilateral partners and the private sector are not yet systematically identified nor actively pursued. There have been attempts in the last few years to foster greater coordination at multiple levels; and
- (ii) The GCF also has the opportunity to clarify its role beyond adaptation finance.

Even if we do consider the progress made since the evaluation, what remains is the GCF does not have a comprehensive strategy to support developing countries to adapt to the impacts of climate change. In our view, we don't think it is acceptable that we continue to deal with this matter in an ad hoc fashion. In this regard and considering the B.17 mandate and the evaluation findings and recommendations, we have proposed that we move forward with a decision on GCF support for adaptation.

On substance, the decision would mandate the Secretariat to develop a long-term adaptation strategy for the period 2022–2030 and then there are a number of other steps to move forward.

In Glasgow, there was a clear recognition and acknowledgement of the wide adaptation gap. It was acknowledged by the highest levels of participants in the COP. There was also a very welcome pledge to double adaptation funding. These are welcome steps. Indeed, some progress has been made over the recent years when we look at the numbers regarding adaptation finance. Nonetheless, the IPCC Working Group II report still presented many alarming facts about the state of adaptation finance. The Secretary-General of the UN described the report of the IPCC as “an atlas of human suffering”, and the figures in that report speak for themselves as do the figures in the adaptation gap reports of UNEP. The UNEP report estimates adaptation costs in developing countries to be USD 70 billion annually and expected to reach up to USD 300 billion in 2030 and 500 billion in 2050, with the actual costs most likely to be significantly higher than those investments. This is further confirmed by the IPCC Working Group II report, and I quote: “An overwhelming majority of global climate finance has so far been targeted at climate change mitigation. The current public and private financial flows to adaptation are much smaller than needed.” The report further states with high confidence, and this figure is very important, that just 4 to 8 per cent of climate finance has gone to adaptation efforts in recent years.

As an operating entity of the financial mechanism of the Convention, the GCF cannot be oblivious to these broader facts and realities and should therefore at least have a coherent vision for how to play a role as mandated by its Governing Instrument in addressing this alarming adaptation finance gap.

Annex XII: Decisions taken between the thirtieth and thirty-first meetings of the Board

DECISION B.BM-2021/20

The Board, having reviewed document GCF/BM-2021/22 titled “Status of approved funding proposals: Adding new host countries to FP128 (Arbaro Fund – “Sustainable Forestry Fund”)”:

- (a) Takes note of the two no-objection letters for FP128 submitted by the national designated authorities for Colombia and Guatemala;
- (b) Approves the inclusion of Colombia and Guatemala as host countries for FP128; and
- (c) Authorizes the Secretariat to take such steps as might be necessary pursuant to the funded activity agreement and other legal documentation for FP128 to give effect to this decision.

DECISION B.BM-2021/21

The Board, having considered document GCF/BM-2021/23 titled “Status of approved funding proposals: extension of deadline in respect of FP145 (RELIVE – REsilient LIVElihoods of vulnerable smallholder farmers in the Mayan landscapes and the Dry Corridor of Guatemala)”:

Decides to extend the deadline until 7 May 2022 for the execution of the funded activity agreement, in a form and substance satisfactory to the Secretariat, for following approved funding proposal:

- (i) FP145, titled “RELIVE – REsilient LIVElihoods of vulnerable smallholder farmers in the Mayan landscapes and the Dry Corridor of Guatemala”.

DECISION B.BM-2021/22

The Board, having considered document GCF/BM-2021/24 titled “Investigation Standards”:

- (a) Approves the Investigation Standards set out in annex I to this document;
- (b) Requests the IIU, in consultation with the Secretariat, given the specific considerations that are applicable to administrative investigations into alleged violations of the SEAH Policy, to develop for the EAC’s consideration and approval, separate procedures governing the conduct of interviews with relevant witnesses;
- (c) Requests the Secretariat, in consultation with the Board, to establish an appropriate mechanism or procedure for addressing reports of suspected Wrongdoing concerning staff members, consultants or interns of the IIU, or their immediate family members, as stipulated in paragraph 27 of the Policy on Prohibited Practices;
- (d) Takes note of the ongoing overall policy review being conducted by the Secretariat pursuant to decision B.24/04, annex II, and requests the IIU and the Secretariat to identify any policy conflicts and inconsistencies between the Terms of Reference of the IIU, the Human Resources Legal Framework, the GCF Integrity Policies and the GCF Ethics Policies, including through such review process, and to present any necessary amendments to such documents for the Board’s consideration, following consultation with the EAC as appropriate; and

- (e) *Authorizes the EAC to address issues that may arise in the implementation of the Investigation Standards and to refer matters it deems appropriate for the consideration of the Board.*

DECISION B.BM-2021/23

The Board, having considered the document GCF/BM-2021/25 titled “Election of Co-Chairs of the Board for 2022”:

Elects Mr. Jean-Christophe Donnellier and Mr. Tlou Emmanuel Ramaru as the Co-Chairs of the Board for 2022, with effect from 1 January 2022 to 31 December 2022.

DECISION B.BM-2022/01

The Board, having considered the limited distribution document GCF/BM-2021/26 titled “Performance review of members of the Independent Technical Advisory Panel”:

- (a) *Takes note of the report of the Investment Committee outlining the agreement of the Committee on the re-appointment of the members of the independent Technical Advisory Panel, as presented in annex VI of document GCF/BM-2021/26;*
- (b) *Decides to re-appoint, as an exception to paragraph 12 of annex I to decision B.BM-2018/09, the following members of the independent Technical Advisory Panel for a one-year term starting on the date of the expiration of their current term:*
- (i) *Mr. Daniel Nolasco;*
 - (ii) *Mr. Felix Dayo;*
 - (iii) *Ms. Marina Shvangiradze;*
 - (iv) *Ms. Claudia Martinez; and*
 - (v) *Mr. Ahsan Uddin Ahmed; and*
- (c) *Further requests the Investment Committee to nominate additional experts as members of the independent Technical Advisory Panel as needed, to ensure continuity of a fully capacitated 10-member Panel, with due consideration given to the geographic and specialty coverage, which will work in accordance with the updated terms of reference of the independent Technical Advisory Panel as noted in annex I.*

DECISION B.BM-2022/02

The Board, having considered document GCF/BM-2022/01 titled “Accreditation of observer organizations” and through a decision taken between meetings on a no-objection basis:

Approves the accreditation of the following organizations as observer organizations to the GCF:

Civil society organizations:

Foundation R20 (R20)

DECISION B.BM-2022/03

The Board, having considered document GCF/BM-2022/02 titled “Dates and venue of the thirty-first meeting of the Board”:

- (a) *Takes note of the assessment by the Co-Chairs that the essential conditions for a Board meeting are not in place;*
- (b) *Decides, on an exceptional basis, to postpone the thirty-first meeting of the Board originally scheduled for 7–10 February 2022; and*
- (c) *Also decides that the thirty-first meeting of the Board will take place from Monday, 28 March to Thursday, 31 March 2022 in Songdo, Incheon, Republic of Korea.*

Annex XIII: Members and alternate members of the Board of the Green Climate Fund as at 31 March 2022

Members	Alternate members	Constituency/Regional group
Mr. Tlou Emmanuel Ramaru (South Africa) Policy Analyst Department of Environmental Affairs and Tourism	Ms. Pacifica F. OGOLA (Kenya) Secretary, Climate Change Directorate Ministry of Environment and Forestry	Developing country Parties from the African States
Mr. Wael Ahmed Kamal Aboul Magd (Egypt) Ambassador Ministry of Foreign Affairs	Mr. Antwi BOASIAKO AMOAH (Ghana) Deputy director, Climate change adaptation and vulnerability Environmental Protection Agency	
Mr. Tanguy Guillaume Gahouma-Bakale (Gabon) Permanent Secretary National Climate Council	Mr. Hussein Alfa NAFO (Mali) Coordinator Africa Adaption Initiative	
Ms. Ren Yan (China) Deputy Director Ministry of Finance	Ms. Kyunghee KIM (Republic of Korea) Director General Ministry of Economy and Finance	Developing country Parties from the Asia-Pacific States
Mr. Albara TAWFIQ (Saudi Arabia) Policy Advisor Ministry of Energy	Ms. Paola Sherina A. ALVAREZ (Philippines) Assistant Secretary Department of Finance	
Mr. Nauman Bashir Bhatti (Pakistan) Director Ministry of Foreign Affairs	Mr. Ahmad RAJABI (Iran (Islamic Republic of)) Director Ministry of Foreign Affairs	
Mr. Karma Tshering (Bhutan) Chief, Policy and Planning Division Ministry of Agriculture and Forests	Ms. Isatou F CAMARA (Gambia) Deputy Director, Directorate of Development Planning Ministry of Finance	Developing country Parties from least developed country Parties
Ms. Nadia Spencer-Henry (Antigua and Barbuda) Debt Manager Ministry of Finance and Cooperate	Mr. Teuea TOATU (Kiribati) Vice President & Minister for Finance and Economic Development	Developing country Parties from small island developing States

Governance		
Ms. Ornela Çuçi (Albania) Deputy Minister Ministry of Tourism and Environment	Mr. Prelish LAL (Fiji) Climate Finance Officer Ministry of Economy	Developing country Parties not included in the regional groups and constituencies above
Ms. Marta Mulas Alcántara (Spain) Senior Advisor Spanish Vice-Presidency and Ministry for Economy and Digitalization	Ms. Fiona RALPH (Ireland) Head of International Climate Finance Unit Finance Ministry	Developed country Parties, Spain, Ireland, and New Zealand
Mr. Jaime de Bourbon de Parme (Netherlands) Climate Envoy Ministry of Foreign Affairs	Ms. Alyssa DI CARA (Luxembourg) Advisor for Sustainable and Climate Finance Ministry of Environment, Climate and Sustainable Development	Developed country Parties, Denmark, Luxembourg, and Netherlands
Mr. Jean-Christophe Donnellier (France) Inspector General French Treasury	Mr. Stéphane Cieniewski (France) Senior Advisor on Environment and Climate Directorate General of the Treasury	Developed country Parties, France
Ms. Ursula FUENTES (Germany) Head of Unit for Financing International Climate Action and Environmental Protection, Multilateral Development Banks Foreign Affairs Office	Ms. Annette WINDMEISSER (Germany) Head of Climate Finance Division Federal Ministry for Economic Cooperation and Development	Developed country Parties, Germany
Mr. KITAMURA Toshihiro (Japan) Deputy Director-General/Deputy Assistant Minister, International Cooperation Bureau Ministry of Foreign Affairs	Mr. Kobayashi Kazuo (Japan) Director for Development Issues, International Bureau Ministry of Finance	Developed country Parties, Japan
Mr. Hans Olav Ibrekk (Norway) Policy Director of Section for Energy and Climate Ministry of Foreign Affairs	Ms. Anne Evjen (Norway) Senior Advisor Ministry of Climate and Environment	Developed country Parties, Norway and Iceland
Mr. Tom Bui (Canada) Director of Environment Global Affairs Canada	Ms. Katrijn Coppens (Belgium) Secretary of Embassy Directorate for Climate and Environment Federal Public Service Foreign	Developed country Parties, Canada and Belgium



	Affairs, Trade and Development Cooperation	
Ms. Gisella Berardi (Italy) Senior Advisor for Global Public Goods Ministry of Economy and Finance	Mr. José Delgado (Austria) Senior Climate Policy Advisor Federal Ministry of Finance	Developed country Parties, Italy, Austria, and Portugal
Mr. Stefan DENZLER (Switzerland) Deputy Head of Multilateral Cooperation State Secretary for Economic Affairs	Mr. Jan WAHLBERG (Finland) Ambassador for Climate Change Ministry of Foreign Affairs	Developed country Parties, Finland, Hungary, and Switzerland
Mr. Lars Roth (Sweden) Deputy Director, Division for Climate, Energy and Environment Ministry of Foreign Affairs	Mr. Anders Nyström (Sweden) Director Ministry of Foreign Affairs	Developed country Parties, Sweden
Mr. Josceline Wheatley (United Kingdom) Head of International Team, Climate and Environment Department Department for International Development	Ms. Eliette RIERA (United Kingdom) Policy Manager Department for Business, Energy and Industrial Strategy	Developed country Parties, United Kingdom
Mr. Mathew Haarsager (United States) Deputy Assistant Secretary for MDB Operations and Policy Department of the Treasury	Ms. Hillary CLIFFORD (United States) Foreign Affairs Officer, Office of Global Change Department of State	Developed country Parties, United States
Nominations pending	Nominations pending	Developing country Parties from the Latin American and the Caribbean States