



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
16 – 19 May 2022  
Antigua and Barbuda  
Provisional agenda item 6

**GCF/B.32/04**

**25 April 2022**

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# Consideration of accreditation proposals

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## **Summary**

This document presents an overview of accreditation progress up to 31 March 2022; an overview of the pipeline of applicant entities with information on support to direct access entities; and an overview of the portfolio of accredited entities, including the status of accredited entities addressing accreditation conditions. The document also presents accreditation and re-accreditation proposals for consideration by the Board.

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## I. General mandate

1. In decision B.08/02, paragraph (a), the Board recalled that all entities, including subnational, national, regional and international entities, can apply for accreditation to GCF.
2. Areas of work related to accreditation matters include the following:
  - (a) Initial guidance to national designated authorities (NDAs) and entities interested in engaging with GCF related to the role and responsibilities of the accredited entity (AE), and the accreditation process;
  - (b) The pipeline of entities, particularly to support direct access entities (DAEs) seeking accreditation, AEs in addressing their accreditation conditions, and AEs seeking to upgrade their accreditation scope;
  - (c) Relationship management of AEs, including completing their accreditation master agreements (AMAs) with GCF and AE-level monitoring and reporting; and
  - (d) Re-accreditation.
3. In addition to the above, the Secretariat supports the work of the Accreditation Committee and the Accreditation Panel (AP).
4. This document presents an overview of accreditation progress up to 31 March 2022. In particular, it includes an overview of the pipeline of applicant entities with information on support to DAEs, an overview of the portfolio of AEs, including the status of AEs addressing accreditation conditions, and the re-accreditation pipeline for 2022. The document also presents re-accreditation proposals for consideration by the Board.

## II. Recommended action by the Board

5. It is recommended that the Board:
  - (a) Take note of the information presented in document GCF/B.32/04 titled “Consideration of accreditation proposals”; and
  - (b) Approve the draft decision presented in annex I.

## III. Linkages with decisions and other documents

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

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

- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.18/10);<sup>2</sup>
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Revised Environmental and Social Policy” (decision B.BM-2021/18);<sup>3</sup>
- (h) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12);<sup>4</sup>
- (i) “Assessment, including gap analysis, of institutions accredited by other relevant funds” (decision B.08/03);
- (j) “Country programming, readiness and preparatory support” (decision B.13/32);
- (k) “Application documents for submissions of applications for accreditation” (decision B.08/06);
- (l) “Policy on fees for accreditation” (decision B.08/04);
- (m) “Comprehensive information disclosure policy of the Fund” (decision B.12/35);
- (n) “Consideration of accreditation proposals” (decisions B.09/07, B.10/06, B.12/30, B.14/09, B.14/10, B.14/11, B.15/09, B.17/13, B.18/05, B.21/16, B.22/09, B.23/13, B.24/11, B.25/12, B.BM-2020/05, B.26/01, B.27/05, B.29/05, B.29/06, B.30/05 and B.31/XX (pending publication));
- (o) “Legal and formal arrangements with accredited entities” (decision B.09/08);
- (p) “Accreditation master agreements” (decisions B.12/31 and B.23/15, paragraph (d));
- (q) “Updated Strategic Plan for the Green Climate Fund: 2020–2023” (decision B.27/06);
- (r) “Strategy on accreditation” (decisions B.13/19 and B.14/08);
- (s) “Strategy to increase funding proposals from direct access entities” (document GCF/B.20/04); and
- (t) “Matters related to accreditation” (decision B.31/XX (pending publication)).

#### IV. Overview of the pipeline of new applicant entities

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

8. The accreditation type of the AE, specifically the financing size category, financing modality (e.g. managing projects, awarding grants, on-lending, providing guarantees and/or

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

<sup>3</sup> This replaces the “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10).

<sup>4</sup> This replaces the “Gender policy and action plan” (decision B.09/11).

<sup>5</sup> Paragraph 45 of the Governing Instrument.

undertaking equity investments) and environmental and social (E&S) risk category, governs 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.<sup>6</sup> AEs are considered fully accredited to GCF upon the effectiveness of the AMA.<sup>7</sup> 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.<sup>8</sup>

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. GCF relies on the primary due diligence and the risk assessments performed by AEs.<sup>9</sup> 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 they use in the administration of their own funds. This includes management and oversight of executing entities.

#### 4.1 Overview of the status of applications for re-accreditation and accreditation

11. Since the opening of the call for accreditation applications on 17 November 2014 and up to 31 March 2022, 77 AEs (including first-time and re-accredited, excluding those with a lapsed accreditation term) have fully completed the accreditation process by having a signed and effective AMA.<sup>10</sup> An additional 10 AEs (including first-time and re-accredited, excluding those with a lapsed accreditation term) have signed AMAs that are yet to become effective to complete the accreditation or re-accreditation process.<sup>11</sup> An additional 24 AEs (including 17 first-time and 7 re-accredited) have been approved by the Board to be accredited or re-accredited, for which negotiations for the AMA or amended and restated AMA, respectively, are in progress. Altogether, GCF has 113 AEs that have been accredited by the Board for their first or subsequent terms and that are at various stages of completing the accreditation or re-accreditation process by having signed and effective AMAs.<sup>12</sup>

12. The Secretariat continues to work closely with entities throughout the stages of accreditation and re-accreditation, particularly those that are in Stage I (institutional assessment and completeness check by the Secretariat) or Stage II (Step 1 – AP review). The Secretariat is increasingly focusing on providing guidance on the role and responsibilities of AEs and the accreditation process to assess entities' institutional capabilities for such a role while meeting GCF standards. Such early engagement takes place prior to and during issuance of accounts for the new Digital Accreditation Platform (DAP), the web-based portal through

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<sup>6</sup> 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."

<sup>7</sup> Decision B.23/11, paragraph (a).

<sup>8</sup> Decision B.24/13, paragraph (a), and annex XXVI to the decision.

<sup>9</sup> Annex XXVII to decision B.12/31.

<sup>10</sup> Decision B.23/11, paragraph (a). The number does not include AEs that are seeking re-accreditation to GCF after their accreditation term had lapsed. AEs with lapsed AMAs will be able to resume their fully operationalized engagement with GCF once re-accredited and their amended AMA has been signed and made effective. Since 31 March 2022 and up to the publication of this document, the AMA has been made effective with the Inter-American Institute for Cooperation on Agriculture (IICA), thereby starting the first accreditation term for IICA with GCF.

<sup>11</sup> The number does not include AEs that are seeking re-accreditation to GCF after their accreditation term had lapsed.

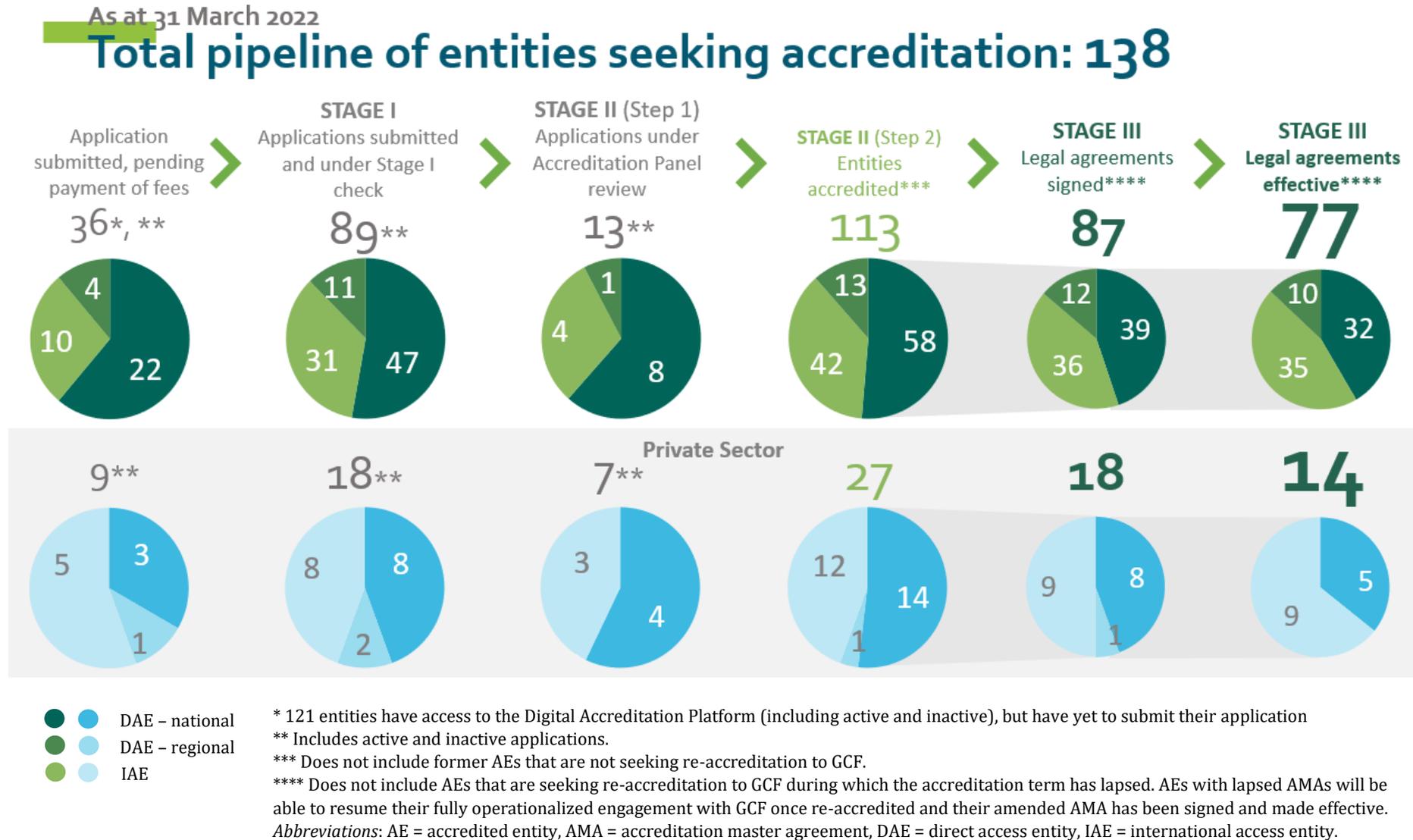
<sup>12</sup> This number excludes entities that have not sought re-accreditation to GCF. The World Meteorological Organization (WMO) was accredited by the Board in decision B.12/30, and entered into the AMA with GCF on 1 June 2016, which was made effective on 23 August 2016. WMO requested an extension of the deadline for it to submit its re-accreditation application in line with decision B.26/01, paragraph (h), which was provided by GCF to WMO, thereby extending the deadline for application submission from 22 February 2021 to 22 August 2021. WMO did not apply for re-accreditation to GCF by the extended deadline.

which applicants submit their accreditation applications, which replaced the online accreditation system (OAS) starting from 22 March 2022, as well as during preparation of invoices for accreditation fees, which are linked to the accreditation criteria an entity is seeking. The distribution of AEs and accreditation applications for potential new AEs received as at 31 March 2022 is summarized in figure 1.<sup>13</sup>

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<sup>13</sup> In decision B.07/02, paragraph (o), the Board requested the AP, in collaboration with the Accreditation Committee and the Secretariat, to report annually to the Board on the status of applications for accreditation.

Figure 1: Status of accreditation applications (as at 31 March 2022)



13. A pipeline of 138 entities have submitted accreditation applications (including active and inactive) on the DAP. Of these, 13 new applications are under Stage II (Step 1 – AP review) and 89 applications are under Stage I. A further 36 entities have submitted an application but have yet to pay accreditation application fees in order to begin Stage I.
14. In addition to the entities that have submitted applications, 121 entities (including active and inactive) have access to the DAP but are yet to submit their application.
15. The submitted applications received to date reflect considerable diversity in terms of geographical representation, the type of activities to be undertaken using GCF resources if accreditation is approved, the type of accreditation being sought (e.g. project/programme activity size, fiduciary function and E&S risk category) and whether they are from the public or the private sector.
16. Figure 2 shows the geographical coverage of national and regional entities nominated for accreditation by NDAs and focal points, of which 71 DAEs have been accredited by the Board. A total of 93 DAEs are in the accreditation pipeline and have submitted an application with nomination letters from the NDAs and focal points, of which 9 are in Stage II (Step 1 – AP review), 58 are in Stage I, and 26 have yet to commence the Stage I review pending payment of accreditation fees.

**Figure 2: Direct access entities nominated for accreditation (as at 31 March 2022)**

31 March 2022

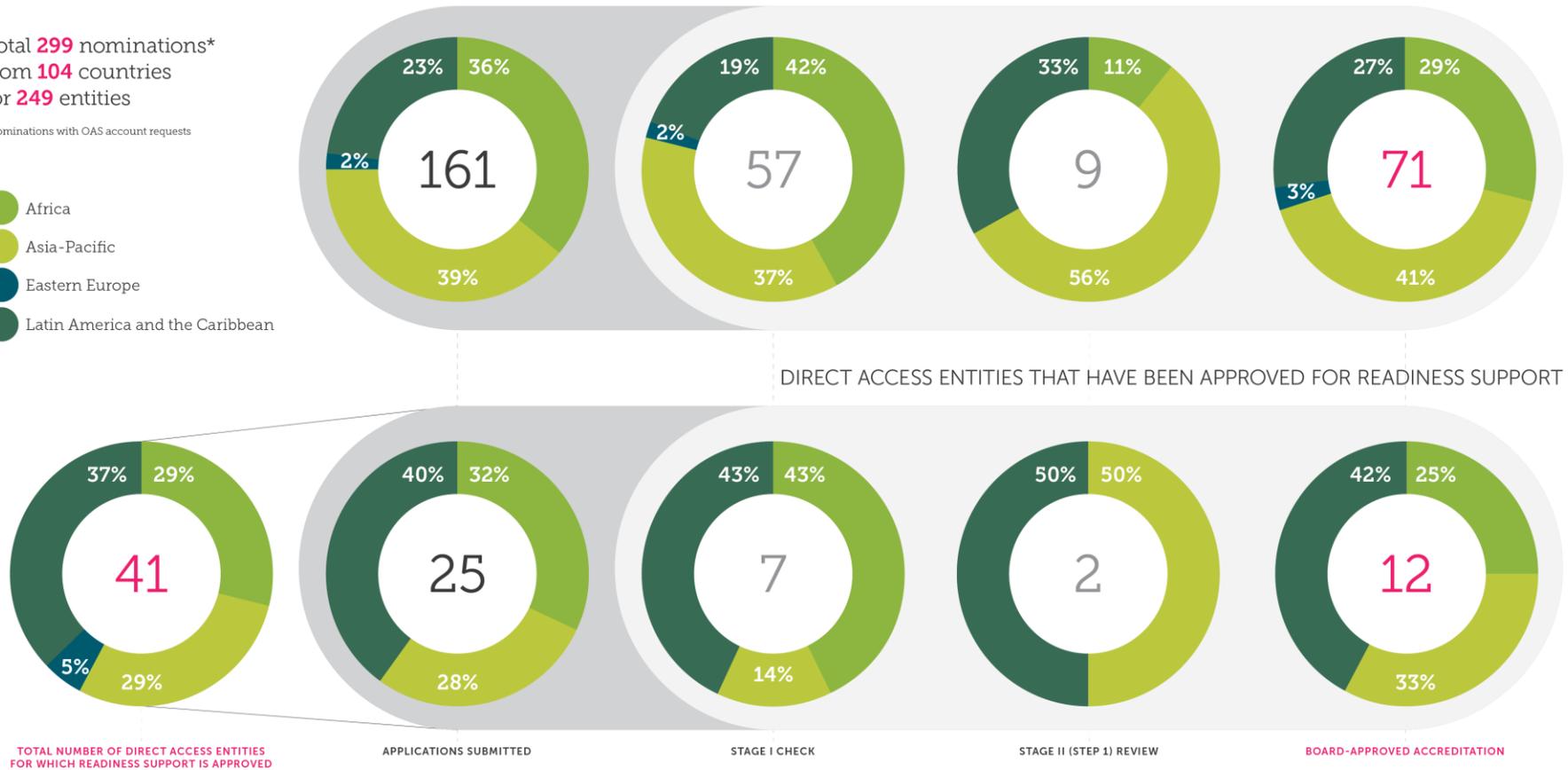
**ACCREDITATION STATE OF PLAY DIRECT ACCESS ENTITIES**

NDA / FP NOMINATIONS

Total **299** nominations\*  
from **104** countries  
for **249** entities

\*nominations with OAS account requests

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



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

17. The time taken to process applications has varied and depends on the entity's capacity and the modalities for which it is applying, in addition to factors such as resources available to process applications, the workload from the growing pipeline of applicants, including for re-accreditation, and the increase in new or amended GCF policies that affect accreditation. At the time of adopting the accreditation framework and the launch of the call for accreditation applications in 2014, entities were only to be assessed against fiduciary standards and E&S safeguards. Since then, 11 new policies or standards have been adopted that had an immediate effect on accreditation, prolonging the accreditation process.<sup>14</sup> This meant that assessments for the entire accreditation pipeline had to be re-opened each time a new standard or policy was adopted and came into effect, so that entities could also be assessed against such new or amended policies and standards. This has contributed to the lengthy timeframes for accreditation.

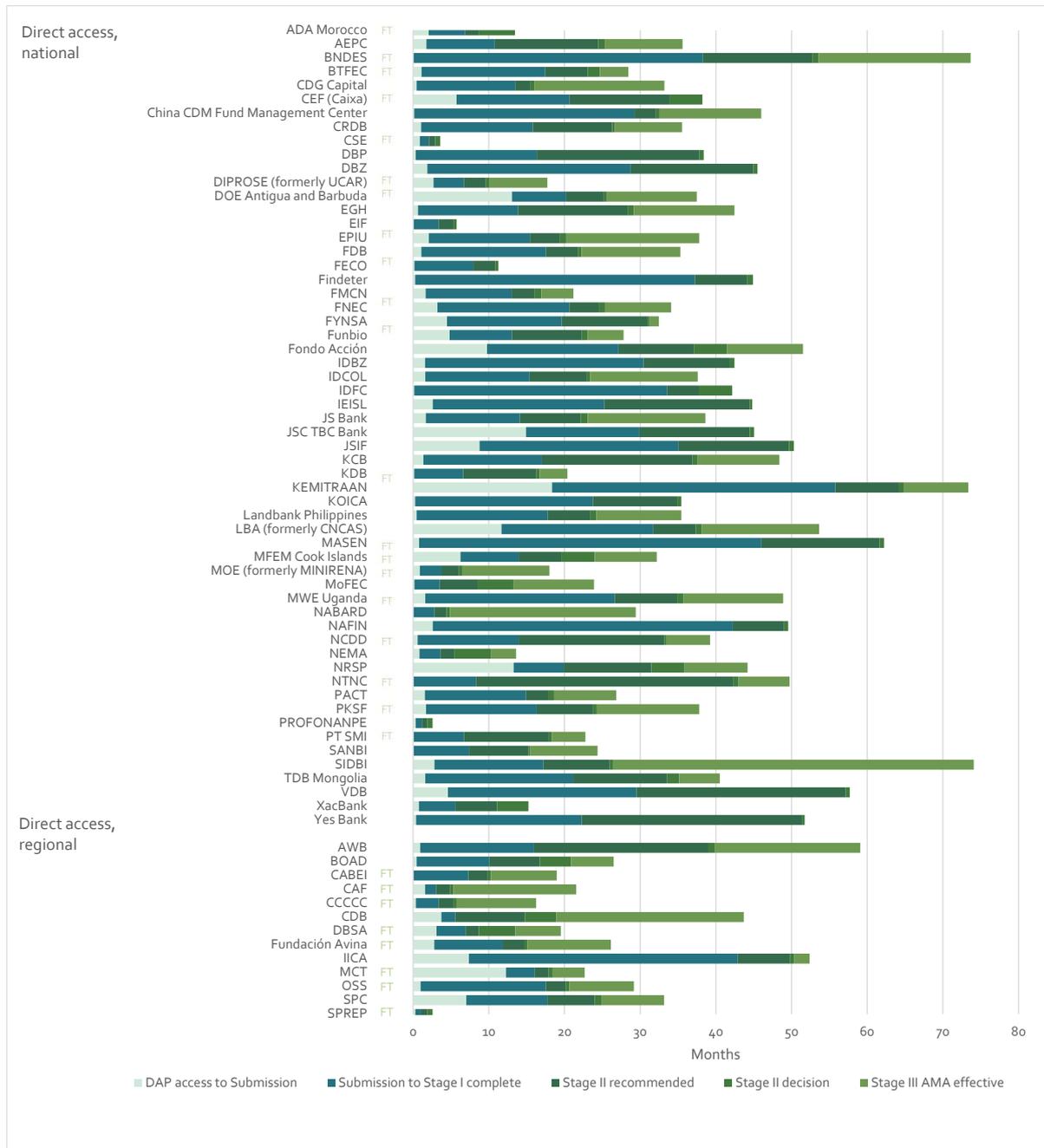
18. Based on the dates of key milestones and not accounting for actual active time spent by the applicants or GCF, from opening a DAP (formerly OAS) account to approval by the Board, it took 24.6 months on average to accredit the 113 AEs – noting that 49 of them were fast-tracked and 64 were normal-tracked. Of the 113 AEs, it took 27 months on average to accredit each of the 72 DAEs, with 16.6 months on average to accredit each of the 25 fast-track DAEs and 32.6 months on average to accredit each of the 47 normal-track DAEs (see figure 3). It took 16.8 months on average to accredit each of the 24 fast-track international access entities (IAEs) and 25.5 months on average to accredit each of the 17 normal-track IAEs (see figure 4). In particular, it took 29.5 months on average to accredit each of the 27 private sector entities out of the 113 AEs (see figure 5). This includes an average time frame of 22.9 months for application review by the Secretariat and the AP and for responses by applicants; however, the active time for review per application is significantly shorter.<sup>15</sup> There is an increasing number of applications under the normal-track accreditation process and an increase in those applying for more criteria or functions, which generally require more time for review than applications that are fast-track eligible and those applying only for a limited number of fiduciary and E&S functions.

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<sup>14</sup> "Gender policy and action plan" (decision B.09/11); "Updated Gender Policy and Action Plan 2020–2023" (decision B.24/12); "Accreditation master agreements" including, in Exhibit A of the template AMA, the General Principles on Prohibited Practices (decision B.12/31); "Policy on Prohibited Practices" (decision B.22/19); "Anti-Money Laundering and Countering the Financing of Terrorism Policy" (decision B.18/10); "Policy on the Protection of Whistleblowers and Witnesses" (decision B.BM-2018/21); "Environmental and Social Management System: Environmental and Social Policy" (decision B.19/10); and "Comprehensive information disclosure policy of the Fund" (decision B.12/35). The Board adopted decision B.23/15, paragraph (b) requesting the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to integrate the Anti-Money Laundering and Countering the Finance of Terrorism Policy into the interim fiduciary standards and present to the Board a proposal for its consideration in 2019 as a matter of urgency. A proposal on this integration has yet to be presented to the Board for its consideration. In addition, the Board has adopted the "Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment" (decision B.23/16) and "Board decisions without a Board meeting: Implementation matters relating to the GCF's obligations under the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment" (decision B.25/05). Further the Board adopted the Evaluation Policy (decision B.BM-2021/07).

<sup>15</sup> Refer to figure 27 in annex IV to document GCF/B.20/17. Based on a sample of 77 AEs at the time of the independent review, it was found that an application in Stage I is with the entity 57 per cent of the time and 43 per cent with the Secretariat, of which 3 per cent is active time to review the application.

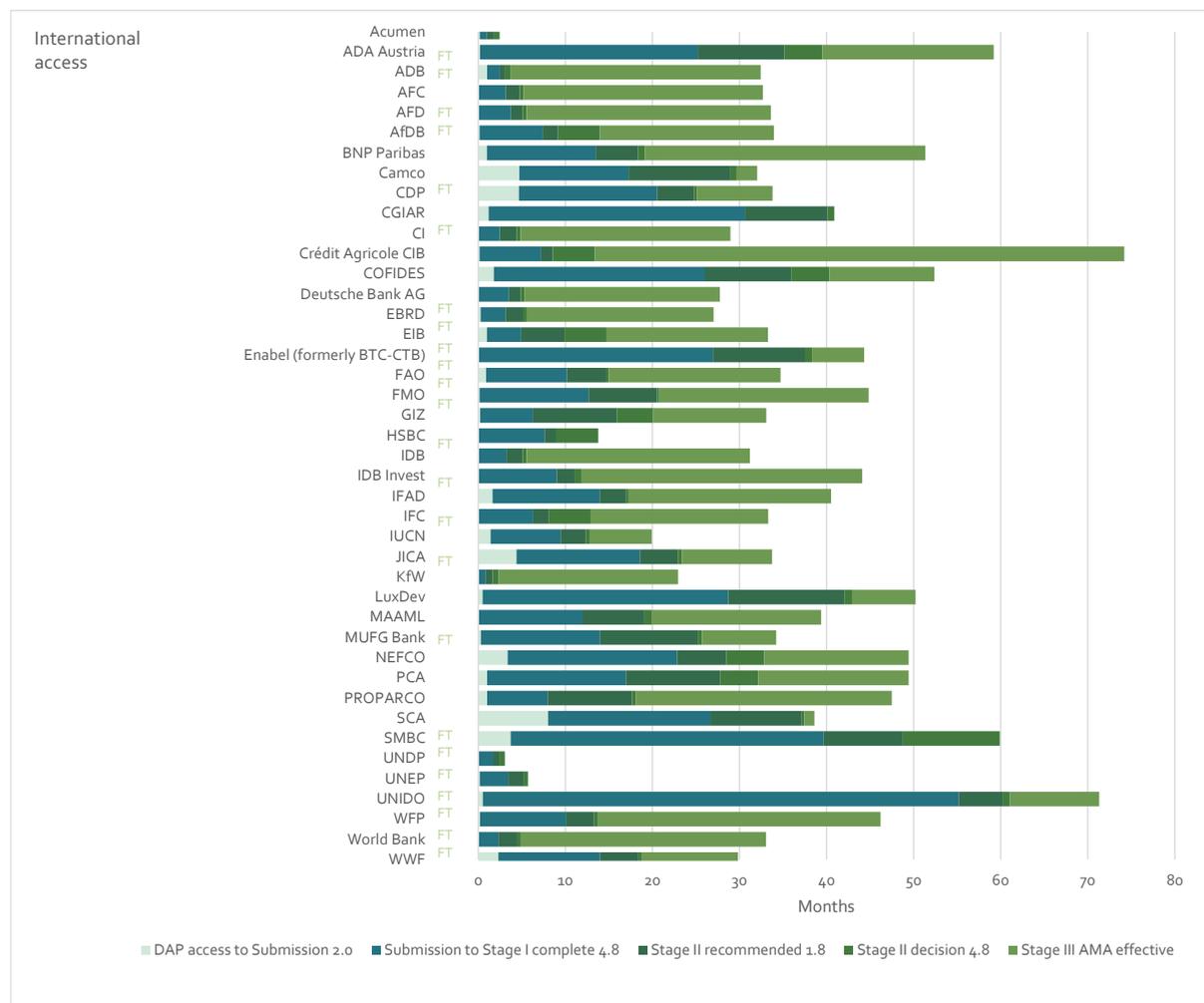
**Figure 3: Time frame from online accreditation system access to accreditation for direct access accredited entities (including private sector) (as at 31 March 2022)**



**Abbreviations:** ADA Morocco = Agency for Agricultural Development of Morocco, AEPC = Alternative Energy Promotion Center, AMA = accreditation master agreement, AWB = Attijariwafa Bank, BNDES = Banco Nacional de Desenvolvimento Econômico e Social, BOAD = Banque Ouest Africaine de Développement (West African Development Bank), BTFEC = Bhutan Trust Fund for Environmental Conservation, CABEI = Central American Bank for Economic Integration, CAF = Corporación Andina de Fomento, CCCCC = Caribbean Community Climate Change Centre, CDB = Caribbean Development Bank, CDG Capital = CDG Capital S.A., CEF = Caixa Econômica Federal, China CDM Fund Management Center = China Clean Development Mechanism Fund Management Center, CRDB = CRDB Bank Public Limited Company, CSE = Centre de Suivi Ecologique, DBP = Development Bank of the Philippines, DBSA = Development Bank of Southern Africa, DBZ = Development Bank of Zambia, DIPROSE (formerly UCAR) = General Directorate of Sectoral and Special Programs and Projects of the Ministry of Agriculture, Livestock and Fisheries (formerly Unidad para el Cambio Rural (Unit for Rural Change) of Argentina), DOE Antigua and Barbuda = Department of Environment of Antigua and Barbuda, EGH = Ecobank Ghana Limited, EIF = Environmental Investment Fund of Namibia, EPIU = Environmental Project Implementation Unit of the Ministry of Nature Protection of the Republic of Armenia, FDB = Fiji Development Bank, FECO = Foreign Environmental Cooperation Center of the

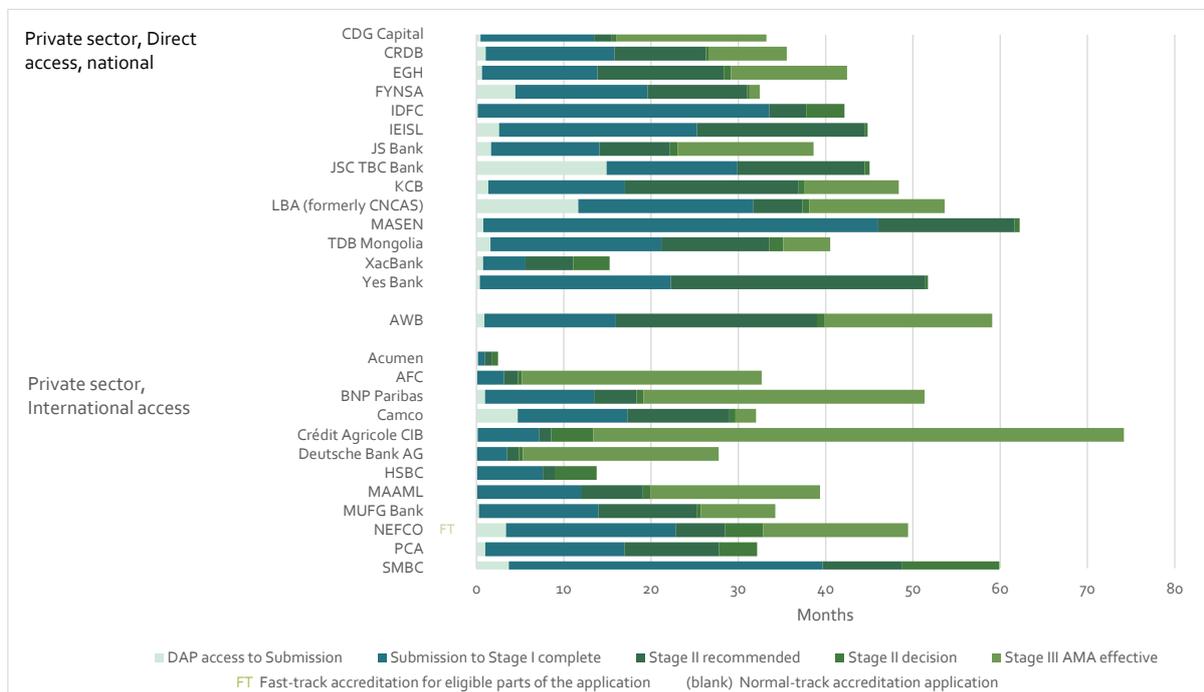
Ministry of Ecology and Environment of China (formerly Foreign Economic Cooperation Office of the Ministry of Environmental Protection of China), Findeter = Financiera De Desarrollo Territorial S.A., FMCN = Fondo Mexicano para la Conservación de la Naturaleza A.C., FNEC = National Fund for the Environment of Benin, Fondo Acción = Fondo para la Acción Ambiental y la Niñez, Funbio = Fundo Brasileiro para a Biodiversidade, FYNSA = Finanzas Y Negocios Servicios Financieros Limitada, IDBZ = Infrastructure Development Bank of Zimbabwe, IDCOL = Infrastructure Development Company Limited, IDFC = IDFC Bank Limited, IEISL = IL&FS Environmental Infrastructure and Services Limited, IICA = Inter-American Institute for Cooperation on Agriculture, JS Bank = JS Bank Limited, JSC TBC Bank = Joint Stock Company TBC Bank, JSIF = Jamaica Social Investment Fund, KCB = KCB Bank Kenya Limited, KDB = Korea Development Bank, KEMITRAAN = Kemitraan bagi Pembaraun Tata Pemerintahan, KOICA = Korea International Cooperation Agency, Landbank = Land Bank of the Philippines, LBA (formerly CNCAS) = La Banque Agricole (formerly Caisse Nationale de Credit Agricole du Senegal), MASEN = Moroccan Agency for Sustainable Energy S.A., MCT = Micronesia Conservation Trust, MFEM Cook Islands = Ministry of Finance and Economic Management of the Cook Islands, MOE (formerly MINIRENA) = Ministry of Environment of Rwanda (formerly Ministry of Natural Resources of Rwanda), MoFEC = Ministry of Finance and Economic Cooperation of Ethiopia, MWE Uganda = Ministry of Water and Environment of Uganda, NABARD = National Bank for Agriculture and Rural Development, NAFIN = Nacional Financiera, S.N.C., Banca de Desarrollo, NCDD = National Committee for Sub-National Democratic Development, NEMA = National Environment Management Authority of Kenya, NRSP = National Rural Support Programme, NTNC = National Trust for Nature Conservation, OAS = online accreditation system, OSS = Sahara and Sahel Observatory, PACT = Protected Areas Conservation Trust, PKSF = Palli Karma-Sahayak Foundation, PROFONANPE = Peruvian Trust Fund for National Parks and Protected Areas, PT SMI = PT Sarana Multi Infrastruktur, SANBI = South African National Biodiversity Institute, SIDBI = Small Industries Development Bank of India, SPC = Pacific Community, SPREP = Secretariat of the Pacific Regional Environment Programme, TDB Mongolia = Trade and Development Bank of Mongolia, VDB = Vietnam Development Bank, XacBank = XacBank LLC, Yes Bank = Yes Bank Limited.

**Figure 4: Time frame from online accreditation system access to accreditation for international access accredited entities (including private sector) (as at 31 March 2022)**



*Abbreviations:* Acumen = Acumen Fund, Inc., ADA Austria = Austrian Development Agency, ADB = Asian Development Bank, AFC = Africa Finance Corporation, AFD = Agence Française de Développement, AfDB = African Development Bank, AMA = accreditation master agreement, BNP Paribas = BNP Paribas S.A., Camco = Camco Management Limited, CDP = Cassa Depositi e Prestiti – Società per Azioni, CI = Conservation International Foundation, COFIDES = Compañía Española de Financiación del Desarrollo S.A. S.M.E., Crédit Agricole CIB = Crédit Agricole Corporate and Investment Bank, DAP = Digital Accreditation Platform, Deutsche Bank AG = Deutsche Bank Aktiengesellschaft, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, Enabel (formerly BTC-CTB) = Belgian Development Agency (formerly Belgian Technical Cooperation), FAO = Food and Agriculture Organization of the United Nations, FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, HSBC = HSBC Holdings plc and its subsidiaries, IDB = Inter-American Development Bank, IDB Invest = Inter-American Investment Corporation, IFAD = International Fund for Agricultural Development, IFC = International Finance Corporation, IUCN = International Union for Conservation of Nature, JICA = Japan International Cooperation Agency, KfW = Kreditanstalt für Wiederaufbau, LuxDev = Luxembourg Development Cooperation Agency, MAAML = Macquarie Alternative Assets Management Limited, MUFG Bank (formerly BTMU) = MUFG Bank, Ltd. (formerly Bank of Tokyo-Mitsubishi UFJ, Ltd.), NEFCO = Nordic Environment Finance Corporation, OAS = online accreditation system, PCA = Pegasus Capital Advisors, L.P., PROPARCO = Société de Promotion et de Participation pour la Coopération Economique, SCA = Save the Children Australia, SMBC = Sumitomo Mitsui Banking Corporation, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, UNIDO = United Nations Industrial Development Organization, WFP = World Food Programme, World Bank = International Bank for Reconstruction and Development and International Development Association, WWF = World Wildlife Fund, Inc.

**Figure 5. Time frame from online accreditation system access to accreditation for private sector entities (as at 31 March 2022)**



*Abbreviations:* Acumen = Acumen Fund, Inc., AFC = Africa Finance Corporation, AMA = accreditation master agreement, AWB = Attijariwafa Bank, BNP Paribas = BNP Paribas S.A., Camco = Camco Management Limited, CDG Capital = CDG Capital S.A., Crédit Agricole CIB = Crédit Agricole Corporate and Investment Bank, CRDB = CRDB Bank Public Limited Company, DAP = Digital Accreditation Platform, Deutsche Bank AG = Deutsche Bank Aktiengesellschaft, EGH = Ecobank Ghana Limited, FYNOSA = Finanzas Y Negocios Servicios Financieros Limitada, HSBC = HSBC Holdings plc and its subsidiaries, IDFC = IDFC Bank Limited, IEISL = IL&FS Environmental Infrastructure and Services Limited, JS Bank = JS Bank Limited, JSC TBC Bank = Joint Stock Company TBC Bank, KCB = KCB Bank Kenya Limited, LBA (formerly CNCAS) = La Banque Agricole (formerly Caisse Nationale de Credit Agricole du Senegal), MAAML = Macquarie Alternative Assets Management Limited, MASEN = Moroccan Agency for Sustainable Energy S.A., MUFG Bank (formerly BTMU) = MUFG Bank, Ltd. (formerly Bank of Tokyo-Mitsubishi UFJ, Ltd.), NEFCO = Nordic Environment Finance Corporation, OAS = online accreditation system, PCA = Pegasus Capital Advisors, L.P., SMBC = Sumitomo Mitsui Banking Corporation, TDB Mongolia = Trade and Development Bank of Mongolia, XacBank = XacBank LLC, Yes Bank = Yes Bank Limited.

19. In decision B.24/11, paragraph (e), the Board, recalling decision B.21/16, paragraph (e), decided that its future accreditation decisions should aim to bring forward AEs that fill the mandate consistent with the Governing Instrument on balance, diversity and coverage and advance the objectives of GCF and, to that end, also decided to prioritize a list of entities up to the end of the twenty-fifth meeting of the Board (B.25). Upon expiration of said decision at the end of B.25 (i.e. 12 March 2020), the review by the Secretariat and the AP of accreditation applications in Stages I and II (Step 1), respectively, defaulted to a first-come, first-completed basis. Following decision B.27/06, wherein the updated Strategic Plan for the Green Climate Fund: 2020–2023 was adopted, the Secretariat is reviewing accreditation applications in Stage I, taking into account the key actions contained in the updated Strategic Plan regarding improving access to GCF resources.

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

## 4.2 Accelerating direct access

21. The Secretariat is continuing to support subnational, national and regional public and private sector entities interested in seeking, or that are in the process of applying for, accreditation in order to ensure a balance of diversity, in accordance with decision B.09/07, paragraphs (d) and (g), and decision B.10/06, paragraph (h). This has been addressed by:

- (a) Guiding and supporting the 249 DAEs nominated by the NDAs or focal points of 104 countries across four regions throughout the application process, including via conference calls;
- (b) Providing institutional gap assessments under the Readiness and Preparatory Support Programme (Readiness Programme) for 53 DAEs nominated by 56 countries from different geographical/regional areas seeking accreditation and action plans based on the gap assessments to address any identified gaps; and
- (c) Using an online accreditation self-assessment tool<sup>16</sup> in order to assess preparedness for the accreditation process. This tool may be accessed by any organization, as well as NDAs and focal points, for the purposes of identifying organizations to nominate for accreditation. As at 31 March 2022, 2,535 users, including NDAs/focal points considering nominating entities and entities themselves, had completed the questionnaire.

22. Regarding the pre-accreditation support to the entities indicated in paragraph 21(b) above, as at 31 December 2021:

- (a) In-depth institutional assessments against GCF standards and action plans had been completed for 37 entities (out of a total of 42 entities nominated by 48 countries). Of these:
  - (i) Twenty-five entities have submitted their accreditation applications, of which:
    - (1) Twelve entities (Caixa Econômica Federal, Central American Bank for Economic Integration, Fondo para la Acción Ambiental y la Niñez, Infrastructure Development Bank of Zimbabwe, Jamaica Social Investment Fund, La Banque Agricole, Micronesia Conservation Trust,

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<sup>16</sup> The tool, developed with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH and the World Resources Institute, is available at <<https://www.greenclimate.fund/accreditation/self-assessment>>.

Nacional Financiera, S.N.C., Banca de Desarrollo, National Committee for Sub-National Democratic Development, National Fund for the Environment of Benin, the National Rural Support Programme and the Pacific Community) have been accredited;

- (2) Two entities are in Stage II (Step 1); and
  - (3) Eleven entities are in Stage I; and
  - (ii) In addition, the other 12 entities are working towards closing the identified gaps and intend to submit their application thereafter; and
  - (b) Readiness support is underway for the remaining five entities.
23. As of 31 March 2022, a total of USD 1,213,906 has been disbursed for the implementation of this support. The Secretariat has committed USD 2,087,704 to strengthen direct access applicants through a gap analysis and action plan, and USD 458,821 and EUR 21,660 to strengthen direct access applicants' gender action plans and E&S safeguard capacities vis-à-vis GCF accreditation E&S requirements.

### 4.3 Improving the accreditation process

24. In decision B.31/XX (pending publication), the Board adopted the updates to the accreditation framework as set out in the annex to the decision to replace the initial guiding framework for the accreditation process adopted by the Board pursuant to decision B.07/02, paragraph (a). The Board also decided to implement, on a pilot basis, a project-specific assessment approach (PSAA) 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 the annex to the decision. The updates to the accreditation framework and PSAA will come into effect by 1 April 2023.

25. The updates to the accreditation framework to streamline the existing accreditation process include but are not limited to:

- (a) Outlining the role and responsibilities of AEs, aiming to support NDAs and potential applicants in considering entities that fit the AE role and whether such mode of engagement with GCF is most suitable for the partnership as compared to other roles (e.g. executing entities working through AEs, co-financiers, technical assistance providers, service providers, etc.);
- (b) Greater linkages of the nominations of DAEs to country programming and the role of AEs through a strategy or approach to accreditation and partner AEs that would be best suited to undertake the country's climate change programming priorities (such as in their country programme with GCF);
- (c) Clarifying access modalities, including cases in which applicants are part of a government system and do not possess separate legal personalities from the government or the sovereign, and where there are multiple applicants that are part of the same organization;
- (d) Harmonizing with GCF policies and standards affecting accreditation or re-accreditation adopted since the initial guiding framework for the GCF accreditation process was adopted in May 2014 to ensure coherence and linkages across GCF decisions and policies;
- (e) Updating the financing size categories that affect accreditation, and thus also funding proposals, to be defined on the basis of individual projects and individual programmes, rather than on the basis of individual projects and individual programme activities, in

an effort to better capture the assessment of an entity's capacity to manage total funding for the total project or programme instead of the individual sub-projects or activities under a programme. While the updated definition of size categories applies to accreditation when the updates to the accreditation framework come into force by 1 April 2023, the definition comes into effect for funding proposals for projects and programmes approved by the Board at or after the first Board meeting in 2024;

- (f) Streamlining the accreditation and re-accreditation processes by consolidating under Stage II (Step 1) "Accreditation Panel review" the completeness check regarding institutional systems, policies and procedures related to standards for GCF accreditation (fiduciary, environmental, social and gender) and reviewing entities against the standards for which the entity is seeking accreditation and re-accreditation, rather than splitting the review across Stages I and II (Step 1) which created process inefficiencies from duplication and sometimes contradictory reviews;
- (g) Supporting the AP's capacity by having Stage II (Step 1) assessments conducted by external consultants/firms under the AP's guidance; and
- (h) Incorporating the re-accreditation process adopted in decision B.24/13 and re-accreditation considerations by GCF per the updated Strategic Plan (USP) 2020–2023, as well as obligations for ongoing compliance of AEs with the GCF accreditation standards as per the GCF Monitoring and Accountability Framework (MAF).<sup>17</sup>

26. The Secretariat continues its efforts to streamline the accreditation process by increasing efficiency through improving tools and guidance, increasing transparency, enhancing communications, and implementing digitalization of workflows.

27. In line with the USP and decision B.22/16, paragraph (c), the Secretariat continues to support NDAs in developing accreditation strategies and approaches to identifying DAEs that support the country programme and/or align with the country's climate change priorities. Throughout the accreditation process, the Secretariat also continues to take into consideration the USP with respect to the AE portfolio and potential AEs.

28. The new DAP addresses all stages in the accreditation life cycle. As of 22 March 2022, the DAP – based on an improved accreditation form and new re-accreditation application forms – is fully operationalized to receive new DAP account requests and accreditation and re-accreditation applications by entities, as well as channel reviews from the Secretariat and the AP to applicants. DAP modules that will allow AEs to apply for upgrades to their accreditation scopes and address accreditation conditions will be launched in due course. The DAP will also provide the Secretariat with a comprehensive suite of on-demand reports of AEs, its applicant portfolio and the status of accreditation applications. Trainings for all DAP users (new and existing applicants; reviewers including the Secretariat, consultancy firms supporting the Secretariat and the AP; and AEs on conditions, reporting per the MAF, and re-accreditation) are underway as DAP modules are launched, with the training programme to be finalized by the time all DAP modules becomes fully functional and available to users (estimated by the end of the third quarter of 2022).

## V. Overview of the portfolio of accredited entities

29. The Board has accredited 113 entities through decisions B.09/07, B.10/06, B.12/30, B.14/10, B.14/11, B.15/09, B.17/13, B.18/05, B.21/16, B.22/09, B.23/13, B.24/11, B.BM-2020/05, B.26/01, B.27/05, B.29/05, B.29/06, B.30/05 and B.31/XX (pending publication). Seventy-seven out of 114 AEs have completed the accreditation process by having signed and

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<sup>17</sup> Decision B.11/10.

effective AMAs as at 31 March 2022.<sup>18</sup> Further details on AMAs are contained in the limited distribution document GCF/B.32/Inf.10/Add.01 titled “Status of accreditation master agreements and funded activity agreements”.<sup>19</sup>

30. The AEs demonstrate a variety of accreditation types through the application of the fit-for-purpose approach, and reflect a geographical and institutional balance (see table 1). Information on the various accreditation types is contained in annex II. Details of entities accredited by the Board to date have been published on the GCF website, including the names of the entities, their contact details and their respective accreditation types.<sup>20</sup>

**Table 1: Range of options by number of AEs out of the total 113 Board-approved AEs for countries to partner with by region and type of capacity (cumulative, as at 31 March 2022)<sup>21</sup>**

Region	Fiduciary functions <sup>a</sup>					E&S risk category <sup>a</sup>			Size of an individual project or programme activity <sup>b</sup>	
	Project management <sup>c</sup>	Providing grants, including through grant award and/or funding allocation <sup>d</sup>	Blended finance			C/ I-3	B/ I-2	A/ I-1	Micro and small	Medium and large
			Loans	Equity	Guarantees					
AF	54	32	37	28	31	62	56	25	62	40
AP	62	40	40	27	30	68	59	22	68	41
EE	30	19	21	16	17	34	31	19	34	25
LAC	55	42	34	25	28	59	51	25	59	37
LDCs	56	38	33	24	25	62	54	24	62	35
SIDS	48	35	29	24	23	50	43	23	50	32

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

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

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

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

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

31. As the portfolio of AEs grows, further entity relationship management and support to entities, particularly DAEs, is needed. Such institution-level support and relationship

<sup>18</sup> The number does not include AEs that are seeking re-accreditation to GCF after their accreditation term had lapsed. AEs with lapsed AMAs will be able to resume their fully operationalized engagement with GCF once re-accredited and their amended AMA has been signed and made effective.

<sup>19</sup> To be considered by the Board at B.32.

<sup>20</sup> Available at <<https://www.greenclimate.fund/about/partners/ae>>.

<sup>21</sup> Includes AEs that are seeking re-accreditation to GCF during which the accreditation term has lapsed. AEs with lapsed AMAs will be able to resume their fully operationalized engagement with GCF once re-accredited and their amended AMA accounting for re-accreditation has been signed and made effective.

management work include providing a dedicated focal point to guide AEs in engaging with GCF, developing and operationalizing the entity work programmes (EWPs), and support in further developing institutional capacities, including but not limited to addressing accreditation conditions through the Readiness Programme, reaching legal arrangements (i.e. AMAs), monitoring institution-level requirements under the MAF and supporting the re-accreditation process.

32. The Secretariat continues to follow up with AEs on accreditation conditions recommended by the AP. These AEs have already closed or are making significant progress in closing the gaps identified by the AP in its assessment of their applications. The detailed status of AEs addressing their conditions is contained in the “Status of the fulfilment of accreditation conditions” (document GCF/B.32/04/Add.01), which is reported to the Board for information purposes in accordance with decision B.10/06, paragraph (e).

## 5.1 Entity work programmes

33. The GCF project approval process starts with the preparation of country programmes by NDAs/focal points (Stage 1, Step 1) and EWPs by AEs (Stage 1, Step 2) to originate transformational initiatives aligned with the mandate of GCF. EWPs are intended to foster a proactive, strategic and country-owned approach to pipeline development and programming with GCF. They play an important role as a strategic tool in providing insights on project ideas and programmes being developed by regional DAEs and IAEs, which will eventually contribute towards high-quality, climate-focused funding proposals at entry. NDAs are requested to integrate the work programmes of their national DAEs into their respective country programmes to ensure full alignment and coherence with the programming plans of the country.

34. The Secretariat is continuing to engage with 13 regional direct access AEs, 2 national direct access AEs operating globally and 42 IAEs to update or develop their multiannual EWPs.<sup>22</sup> Out of these, the EWPs of a total of 19 AEs were endorsed by the Climate Investment Committee (CIC) following extensive review processes within the Secretariat. The EWPs endorsed in 2020, the first year of the first replenishment period of GCF (GCF-1), were from one regional DAE and eight IAEs as follows: Agence Française de Développement, Caribbean Development Bank, Conservation International, Deutsche Gesellschaft für Internationale Zusammenarbeit, European Bank for Reconstruction and Development, Luxembourg Development Cooperation Agency, Save the Children Australia, United Nations Environment Programme and World Wildlife Fund, Inc. Throughout 2021, the second year of the GCF-1 period, seven additional EWPs were endorsed, comprising three regional DAE EWPs and four IAE EWPs as follows: Austrian Development Agency, Camco Management Limited, Caribbean Community Climate Change Center, Enabel, Nordic Environment Finance Corporation, Pacific Community, and Secretariat of the Pacific Regional Environment Programme. In the first quarter of 2022, an additional three EWPs were endorsed by CIC, all submitted by regional DAEs: Central American Bank for Economic Integration, Development Bank of South Africa, and Fundación Avina. Some of the AEs with EWPs endorsed in 2020 have revised their EWPs at the midpoint of the GCF-1 period to reflect updates in programming and evolving needs of countries and re-submitted for the Secretariat’s feedback.

35. As of 31 March 2022, the Secretariat has received a total of 35 EWP submissions (including the 19 already endorsed), which consist of 9 from regional DAEs, 1 from a national DAE that operates regionally, and 25 from IAEs. This includes three EWP re-submissions by Conservation International, Acumen, Inc. and International Fund for Agriculture Development received during the reporting period.

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<sup>22</sup> The EWPs of national direct access AEs are contained in country programmes.

36. The EWPs that are yet to be presented to CIC are under various stages of the review process either by the Secretariat or the relevant AEs.

37. The Secretariat is continuing to provide feedback and guidance to AEs on their EWPs through regular calls, email exchanges, and virtual workshops where needed. During the reporting period, the Secretariat did not have an opportunity to organize engagements focused on EWP and programming.

38. The Secretariat continues to engage with national DAEs, both directly and via NDAs, to support their programming development as part of their respective country programming processes.

## 5.2 Support for accredited direct access entities

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

40. Under the GCF MAF, IAEs regularly report to the Secretariat on their efforts to support DAEs accredited to or in the process of seeking accreditation with GCF; it is also envisaged that IAEs submit relevant information on these efforts in their re-accreditation applications.

41. The Secretariat maintains a steady dialogue with all direct access AEs and continues to explore opportunities to provide further technical support to NDAs and direct access AEs for developing high-quality concept notes and funding proposals. Such technical assistance has been provided to over 31 DAEs, with seven funding proposals already approved by the Board.

42. The Secretariat is also engaging with direct access AEs on readiness support that may be needed, addressing accreditation conditions and preparing and submitting Project Preparation Facility (PPF) applications. Regarding PPF, as at 31 March 2022, the Secretariat was working on 75 active PPF applications with letters of no objection from the NDAs/focal points, of which 43 (57 per cent) are from DAEs. Of these 75 applications, 50 have been approved. Among the 50 approved PPFs, 33 (66 per cent) are from DAEs. The total approved amount for PPF applications was USD 32.3 million, of which USD 23.1 million has been disbursed.

43. Further details on assistance to DAEs to help them strengthen their concept notes and associated PPF applications are contained in document GCF/B.32/Inf.01 titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests”.<sup>23</sup>

## 5.3 Accredited entity monitoring and reporting

44. The accreditation process is considered complete upon the date of effectiveness of the AMA. Such date of effectiveness serves as the start date of the accreditation term for all entities accredited to GCF.<sup>24</sup> The relevant institutional-level monitoring and reporting requirements commence upon AMA effectiveness, which marks the start of the accreditation term of an AE with GCF.

### 5.3.1 Monitoring and accountability framework: accredited entity level reporting

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<sup>23</sup> To be considered by the Board at B.32.

<sup>24</sup> Decision B.23/11, paragraph (a).

45. The MAF establishes the main monitoring and evaluation tools related to AEs on two levels:<sup>25</sup>
- (a) AE compliance (section 1.1 of the MAF), addressing institutional requirements in relation to its accreditation and re-accreditation process; and
  - (b) Funded activity monitoring (section 1.2 of the MAF), addressing specific requirements for each GCF-funded activity.
46. AE compliance comprises annual self-assessments, a midterm review and, if needed, ad hoc compliance reviews. AEs that are entering or are in the third year of their accreditation term are requested to complete the midterm review. This midterm review replaces the annual self-assessment for the third year of the accreditation term.
47. In order to operationalize the MAF regarding institutional-level reporting, the Secretariat identified 37 AEs required to provide their annual self-assessment report for calendar year 2021 and 19 AEs required to undertake the midterm review. These AEs were requested to fill in the relevant template available on the DAP and submit the completed reports to the Secretariat via the DAP by 28 February 2022 in line with AMA requirements. The templates have been in use since the operationalization of this reporting requirement.
48. For both the annual self-assessment and the midterm review (based on the GCF fiduciary standards, E&S safeguards and gender policy assessed during accreditation), AEs are requested to self-assess whether any changes have occurred since accreditation or since the latest institutional-level reporting to GCF, describe the nature of any changes or modifications identified and indicate how each change or modification impacts the status of accreditation and obligations of the AE as per the AMA.
49. The midterm review report template contains additional questions under each standard or subject area and covers the track record of the implementation by the AE of the institutional systems, policies, procedures and its capacities as they relate to GCF standards for accreditation.
50. For both the annual self-assessment and midterm review, the AE is requested to enclose evidence related to the changes the AE has reported. In accordance with the MAF and the AE-level monitoring approach contained in the re-accreditation process, the assessment undertaken for the midterm review is more extensive than the AE self-assessment, which is a self-attestation from the AE. For example, as part of the midterm review, the AE is requested to provide information on its track record of deploying its systems in projects/programmes, at least for GCF-funded projects/programmes, which may also be supplemented by non-GCF-funded projects/programmes or in cases where the AE has yet to have GCF-funded projects/programmes.
51. GCF may also review third-party sources of information, including external party reports, published news reports, etc., as a part of its midterm review of AE compliance with GCF standards for accreditation.
52. Further, if the accreditation of the AE was fast-tracked due to it being accredited to the Global Environment Facility, Adaptation Fund and/or Directorate-General Development and Cooperation – EuropeAid of the European Commission during its original accreditation or at the time of the latest institutional-level reporting by the AE to GCF, the AE is required to confirm in its annual self-assessment or midterm review whether it is still accredited to such institution and whether it still complies with the accreditation requirements of those institutions. If the AE is no longer accredited to or compliant with the accreditation requirements of those

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<sup>25</sup> Decision B.11/10.

institutions, the AE should provide this information and indicate how such changes impact the ability of the AE to meet the GCF accreditation standards.

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

54. With regard to annual self-assessments, a total of 28 AEs submitted the reports by the deadline of 28 February 2022. An additional seven AEs submitted the reports after the deadline with two having requested an extension. A further two AEs have yet to submit the reports as at 31 March 2022, with one having requested an extension.

55. With regard to midterm review reports, a total of 14 AEs submitted the reports by the deadline of 28 February 2022. An additional four AEs submitted after the deadline having requested an extension. One AE has yet to submit the report as at 31 March 2022, having requested an extension.

56. The Secretariat is in the process of reviewing the annual self-assessments, with the AP reviewing reports if the AE has indicated impacts to its ability to meet the GCF accreditation standards in the context of their role as an AE. The Secretariat is also conducting the initial check of the midterm review reports for completeness, with the AP conducting the review of all midterm review reports.

57. The Secretariat and AP will report to the Board on the outcomes of the annual self-assessments for calendar year 2021 and midterm reviews at upcoming meetings of the Board.

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

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

59. In line with their AMAs, 36 international access AEs are required to provide annual reports on the support they intended to provide (and the support they provided) to DAEs covering calendar year 2021. These AEs have been requested to fill in the template available on the DAP and submit the completed reports to the Secretariat via the DAP by 28 February 2022, in line with AMA requirements. The template has been in use since the operationalization of this reporting requirement

60. A total of 26 AEs submitted the reports by the deadline of 28 February 2022. A further nine AEs submitted after the deadline with three having requested an extension. As at 31 March 2022, one AE has yet to submit the report, having requested an extension.

61. The Secretariat is in the process of reviewing the reports of IAE support to DAEs.

62. The Secretariat will report to the Board on the outcomes of the reports for calendar year 2021 at upcoming meetings of the Board.

## 5.4 Upgrades in accreditation scope of accredited entities

63. In addition to applications for accreditation, 20 applications from 16 AEs to upgrade their accreditation types, including seven in parallel with re-accreditation, were received between 17 November 2014 and 31 March 2022, of which 12 upgrades were approved by the Board.<sup>26</sup> The remaining eight applications comprise two from direct access AEs<sup>27</sup> and one international access AE that are in Stage I, and three from direct access AEs and two from international access AEs in Stage II. The AEs are seeking to upgrade their accreditation type for increased size categories, additional fiduciary functions (e.g. grant award and/or funding allocation mechanisms) and higher E&S risk categories.

## 5.5 Re-accreditation of accredited entities

64. By decision B.24/13, paragraph (a), the Board adopted the re-accreditation process as set out in annex XXVI to that decision. The accreditation term for an AE is five years.<sup>28</sup> 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.<sup>29</sup> Per paragraph 3 of the re-accreditation process, an AE may submit an application either for re-accreditation in the same categories as its accreditation scope during the initial accreditation (including upgrades in accreditation scope, if any) or for accreditation in higher categories (i.e. combining the re-accreditation application with an upgrade application), no later than six months prior to the end of its accreditation term (i.e. four and a half years into its five-year accreditation term).

65. The Secretariat may issue a one-time extension to the accreditation term for 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 extension period, the AE shall not be able to submit any new funding proposals to GCF for consideration. One such extension has been issued by the Secretariat to the Development Bank of Southern Africa (DBSA) since the Board was unable to reach a decision on re-accrediting DBSA at B.30 and only concluded its consideration at B.31.

66. In order to provide flexibility during the COVID-19 pandemic, the Board decided in decision B.26/01, paragraph (h), pursuant to decision B.24/13, paragraph (a), and on an extraordinary basis, that the Secretariat may issue a one-time extension for a period of six months to the deadline for submission of a re-accreditation application, subject to a justified request from AEs. As at 31 March 2022, the Secretariat has issued such an extension to eight AEs in response to their submitted requests.

67. As at 31 March 2022, 22 AEs submitted their re-accreditation applications to the Secretariat, of which 9 had their second re-accreditation term approved by the Board at B.29, B.30 and B.31. Out of the 13 remaining applications for re-accreditation received by the Secretariat, 6 applications are under the AP's review in Stage II (including those being

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<sup>26</sup> Decision B.15/09, paragraph (f); decision B.18/05, paragraph (d); decision B.21/16, paragraph (d); decision B.22/09, paragraph (d); decision B.23/13, paragraphs (d) and (e); decision B.BM-2020/05, paragraph (d); decision B.26/01, paragraph (e); decision B.29/05, paragraph (r), and decision B.30/06 paragraph (f). Since 31 December 2021, one additional AE has submitted an application for an upgrade in parallel to its re-accreditation application.

<sup>27</sup> Includes one that was originally submitted during its first accreditation term but has been placed on hold by the AE, and subsequently was replaced by the AE with an upgrade application in parallel to its re-accreditation application.

<sup>28</sup> Decision B.11/10, annex I, paragraph 6, "[t]he 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."

<sup>29</sup> Decision B.23/11, paragraph (a).

presented at B.32 for the Board's consideration), and 7 applications are under Stage I. A further seven AEs will need to submit their applications for re-accreditation in 2022 in accordance with the deadline of no later than six months prior to the end of the accreditation term should they seek to continue in the role of an AE. Table 2 provides an overview of the AEs that have or would need to submit their application for re-accreditation to GCF, excluding those that have already been approved by the Board for another term.

68. To manage and implement the re-accreditation process, the Secretariat is actively engaging with and providing guidance to AEs that will need to submit their re-accreditation applications in 2022 and 2023, encouraging AEs that may be in a position to submit their application earlier to do so. In cases where the AE seeks to upgrade their accreditation scope for new criteria in parallel with their re-accreditation application, the AE is recommended to submit the joint re-accreditation and upgrade application even earlier given that it would be the first time GCF conducts its review of the information relevant to the upgrade application. Despite this, and given that an accreditation term commences only upon the date of effectiveness of the AMA, the current time frame of six months is not sufficient for all steps to take place from application submission and payment of accreditation fees, where relevant; to Secretariat and AP reviews and AE responses; to AMA negotiation, agreement (including approvals by the Secretariat, Risk Management Committee of the Board (RMC), and – in cases where there are substantive deviations as compared to the AMA template approved by the Board in decision B.12/31 – the Board), signing, and the AE meeting the conditions precedent in order to make the AMA effective. A number of AEs are experiencing lapses in their accreditation terms, affecting their ability to programme new pipelines of potential projects/programmes with GCF.<sup>30</sup> This includes AEs for which the AMA is pending approval by the RMC, as the RMC has yet to be constituted since 1 January 2022.

69. The Secretariat is also identifying ways to avoid or reduce the amount of time between an AE's accreditation terms given that the next accreditation term starts upon the date of effectiveness of the amendment to the original AMA following a Board decision to re-accredit the AE.

70. During the re-accreditation process the Secretariat reviews the overall performance of the AE in the AE role, in particular its engagement through all stages of the project cycle from development – including on programming from national DAEs contained in country programmes with GCF and EWPs from regional DAEs and IAEs, concept note and funding proposal submission – to implementation.

71. The Secretariat also contributes to the review of the extent to which the AE's portfolio of activities beyond those funded by GCF has evolved towards low-emission and climate-resilient development pathways during the AE's accreditation term. AEs, the Secretariat and the AP use the GCF methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of AEs (document GCF/B.28/11/Add.02) to address this factor considered during re-accreditation.

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<sup>30</sup> Per decision B.17/09, para. (d)(i), the funding proposals from AEs that have signed the AMA may be submitted to the Board for its consideration. Once approved, the AE must have a signed and effective AMA in order to enter into the Funded Activity Agreement for the approved project/programme.

**Table 2: Overview of AEs that have or will need to submit their re-accreditation application to GCF in 2021 and 2022, excluding those already re-accredited by the Board (as at 31 March 2022)**

No.	Entity name	Entity acronym	Access modality	Country of HQ	Start date of accreditation term 1 (AMA effectiveness)	End date of accreditation term 1	Status of re-accreditation application submission
1	XacBank LLC	XacBank	DAE - National	Mongolia	17 February 2017	16 February 2022	Applied under the extended guideline
2	United Nations Environment Programme	UNEP	IAE	Kenya	20 February 2017	19 February 2022	Applied, with upgrade application, under the extended guideline
3	Foreign Environmental Cooperation Center of the Ministry of Ecology and Environment of China (formerly Foreign Economic Cooperation Office of the Ministry of Environmental Protection of China)	FECO	DAE - National	China	20 April 2017	19 April 2022	Applied
4	Korea Development Bank	KDB	DAE - National	Republic of Korea	8 May 2017	7 May 2022	Applied, submitted for Board consideration at B.32
5	European Bank for Reconstruction and Development	EBRD	IAE	United Kingdom	11 May 2017	10 May 2022	Applied under the extended guideline
6	PT Sarana Multi Infrastruktur	PT SMI	DAE - National	Indonesia	14 July 2017	13 July 2022	Applied, with upgrade application
7	Ministry of Environment (formerly Ministry of Natural Resources of Rwanda)	MOE_Rwanda	DAE - National	Rwanda	1 August 2017	31 July 2022	Applied, with upgrade application
8	Conservation International Foundation	CI	IAE	United States	17 August 2017	16 August 2022	Applied, submitted for Board consideration at B.32
9	Asian Development Bank	ADB	IAE	Philippines	6 September 2017	5 September 2022	Applied

No.	Entity name	Entity acronym	Access modality	Country of HQ	Start date of accreditation term 1 (AMA effectiveness)	End date of accreditation term 1	Status of re-accreditation application submission
10	Banque Ouest Africaine de Développement (West African Development Bank)	BOAD	DAE – Regional	Togo	31 August 2017	30 August 2022	Applied, with upgrade application
11	National Bank for Agriculture and Rural Development	NABARD	DAE – National	India	31 August 2017	30 August 2022	Applied
12	Kreditanstalt für Wiederaufbau	KfW	IAE	Germany	6 November 2017	5 November 2022	Pending application submission
13	Central American Bank for Economic Integration	CABEI	DAE - Regional	Belize	16 November 2017	15 November 2022	Applied
14	World Wildlife Fund, Inc.	WWF	IAE	United States	13 December 2017	12 December 2022	Applied
15	Agence Française de Développement	AFD	IAE	France	16 January 2018	15 January 2023	Pending application submission
16	Caribbean Community Climate Change Center	CCCCC	DAE - Regional	Belize	23 January 2018	22 January 2023	Pending application submission
17	Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia	MoFEC	DAE - National	Ethiopia	21 February 2018	20 February 2023	Applied, with upgrade application a
18	Corporación Andina de Fomento	CAF	DAE - Regional	Venezuela	19 March 2018	18 March 2023	Pending application submission
19	Fundación Avina	Fundación Avina	DAE - Regional	Panama	19 March 2018	18 March 2023	Pending application submission
20	Inter-American Development Bank	IDB	IAE	United States	30 March 2018	29 March 2023	Pending application submission

*Abbreviations:* AMA = accreditation master agreement, DAE = direct access entity, HQ = headquarters, IAE = international access entity

<sup>a</sup> Since 31 March 2022, this AE has submitted its application for re-accreditation to GCF.

## VI. Accreditation and re-accreditation applications in Stage II (Step 1) review

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

73. The AP recommends two AEs (applicants RAPL044 and RAPL016) for re-accreditation by the Board at B.32 (see annexes III and IV).

74. The USP includes as a key priority for GCF the need for improving access to fund resources. GCF will “continue to build its AE network by focusing on the value-addition of AEs to delivering developing countries’ programming priorities and advancing GCF strategic objectives, including keeping a strategic focus on strengthening the role of DAEs in programming”. The USP identifies as a key action for this period the adoption of a more strategic approach to accreditation, which includes, among other things, increasing the share of DAEs in the AE portfolio above the initial resource mobilization level of 59 per cent and striving for sufficient coverage in terms of geography, access modalities, accreditation scope (i.e. size, financing modalities, and E&S risk categories) and themes/sectors/results areas. The information below comprises the Secretariat’s assessment of how the entities recommended by the AP for re-accreditation at B.32 could address the USP for 2020–2023:

- (a) One of the two re-accreditation applicants is a national DAE (with a mandate to operate globally) (Korea Development Bank (KDB)). If the accredited national DAE is re-accredited, the DAE portfolio would remain at 63 per cent, above the 59 per cent during the initial resource mobilization period;
- (b) Both re-accreditation applicants operate in the Africa, Asia-Pacific and Latin America and the Caribbean regions, including in small island developing States and the least developed countries;
- (c) One of the re-accreditation applicants (KDB) has the potential to engage with the private sector;
- (d) One of the re-accreditation applicants (the Conservation International Foundation (CI)), is an international environment-focused organization with a strong focus on adaptation, while the other (KDB) is able to deploy innovative financial instruments such as equity and guarantees. Both entities have the potential to bring transformative projects/programmes aligned with country programming to GCF for consideration;
- (e) The national DAE with the mandate to operate globally (KDB) has the potential to contribute to GCF programming results and national priorities in the countries it operates in, as its potential projects/programmes have been found to be aligned with country objectives and reflected in the respective country programmes. As an IAE, CI has submitted an EWP seeking to respond to country programming priorities and GCF objectives in the countries of potential operations; and
- (f) For both re-accreditation applicants, their overall portfolios of activities beyond those funded by GCF have demonstrated a positive trend towards low-emission and climate-resilient development pathways in the context of sustainable development.

75. Both of the re-accreditation applicants were found by the AP to fully meet the requirements of GCF with regard to relevant accreditation standards and policies, and are recommended by the AP to be re-accredited without conditions. For one of the applicants, KDB, the AP recommends the removal of the conditions it recommended and were approved by the Board during the AE’s initial accreditation, as the AP found the entity to have closed the relevant gaps identified at the time of the AP’s assessment for the AE’s first accreditation term.

76. Where relevant, the AP provides remarks to the applicants for their consideration to improve institutional systems.
77. The re-accreditation assessments of the applicants are presented in annexes III and IV for consideration by the Board.
78. A summary of recommendations by the AP for entities to be considered by the Board for re-accreditation is presented in table 3.

**Table 3: Summary of recommended accreditation types and conditions**

Applicant number	Access modality	Accreditation type being recommended under the fit-for-purpose approach			Accreditation conditions (in each case in a form and substance satisfactory to GCF)
		Size <sup>a</sup>	Fiduciary functions <sup>b</sup>	Environmental and social risk category <sup>c</sup>	
<b>Re-accreditation (including upgrade applications where relevant)</b>					
RAPL044 Korea Development Bank (KDB)	Direct access (Republic of Korea)	Medium (no change to accreditation type)	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees) (no change to accreditation type)	Medium (category B/intermediation 2 (I-2) including lower risk category C/intermediation 3 (I-3)) (no change to accreditation type)	None
RAPL016 Conservation International Foundation (CI)	International access	Medium (no change to accreditation type)	Basic fiduciary standards; Specialized fiduciary standard for project management; and Specialized fiduciary standard for grant award and/or funding allocation mechanisms (no change to accreditation type)	Medium (category B/intermediation 2 (I-2) including lower risk category C/intermediation 3 (I-3)) (no change to accreditation type)	None

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

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

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

## Annex I: Draft decision of the Board

The Board, having considered document GCF/B.32/04 titled “Consideration of accreditation proposals”:

- (a) Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants for re-accreditation:
- (i) Applicant R044 (RAPL044) is the Korea Development Bank (KDB), based in the Republic of Korea, as contained in annex III to this document; and
  - (ii) Applicant R002 (RAPL016) is the Conservation International Foundation (CI), based in the United States of America, as contained in annex IV to this document;
- 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;
- (b) Approves the re-accreditation of applicant R044 (RAPL044), the Korea Development Bank (KDB), based in the Republic of Korea, as contained in annex III to this document; and
- (c) Also approves the re-accreditation of applicant R016 (RAPL016), the Conservation International Foundation (CI), based in the United States of America, as contained in annex IV to this document.

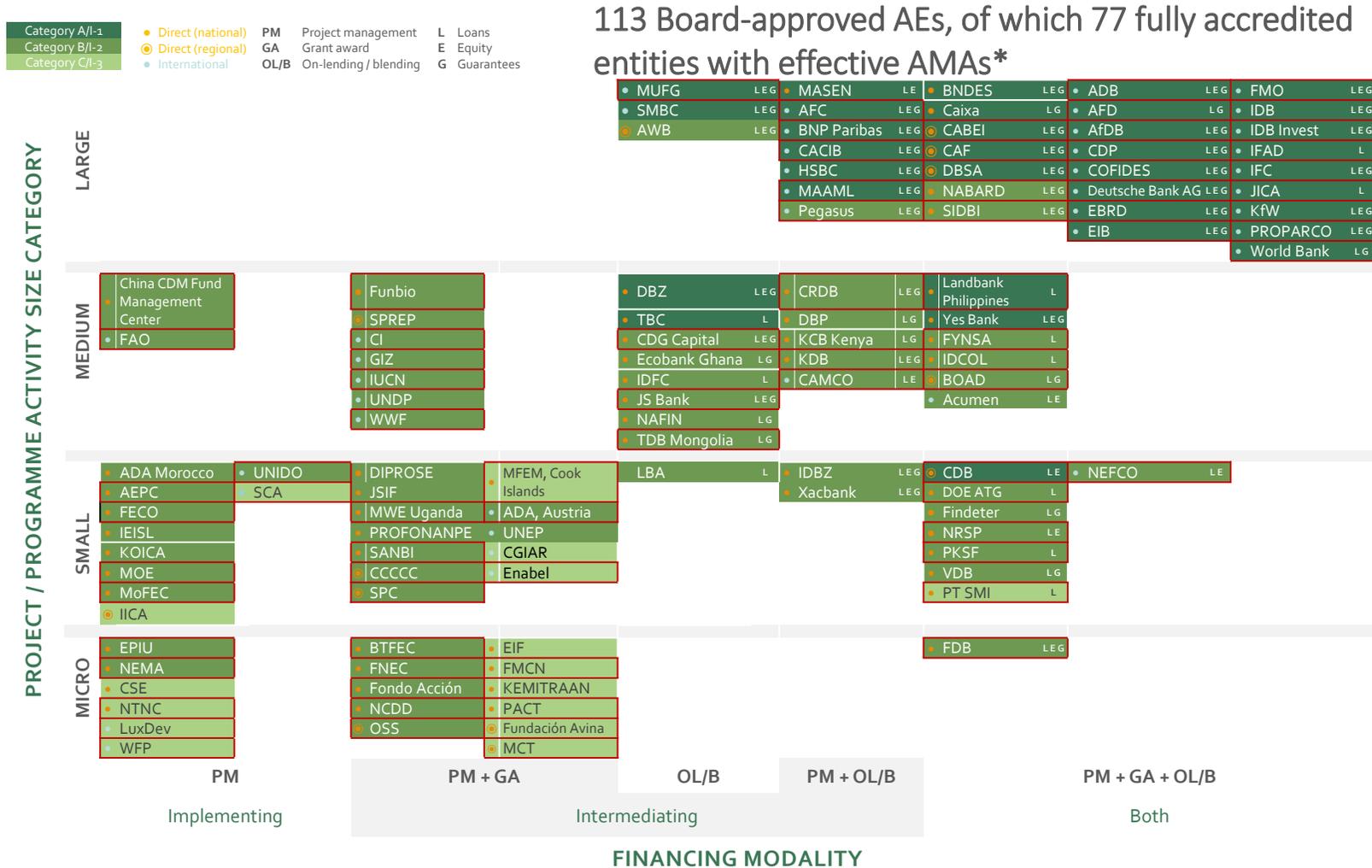
## Annex II: Accredited entities and accreditation categories

1. A mapping of the 113 accredited entities and their accreditation scope (i.e. financing modalities, size category and environmental and social risk category) as at 31 March 2022 is shown in figure 1 below.<sup>1</sup> Some accredited entities have conditions, remarks or recommendations attached to their accreditation; refer to decisions B.09/07, B.10/06, B.12/30, B.14/10, B.14/11, B.15/09, B.17/13, B.18/05, B.21/16, B.22/09, B.23/13, B.24/11, B.25/12, B.BM-2020/05, B.26/01, B.27/05, B.29/05, B.29/06, B.30/05 and B.31/XX (pending publication) and their relevant annexes for further details.

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<sup>1</sup> The World Meteorological Organization (WMO) was accredited by the Board in decision B.12/30, and entered into the AMA with GCF on 1 June 2016, which was made effective on 23 August 2016. WMO requested an extension of the deadline for it to submit its re-accreditation application in line with decision B.26/01, paragraph (h), which was provided by GCF to WMO, thereby extending the deadline for application submission from 22 February 2021 to 22 August 2021. WMO did not apply for re-accreditation to GCF by the extended deadline.

**Figure 1: Range of capabilities reflected in accreditation scopes in the network of 113 AEs accredited (as at 31 March 2022)**



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

## Annex III: Re-accreditation assessment of Korea Development Bank (KDB) for the second accreditation term

### I. Introduction

1. The Korea Development Bank (KDB) is a national entity headquartered in the Republic of Korea (Korea). KDB has a mandate to contribute to the development and promotion of industries, expansion of social infrastructure development, stabilization of financial markets and facilitation of sustainable growth. One of the pillars of the long-term strategy that KDB has identified is to align finance with the Paris Agreement for low-carbon and climate resilient pathways. Leveraging its strong partnership with world-leading financiers and a country presence in both developed and emerging countries (reflecting its mandate to operate globally), KDB strives to align its business operations with developing countries' priorities for financing low-emission and climate resilient development. KDB has a track record in promoting sustainable economic development through project finance, green, social and sustainable bonds. KDB's activities include construction of solar power generation facilities and railroads, renewable energy production facilities, clean transportation, and renewable energy projects.

2. KDB was accredited by the Board on 15 December 2016 in decision B.15/09, paragraph (d), 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 national designated authority (NDA) or focal point nomination from the Republic of Korea remains in effect for the re-accreditation application;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management;
  - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees);
- (e) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2));<sup>3</sup> and
- (f) **Indicative results areas for intended projects/programmes with GCF:**
  - (i) Energy generation and access;
  - (ii) Transport;

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

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

<sup>3</sup> As per annex I to decision B.07/02, 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."

- (iii) Buildings, cities, industries and appliances;
- (iv) Infrastructure and built environment;
- (v) Ecosystems and ecosystem services; and
- (vi) Public, private and cross-cutting types of projects/programmes.

3. KDB signed its accreditation master agreement (AMA) with GCF on 6 April 2017, which became effective on 8 May 2017. With the AMA coming into effect, the AE's first accreditation term is from 8 May 2017 to 7 May 2022. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 15 October 2021. Accreditation fees were not applicable since the AE is seeking re-accreditation for the same accreditation scope that it was previously accredited for; thus, the stage I institutional assessment and completeness check commenced upon submission of the re-accreditation application. Stage I was completed on 7 February 2022 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.

4. The AE has applied for the same accreditation scope that it was previously accredited for, while updating the indicative result areas for projects/programmes it intends to submit to GCF, to the following:

(a) **Indicative results areas for intended projects/programmes with GCF:**

- (i) Energy generation and access;
- (ii) Transport;
- (iii) Buildings, cities, industries and appliances;
- (iv) Forests and land use;
- (v) Health and well-being, and food and water security;
- (vi) Infrastructure and built environment;
- (vii) Ecosystems and ecosystem services; and
- (viii) Public, private and cross-cutting types of projects/programmes.

## II. Stage I institutional assessment and completeness check

5. The AE applied for accreditation and was assessed by the Secretariat during stage I under the normal track re-accreditation process in accordance with 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 and B.26/01);
- (c) "Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards" (decision B.07/02);
- (d) "Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach" (decision B.08/02);
- (e) "Policy on Prohibited Practices" (decision B.22/19);
- (f) "Anti-Money Laundering and Countering the Financing of Terrorism Policy" (AML/CFT Policy) (decision B.18/10);
- (g) "Policy on the Protection of Whistleblowers and Witnesses" (decision B.BM-2018/21);

- (h) “Revised Environmental and Social Policy” (decision B.BM-2021/18);
- (i) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

## 2.1 Legal status, registration, permits and licences

6. 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.

7. As indicated in paragraph 3 above, the AE and GCF entered into the AMA for the AE’s first accreditation term from 8 May 2017 (date of AMA effectiveness) to 7 May 2022. With the deadline for the AE to submit its re-accreditation application and a change in Board meeting dates, the accreditation term will expire after this assessment and recommendation is presented to the Board for consideration, and the consideration by the Board during its thirty-second meeting. 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.

8. 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 22 below, as well as to reflect the GCF policies and standards adopted by the Board that have become effective since the agreement between GCF and the AE of the AMA for its first accreditation term.

9. 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 the AE of the AMA for the first accreditation term and that it will provide 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**

10. KDB does not currently have a portfolio of approved projects with GCF.

### 2.2.2. **Officially submitted entity work programme, concept notes, funding proposals and Project Preparation Facility requests**

11. **Entity work programme:** KDB, being accredited via the direct access entity modality, plays a unique role as a national development institution with a mandate from the national government to operate internationally. KDB’s business model does not foresee implementation of GCF projects/programmes within its country of nomination and therefore is not reflected in the country’s national programming process with GCF. KDB programming with GCF targets countries in the regions that are recipients of development support from the Republic of Korea and therefore strives to align with relevant national and regional priorities. KDB submitted a

draft entity work programme on 30 July 2021 with one indicative project in the pipeline for GCF-1; this project, the “Cambodian Climate Financing Facility” (formerly “Green Financing Institution in Cambodia”). aims to provide the required green financing to catalyse development of a green economy in Cambodia. The draft entity work plan is yet to be finalized and hence has not yet been presented to the Secretariat’s Climate Investment Committee.

12. **Concept notes/funding proposals:** KDB has three concept notes in the pipeline, with a total amount of USD 308 million in GCF funding. The first concept note is for a programme “Supporting Innovative Mechanisms for Industrial Energy Efficiency Financing in Indonesia with Lessons for Replication in other ASEAN Member States” (USD 135 million in GCF funding) which may be presented for Board consideration at B.34, subject to the AE’s re-accreditation and signature of an amended and restated AMA for a second accreditation term beforehand. This programme aims to support increasing access to finance and the uptake of energy efficiency in the energy-intensive industrial sector across the ASEAN Member States; initiating pilot climate actions in Indonesia and subsequently its neighbours throughout South-East Asia; and is aligned with the country national climate priorities.

13. The second concept note is on the “Collaborative R&DB [Research and Development Business] Programme for Promoting the Innovation of Climate Technopreneurship” programme (USD 113 million in GCF funding) which may be presented for Board consideration at B.34, subject to the AE’s re-accreditation and signature of an amended and restated AMA for a second accreditation term beforehand. This programme aims to promote innovative technology solutions and empower local ecosystems for climate technopreneurship through a R&DB platform and USD 200 million investment fund. The Project Preparation Facility (PPF) support approval for this concept note was announced at COP26 to demonstrate the joint efforts of GCF and KDB in climate innovation and technology. The PPF support was provided to prepare the feasibility studies as well as the environmental, social and gender studies and management and action plans. The preparatory studies have been conducted on two tracks at both national and regional level under KDB supervision.

14. The third concept note, received on 13 January 2022, is for the “Cambodian Climate Financing Facility” programme (USD 60 million in GCF funding), a dedicated national climate finance vehicle to contribute to Cambodia’s low-emission and climate resilient pathways. It is specifically designed to leverage much needed public and private sector funding to accelerate Cambodia’s NDC implementation and post COVID-19 pandemic green economic recovery. Although not directly featured in the Cambodia country programme with GCF that was prepared in 2020, the concept note is in line with national climate priorities identified by the above country programme.

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

15. Specifically with regard to integrity risk related to the GCF AML/CFT Policy and Policy on Prohibited Practices, the Secretariat is not aware of any relevant risk flags during the current accreditation term. Furthermore, the Secretariat also consulted with the Independent Integrity Unit regarding knowledge of any integrity risks.

### 2.3 Accredited entity-level reporting on continuing to meet GCF accreditation standards

16. In line with the AMA clause 15.02(c)(i) and 5.03(b)(iv), KDB has submitted the required AE-level reports throughout its 5-year accreditation term within the deadlines stipulated in the AMA. These include annual self-assessments for calendar years 2017 and 2018 followed by a midterm accreditation review that included the self-assessment for calendar year 2019, and

another self-assessment for calendar year 2020. KDB's re-accreditation application includes the self-assessment for calendar year 2021.

17. In the annual self-assessments, KDB did not report any changes in the areas related to fiduciary standards and gender requirements against which KDB was assessed for its original accreditation except for a change in its organizational structure in 2020 that was reported as having led to positive outcomes in its capabilities to identify and manage environmental and social (ES) risks.

18. As detailed in document GCF/B.27/03/Add.02, the AP and Secretariat reviewed the midterm review report covering calendar year 2019 and found that the AE continued to meet the relevant GCF accreditation standards and obligations as an AE per its AMA with GCF in the context of its accreditation scope.

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

19. As per the Updated Strategic Plan (USP) for the GCF: 2020–2023,<sup>4</sup> the re-accreditation process,<sup>5</sup> and the monitoring and accountability framework,<sup>6</sup> the Secretariat and the AP are requested to provide an assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

20. KDB has announced strong commitments to financing and investing in green transformation towards a low-carbon economy and industrial structure adjustment. In particular, aligning finance with the Paris Agreement is identified by KDB as a critical pillar of its long-term strategy to restore the growth momentum as being faced with uncertainties in the post COVID-19 pandemic era. KDB strategically concentrates its resources bank-wide for climate alignment, environmental, social and governance (ESG) integration, and just transition. KDB plans to increase its share of finance dedicated to green and climate investments, including investments in associated green areas and environmental service areas, up to over 30 per cent by 2025 and beyond.

21. All KDB projects under scope of the Equator Principles (EPs) have climate change vulnerability assessment. Since joining the Task Force on Climate-Related Financial Disclosure (TCFD), KDB has streamlined the internal system to disclose the share of projects with climate change relevance. According to internal KDB requirements, all projects with expected greenhouse gas (GHG) emission levels exceeding 100,000 tonnes of CO<sub>2</sub> equivalent annually, undergo a climate change risk assessment which includes consideration of relevant climate transition risks as defined by the TCFD, and an analysis evaluating alternatives that are less GHG intensive.

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

- (a) Guiding question 1. Has the entity established policies or commitments in the short, medium, or long term regarding investment in climate projects?
  - (i) The AE's short and medium-to-long term policies and commitments regarding carbon-intensive exposure are as follows:

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<sup>4</sup> Decision B.27/06 and annex VI thereto.

<sup>5</sup> Decision B.24/13 and annex XXVI thereto.

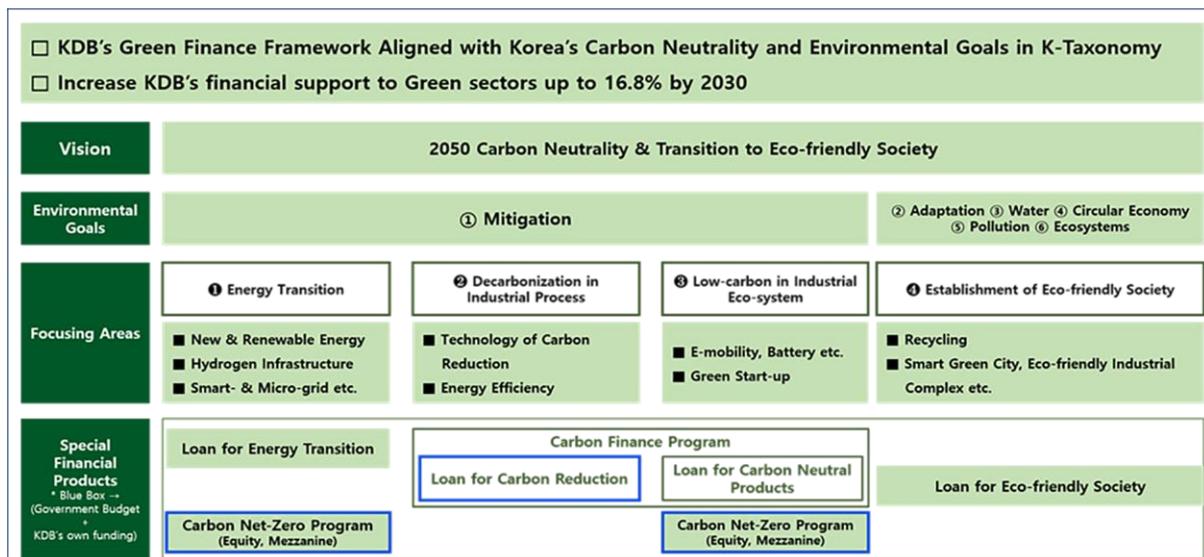
<sup>6</sup> Decision B.11/10 and annex I thereto.

- (ii) **(Coal Sector)** Along with Carbon Neutrality 2050, the Korean government published the very recent 9th National Basic Plan for Electricity Supply that excludes construction of new coal power plants with strategies to lower the share of coal in electricity mix to achieve the goals of carbon neutrality by 2050. The Korean government also announced its immediate action to stop state-backed overseas coal finance through public financial institutions. As a leading policy financial institution of Korea, KDB has been supporting such governmental endeavours by strictly implementing 'Guidelines for Lending and Investments in the Coal Sector' which includes prohibition of financing new overseas coal projects – both construction and equipment support.
- (iii) **(Other Carbon-Intensive Sectors)** KDB has managed five (5) carbon-intensive industrial sectors (power, steel, chemicals, oil-refining, and cement) in terms of exposure management and the bank's climate risk (scope 3) management, which have contributed to the government's objectives of 2050 Carbon Neutrality. In addition, as for a just transition of such hard-to-decarbonize-sectors, KDB has newly introduced special financial products that target technologies – e.g., hydrogen reduction process (HyREX), bio-based chemicals processing, floating offshore windfarm, CCUS – at stages before commercialization for the sake of the industries' carbon neutrality.
- (iv) KDB Climate Investment:
- (v) **(Short-term target)** The AE continues to increase its climate portfolio with the aim to increase it in 2022 by more than 15 per cent over 2021.
- (vi) **(Medium to long-term target)** The AE is aggressively ramping up its climate actions in line with the Korean government policy of "Net Zero by 2050"<sup>7</sup> and the AE aims to devote around 17 per cent out of total funds (approximately 13 trillion South Korean won (KRW), circa. 10,5 billion USD) into a green climate portfolio by 2030 to be able to contribute to the country's goal of reaching net zero emissions by 2050.
- (vii) The AE has been expanding support for climate projects by providing low interest, long-term funds through specialized financial products for climate projects, such as the "Carbon Finance Programme" and "Net Zero Programme" which can be viewed in the AE's Climate Finance Framework (Summary) as shown below in Figure 1.

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<sup>7</sup> See <https://cleanenergynews.ihsmarkit.com/research-analysis/south-korea-passes-bill-to-mandate-carbon-neutrality-by-2050.html> and <https://www.spglobal.com/platts/en/market-insights/latest-news/energy-transition/101921-south-korea-finalizes-2050-carbon-neutrality-roadmaps>.

**Figure 1. KDB Climate Finance Framework (Summary)**



- (b) Guiding question 2. Does the entity receive resources from third parties for the financing of climate projects?
- KDB recently received KRW 130 billion (circa.105 milion USD) in equity to support promising domestic small and medium enterprises (SMEs) for projects in low-carbon industry, from the Climate Response Fund established by the Republic of Korea. These funds would be dedicated to support the country's low carbon industry transition and high-risk renewable energy projects such as hydrogen power, offshore wind power, among others. This can be found in the press release.<sup>8</sup>
  - The AE has supported climate projects through the issuance of a Green and Sustainability Bond. Of KDB's mid- to long-term funds raised in 2021, 27.1 per cent was raised through the Green and Sustainability Bond framework, and KDB (Standard & Poor's rating AA is a renowned global bond issuer with established benchmarks (Figures 2 and 3).

**Figure 2. KDB's Commitment to Sustainability**

<b>1. KDB' Commitments</b>			
<ul style="list-style-type: none"> <li>• Support Sustainable and quality economic growth</li> <li>• Enhance sustainability of public and private sector operations</li> <li>• Engage in innovative investment and support adaptation measures</li> </ul>			
<b>2. Regular Green, Social, and Sustainability Bond Issuances by KDB</b>			
Bonds	Issue Year	Issue Size	Use of Proceeds
Green Bond	2021	KRW 300bn	Project for construction of Solar power generation facilities; and rail-roads

<sup>8</sup> Available at [https://www.moef.go.kr/nw/nes/detailNesDtaView.do?searchBbsId1=MOSFBBS\\_000000000028&searchNttId1=MOSF\\_000000000058326&menuNo=4010100](https://www.moef.go.kr/nw/nes/detailNesDtaView.do?searchBbsId1=MOSFBBS_000000000028&searchNttId1=MOSF_000000000058326&menuNo=4010100) (in Korean).

<b>Green Bond</b>	<b>2021</b>	<b>USD 300mn</b>	Projects related to the manufacture of rechargeable batteries, renewable energy production facilities
<b>Green Bond</b>	<b>2021</b>	<b>USD 700mn</b>	Renewable energy Projects(solar power, wind power) and Clean transportation projects(rechargeable batteries)
<b>Social Bond</b>	<b>2020</b>	<b>USD 500mn</b>	COVID-19 Pandemic Support (SMEs & SOHOs)
<b>Green Bond</b>	<b>2020</b>	<b>KRW 200bn</b>	Projects for construction of solar power generation facilities; and rail-roads
<b>Social Bond</b>	<b>2020</b>	<b>KRW 1000bn</b>	COVID-19 Pandemic Support (SMEs & SOHOs)
<b>Social Bond</b>	<b>2019</b>	<b>KRW 400bn</b>	Job creation
<b>Green Bond</b>	<b>2019</b>	<b>EUR 500mn</b>	Renewable energy Projects such as solar power, wind power
<b>Sustainability Bond</b>	<b>2019</b>	<b>KRW 400bn</b>	Job creation; adaptation measure
<b>Social Bond</b>	<b>2018</b>	<b>KRW 400bn</b>	Job creation
<b>Green Bond</b>	<b>2018</b>	<b>KRW 400bn</b>	Project for construction of solar power generation facilities; and rail-roads
<b>Green Bond</b>	<b>2017</b>	<b>EUR 300mn</b>	Renewable energy projects such as solar power; wind power

### 3. International Participation for Sustainability

<b>2007</b>	United Nations Global Compact	(iii) Signed in 2007, KDB has been publishing annual report encompassing KDB's achievement in sustainability and social responsibility activities	(iv) 2007
<b>2014</b>	IDFC(International Development Finance Club)	Through the legacy KoFC, KDB is a founding member of International Development Finance Club("IDFC")	2014

		established in 2014	
2016. 12.	GCF	Since December 2016, KDB has been an accredited entity elected by the Green Climate Fund(GCF) to carry out the GCF-funded projects.	2016. 12.

**Figure 3. KDB Sustainable Bond Framework**

<p><b>KDB Sustainable Bond Framework</b></p> <ul style="list-style-type: none"> <li>• In 2017, KDB established the KDB Green Bond Framework setting out procedures for green financing such as Use of Proceeds, Process for Project Evaluation &amp; Section, Management of Proceeds and Reporting of Use of Proceeds.</li> <li>• In 2019 KDB replaced the 2017 Framework with KDB Sustainable Bond Framework to encompass financing areas for both green projects and social projects. This 2019 Framework is aligned with 1) Green Bond Principles 2) Social Bond Principles and 3) Sustainability Bond Guidelines introduced by international Capital Market Association (ICMA)</li> <li>• A Second-party Opinion by Sustainalytics on the 2019 Sustainable Bond Framework was obtained in 2019 and is available on KDB’s official internet website.</li> </ul>	
  	
<b>Green Eligible Categories</b>	
<b>Renewable Energy</b>	-Development, Construction of or production transmission of energy from renewable resources
<b>Clean Transportation</b>	-Low-carbon transportation including electric or hydrogen-powered cars, etc. -Marine Vessels which use clean fuels
<b>Energy Efficiency</b>	-Energy storage systems, smart grids, appliances and products in new and refurbished buildings
<b>Pollution Prevention And Control</b>	-Facilities and technologies for preserving or restoring natural landscape, preventing soil contamination or air pollution
<b>Sustainable Water Management and wastewater management</b>	-Development and/or purchase of sustainable infrastructure for wastewater treatment, technology for recovering hydro-ecological environments -Development and/or construction of facilities for preventing water pollution

<b>Employment Generation</b>	Loans to SMEs with ≤ 300 employees failing water : -Outperforming job-creating companies certified by the central or local governments -Environment-expanding companies receiving tax benefits
<b>Social Enterprise</b>	-Social enterprises defined in the article 2.1 or “social Enterprise Promotion Act” -Preliminary social enterprises <sup>5</sup> certified by the head of local government or head of an administration department of central government

(c) Guiding question 3. Does the AE calculate and reduce its greenhouse gas emissions at the corporate level?

- (i) KDB is designated as an institution subject to “GHG & Energy Management System for Public Institutions” and its GHG emissions corresponding to scope 1 and scope 2 are calculated and disclosed on the National Gas Management System site and presented in table 1 below for the period 2018–2020.

**Table 1. KDB GHG emissions (scope 1 and 2, tCO<sub>2</sub>eq)**

Year	Category	Scope1	Scope2	Sub-total	Gross total	Increase or decrease (%)
2018	Building	517.503	9,880.36	10,397.86	10,629.68	-
	Transportation	231.82	-	231.82		
2019	Building	467.292	8,591.21	9,058.50	9,300.49	▼12.49
	Transportation	241.985	-	241.99		
2020	Building	338.905	7,745.14	8,084.05	8,334.70	▼ 10.39
	Transportation	250,659	-	250.66		

- (ii) At the corporate level, KDB takes various and specific measures to reduce its GHG emissions, such as providing more electric charging stations to encourage purchase of electric cars, and building energy efficiency, and use of renewable energy for daily banking operations, among other facilities. KDB is determined to participate in the Korean Renewable 100 Percent (K-RE100) initiative and has established its own Electric Vehicles 100 Percent (EV100) roadmap and plans to achieve EV100 by 2024 and RE100 by 2040. Recently, KDB has initiated an external independent advisory process for improvement of its GHG emission management system; with the consultation ongoing, the final report is yet to be released.

(d) Guiding question 4. Does the AE evaluate the climate risks of its portfolio?

- (i) The AE’s E&S framework demands climate change risk assessment for all category A and B projects, in accordance with the EPs. For all projects with expected GHG emission levels exceeding 100,000 tons of CO<sub>2</sub>eq annually, KDB requires a climate change risk assessment which includes consideration of relevant climate transition risks, and an analysis to evaluate alternatives that are less GHG intensive. The AE submitted evidence of its track record on climate

change risk assessment in an environmental impact assessment (EIA) for its project to construct and operate a hydropower dam for renewable energy.

- (ii) The AE is also promoting the financial disclosure that indicates climate risk and factors in stages according to the recommendations of Task Force on Climate-related Financial Disclosures (TCFD), and an advanced climate risk assessment system is being established accordingly. The long-term plan and drafts for TCFD reporting are currently being conducted by external advisors (the final report is not published yet but will be made available to GCF and the public on completion).
- (e) Guiding question 5. What are the main sectors of activity of the AE?
- (i) The AE is highly committed to supporting the green and climate sectors in line with the Korean national strategy of “Transition to a Sustainable Economy” prepared by the Korean Government such as by expanding investment in climate projects or businesses; issuing green bonds; and playing a role as a market creator for certified emission reduction. As a result, the climate portfolio of KDB was worth above KRW 12 trillion as of the end of 2021, which accounts for 14.7 per cent of total funds, an increase of KRW 3.5 trillion compared to 2020. In the case of carbon-intensive sectors such as coal, there are few new exposures other than the disbursement under financial agreements already signed, since the AE’s aforementioned internal guideline including suspension of support for new coal-fired plant projects has been established and implemented only recently.
  - (ii) The AE has classified its assets of KRW 251.8 trillion (as of 2020, approximately USD 250 billion) into 37 sectors, contextually customized on the basis of the Korean Standards Industry Classification which was developed from the International Standard Industrial Classification adopted by the United Nations.
  - (iii) According to this classification, the top 10 sectors of KDB’s portfolio include construction, water transportation, automotive, shipbuilding, equipment, food and beverage, and machinery, all of which are sectors where KDB intends to develop GCF climate response projects.
- (f) Guiding question 6. Is the AE investing in mitigation projects/operations?
- Carbon intensive investment:**
- (i) (Power generation projects) The AE, as a development financial institution supporting growth of the Korean national economy, has also contributed greatly to expansion of the national electricity supply. The credit balance for fossil fuelled (coal, gas) power generation accounted for more than 60 per cent of total power generation credit balance in 2017, but as a result of the AE’s efforts for climate finance after GCF accreditation, it decreased to 24 per cent by the end of 2021 and renewable energy accounted for 76 per cent (see figure 4 and table 2 below)

Figure 4. KDB portfolio in power generation project

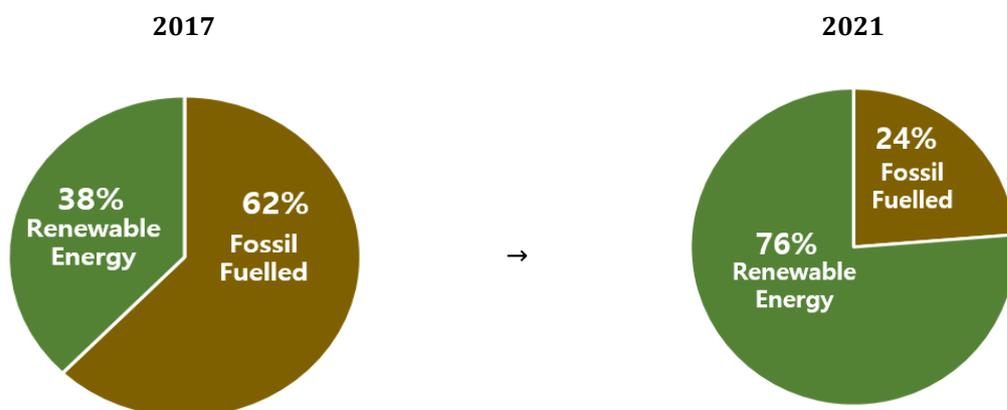
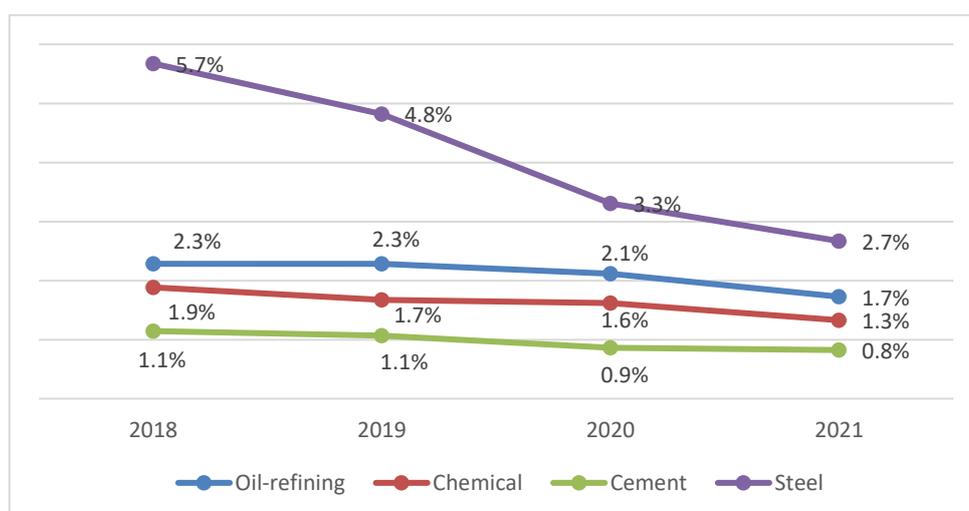


Table 2. KDB credit balance in power generation projects

	Fossil Fuel (Coal+Liquified Natural Gas)	Renewable Energy
Dec. 2017	62.2%	37.8%
Dec. 2018	51.3%	48.7%
Dec. 2019	34.3%	65.7%
Dec. 2020	24.8%	75.2%
Dec. 2021	23.8%	76.2%

- (ii) Since GCF accreditation KDB has also made efforts to reduce support for the carbon intensive sector. Its portfolio for the carbon intensive sector, including oil-refining, chemical, cement and steel, has continued to decrease (figure 5).

Figure 5. Trends in KDB carbon-intensive sector portfolio



**Investment in mitigation projects:**

- (iii) (Overseas) KDB has been investing in overseas mitigation projects. The list of overseas renewable project financing businesses (from time of accreditation to 2021) is submitted as evidence of its continuing commitment towards reduction

of GHG emissions. The total size of KDB's overseas renewable energy portfolio is approximately USD 55.7 billion indicating KDB's commitment to transition to renewable energy investment.

- (iv) (Domestic) KDB has established customized financial products to reduce domestic GHG emissions in Korea and is supporting various mitigation projects with these products which have low interest rate, long-term maturities. In 2021, KDB made investments in the mitigation projects through these products to the amount of about USD 6.1 billion.
  - (g) Guiding question 7. Is the AE investing in adaptation projects/operations?
    - (i) (Overseas) KDB has been investing in overseas projects with adaptation and/or cross-cutting impacts as per the GCF criteria. For instance, as of the last year, KDB invested USD 3,316 million in water or waste management projects.
    - (ii) (Domestic) KDB has also established customized financial products for projects with adaptation impacts in Korea. In 2021, applying these products KDB investment in domestic adaptation projects amounted to about USD 1.8 billion.
23. The AP consider 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

24. The AE applied under the normal track accreditation process. Its application has been assessed by the AP during stage II (step 1) against the standards of GCF in accordance with the re-accreditation requirements to the extent applicable to accreditation identified in paragraph 5 above.
25. 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

26. KDB 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.

27. Established in 1954 as a public bank of the Republic of Korea, KDB has many years of experience managing projects that have contributed to national development. With its track record in public businesses, KDB is now also financing global infrastructure projects in developing countries. In addition, KDB is an active issuer of bonds and arranger of joint financing with domestic and international financial institutions. As a government-controlled entity, KDB is strongly regulated and supervised by the Korean authorities. The Korea Development Bank Act (KDB Act) defines the entity's governance structure and operations. According to the current organization chart, KDB consists of 9 divisions, 9 centres and 60 departments, including a Strategy-Green Finance Planning Division. In addition, the AE has a board of directors consisting of the Chief Executive Officer (CEO), the Chief Operating Officer and five independent members. Several sub-committees support the Board, including risk management and compensation committees. There is no audit or ethics committee and these functions are well handled by other teams, as described later in this recommendation.

28. KDB has provided its short (annual plans), medium (2019–23 mid-term management plan) and long-term strategic plans (KDB vision for 2040). The general management plan for 2020–2021 includes green financing and incorporates the partnership with GCF. The key goals include leading the transition to a low-carbon economy in the Republic of Korea and reinforcing a foundation for sustainable financing. To this end, KDB set goals for supplying green finance in 2020–2021 and these goals were applied to all business departments such as corporate finance, SMEs and project finance to align business activities with the organization’s mission. KDB has a well-managed process for setting objectives with comprehensive evaluation and indicators to measure the defined objectives. Interim progress on objectives and indicators is checked quarterly, semi-annually and annually. The team charged with establishing and monitoring the standards and indicators that assess progress on objectives reports regularly to the CEO as well as to the departments responsible for meeting each objective, with corrective actions as necessary. The CEO is regularly informed of the results of this process. KDB provided internal documents demonstrating that organization-wide objectives provide clear guidance on what KDB expects to achieve.

29. KDB has in place a clear and complete set of financial statements that report periodically on assets, liabilities and cash flow, as well as financial performance, changes in reserves and fund balances and description of the accounting policies. The annual reports and supporting documents of KDB and its subsidiaries’ consolidated financial statements for 2019 and 2020 are prepared according to Korean International Financial Reporting Standards (K-IFRS). The IFRS standards adopted in Korea are those issued by the International Accounting Standards Board without modifications.<sup>9</sup> They are the required standards for Korean listed companies and financial institutions which includes KDB.

30. KDB has explained how the normal functions of an audit and an ethics committee are addressed even though specific audit and ethics committees are not part of KDB’s organizational structure. KDB has a Standing Auditor who participates in general audit work and reports directly to the board of directors. The terms of reference and work scope of the Standing Auditor have been provided. This Auditor is appointed by the Financial Service Commission, a government agency, which ensures independence from the bank’s internal organization, pursuant to the KDB Act. This Auditor also participates in most audit business and has the authority to review and approve internal and external audit work. The Procedure for Enforcement of Audit and Inspection Policy describes the roles and responsibilities of the Chief Audit Officer. KDB’s Audit and Inspection Policy and its Procedure of Internal Audit demonstrate that the internal audit function is independent from the management and other departments being audited, with each branch and department having a designated audit manager and chief audit manager. Two samples of annual internal audit reports were provided. There is also an annual assessment on the internal audit and an example report has been provided. The internal audit reports are registered in the public audit information system.

31. Regarding external audit, KDB is subject to audit by the Board of Audit and Inspection of Korea, which is a government agency. An independent external auditor is designated every five years, following the Act on External Audit of Stock Companies and the bank-related accounting standards established by the Financial Services Commission in the Articles of Incorporation of KDB. Therefore, the external financial audit function ensures an independent review of financial statements and internal controls, as defined by the International Federation of Accountants. The Audited Financial Statements for 2019 and 2020 indicate KDB’s financial capacities and track record in financial management.

32. KDB has an organic risk management system that encompasses all levels of the organization, from the front desk to the Risk Management Committee, which is the highest

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<sup>9</sup> As provided in <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/view-jurisdiction/south-korea/>.

decision-making organ managing the various risks associated with the business. Changes in the external and internal environment, including the introduction of Basel III, have made risk management all the more important. Thus, KDB has exerted continued efforts to further strengthen its risk management capability with a view to fulfil its policy finance mandate. All risk information extracted from financial management sectors is measured, managed, and reported through an internal information system. Various risk reports, including credit, market and operating risk, were provided. In addition, KDB establishes and coordinates a risk management policy and makes major risk management decisions such as determining total risk limits that KDB can withstand and approving capital adequacy assessment in accordance with its policies on risk management.

33. The AE has a strong internal control framework which covers the control environment, risk assessment, internal control activities, financial control procedures, monitoring and procedures for information-sharing. The internal control framework of KDB ensures internal control activities of KDB have reliability, integrity and punctuality of financial and managerial information. To demonstrate this, KDB provided its Internal Control Policy with other documents on policies and regulations on financial reporting, including Policy on Internal Control over Financial Reporting, Regulation on Risk Management Committee, Regulation on Division of Works, and Regulation on Compliance.

34. Regarding procurement, KDB has provided details on the nature and types of its procurements, including internal and external guidelines to monitor any complaint or issue arising from the procurement process. KDB is overseen and monitored by the Korean National Contract Dispute Arrangement Committee. Complaints related to GCF-funded projects would be eligible for review and mediation by this committee. Bidders for GCF-funded projects or programmes would also be protected from complaints or issues that may arise from the procurement process under KDB's internal and external policy and regulations. In addition, KDB is planning to develop and maintain a register of procurement complaints especially for GCF-funded projects.

35. 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**

36. KDB did not have any conditions with regards to the basic fiduciary standards on transparency and accountability recommended by the AP for the first accreditation term.

37. KDB's Code of Conduct documents its code of ethics and applies equally to employees and consultants. The overall approach is to enhance consumer rights and spread a culture of integrity both within and outside of KDB by strengthening its ethical management principles. The Code of Conduct details the various malpractices which may occur and demonstrates KDB's management policies to promote an organizational culture that is conducive to fairness, accountability and transparency across all business activities.

38. KDB's Chief Compliance Officer oversees the Code of Conduct and prepares annual compliance monitoring reports. Examples from the past two years demonstrate the ethical management work of KDB. Formal complaints under the Code of Conduct are received by an online system which is also used to address and prevent conflicts of interest. Three samples of these reports have been provided to demonstrate track record in ethics and conflict management. Regarding systems and regulations for how executives and employees must comply to protect investors in performing their businesses, KDB applies its Guideline on Prevention of Conflicts of Interest in Financial Investment Business to manage such potential conflicts of interest between bank and investor.

39. KDB is subject to the Korean Act on the Prevention of Corruption and the Establishment and Management of the Anti-Corruption and Civil Rights Commission which is aligned with the GCF Policy on Prohibited Practices. The provisions of this act apply to all those working directly or indirectly with KDB, including direct employees, consultants, independent experts and all individuals contracted or functionally related to KDB. All employees are required to sign a pledge to comply with all KDB's codes of conduct and ethics. These policies and procedures on ethics, supported by track record, are deemed adequate for the organization's size and nature of business.

40. Whistle-blower protections are detailed in specific guidelines which use articles about the protection of whistle-blowers and witnesses to illustrate the process of reporting suspected wrongdoings with the channels and tools available. These guidelines can be accessed through KDB's official website<sup>10</sup> KDB is also operating an Integrity Ombudsman System to enhance procedural transparency and integrity through inspection by external institutions on wrongdoing. KDB provided inspection reports to evidence its track record.

41. The approach to anti-money-laundering and combatting the financing of terrorism (AML-CFT) is covered in specific policies and regulations. AML-CFT guidelines include mechanisms to trace and monitor electronic transfers and wiring of funds. Examples of "know-your-customer" (KYC) investigations and related due diligence demonstrate track record in this area. The data summarizes the KYC due diligence on a total of 107 customers.

42. The applicant's investigations function is headed by the Chief Compliance Officer who is obligated to report to the chairman and the board of directors. The procedures for processing and handling cases are stipulated in detail in KDB's Procedures for Compliance Monitoring. Details are recorded through compliance monitoring checklists and compliance monitoring activity reports. Complaints are handled pursuant to a KDB regulation regarding disciplinary measures following the outcome of an investigation. The overall procedures are aligned with the GCF AML-CFT Policy and the GCF Policy on Prohibited Practices, including KYC procedures for due diligence on external parties.

43. 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, the GCF Policy on the Protection of Whistle-blowers and Witnesses, and the GCF AML-CFT Policy.

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

44. KDB did not have any conditions with regard to the specialized fiduciary standard for project management recommended by the AP for the first accreditation term.

45. Regarding project management, KDB has demonstrated how it comprehensively examines the credit and feasibility of the target business and project, including assessing the validity of the technology being applied in the project. The feasibility study is divided into preparation work, including base data preparation and appraisal and business and project investigation. KDB has a strong track record of capability and experience in the identification and design of projects for various long-term financing facilities in different industries. For overseas project finance, KDB provided its Guidelines for Project Finance and Syndication as well as recent presentations and credit approval applications for two projects with supporting materials.

46. KDB operates an internal recruiting system for sectors that require expertise, such as shipping finance, mergers and acquisitions, private equity, international bond issuance and syndications, or special skills, including foreign languages. Applications from staff members

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<sup>10</sup> See [www.kdb.co.kr](http://www.kdb.co.kr).

who want to work in each sector are evaluated and selection is based on factors such as language, mutual evaluation, job competency, organizational contribution and work suitability for each individual. Accordingly, KDB can maintain its competitiveness in the market and continue to build on the track record of selected employees, especially in the investment sector. To support this, KDB is operating an in-depth internal project finance master training course which takes a total of two years to complete. This enables KDB to maintain its project finance capability and the expertise of staff who complete this course.

47. KDB annually conducts performance evaluations on the appropriateness, efficiency, sustainability, and socioeconomic effects of its projects. KDB's periodic monitoring and reporting is carried out by either an external technical advisor (typically for large syndication projects), or by a specialized internal department, such as KDB's internal Industry and Technology Research Centre. KDB has developed a loan monitoring system to detect project-at-risk situations during follow-up processes. Individual projects or borrowers are classified as normal, observation, precautionary or early alert through this loan monitoring system, with timely response measures assigned to each status in accordance with the KDB guidelines on follow-up management.

48. Supporting documents demonstrate KDB's credit review system and system for efficient and transparent appraisal process and credit review and approval. KDB also indicated that multiple consultative bodies, including its Credit Review Committee and other division-specific committees are involved to increase transparency in the decision-making process.

49. 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**

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

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

51. At the time of KDB's first accreditation, the AP identified gaps with respect to the AE's track record related to disclosing information on its equity exit strategy, including information regarding the intended purchases of the equity participation upon the AE's exit. The AP recommended conditions of accreditation (which was approved by the Board for the AE's first accreditation term) that require (a) the AE to disclose information regarding its equity exit strategy, including information regarding the intended purchases of the equity participation upon the AE's divestment, and (b) equity investments through funds provided by third parties, such as the AE's subsidiaries or private equity funds, shall not be accepted. The AP recommended that the Secretariat ensure these conditions be met by the AE for every GCF funding proposal in which the AE seeks to provide equity funds.

52. In the course of the re-accreditation review, noting the gap upon which the original conditions were recommended, KDB was requested to explain to the AP its current approach to exit strategies. KDB's activities including equity investments are governed by Korea's Financial Investment Services and Capital Markets Act. In response to the AP's request, KDB provided its Guidelines for Investment. These guidelines were updated on 27 December 2021. The guidelines address key factors in formulating an exit strategy, such as: post-investment regular performance checks including progress towards exit; specific procedures for listed and unlisted stocks; timing of exit; use of external valuations; and internal approval process for exits. In addition, KDB provided examples of three exits, two via initial public offerings and one through exercising a tag-along option. Having analyzed this additional information and demonstration of

track record to address the gap identified during the original accreditation assessment, the AP finds the two aforementioned conditions are no longer necessary as the gap has been remedied, and thus recommends removing both conditions of accreditation.

53. As a 100 per cent state-owned bank, KDB is licensed by the Korean Government for all of its lending and other business areas as stipulated in the KDB Act that governs the constitution and operations of KDB. The operations manual that drives the organization's business processes and practices is consistent with the KDB Act. This manual describes KDB's overall approach to on-lending (for loans, guarantees and equity) and explains its systems and internal decision-making procedures.

54. KDB's track record of overseas business in the past three years is detailed in the 2020, 2019 and 2018 annual reports. One of the examples provided is the construction of a hydro-electric plant in Nepal, involving project finance from international organizations such as the International Finance Corporation, Asian Development Bank, Asian Infrastructure Investment Bank, and the Commonwealth Development Corporation of the United Kingdom CDC. KDB has international credit ratings of AA (Standard & Poor's), AA (Fitch), and Aa2 (Moody's). The full credit rating reports have been provided.

55. KDB has demonstrated its systematic approach to due diligence as well as to its review and appraisal process and post-closing oversight. The various documents that govern this due diligence are: the Regulation on Corporate Loans; the Regulation on Investment; the Regulation on Guarantees; the Credit Guidelines; and the Credit Review and Approval Guidelines. Two examples of due diligence reports have been provided. KDB have a comprehensive Credit Portfolio Management (CPM) system to prevent concentration of risk in particular sectors as well as detailed procedures for risk management approval limits. The 2021 annual credit portfolio limit report and a report on the operations of CPM have been provided.

56. As a public institution, KDB follows the public right-to-know and public participation in government administration in accordance with Korea's Official Information Disclosure Act. KDB also pursues transparency of government administration by specifying necessary matters regarding public request for information possessed by institutions and the disclosure obligation of public institutions. KDB established and abide by its Guidelines for Integrated Disclosure Operation of Public Institutions and its Bank Operation Guidelines. In accordance with the aforementioned regulations, KDB is implementing a system that discloses management and business information on projects that have a large impact on institutions or the national economy.

57. KDB establishes investment management goals every year and guidelines for credit products to achieve those goals. The credit products include all business areas such as loans, guarantees and equity. Key variables such as maturity and interest rate are used to manage the portfolio for all areas by setting the limits and goals for each credit product. The 2021 Credit Product Operation Plan has been provided to demonstrate how objectives are set and tracked. Also provided were the portfolio management reports for 2020 and 2019.

58. KDB's business operations include support activities such as confirmations, accounting, market-to-fair value reconciliation and customer information management, each governed by related rules and market practices and performed by the relevant department. These support functions ensure the funds provided by KDB are channelled transparently and utilized effectively. In addition, the department or person in charge of each operation is required to submit audit data to external and internal auditors, enabling transparent and sound financial transactions, records and accounting in accordance with international accounting standards. KDB has demonstrated its capacity to manage financial risk through its internal policy and regulations that drive its risk management system.

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 on-lending and blending for loans, equity and guarantees.

## 3.2 Environmental and social safeguards

60. KDB 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 a maximum accreditation scope of a maximum E&S risk category B/intermediation 2.

### 3.2.1 Environmental and social policy

61. The AE's Environmental and Social Framework (E&S Framework) adopted in 2015 in its initial accreditation with GCF continues to be in force. The E&S Framework is aligned with the GCF interim environmental and social safeguards (ESS) standards and builds on the AE's experience in implementing its international projects based on the performance standards of the International Finance Corporation (IFC) and Environmental, Health, and Safety Guidelines of the World Bank group. The E&S Framework is designed to guide the AE's borrowers in fulfilling their national/international environmental and social obligations; enhance non-discrimination, transparency, stakeholder participation, accountability and governance; and improve the sustainable development outcomes of projects/programmes.

62. The E&S Framework is also consistent with the principles of the GCF Indigenous Peoples Policy and the IFC Performance Standard 7 including the principle of Free and Prior Informed Consent commitment, requiring the AE's clients to give due consideration for projects with potentially significant adverse impacts on projects affecting indigenous people. The AE has also provided evidence of its track record on addressing issues concerning indigenous peoples in one of its international projects.

63. The AE is a signatory of the EPs,<sup>11</sup> and has established operational policies and guidelines which set out the objectives, standards, and procedures for managing the E&S risks of projects/transactions in line with the EPs. The AE adheres to host country laws, regulations and E&S permitting requirements on E&S matters in its international projects/programmes.

64. The AE's Senior Deputy General Manager and Senior Manager of the Environmental, Social and Governance (ESG) New Deal Planning Department where the AE's E&S team is located are responsible for ensuring KDB compliance to the E&S Framework. The AE's E&S risk management practice involves coordination across relevant departments, especially E&S team, front office, credit review division, and senior management, each with varying roles and responsibilities. The E&S Framework identifies the roles and responsibilities of different units of the organization in implementing the policy at various phases of the project cycle. The E&S Framework has been communicated to all KDB departments through workshops and lectures.

65. The AP finds that the AE's environmental and social management system, comprising the E&S Framework and supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy<sup>12</sup> to the extent applicable to accreditation and GCF interim ESS standards<sup>13</sup> 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

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<sup>11</sup> See <https://equator-principles.com/>.

<sup>12</sup> Decision B.BM-2021/18.

<sup>13</sup> Decision B.07/02 and annex III thereto.

66. The E&S Framework describes the AE's institutional process to identify E&S risks and impacts including the categorization process. The E&S risk identification and categorization is conducted by the AE's E&S team, independent from project implementation departments, with technical support from specialists in technology evaluation. department All projects/programmes are classified into one of the following three categories A, B or C, (as for the three-tier E&S risk categories used in the GCF ESS) according to the relevance of their potential negative environmental and social impacts. The AE has also developed a screening checklist for determining E&S categories based on due consideration of (a) the type, location, sensitivity and scale of the project; (b) the nature and magnitude of the potential environmental and social risks and impacts; and (c) including direct, indirect, cumulative and induced impacts in the project's area of influence. The project/programme E&S category provides a basis for the required level of E&S assessment, which may range from a full-scale assessment to specialized sectoral studies. For example, E&S risk category A and B projects/programmes are required to develop and maintain an Environmental and Social Management System (ESMS) and demonstrate effective stakeholder engagement.

67. The AE submits annually a report to the EP Board on the results of the AE's E&S due diligence process and experience. The report includes information on transactions which have been subject to the E&S due diligence process, broken down by E&S risk category (A, B, C), sector (power, infrastructure, etc.), and region (Americas, Europe, Middle East and Africa, and Asia-Pacific). The AE provided a sample of the reports it has submitted to the EP Board for the past several years. The AE also provided evidence on implementation of its E&S risks and impacts procedure which includes a sample of E&S screening and categorization documents in line with performance standards 1-8 for projects/programmes in various parts of the world where the AE is the lead arranger.

68. 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 GCF interim ESS standards for maximum E&S risk category B/1-2 projects/programmes with respect to performance standards 1-8.

### 3.2.3. **Environmental and social management programme**

69. The E&S Framework describes the AE's procedure for E&S mitigation and management. The AE's annual reports to the EP Board also include the description of the process of E&S due diligence throughout the AE's operation. The AE's E&S due diligence process starts with E&S risk categorization of projects/programmes based on the significance of their potential E&S risks and impacts. The higher risk projects/programmes financed by the AE are required to develop and maintain an ESMS, which should include components such as an environmental and social management plan (ESMP), environmental and social action plan (ESAP), resettlement action plan, and stakeholder engagement plan. The AE provided a sample of Common Terms Agreement made with lenders, which shows the AE's general practice of managing and monitoring compliance on E&S risks and impacts post credit approval.

70. For financing to or through financial intermediaries, the AE conducts due diligence to assess the potential environmental and social impacts and risks associated with the existing and likely future portfolio of the financial intermediary, and its commitment to and capacity in social and environmental management.

71. The AE's Executive Director leading the "Strategy and Green Finance Planning Division" ensures the effectiveness of the AE's ESMS at the institutional level. The AE's E&S appraisal reports of high-risk projects (category A) or large-scale projects are also reported to the Executive Director prior to credit approval. Results of E&S due diligence (including project category, review of major risks and appropriateness of relevant management plan,

incorporation of covenants linked to E&S compliance) are also periodically reported to the Executive Director.

72. As evidence on external audit of its ESMS the AE provided a copy of the report prepared by Sustainalytics,<sup>14</sup> a certified body specializing in Sustainable Bond Frameworks, which reviewed the AE's ESMS and submitted an opinion that it is appropriate for Sustainable Bond Framework Certification.

73. The AE provided a sample of environmental and social impact reports for its international projects/programmes for its loans, guarantees and equity structures as evidence on its track record of managing E&S risk and impact mitigation measures and actions stemming from the E&S risk and impact identification process. The AE also provided a sample ESMP, ESAP, project appraisal reports, and a sample of Common Terms Agreement with E&S compliance conditions and terms. The AE also provided a sample of the AE's financial intermediary Term Sheet with E&S Covenant, which show its E&S compliance commitment of executing entities for financial intermediaries.

74. 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 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**

75. The AE's monitoring and evaluation (M&E) policy was adopted in 2015. The M&E policy introduces a two-tiered approach that involves independent evaluation to assess the development effectiveness and long-term results of the AE's operations, policies and procedures. The M&E policy is supported by a set of guidelines and a manual, which indicates the AE's commitment to align its M&E practices with that of more established international development institutions.

76. The E&S Framework also describes the AE's process on E&S monitoring and evaluation. Through its due diligence and monitoring efforts the AE ensures that the projects/programmes financed by it are implemented in accordance with the requirements of its M&E policy. For all E&S risk category A, and as appropriate category B, projects, the AE requires its executing entity to appoint an independent environmental and social consultant or to retain qualified and experienced external experts to verify the monitoring information it shares with the AE. Such duties and responsibilities are prescribed in a loan agreement at the project/programme level.

77. The AE provided evidence on its track record in E&S monitoring of international projects including a sample of quarterly E&S monitoring reports and independent evaluation reports on the implementation of E&S risk and impact mitigation measures based on its E&S Framework.

78. 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**

79. The AE's public communications channel consists of three components: (a) a complaints and financial consumer protection system; (b) an information disclosure system; and (c)

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<sup>14</sup> Sustainalytics: [https://www.kdb.co.kr/wcmscontents/pdf/Second\\_Party\\_Opinion\\_by\\_Sustainalytics\\_2019.pdf](https://www.kdb.co.kr/wcmscontents/pdf/Second_Party_Opinion_by_Sustainalytics_2019.pdf).

project-specific E&S information. The AE's integrated external communications channel allows stakeholders to file all types of project-related complaints, including those related to E&S issues. Such complaints or queries made via the contact information provided under the Helpdesk category on KDB website ([www.kdb.co.kr](http://www.kdb.co.kr)) are registered by AE's Consumer Protection Department and then channeled to the relevant department for follow-up and response. The AE tracks the complaints it receives and reports them in its annual reports to the management. For all E&S risk category A and, as appropriate, category B projects, the AE requires the client to establish a grievance mechanism as a part of the ESMS to receive and facilitate resolution of concerns and grievances about the project's environmental and social performance.

80. The AE has established and operates the Customer Protection Department as its independent grievance redress mechanism (IGRM) at the institutional level, equipped with policy, procedure and guidelines. As a state-owned bank of the Republic of Korea, the KDB independent grievance redress mechanism aims to maintain an enhanced level of financial consumer safeguard measures in compliance with the Financial Consumer Protection Act<sup>15</sup> which has been enacted in order to enhance the rights of financial consumers and strengthen overall public confidence in the financial industry. An English summary of KDB's Independent Grievance Redress Mechanism (IGRM) for Financial Consumer Protection can be found at ([www.kdb.co.kr](http://www.kdb.co.kr)) under category Helpdesk.

81. The AE adopted a new Public Communications Policy in 2015, which requires information disclosure of E&S documents of projects. The AE requires its borrowers to ensure that sufficient information about the potential risks and impacts of the project is made available in a timely manner, in an accessible place, and in a form and language understandable to project-affected people and other stakeholders, so they can provide meaningful input into project design and mitigation measures. Under the newly adopted guidance for GCF-funded projects, the AE will follow the disclosure guidelines for E&S information as required by the GCF information disclosure policy for E&S risk category B/I-2.

82. The AE has demonstrated its experience with project-level grievance mechanisms and the public disclosure and consultation in its internationally financed projects in line with its E&S standards.

83. 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, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1-8.

### 3.2.6. Organizational capacity and competency

84. To institutionalize the E&S Framework, the AE has developed a road map to strengthen its in-house E&S capacity, leading to set up an E&S policy team under its strategy and planning division with a dedicated E&S specialist. The E&S policy team is responsible for overseeing sustainability performance in the organization and building capacity regarding E&S and gender. The AE has established an independent team under the ESG-New Deal Planning Department with institutional green reforms under the Korean Government's announcement on Green New Deal Policy and Paris-aligned Transition through Organizational Structure Change with E&S focus.

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<sup>15</sup> The Financial Consumer Protection Act is available at:  
[https://elaw.klri.re.kr/kor\\_service/lawView.do?hseq=54646&lang=ENG](https://elaw.klri.re.kr/kor_service/lawView.do?hseq=54646&lang=ENG).

85. AE's E&S team, composed of five persons at present, is part of the ESG department in charge of green and climate finance planning and strategy. The E&S team manages E&S policy; offers guidance to teams in project financing and corporate financing, among others; reviews E&S documents submitted as a pre-requisite for credit approval with E&S risk categorization; carries out all relevant activities, including reporting and information disclosure as a signatory of the EPs; and enhances internal E&S capacity-building activities such as annual training provision and production of manuals with frequently asked questions. The E&S team will annually monitor E&S compliance of investment teams, report directly to senior management, produce an annual E&S report, and publish it on the KDB website enabling transparent assessment of projects under E&S review by KDB with risk categorization. The ESG department also includes a gender specialist for compliance with the GCF gender policy. E&S risk management is implemented with joint collaboration of the Front Office, E&S Team, and Credit Review Division. and Senior Management.

86. The applicant has conducted workshops to improve awareness among executives and senior managers of the new E&S standards and has required its E&S staff to participate in safeguards training courses provided by international organizations. The AE has continued its efforts to enhance the capacities of its employees working on transactions, primarily by means of: (a) staff training sessions by the AE's E&S specialists on the standards and procedures for E&S risk management as stipulated in its internal manual; (b) expert seminars on emerging good practices of the financial industry in managing E&S risks supported by relevant case studies; and (c) e-learning modules developed by the Equator Principles Association covering key aspects of EP implementation.

87. 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 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.

### 3.3 Gender

88. KDB 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.<sup>16</sup>

89. As a state-owned bank the AE strictly complies with the Korean Government's Framework Act on Gender Equality<sup>17</sup> which aims to promote gender equality in all areas of politics, economy, and society. The national framework act provides the foundation for the AE's system of promoting gender equality and women's empowerment at an institutional level. Under this umbrella act of the Korean Government, the AE has fully mainstreamed the principles of gender equality and women's empowerment through internal policies, procedures, guidelines, and strategies reflected in the pillar internal policies related to recruitment and hiring (employment), promotion and salary, welfare schemes including maternity protection and child-care, and human rights of female employees.

90. The AE has also established its own institutional-level Gender Equality Policy and Action Plan approved by its senior management, with recognition of the importance in global finance of gender and climate change issues. The AE assesses compliance with the Gender Equality Policy in the activity cycles of its projects/programmes from identification to completion and evaluation. The policy strictly prevents gender-caused discrimination in all activities throughout project/programme implementation, and is aligned with international standards, including the principles of the GCF updated Gender Policy. The policy also describes

<sup>16</sup> Refer to document GCF/B.18/09.

<sup>17</sup> See [https://elaw.klri.re.kr/eng\\_mobile/viewer.do?hseq=35143&type=part&key=38](https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=35143&type=part&key=38).

the process for addressing sexual harassment and violation of women's rights. The AE's Grievance Counselling Office for sexual harassment initially counsels and investigates sexual harassment complaints while mediation is conducted by the Grievance Committee to seek a solution depending upon the severity of the complaint. The policy specifies the criteria for gender mainstreaming that the AE's borrowers must comply with to implement projects/programmes.

91. The AE has also formulated the Guidance for GCF-Funded Projects that clearly stipulates the duties and responsibilities of effective gender mainstreaming across projects/programmes with which the AE's employees and borrowers must comply.

92. The AE has also produced the Gender Manual and Toolkit for the Promotion of Gender Equality to support its employees to carry out a more structured approach for promoting gender equality and women's empowerment in designing, implementing, monitoring and evaluating climate change mitigation and adaptation transactions. The manual offers practical operational guidance on how to mainstream gender throughout the business cycle from preparation, implementation and closure to ex-post management and includes a gender glossary. The AE's project cycle comprises four phases: (a) preparation; (b) implementation; (c) closure; and (d) monitoring and maintenance. The AE has institutionalized ten specific gender-responsive procedures in the project cycle, in line with the GCF updated Gender Policy: (a) gender trend analysis; (b) preliminary gender sensitivity and capacity evaluation (based on the OECD Gender Marker);<sup>18</sup> (c) solution design; (d) gender action plan; (e) implementation; (f) interim monitoring and evaluation; (g) grievance redress; (h) data collection; (i) final evaluation; and (j) ex-post progress check.

93. The AE's borrowers, in line with the Gender Equality Policy and Action Plan, are responsible for gender-responsive project identification, implementation and monitoring, completion and evaluation of projects /programmes, as well as technical support and capacity-building related to gender at the projects/programmes level.

94. The AE provided its organizational structure with a gender focus in which its gender and E&S specialists are situated in the ESG department for cooperative synergy and facilitate daily business routines. The ESG department closely collaborates with other departments including: Personnel Department to ensure employment without gender discrimination and manage sexual harassment issues; Compliance Department for legislative monitoring; General Affairs Department for procurement priority on women-owned SMEs; and Project Finance Division to promote gender-mainstreaming in overseas renewable transactions. The AE provided the curriculum vitae of its internal gender experts and of an external gender consultant.

95. As evidence of its track record on effective implementation of its Gender Equality Policy, the AE provided several gender and E&S assessment reports that integrate a gender perspective to demonstrate the mainstreaming of gender considerations throughout climate change transactions. The AE has conducted several gender-related capacity-building programmes and activities that have been carried out institution wide.

96. 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**

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<sup>18</sup> <https://www.oecd.org/dac/gender-development/dac-gender-equality-marker.htm>.

## 4.1 Conclusions

97. 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;
- (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 energy generation and access; buildings, cities, industries and appliances; forests and land use; ecosystem and ecosystem services; and livelihoods of people and communities;
- (d) Enhancing private sector participation as the AE can leverage private sector funding to finance dedicated climate finance vehicles and to invest in industrial energy efficiency by promoting innovative technology solutions and empowering local ecosystems for climate technopreneurship through R&DB platforms;
- (e) Diversification of the use of financial instruments, particularly as a Direct Access Entity being able to use equity, guarantees and loans; and
- (f) Mobilizing climate finance at scale since the AE is seeking to undertake medium and large-size project/programme activities.

98. 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 and GCF policies relevant for re-accreditation:

- (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 and the specialized fiduciary standard for project management and specialized fiduciary standard for on-lending and blending for loans, equity and guarantees;
- (b) The AE 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/12); 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 GCF 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

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

- (a) **Accreditation type:**

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- (i) Maximum size of an individual project or activity within a programme: medium<sup>19</sup> (including micro and small);
- (ii) **Fiduciary functions:**
- (1) Basic fiduciary standards;
  - (2) Specialized fiduciary standard for project management; and
  - (3) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (iii) **Maximum environmental and social risk category:** medium risk category B/I-2 (including lower risk category C/I-3<sup>20</sup>); and
- (b) **Conditions:** none. The conditions contained in paragraph 62(b)(ii) of annex VI to decision B.15/09 shall be removed and do not apply starting from the second term of accreditation.
100. The AE has been informed of the recommendation for accreditation, including the accreditation type, as identified in paragraph 99 above, and agrees to the recommendation.

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<sup>19</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme.”

<sup>20</sup> 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”, 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 IV: Re-accreditation assessment of Conservation International (CI) for the second accreditation term

### I. Introduction

1. Conservation International Foundation (CI) is a non-profit organization that operates internationally in over 30 countries across six continents with more than 2,000 partners in order to empower societies to responsibly and sustainably care for nature for the well-being of humanity. It has built strong relationships with communities, governments, academia, foundations, civil society organizations and the private sector in order to deliver innovative nature-based solutions for climate change mitigation and adaptation. In developing countries, it partners with host country government institutions, research and academic institutions, as well as indigenous peoples' organizations. Globally, CI's partnerships include alliances with other environmental organizations to promote policies that support the conservation and restoration of nature in forums like the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity, and at the level of the European Union and the federal government of the United States of America. CI also has numerous collaborations with corporations to improve business practices and drive investment into conservation. Key activities include reducing deforestation, improving agricultural practices, protecting natural ecosystems to serve as carbon sinks, and developing standards for effective mitigation and adaptation activities.

2. CI was accredited by the Board on 9 July 2015 in decision B.10/06, paragraph (c), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of GCF:

- (a) **Access modality:** international access;
- (b) **Track:** fast-track under the Global Environment Facility (GEF);
- (c) **Maximum size of an individual project or activity within a programme:** medium;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management; and
  - (iii) Specialized fiduciary standards for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/intermediation 3 (I-3));<sup>3</sup> and
- (f) **Indicative results areas for intended projects/programmes with GCF:**
  - (i) Buildings, cities, industries and appliances;
  - (ii) Energy generation and access;
  - (iii) Livelihoods of people and communities;

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

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

<sup>3</sup> As per annex I to decision B.07/02, 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."

- (iv) Forests and land use;
  - (v) Ecosystems and ecosystem services; and
  - (vi) Public, private, and cross-cutting types of projects/programmes.
3. CI applied for an upgrade in its accreditation scope, which was approved in decision B.15/09, paragraph (f), for the following parameters:
- (a) **Maximum environmental and social risk category:** medium risk (Category B/intermediation 2 (I-2)).<sup>4</sup>
4. CI signed its accreditation master agreement (AMA) with GCF on 13 July 2017, which became effective on 17 August 2017. With the AMA having become effective, the AE's first accreditation term is from 17 August 2017 to 16 August 2022. The accredited entity (AE) submitted its application for re-accreditation to GCF via the digital accreditation platform on 25 November 2021. Accreditation fees were not applicable since the AE is seeking re-accreditation for the same accreditation scope that it was previously accredited for; thus, the stage I institutional assessment and completeness check commenced upon submission of the re-accreditation application. Stage I was completed on 8 February 2022 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 the same accreditation scope that it was previously accredited for, while updating the indicative results areas for intended projects/programmes it seeks to submit to GCF to the following:
- (a) **Indicative results areas for intended projects/programmes with GCF:**
    - (i) Livelihoods of people and communities;
    - (ii) Health and well-being, and food and water security;
    - (iii) Forests and land use;
    - (iv) Ecosystems and ecosystem services; and
    - (v) Public, private, and cross-cutting types of projects/programmes.

## II. Stage I institutional assessment and completeness check

6. The AE was eligible for, and applied under, the fast-track re-accreditation process as a GEF entity. Its application has been assessed by the Secretariat during stage I in accordance with the requirements and gaps identified in decision B.08/03, and in accordance with the GCF policies and standards below 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);

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<sup>4</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures" and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented."

- (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) “Revised Environmental and Social Policy” (decision B.BM-2021/18);
- (i) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

## 2.1 Legal status, registration, permits and licences

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 term from 17 August 2017 (date of AMA effectiveness) to 16 August 2022.
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 relevant GCF standards and policies listed in paragraph 41 below, 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. CI’s portfolio includes two approved funded activities in two African countries (Botswana and Madagascar) with GCF financing of USD 55.2 million in grants and co-financing of USD 61.6 million also in grants. These are funding proposal 26 (FP026) titled “Sustainable Landscapes in Eastern Madagascar (SLEM)”, which was approved as a private sector project at the fourteenth meeting of the Board (B.14) in October 2016, and funding proposal 158 (FP158) titled “Ecosystem-Based Adaptation and Mitigation in Botswana’s Communal Rangelands”, which is a public sector project approved at B.28 in March 2021.

12. FP026 has been under implementation since 2018 and is in its fourth year of a five-year implementation period. The SLEM project is cross-cutting, seeking to reach 87,500 beneficiaries and avoid 5 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq). The project's business model is to initially address smallholder farmers' vulnerability through non-profit activities that will prepare them to eventually access private sector investment, providing a pathway out of extreme vulnerability and dependency. This approach is aimed at overcoming the barriers to private sector investment.

13. The FP026 project, when approved by the Board, was to be implemented by two AEs – CI and the European Investment Bank (EIB) – as the project was jointly developed by the two. However, EIB withdrew from the joint project before it started implementation of the components for which it was the AE. EIB's activities under FP026 were to be focused on the joint project's private sector activities through the oversight of the executing entity (EE) Mirova Natural Capital's (formerly Althelia) of the management of a USD 50.5 million for-profit investment fund. Profits from the Investment Fund had the possibility (with GCF approval) of being invested into climate activities in the country through the CI-supported Climate Change Trust Fund (CCTF), enabling continued investment in landscape-level adaptation and mitigation activities. As stated in the CI and EIB joint funding proposal, the project's overall objective was "Sustainable landscape measures are used to enhance the climate change resiliency of smallholder farmers, improve ecosystem resiliency, improve access to low-emission energy sources and reduce emissions from deforestation". EIB's withdrawal from the joint project has reduced the number of direct beneficiaries from 562,000 to 87,500 and resulted in reduced mitigation benefits since activities related to low-emission energy production will not take place. Project objectives included the mobilization of large-scale private sector finance to address the needs of Madagascar to adapt to the impacts of climate change as well as reduce national greenhouse gas (GHG) emissions. The joint project was also to test a potential model for public-sector finance to enable private sector participation in a least developed country to support low-carbon growth, green climate bonds and climate resilience. These objectives will no longer be achieved by FP026 with the withdrawal of EIB.

14. FP158 was approved in March 2021 and recently came into implementation after becoming effective on 01 December 2021 and received first disbursement of USD 1.9 million on 03 February 2022. The project is cross-cutting, seeking to reach 247,000 direct beneficiaries and aiming for a reduction of 21.5 million tCO<sub>2</sub>eq (4.7M tCO<sub>2</sub>e during implementation). The project objective is to restore vegetation in communal grazing lands that are particularly impacted by climate change.

15. **Overall performance:** The key performance assessment of CI's portfolio performance is based on the only project under effective implementation (SLEM, FP026) since the other one (FP158) is at the operational set-up and project launch stage.

16. The implementation of FP026 is generally satisfactory and has progressed despite the withdrawal of EIB and the impact of the COVID-19 pandemic. Overall, the key performance parameters of CI, based on FP026 implementation, are average in terms of the results delivery, disbursement rates and execution rate, and above average in terms of timely reporting for all reporting obligations when compared with other AEs. As of 31 December 2021, USD 8.6 million had been disbursed, which represents 46.5 per cent of approved GCF funds for SLEM only (FP026) (which is the only CI project that had received disbursement). Out of this, the project had spent USD 6.14 million from GCF and USD 0.77 million from CI co-financing.

17. SLEM is in its fourth year of implementation. Regarding the results of FP026 during this period, the project has reduced emissions from deforestation by 7,788,379 of tCO<sub>2</sub>eq trained and provided information to more than 100,000 individuals about the threats of climate change; provided training and agricultural inputs to over 60,000 individuals, who can now practise improved, climate-resilient agricultural techniques; produced more than 600,000 seedlings through the project-supported nurseries; and restored more than 1,800 hectares

within protected forest areas. In the first three quarters of 2021, the project's drone patrols in remote areas identified 52 deforestation zones and led to confessions of 17 deforesters when confronted with photo and video evidence. Also, 96 members of project-supported farming collectives in Tolongoína produced and sold 10,000 kilograms of green vanilla to an export company. The project has supported the development of many women's farmers associations, and more than 40 per cent of those trained and supported by the project to improve agricultural practices are women. Over the course of project implementation, the project has patrolled more than 400,000 hectares through support to community and local enforcement agency cooperative patrols, leading to over 200 arrests.

18. **Reporting timeliness and quality:** Overall, CI has been timely in the submission of the key reports for FP026 and also in seeking guidance and clarifications as they relate to reporting obligations and other project management issues. With regard to the quality and timeliness of annual performance reports (APRs), overall CI has been providing its APRs per the terms and conditions as included under the AMA and the FAA. The overall quality of reporting is above average with detailed reporting and clarity of information in the submitted documents. The 2020 and 2021 APRs provides detailed information on implementation progress as well as the financial reporting. With regard to communication, the focal points are responsive and proactive in reaching out to the Secretariat, and the turnaround time is very efficient.

19. **CI as a delivery partner for the GCF Readiness and Preparatory Support Programme (Readiness Programme):** In addition to its role as an AE, CI is a delivery partner for the Readiness Programme. Under its Readiness portfolio, CI has two Project Preparation Facility (PPF) projects: ECU-PPF-009 for a proposal titled "Transformative public and private partnerships for climate change adaptation and mitigation through the protection of mangroves and wetlands along Ecuador's coast" and BWA-PPF-017 for a proposal titled "Ecosystem and livelihoods resiliency: climate change risk reduction through ecosystem-based adaptation in Botswana's communal grazing lands", both of which are managed by the United Nations Office for Project Services (UNOPS). For ECU-PPF-009, the objective is to build resilience and adaptive capacity coordinated across the coastal sectors most vulnerable to climate change, particularly including coastal communities and the fisheries/shrimp sector. The objective of BWA-PPF-017 is to support the submission of a full funding proposal 12 months after the PPF funding was made available. For ECU-PPF-009, the objective is to build resilience and adaptive capacity coordinated across the coastal sectors most vulnerable to climate change, particularly including coastal communities and the fisheries/shrimp sector. The two approved grants are valued at USD 642,488, of which USD 542,386 has been disbursed.

20. **Project performance:** As of 31 December 2021, the two PPF grants under the Readiness portfolio had been completed and closed. The implementation of the two grants was generally satisfactory, although the portfolio had been characterized by time extensions with both grants having received two no-cost extensions each, including a COVID-19 pandemic blanket extension granted by GCF as an adaptive management strategy due to the pandemic. Overall, both projects had been extended for an average of 12 months – double their original duration. However, the associated funding proposal, one of the deliverables of ECU-PPF-009, is under review by the Ecuador's Ministry of Environment, Water and Ecological Transition and is thus pending submission to the Secretariat. With regard to BWA-PPF-017, the associated funding proposal has been submitted to the Secretariat and was subsequently approved by the Board at B.28.

21. **Reporting timeliness and quality:** Overall, reporting by the AE has always been on time. CI submitted two interim progress reports as well as completion reports, and the reports were submitted before the due dates. 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 UNOPS is short. With regard to communication, the focal points for the two grants are responsive and easily

reachable. Similar to the funded activities, CI is very fast in responding to questions or concerns raised.

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

22. **Entity work programme (EWP):** The AE submitted a draft EWP for the first replenishment period of the GCF (GCF-1) on 8 May 2020. The EWP was taken through multiple rounds of interdivisional review by the Secretariat and iterations by the AE before it was endorsed by CIC-1 on 26 November 2020, with recommendations on the partnership and overall pipeline to be considered at the midway point of GCF-1 and on the specific project ideas PIs to be considered when developing those into concept notes and funding proposals.

23. The AE's comparative advantage is its continuous presence in nearly 30 countries of operation and strong expertise in policy and science, which result in innovative nature-based solutions to address climate change. CI's experience and expertise overlap with GCF results areas such as forestry and land use; most vulnerable people and communities; health and well-being; food and water security; and ecosystems and ecosystem services. CI also leverages its partnerships with communities, governments, civil society groups, private sector organizations, and donors around the world to achieve transformational change, including in proposals the AE develops for GCF financing. Although CI's accreditation scope is focused on the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms, the AE seeks innovative ways to use the available financial instruments and, where possible, leverage the instruments to enable and catalyse private sector investment and design sustainable value chains.

24. The EWP endorsed by CIC-1 contained four multi-country project ideas covering countries in Africa, Asia and Latin America and one single country project idea for Indonesia, with the total request from GCF estimated at USD 233 million, while the co-financing sources and figures were yet to be confirmed. Since then, CI's pipeline has changed, and CI resubmitted its revised EWP in March 2022 addressing recommendations of the CIC-1 and reflecting the latest status of the pipeline, which shows that some of the project ideas endorsed for further development in the earlier version of the EWP have been moved to the GCF-2 pipeline or were withdrawn altogether. During the remainder of the GCF-1 period, the AE will focus on advancing the officially submitted concept notes and funding proposals. The Secretariat intends to present the revised EWP to CIC-1 for information.

25. **Concept notes/funding proposals:** As of 31 December 2021, the pipeline submitted by the AE consists of five public sector concept notes. Of these, three cover multiple countries in Latin America and the Pacific, and the remaining two are single-country proposals for Indonesia and Peru and one project idea note for the Philippines for a total financing value of USD 436.6 million (seeking GCF funding of USD 267.245 million). Additionally, CI's pipeline contains one private sector funding proposal that has been inactive since 2019. For two of the public sector proposals, CI has requested PPF grant resources to develop the associated concept notes into full funding proposals to be submitted in 2022–2023, with one already approved.

26. The submitted pipeline demonstrates significant potential to contribute to GCF programming targets and climate objectives at the national level in targeted countries, and to a number of GCF thematic areas, in particular ecosystems and ecosystem services, and forests and land use. Some of the concept notes have been in the GCF pipeline for more than a year waiting for the AE to resubmit the concept notes and/or to reconfirm that the proposals are still priorities for the countries and should therefore continue to be considered as active proposals in the GCF pipeline. Although all of the submitted concept notes request GCF financing in the form of grants given CI's accreditation scope, the transformational impact of the GCF resources is an area which will benefit from further development at concept note stage. It should be noted

that while the Secretariat discussed with CI the potential for an upgrade in its accreditation scope for the specialized fiduciary standard for on-lending and/or blending for loans given its ownership of Conservation International Ventures, the AE has opted to not yet pursue this option due to its internal considerations of structuring such engagement.

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

27. **ESS, gender and Indigenous People (IP) risks.** One of the AE projects has been receiving reports related to illegal activities by outside parties in the project area; the AE has indicated that it is working with national authorities to mitigate these problems and support enforcement efforts.

28. **Operational risks:** The FP026 project has experienced the following operational risks:

- (a) The FP026 project, when approved by the Board, was to be implemented by two AEs – CI and EIB – as the funding proposal was jointly developed by the two. In June 2020, EIB formally communicated to GCF that it was withdrawing as from its role as the co-AE for the project. Despite the withdrawal of EIB from FP026, the implementation of CI’s part of the approved funded activity has continued, and CI has confirmed that it will still be able to achieve the targets and indicators of the funded activity under CI management in accordance with the terms of and its obligations under the CI FAA;
- (b) Regarding the establishment of the Climate Change Trust Fund (CCTF), which is a key component of the project, in December 2021, CI informed the Secretariat of recent developments that might likely lead to changes to and the redesigning of project activities and other adjustments to the project’s workplan. The CCTF is contingent on several Board-related conditions;
- (c) Also, the COVID-19 pandemic has seriously impacted CI operations in Madagascar, which seriously hindered travels, project activities, and in-person events for all projects. These restrictions prevented the EE (CI Madagascar) from visiting the project-targeted vulnerable communities in remote areas of Madagascar, and poor telecommunications infrastructure in Madagascar prevented the implementation of a variety of planned project activities, including a household survey of beneficiaries; and
- (d) Given the delays in project implementation and budget execution, CI had informed the Secretariat of the possibility of requesting a no-cost extension of the project duration to enable the project to achieve its project planned outcomes. This, however, will be subject to recommendations from the interim evaluation currently ongoing.

29. Specifically with regard to integrity risk related to the GCF AML/CFT Policy and the Policy on Prohibited Practices, the Secretariat is not aware of any risk flags pertaining to the AE during the current accreditation term. Furthermore, the Secretariat also consulted with the IIU regarding integrity risk within IIU’s knowledge, and IIU has confirmed that it does not have any reservations with this re-accreditation proposal being presented for Board consideration.

## 2.3 International access entity contribution to building the capacity of direct access entities

30. In line with the AMA clause 15.02(c)(ii), the AE has reported, on an annual basis between 2017 and 2020, on various types of support it has provided to the GCF direct access entities (DAEs) as well as potential local, national and regional-level entities for accreditation. The reports submitted by CI show that the AE has provided support to two entities in Africa. It engaged one as an EE in its project over multiple years, thus building the entity’s track record

while providing technical support to the other. CI has also entered into discussions to engage two DAEs in the Pacific and one DAE in Latin America to serve as EEs in its proposals for the respective regions submitted to the GCF. These are significant opportunities for exchanges of information to build institutional policies and capacities of the involved DAEs.

31. CI indicated in its re-accreditation application received on 25 November 2021 that it has initiated similar discussions with two other DAEs. It is recommended that CI further diversify the entities considered for execution of its GCF funding proposals, thus building capacity and receiving support from local technical experts in the countries. This could also serve to mitigate any potential implementation risk.

## 2.4 Accredited entity-level reporting on continuing to meet GCF accreditation standards

32. In line with the AMA clause 15.02(c)(i) and 5.03(b)(iv), CI has submitted the required AE-level reports throughout its five-year accreditation term within the deadlines stipulated in the AMA. These include annual self-assessments for calendar years 2017 and 2018, followed by a midterm accreditation review that included the self-assessment for calendar year 2019, and another self-assessment for calendar year 2020. CI's re-accreditation application includes the self-assessment for calendar year 2021.

33. In the annual self-assessments, CI reported changes to a number of areas related to fiduciary standards, ESS and gender requirements against which CI was assessed for its original accreditation, all of which CI reported as having positive impacts on the AE's capabilities to continue to serve in its role as an AE. The AE has maintained its accreditation to the GEF throughout its first accreditation term.

34. As detailed in document GCF/B.27/03/Add.02, the AP and Secretariat reviewed the midterm review report covering calendar year 2019 and found that the AE continued to meet the relevant GCF accreditation standards and obligations as an AE per its AMA with GCF in the context of its accreditation scope.

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

35. As per the Strategic Plan 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 a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

36. 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 GHG emissions and climate resilience for the portfolio of AEs:

- (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) Stabilizing the climate by protecting and restoring nature is one of the three main institutional priorities CI focuses on. In 2015, CI developed a strategy for aligning its work on nature-based solutions to climate change. Over four years, this strategy evolved into an institutional set of ambitious quantitative goals focusing on key pathways to scaling natural climate solutions. This then led to a

- revised climate change strategy for 2019–2025 that promotes the approach ‘Nature for Climate’ as one of the four guiding stars that orient all of CI’s work;
- (ii) The CI climate strategy includes quantitative goals: by 2025, CI aims to secure 20 gigatonnes of carbon in carbon-dense ecosystems, achieve two gigatonnes of avoided CO<sub>2</sub> emissions through reduced deforestation, and enable one gigatonne of CO<sub>2</sub> sequestration through restoration activities. By 2025, CI also aims to directly support at least 3 million people from climate-vulnerable communities to adapt to the impacts of climate change through nature-based approaches that protect, manage and restore the nature that they and future generations depend on. Progress toward the strategy goals is regularly reported to the Board and serves as the basis for the development and tracking of annual key performance indicators;
  - (iii) At the activity level, the work focuses on protecting forests that absorb and store climate-warming carbon by working with businesses and governments to account for their impacts on forests; enabling private investment in forest protection initiatives; and helping local and indigenous communities protect forests on their lands; and
  - (iv) CI’s 2019 climate strategy also includes a target to support several countries to accelerate the adoption of nature-based solutions to climate change and the incorporation of these approaches into their NDCs. Other work at CI to support developing countries in achieving their climate objectives includes the implementation of GEF projects in seven African countries to strengthen the capacity of institutions to implement the transparency requirements of the Paris Agreement, funded by the Capacity-building Initiative for Transparency (CBIT);
- (b) Guiding question 2. Does the entity receive resources from third parties for the financing of climate projects?
- (i) Yes, CI receives resources from third parties for the financing of climate projects, including multilateral institutions, national governments, private companies and individuals. CI active projects with a primary focus of “Nature for Climate” totaled approximately USD \$ 327 million in obligated revenue from January 2018-September 2021;
- (c) Guiding question 3. Does the AE calculate and reduce its institutional-level GHG emissions?
- (i) CI has not comprehensively calculated its GHGs at the corporate level in the past. CI has for many years estimated and offset GHG emissions associated with corporate business travel and headquarter energy use. In addition, an initiative is currently underway to assist the organization to become “climate positive”, demonstrating a leading climate change commitment and serving as an example in CI’s engagement with companies, governments and others. A two-phase process is proposed to develop this roadmap, which includes first conducting a comprehensive GHG inventory for the institution and then developing a climate target and roadmap for achieving the target. This work is expected to be completed by mid-2022, with the implementation of the roadmap in the second half of the year;
- (d) Guiding question 4. Does the entity evaluate the climate risks of its portfolio?
- (i) CI introduced a new ESS standard (ESS 10) that focused on climate change and related disasters in November 2020, and this was applied to new projects after November 2020. ESS 10 entails screening projects for climate change risks.

Where risks have been identified as moderate to high, this requires a more detailed climate change vulnerability assessment (CCVA);

- (ii) To date, CI has completed 12 climate risk screenings at the GEF Project Identification Form (PIF) stage, of which two required a CCVA. These CCVAs are to be completed during the implementation phase of the project, when the specific sites have been identified; this includes the Mediterranean Marine Protected Area (MPA) project. However, prior to the introduction of ESS 10, a CCVA was completed for the FP 158 Ecosystem-Based Adaptation and Mitigation in Botswana's Communal Rangelands GCF project, and the methodology applied follows international best practices as outlined by the Intergovernmental Panel on Climate Change Fourth Assessment Report, which examined the primary components of current/projected exposure, sensitivity, potential direct impacts and adaptive capacity;
  - (iii) CI also provided a sample case of a project where it applied a climate risk classification: the "Build back a blue and stronger Mediterranean," project, in Mediterranean coastal and marine areas in Albania, Algeria, Lebanon, Morocco, Tunisia and Montenegro. The climate risk of the aforementioned project is medium to substantial based on the observed changes in temperature and precipitation, and the projected changes in temperature, acidification and rising sea levels;
- (e) Guiding question 5. What are the main sectors of activity of the entity?
- (i) CI defines its work by its four key priorities: Nature for Climate, Sustainable Landscapes and Seascapes, Ocean Conservation at Scale, and Innovation in Science and Finance. For the period January 2018–September 2021, CI had 980 total active projects, of which 32% had a Nature for Climate primary focus and 68 % with another of the four priorities as a primary focus.
- (f) Guiding question 6. Is the entity investing in mitigation projects/operations?
- (i) The volume of CI mitigation projects/operations increased during CI's first accreditation period and this resulted in the consistent growth of CI's mitigation impact, both in terms of emissions avoidance as well as carbon removals through in nature-based mitigation solutions, such as projects on reducing agricultural drivers of deforestation, restoration of landscapes, and blue carbon. The AE provided data from its country program on-the-ground implementation sites showing a 575% growth in CO<sub>2</sub>eq emissions avoided from 2019 to 2021 and a 25% increase in carbon removals from sequestration, from the year 2019 to the year 2021.
  - (ii) In terms of indirect contribution to mitigation projects/operations, CI also promotes investments in mitigation through engagement with subnational, national, and global policy processes and platforms to ensure nature-based mitigation solutions are incorporated to their full potential. For example, CI is supporting more than 20+ countries to incorporate or accelerate the implementation of natural climate solutions in national policies and raise the ambition of NDCs. CI also contributes to mitigation through the development of innovative scientific research, including national-level analyses of potentials for natural climate solution pathways and the establishment of the scientific concept and global mapping of irrecoverable carbon reserves. In addition, CI has a partnership with the Canada Pension Plan Investment Fund to drive investments in nature-based solutions within the voluntary carbon market. The initial portfolio of projects has the potential to avoid 4 million tCO<sub>2</sub> annually, with plans to scale the partnership further by bringing in additional investors.

- (g) Guiding question 7. Is the entity investing in adaptation projects/operations?
- (i) The majority of current CI adaptation projects aim to improve climate-resilient livelihoods (around two-thirds), especially of vulnerable groups such as smallholder farmers and rural or coastal populations, followed by improving food security, disaster risk reduction and water security (~10 % each). Around 1.2 million people directly benefited from ongoing CI adaptation projects. CI projects targeted many different ecosystems, including rangelands, agricultural landscapes and coastal areas (around 25 % each), followed by forests and wetlands (~10 % each);
  - (ii) The number of CI adaptation projects has been increasing during CI's accreditation period, especially for multi-year and larger projects. This is also reflected in the number of completed projects, although it is not increasing as much because many projects that started after 2017 are not yet completed. Currently, there are 40 active adaptation projects in CI's portfolio and another 21 were already completed;
  - (iii) CI's adaptation projects follow the approach known as nature-based solutions to climate change (International Union for Conservation of Nature (IUCN), 2020) or ecosystem-based adaptation (Convention on Biological Diversity, 2009). This approach refers to the protection, sustainable management or restoration of nature to help reduce people's vulnerabilities to climate change as part of an overall adaptation strategy;
  - (iv) In addition to implementing nature-based interventions, CI projects also support other enabling activities for nature-based adaptation, such as strengthening climate change adaptation-related policies, capacities, financial mechanisms, knowledge and technologies. For policy engagement, CI is working to mainstream ecosystem-based adaptation solutions into local, subnational, and national land-use planning and policies (e.g. adaptation in nationally determined contributions (NDCs) and national adaptation plans in several countries, in different continents. CI scientists are also making important contributions to the knowledge and science base of adaptation: more than 17 scientific papers related to adaptation have been published in peer-reviewed literature, including the journals *Science* and *Nature*, since 2018. CI science work also includes the production of several maps and vulnerability assessments that help design projects and inform decision-making at local level. For adaptation finance, CI is developing innovative financial mechanisms that support climate adaptation, including work with insurance companies (Restoration Insurance Service Company model), climate-friendly businesses (Liberia and Madagascar) and climate-resilient supply chains (e.g. coffee, cacao, tuna).

37. CI confirms that it has not and does not currently implement or execute fossil fuel projects such as coal-fired power, gas-fired power plants, coal mining, etc. CI does not have plans for a potential future fossil fuel portfolio.

38. CI has been a pioneer in defining, promoting and implementing ecosystem-based approaches to adaptation since 2006. The past five years have seen the entity grow in stature and gradually become a reference for financing and implementing nature-based solutions to both mitigation and adaptation.

39. 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.

40. Moving forward, CI's goals are to ensure that nature-based solutions deliver a share of global mitigation efforts commensurate with their potential (30%+) and are maximized where ecosystems are important for vulnerable populations to adapt to the impacts of climate change.

### III. Stage II re-accreditation review assessment

41. The AE is eligible for, and applied under, the fast-track accreditation process as a GEF entity. Its application was assessed by the AP during stage II (step 1) against the accreditation standards of the GCF and gaps identified in decisions B.08/03, and in accordance with the re-accreditation requirements to the extent applicable to accreditation identified in paragraph 6 above. Partnership with the GEF currently relies on a process of self-assessments by partner agencies, once per replenishment, to confirm that the agencies maintain the competence and minimum standards required by the GEF Council.

42. In 2020 the GEF Council initiated the process for an independent third-party review of compliance with GEF Minimum Fiduciary Standards in close coordination with GEF's management, corporate policy units, regional bureaux and country offices.

43. These self-assessments are undertaken by the agencies and reviewed by a third-party expert(s) independent of the GEF Secretariat, providing additional comfort to the Council. As a result of this process, if an agency were to be found to be non-compliant or partially compliant with a policy standard or set of standards, it would prepare a time-bound action plan to remedy identified deficiencies and submit it to the Council for approval.

44. The self-assessment covered two broad criteria: (i) Project/Activity Processes and Oversight, including project appraisal, procurement processes, monitoring, project completion and financial closure, procedures to make project results publicly available, and the evaluation function; and (ii) Governance Framework, including external financial audit, financial management and control frameworks, oversight of EEs, financial disclosure/conflict of interest, code of ethics/conduct, internal audit, investigation function, hotline and whistleblower protection, and AML/CFT.

45. The independent review was completed in December 2020 and CI's self-assessment was independently reviewed; CI was found to be compliant with all GEF minimum fiduciary standards. CI therefore remains an accredited GEF agency, and CI programmes and projects remain eligible for submission and approval in the GEF work programmes. The Financial Procedure Agreement between CI and the GEF remains in full force and CI continues to implement GEF-supported projects.

46. 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

47. CI 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 the upgrade in accreditation scope during said term.

48. As per paragraph 41 above, the GCF basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track re-accreditation.

49. Regarding CI's policy framework, insofar as various fiduciary policies were reviewed as part of this assessment, the AE's policies covering GCF fiduciary standards are approved at

either the CI Board or Senior Leadership level in accordance with CI's bylaws and Board Approval Matrix. The Board and Senior Management team, under their respective mandates, approve the following policies related to ethics, illegal conduct and reporting, and conflicts of interest; therefore the Code of Ethics, the Anti-Trafficking in Persons Policy, Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment Policy, Anti-Bribery and Anti-Corruption Policy, the Anti-Fraud Policy and Guidelines for Investigations and the Anti-Money Laundering/Countering Terrorism-Financing Policy. The AE confirmed a new cycle of policy/procedure reviews commencing in September 2022.

50. The AE publishes full policy documents on its intranet for staff awareness and use, and several key policies are made available on the AE's external-facing website, namely the Anti-Trafficking in Persons Policy and the Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment Policy.

51. Generally, summary policy extracts are developed for external audiences; however, as some policies apply to contractors, consultants and relevant associated parties, publishing on the external website will increase transparency and awareness.

52. The AP noted, in its April 2021 review of the AE's annual self-assessment that changes in its procurement standards, guidelines and systems, and that instead of the AE's internal business unit (the CI-GCF Agency) maintaining a separate procurement policy for GCF project/programme procurement, the AE transitioned its GCF project/programme procurement to its institutional procurement policy during the accreditation term. Preceding this transition, the AE improved the alignment of its institutional procurement policy with global industry best practice and with GCF fiduciary standards on procurement. Notable improvements were made in the areas of confidentiality of bidding information, inclusion of a clear dispute resolution process and inclusion of a sustainability statement. In addition, further guidelines were included on sole source procurement, integrity and fairness standards, and information-sharing during procurement processes and feedback.

53. As per paragraph 41 above, the basic fiduciary standards on key administrative and financial capacities continue to be met by way of fast-track re-accreditation.

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

54. CI did not have any conditions with regard to basic fiduciary standards on transparency and accountability recommended by the AP for the first accreditation term and the upgrade in accreditation scope during said term.

55. As per paragraph 41 above, the GCF basic fiduciary standards concerning transparency and accountability have been met by way of fast-track re-accreditation, with the exception of re-accreditation application items 4.2.3: policies on prohibited practices and the protection of whistleblowers and witnesses; 4.2.4: investigation function; and 4.2.5: AML and CFT policies.

56. Regarding policies on prohibited practices and the protection of whistleblowers and witnesses, at the time of its 2021 annual self-assessment, the AE shared its updated whistleblower policy. The policy elaborates on the protection of whistleblowers from retaliation and is read in conjunction with the Anti-Fraud Policy and Guidelines for Investigations summarized under the Reporting Illegal or Unethical Conduct Statement on the AE's external website. The full policy is available to staff via CI's intranet. The AE demonstrated that policies are cascaded to consultants, contractors and other relevant associated parties, including EEs, and shared examples of templates for contracts with subrecipients and training materials used for subrecipients. A comprehensive training on prohibited practices focusing on GCF (and GEF) policies and definitions was shared as well as a beta version of a new e-training. Training uptake is reviewed and monitored at the institutional, project and EE staff levels.

57. With respect to the AE's track record in policy implementation regarding suspected ethics violations, misconduct and any kind of malpractice or prohibited practice, the AE's Anti-

Fraud Policy and Guidelines for Investigations offers several reporting avenues. CI's Ethics Hotline ([www.ci.ethicspoint.com](http://www.ci.ethicspoint.com)), which is also available via the AE's GCF-specific web page, can be accessed at any time from anywhere CI works, in several local languages, and can be used in a way that retains anonymity. In addition, reporting can be carried out via post or email to [ethics@conservation.org](mailto:ethics@conservation.org) or to the Senior Director of Risk Management and Compliance in the General Counsel's Office (GCO).

58. In addition, the AE confirmed that ethics-related reports made via other avenues are consolidated using Ethics Point and its tracking tool, shared a more recent Ethics Hotline report (January–June 2021) summarizing reports and trends, and offered the most recent report for the second half of 2021 once finalized.

59. The AE provided assurances on its capability and competency in implementing policy and procedural measures to protect whistleblowers and witnesses and shared a case example from the accreditation period.

60. With regard to preventing and handling malpractice-related sexual exploitation, abuse and harassment, the AE has, in recent years, prioritized strengthening its policies, procedures and processes in its Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment Policy and Anti-Harassment Policy, including rolling out bespoke trainings to ensure maximum awareness, such as its March 2021 communique "Commitment to Child Protection and Prevention of Sexual Exploitation, Abuse and Harassment" (aimed at staff and delivery partners).

61. In addition, advisory mechanisms have been introduced to support staff and the AP noted CI management's tone from the top and commitment to continually improve the workplace environment. While CI has historically had low number of discrimination and harassment reports, CI management has confirmed significant further reduction in this reporting category in its EthicsPoint reporting, demonstrating the impact of CI's initiatives in this area.

62. Regarding its investigation function, the AE's policies pertaining to prohibited practices include investigation terms of reference under its Anti-Fraud Policy and Guidelines for Investigations. The AP concluded that a transparent, independent and objective investigation function to manage allegations of fraud and corruption exists. In relation to publishing its full Anti-fraud Policy and Guidelines for Investigations on the CI public website, the AE confirmed that its policy documents are generally written with its internal staff audience in mind, despite policies also applying to contractors, consultants and grantees. The AE publishes summaries on its website, whereas GCF fiduciary standards for investigation procedures set out requirements for (i) publicly available terms of reference, outlining the purpose, authority and accountability of the investigation function; and (ii) published guidelines for processing and managing cases during and after the investigation process. For this reason, the AP has recorded a remark regarding the publishing of full investigation guidelines and process documents.

63. During the review of CI's annual self-assessment for calendar year 2020, the AP concluded that the guidelines for investigation indicate independence in the roles played by the Senior Director of Risk Management and Compliance under (i) the GCO; and (ii) the reporting lines to both management and to the Board's Audit and Risk Management Committee.

64. The reporting process between the senior leadership team and the Audit and Risk Management Committee of the Board achieves independent oversight of the investigation function as envisaged in CI's bylaws and Committee Charter.

65. The AE shared a selection of its Board Audit and Risk Management Committee agendas demonstrating the inclusion of the standing agenda item of 'Ongoing Compliance and Litigation Matters', during which verbal updates are provided. In addition, half-yearly dashboard reports from the Ethics Hotline are shared with all staff, along with Ethics Hotline updates. The AP

noted good practice whereby summary reports on Ethics Hotline activity and the resolution of cases is shared periodically with all staff.

66. The AE shared redacted examples of an internal and an external investigation report indicating actions taken and exemplifying the track record of its investigation function and reporting process.

67. Regarding AML/CFT and 'know-your-customer' (KYC) policies, procedures and processes in its original accreditation application, the AP opined that the AE fully met the requirements of the basic fiduciary standards related to anti-terrorist financing and AML. It noted that the AE's policies were based on the United States of America's Patriot Act and Executive Order 13224 Policy, and that the AE had demonstrated the use of tools that support the enforcement of the policies.

68. The AE confirmed the subsequent approval of the new version of its Anti-Money Laundering/Counter-Terrorism Financing Policy that was shared during its 2021 annual self-assessment. The revised policy incorporates modifications to further align itself with global best practices and expands the policy's scope in its principles and guidance regarding AML/CFT requirements and risks in addressing, inter alia, the prevention of misuse of CI funds for money laundering or the financing of terrorism; compliance with applicable AML/CFT legislation and donor obligations; prevention of any relations or undertaking any transaction that may relate to or may facilitate money laundering or financing of terrorism; exercising adequate due diligence on funding recipients and donors; and engaging in continued review of this AML/CFT Policy and implementing procedures as new threats emerge and international standards evolve to prevent and detect money laundering and financing of terrorism.

69. The AE's recent re-accreditation period track record was evidenced by examples of KYC checks, specifically a prescriptive, robust security screening process using a security screening request form and CSI Watchdog Elite software, for all sub-recipients and service providers. The form is supported by a guidance note for grantees that indicates the checks to be performed by CI. Internal procedures/workflows and examples were shared by the AE to document the process followed. Furthermore, the AE indicated that it had not detected any suspicious transactions during the accreditation period.

70. As per paragraph 41 above, the basic fiduciary standards on transparency and accountability are considered to have been met by way of fast-track re-accreditation. The AP also finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF Policy on Prohibited Practices,<sup>5</sup> the GCF Policy on the Protection of Whistleblowers and Witnesses,<sup>6</sup> and the GCF AML/CFT Policy.<sup>7</sup>

### 3.1.3 Specialized fiduciary standard for project management

71. CI did not have any conditions with regard to the specialized fiduciary standard for project management recommended by the AP for the first accreditation term and for the upgrade in accreditation scope during said term.

72. As per paragraph 41 above, the specialized fiduciary standards for project management are considered to have been met by way of fast-track re-accreditation.

73. The AP noted satisfactory performance ratings by the GCF Secretariat, and timely reporting, consultation and collaboration by the AE in relation to GCF project reporting and project management issues. The AP noted that at the time of consideration of the AE's re-accreditation application, an interim evaluation of FP026 is ongoing.

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<sup>5</sup> Decision B.22/19 and annex XIV thereto.

<sup>6</sup> Decision B.21/25 and annex II thereto.

<sup>7</sup> Decision B.18/10 and annex XIV thereto.

74. With respect to FP026, project documentation shared by the AE included financial and technical site visit reports that demonstrate a sound track record in project management. The CI-GEF Agency and CI-GCF Agency business units enable robust project management, which augurs well for projects currently in the pipeline.

75. Specifically concerning FP026, the AP noted the change of direction and withdrawal of EIB, and that the satisfactory performance under the circumstances is commensurate with the AE's processes and capabilities. As FP158 gains momentum, the AP will review the AE's track record in the midterm review for accreditation during the next term if re-accredited. More importantly, the AE is well positioned with project management capabilities to oversee EEs if and when pipeline concept notes with grant award components are approved for funding.

76. As per paragraph 41 above, the specialized fiduciary standards for project management continue to be met by way of fast-track re-accreditation.

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

77. CI did not have any conditions with regard to the specialized fiduciary standard for grant award and/or funding allocation mechanisms recommended by the AP for the first accreditation term and the upgrade in accreditation scope during said term.

78. Regarding competitive grant awards, the AE's two GCF-funded FP026 and FP158 do not involve grant awards; therefore the AE has not demonstrated a specific track record with GCF funding in this specialized fiduciary area. CI's portfolio does however have significant competitive grant award mechanisms, not least the Critical Ecosystem Partnership Fund (CEPF).<sup>8</sup> CI serves as the secretariat for the CEPF, whereby the MOU between CI, the GEF and the World Bank articulates CI's responsibility for identifying, preparing, appraising, selecting and supervising approved projects and activities in accordance with the CEPF Operations Manual.

79. CI's GCF sub-recipient selection process within its grants and contracts award phase procedure requires its EEs to establish competitive granting processes when grantees are not identified through stakeholder engagements during the funding proposal stage. Otherwise, EEs must provide the CI-GCF Agency with a grantee justification form to provide a clear rationale for why a competitive process was not used. This process positions CI well for future GCF-funded competitive grant award/allocation mechanisms.

80. CI's track record with non-GCF funding is further demonstrated by the CI-GEF Agency partnering with IUCN on the GEF-funded Inclusive Conservation Initiative,<sup>9</sup> which implemented a grant award mechanism via an Expression of Interest (EOI) process launched globally to select indigenous organizations; 10 organizations were selected from an application pool of over 400 EOIs.

81. Regarding public disclosure of project and beneficiary information, the CI-GCF Agency project website<sup>10</sup> provides up-to-date, basic information to stakeholders and the public on GCF funding, including projects under implementation, PPFs and concept notes. While current GCF projects (FP026 and FP158) are managed directly by CI and stakeholders and do not involve competitive grant award mechanisms, the website information is limited to project headlines, the original funding proposal and environmental and social management plans (ESMPs).

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<sup>8</sup> CEPF is a joint initiative of CI, Agence Française de Développement, the European Union, GEF, the Government of Japan and the World Bank and incorporates GCF funding to the tune of USD 38 million via the GCF AE Agence Française de Développement and other bilateral and multilateral donors. CEPF has issued USD 277 million worth of grants to over 2,500 civil society organizations since its inception in 2000.

<sup>9</sup> <https://www.inclusiveconservationinitiative.org>.

<sup>10</sup> <https://www.conservation.org/gcf/projects>.

82. The AE indicated that generally its knowledge management processes are based on publishing terminal evaluations unless donors require disclosure of project and beneficiary information during the project cycle. Links to the GCF website for project summary documents are also provided by the AE on its project web pages.
83. Regarding disclosure of grant award results, the CEPF website, administered by CI in its secretariat role, provides comprehensive information on CEPF grantees and their projects, CEPF management processes including procedures, cascaded policies and templates, the grant application process and information on projects. An example of a call for proposals within the CEPF11 demonstrates good practice in disclosing information on the selection and award process.
84. The AE has maintained its capacity to implement GCF-funded grant awards and has the competency to publish additional detailed information on the results of competitive grant award processes.
85. Regarding the transparent use of financial resources, the AE's grants and contracts procedures generally incorporate donor-specific compliance requirements and include pre-award financial and technical risk assessments of sub-recipients and, during the award, monitoring of implementation. Suspension and termination clauses are included, as are closeout processes.
86. In this regard, the AE shared spreadsheet templates for conducting capacity assessments on EEs and on sub-recipients with grants valued at greater than USD 1 million. The templates feature prescriptive due diligence and checks on structure, funding, financial management (controls and budgeting), audit, procurement, project management, sub-granting and human resources and safeguarding. Completed capacity assessments, including time-bound actions, for current non-GCF funded projects were shared, as were field monitoring/support visit reports by programmatic (technical) staff and financial (grant management) staff for FP026.
87. The AE shared an example of a completed financial risk assessment for GCF and GEF-funded projects and confirmed that no grants to sub-recipients had been suspended or terminated to date. The AE's systems, procedures, templates and capacity for the transparent allocation of financial resources, due diligence and monitoring are consistent with GCF fiduciary standards.
88. Web-training materials provided to grantee staff on topics including financial risk assessments, budgeting, financial reporting, environmental and social safeguards, prohibited practices and procurement were shared, further demonstrating good practice in the transparent allocation and monitoring of financial resources.
89. The procedures, tools and evidence of track record shared by the AE demonstrate a compliance-oriented monitoring framework that, at the same time, provides training, support and mentoring to grantees and their staff. The same framework can be applicable to GCF-funded projects with grant awards in the future.
90. The AE indicated that it significantly increased its funding from bi/multilateral donors between financial years 2020 and 2021 (inclusive of CEPF funding) and demonstrated its good standing with donors through the accreditation period.
91. As described in paragraph 41, CI's self-assessment, validated by the GEF's independent third-party expert, confirmed CI's compliance with the GEF minimum fiduciary standards. It was noted that in several areas under project/activity processes and oversight criteria (i.e. project appraisal and evaluation function) and under governance framework criteria (i.e.

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<sup>11</sup> Call for Letters of Inquiry: Caribbean Islands Biodiversity Hotspot – Small and Large Grants (Dominican Republic and Jamaica).

oversight of executing entities), the AE's compliance was specific to GEF projects and not to institutional compliance.

92. In addition, the AE shared an assessment of its performance in implementing one of two PPF grants administered by UNOPS with a given rating of 4.93 out of a maximum of 5.

93. 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 funding allocation mechanisms.

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

94. The AE did not apply for accreditation for this standard at this time.

## 3.2 Environmental and social safeguards

95. CI did not have any conditions with regard to the GCF interim ESS recommended by the AP for the first accreditation term with the accreditation scope of a maximum E&S risk category C/intermediation 3, nor for the upgrade for a maximum E&S risk category B/intermediation 2.

3.2.1 **Environmental and social policy**

96. CI has updated its Environmental and Social Management Framework (ESMF), approved by senior management on 16 November 2020. The objectives of the ESMF are to: (i) strengthen the quality of programming by ensuring a principled approach; (ii) avoid adverse impacts to people and the environment; (iii) minimize, mitigate and manage adverse impacts where avoidance is not possible; (iv) strengthen CI and partner capacities for managing social and environmental risks; and (v) ensure full and effective stakeholder engagement, including a mechanism to respond to complaints from project-affected people.

97. The ESMF consists of four distinct policies: Policy 1: Environmental and Social Safeguards; Policy 2: Gender Mainstreaming; Policy 3: Stakeholder Engagement; and Policy 4: Accountability and Grievance Mechanisms. Policy 1 incorporates the International Finance Corporation Performance Standards (PS) 1–8, adopts mitigation hierarchy as a key principle and explicitly commits to assessing cumulative and associated facilities impacts and applying a mitigation hierarchy to manage impacts.

98. Regarding PS 7 on indigenous peoples, CI adopted Standard 4, which states that CI respects indigenous peoples' individual and collective rights and the instruments that protect them, including, but not limited to, the International Labour Organization's Convention No. 169 and the United Nations Declaration on the Rights of Indigenous Peoples. CI has provided a sample of two cases where it has demonstrated its capacity to implement this standard on indigenous peoples: In Angola, the indigenous peoples' standard has been triggered, meaning that the Global Wildlife Program Angola Child Project (concerning climate resilience and biodiversity management in conservation areas) followed the free, prior and informed consent (FPIC) process and an ESMP was developed; and in Botswana, CI, along with the Government of Botswana and through stakeholder consultations, developed an indigenous peoples plan for the 'Ecosystem-Based Adaptation and Mitigation in Botswana's Communal Rangelands' project.

99. The Director of the Environmental and Social Management System at the CI-GEFGCF Agency is responsible for the implementation of the E&S policy, under the supervision of the Senior Director for GEF Policy and Portfolio Management and the Director for GCF Project Development and Implementation.

100. The current CI portfolio does not contain carbon-intensive projects. The applicant also confirmed that it has not invested in any fossil fuel portfolio since its accreditation by the GCF nor does it intend to invest in fossil fuel portfolios in the future.

101. The AP finds that the AE's environmental and social management system (ESMS), comprising the ESMF, 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 PS 1-8.

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

102. To ensure that all public funded projects are environmentally and socially sound and sustainable and avoid/mitigate unintentional negative impacts, CI adopted an ESS system (CI Safeguard System (CISS)) to provide CI staff and project teams with procedures to avoid (or minimize) adverse environmental and social impacts and enhance positive impacts to the maximum extent possible throughout the project cycle. CISS promotes human rights by seeking to reduce equity gaps and facilitating the enhancement of social and environmental sustainability. These commitments expand on existing safeguard policies and procedures already in place for some public funding at CI.

103. CI implements a safeguard screening process for all GEF and GCF-funded projects so as to screen projects against the risk classifications similar to IFC PS and sexual exploitation, sexual abuse and sexual harassment (SEAH) risks. By July 2022, CISS will apply to all public and private project and programme funding.

104. Five types of project activities that may result in adverse environmental and social impacts that may be associated with CI/GEF and CI/GCF projects have been pre-identified by CI: (i) protected area creation, expansion or management improvement; (ii) investment in business or livelihood development; (iii) civil works; (iv) occupational health and safety; and (v) pest management. The CI-GEFGCF Agency may nonetheless decide to support projects that may create these types of impacts on the condition that the impacts will be limited in time and space and can therefore be effectively mitigated, and that benefits brought by the project activities surpass the costs.

105. The CI-GCF Agency also screens for SEAH risks as part of its environmental and social safeguard screening. SEAH mitigation measures are incorporated into project ESMFs and monitored throughout project execution. The AE provided ESS screening forms with relevant SEAH screening criteria highlighted, as well as an example of an environmental and social impact assessment (ESIA) and ESMP that assesses SEAH risks and risk mitigation measures.

106. Suitable evidence relating to the E&S risks and impact identification has been provided by CI, along with a list including 18 projects screened against ESS 1-10. The list consists of projects in Africa and Latin America as well as global projects; 16 out of these 18 projects were grants. Only 1 project was categorized as risk category B; all others were categorized as C. The category B project in the list is "Ecosystem-Based Adaptation and Mitigation in Botswana's Communal Rangelands" (FP158), an 8.5-year, USD 97.7 million grant under implementation, which triggered PS 1, PS 2, PS 4, PS 6 and PS 7 during the screening process.

107. CI also provided evidence of its staff's technical skills and competencies to perform assessment and risk management. The staff has required capacities to conduct environmental impact assessment activities and to implement/monitor the ESMP, in compliance with the criteria defined in the Environment Code.

108. 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 GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to PS 1-8.

### 3.2.3 Environmental and social management programme

109. CI's ESMF incorporates a system to manage E&S risks and impacts throughout the project cycle, including a process for conducting ESIA's with specific roles and responsibilities related to implementing the institutional process.

110. Two (2) sample reports showing a track record of managing E&S risk and impact mitigation measures and actions stemming from the E&S identification process, including experience with PS 2 to 8, were provided: one (1) for Category B project "Ecosystem-Based Adaptation and Mitigation in Botswana's Communal Rangelands"; and one (1) for Category C project "Safeguarding biodiversity in the Galapagos Islands by enhancing biosecurity and creating the enabling environment for the restoration of Galapagos Island ecosystems" in Ecuador.

111. The CI's GEF/GCF Project Agency has the overall responsibility for ensuring that environmental and social issues are adequately addressed within the project cycle and will be ultimately responsible for the review and supervision of the implementation of safeguards.

112. The applicant informed the AP that an external, independent audit of CI's ESMF to review the effectiveness and performance of its ESMF will commence by the end of calendar year 2022, with results and an action plan to implement recommended changes to be reported to CI's leadership in the first half of 2023. At the project level, a terminal evaluation report on E&S effectiveness has been provided, in relation to CBIT project Strengthening the Capacity of Institutions in Uganda to Comply with the Transparency Requirements of the Paris Agreement.

113. Documented operational procedures and practices to manage E&S risk and impact mitigation measures and actions stemming from the E&S risk identification process in a systematic way are shown in the quarterly progress reports provided.

114. Financial institutions and direct investees are required by CI to develop and maintain, in the form of an ESMS, effective environmental and social systems, procedures and capacity for assessing, managing and monitoring risks and impacts of subprojects, as well as managing overall portfolio risk in a responsible manner. CI does an initial capacity screening of its EEs during due diligence risk assessment.

115. 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 GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to PS 1-8.

### 3.2.4 Monitoring and review

116. A system to monitor E&S performance in projects and programmes is in place. CI provided a procedure to monitor and evaluate activities in relation to ESS and a procedure to follow-up on any E&S recommendation. Monitoring is done on a quarterly and annual basis. Supervision and training are done throughout the project design and implementation phases. Templates for project performance annual workplan and supervision checklists for safeguards were provided by the applicant.

117. Ample evidence has been provided showing the applicant's capacity to implement these procedures. Quarterly and annual project monitoring reports as well as midterm evaluation reviews and project implementation reports were provided, including one for a category B project. CI also organizes periodic supervision field missions, including interviews with communities, extensions, local government units and local project staff, to ensure that relevant risk mitigation measures are implemented. CI provided a sample technical oversight mission report with monitoring and evaluation results for the Sustainable Landscapes in Eastern Madagascar project, which contained provisions for mitigation measures and related improvements at project level.

118. 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 PS 1–8.

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

119. CI publicly discloses documents related to all CI-GEF/CI-GCF ESS standards and associated policies (as outlined in the ESMF), subject to the exclusion of proprietary, confidential and personal information, on its websites.<sup>12</sup> The website lists contact information where interested stakeholders can seek further information or documentation and raise their concerns or recommendations to CI-GEF/CI-GCF. The CI-GEF/GCF Project Agency will be responsible for ensuring appropriate response. In relation to projects, CI provided a report<sup>13</sup> on ESS safeguards relating to FP158 and pursuant to paragraph 17 of the Information Disclosure Policy of the Green Climate Fund.

120. CI adopted a specific policy on stakeholder engagement (Policy 3 of its ESMF), which requires that stakeholder engagement be included in all its supported projects/programmes and throughout their respective project/financing cycles.

121. CI has enacted a specific policy on accountability and grievance (Policy 4 of its ESMF) to provide for the receipt of and timely response to resolution of complaints from parties affected by CI-GEF/CI-GCF funded projects. Accordingly, CI requires that all projects have a form of an independent, transparent and effective project-level accountability and grievance mechanism. Alternatively, grievants may file a claim with the Director of Risk Management & Compliance, who is responsible for CI's Accountability and Grievance Mechanism. CI has not received any E&S grievances in the past three years.

122. Projects requiring FPIC or triggering an indigenous peoples plan also include local conflict resolution and grievance redress mechanisms (GRMs) in the respective safeguard documents, which are developed with the participation of the affected communities in culturally appropriate ways and ensure adequate representation from vulnerable or marginalized groups and sub-groups, such as women and youth.

123. SEAH complaints may be filed through the project-level grievance mechanism. In addition to the project-level grievance mechanism, stakeholders are provided with information on and access to CI's Ethics Hotline to register a complaint or grievance. Any CI staff or delivery partner who suspects, experiences, observes or becomes aware of conduct that violates CI's SEAH policy is obligated to report the possible violation immediately through CI's established grievance reporting mechanisms as outlined in CI's Conflict Resolution and Formal Complaints Policy.<sup>14</sup> Specific training on the SEAH policy has been rolled out in March 2021. CI's SEAH training is designed to be a "training for trainers" to be conducted annually and/or as required for project implementation.

124. At the institutional level, the GCO is CI's independent GRM. CI's Senior Director of Risk Management & Compliance under the GCO oversees the GRM at the entity level. To implement the Accountability and Grievance Mechanism, CI uses an Ethics Hotline, managed by NAVEX's EthicsPoint. The Ethics Hotline is Safe Harbor Certified through the United States Department of Commerce and is available worldwide. CI reported no E&S grievances in the past three years.

125. Regarding track record, sample evidence was provided regarding FP158 (Ecosystem-based Adaptation and Mitigation in Botswana's Communal Rangelands project) on the

<sup>12</sup> <http://www.conservation.org/GEF> or <https://www.conservation.org/gcf>.

<sup>13</sup> <https://www.greenclimate.fund/sites/default/files/document/fp158-ci-botswana.pdf>.

<sup>14</sup> <https://www.conservation.org/about/our-policies/reporting-illegal-or-unethical-conduct-statement>.

disclosure of the ESIA during the preparation phase, in line with GCF requirements. The 30-day requirement is stipulated in the safeguard screening analysis report to AEs/EEs.

126. The AP finds that the AE's system of external communications, consultations, information disclosure and GRM, supported by evidence of its track record, fully meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, GCF interim ESS standards and the GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category B/I-2 projects/programmes with respect to PS 1–8.

### 3.2.6 Organizational capacity and competency

127. The AE provided its organizational chart indicating where the designated staff members responsible for making E&S risk categorization decisions (ESS and gender expertise team) are located in the organization and their reporting lines.

128. At the AE level, E&S impact is monitored by a unit responsible for the implementation of safeguards and gender at CI, under the project monitoring and delivery team. That division is overseen by a Vice-President. The CI-GEF/CI-GCF Agency is overseen by a Senior Vice President, which reports directly to the Executive Vice President of Conservation Partnerships, who then reports to the Chief Executive Officer (CEO). The ESMF director reports to the Senior Director of GCF Project Development and Oversight, who in turn reports to the Senior Vice President of the CI-GEF/CI-GCF Agency. E&S incidents are disclosed and managed by the CI-GEF/CI-GCF Agency and reported up the organizational chart. Grievances are managed by the GCO, and the CI-GEF/CI-GCF Agency is included in the process by GCO unless there is a conflict of interest in the nature of the grievance. The GCO reports directly to the CEO. The Senior Director of Risk Management and Compliance, who oversees the GRM, reports directly to the GCO. In addition to the formal organizational structure, the CI Safeguards Working Group is a team of teams that strategizes, guides, advises, learns and coordinates the implementation of safeguards to measurably improve outcomes for people and nature.

129. The AE provided a list of staff responsible for environmental and social matters and further evidence that 109 staff members have received online training on the ESMF in 2021.

130. Regarding financial intermediaries, the CI-GEF/CI-GCF Agency follows the same approach supervising grantees and financial intermediaries that benefit from a GEF/GCF grant or non-grant instrument. The Director of Safeguards reviews quarterly progress and the annual project implementation reports that are submitted to the GEF for grant and non-grant instruments. Due to the pandemic, the reviews have been done remotely.

131. 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 GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to PS 1–8.

## 3.3 Gender

132. CI did not have any conditions with regard to gender recommended by the AP for the first accreditation term.

133. The AE has adopted an overarching commitment to gender equity and a gender policy, both of which have been published on its online portal.<sup>15</sup> The policy aims to guide projects in having specific gender-related results such as closing gender gaps in access to and control over

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<sup>15</sup> See <https://www.conservation.org/priorities/gender-equality> and [https://www.conservation.org/docs/default-source/publication-pdfs/integrating-gender-and-social-equity-into-conservation-programming-2019.pdf?sfvrsn=6b8e5c33\\_2](https://www.conservation.org/docs/default-source/publication-pdfs/integrating-gender-and-social-equity-into-conservation-programming-2019.pdf?sfvrsn=6b8e5c33_2).

resources, improving participation and decision-making of women in natural resource governance, and promoting equitable socioeconomic project benefits.

134. At the project-level, a gender mainstreaming plan (GMP) is required for category A/high-risk, category B/medium-risk and category C/low-risk projects funded by CI. A GMP template was shared by the applicant. Each GMP includes a budget for implementing activities. A gender action plan<sup>16</sup> and a gender assessment<sup>17</sup> were provided by the AE for the FP158 “Strengthening the Capacity of Institutions in Rwanda to implement the Transparency Requirements of the Paris Agreement” project. The AE also indicated that each GEF and GCF project undergoes an independent evaluation that assesses and reports on the implementation of gender activities at the project level; a sample project terminal evaluation for the CBIT project in Uganda was provided. Gender and SEAH requirements are passed down to EEs via CI’s subsidiary agreements.

135. At the entity level, CI is in the process of finalizing its global diversity, equity and inclusion strategic plan, which will embrace a gender action plan covering the period from 2023 to 2027. CI shared with the AP a draft version, which includes four goals and several corresponding activities and indicators aimed at enhancing the implementation of CI’s gender policy at the institutional level. The gender action plan also provides for a gender-sensitive grievance mechanism.

136. CI is also forming a Global Grievance Committee to provide technical and subject matter expertise to review and support grievance resolution at the entity level. The formation of the Global Grievance Committee was presented at the CI Board of Directors Meeting in October 2021 and is expected to roll out in calendar year 2022. The Global Grievance Committee will support CI’s Senior Director of Risk Management and Compliance in the review and resolution of global grievances submitted through CI’s GRM. The Global Grievance Committee will have representation across the organization with subject matter experts in human resources, rights-based approaches, ESS, gender, and legal affairs, who will be called upon to join the committee to review and support grievance resolution that requires a specific subject-matter expertise. The Committee will address grievances in a gender-sensitive and gender-responsive manner.

137. Regarding the current organizational structure, the AE has two full-time dedicated Director-level staff charged with overseeing the implementation of CI’s Gender Policies, whereas 16 staff have related responsibilities. The CI’s Gender Working Group comprises staff trained or working on gender issues across the institution and provides a platform for learning and sharing gender knowledge.

138. Regarding track record, CI has provided evidence of various gender initiatives, particularly at the project level. However, the AE demonstrates limited experience with gender mainstreaming at the institutional level and lacks a specific institutional Gender Mainstreaming Action Plan. The CI-GEF/CI-GCF Agency is currently doing an internal review of gender across the GEF portfolio and has planned an audit of its ESMF, including the effectiveness of its gender policies, which will commence by the end of the calendar year 2022, with results reported to the CI-GEF/CI-GCF Agency in the first half of 2023. The results of this audit will be disseminated to CI senior leadership.

139. The AE provided examples highlighting linkages between gender mainstreaming and climate change impacts, including the terminal evaluation report for the project “Maintaining and Increasing Carbon Stocks in Agro-silvopastoral Systems in Rural Communities of the Selva Zoque - Sumidero Canyon Complex as a Climate Change Mitigation Strategy”. This project was rated ‘highly satisfactory’ in terms of both gender and ESS safeguards, as it demonstrated that both women and men have benefited from this climate change project. Further evidence has

<sup>16</sup> See <https://www.greenclimate.fund/document/gender-action-plan-fp158-ecosystem-based-adaptation-and-mitigation-botswana-s-communal>.

<sup>17</sup> See <https://www.greenclimate.fund/sites/default/files/document/fp158-gender-assessment.pdf>.

been made available through the FP026 APR, which includes references to gender-sensitive participatory activities aimed at strengthening climate change resilience.

140. The AP finds that the AE's gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the Updated Gender Policy and Gender Action Plan 2020–2023 to the extent applicable to accreditation.

## IV. Conclusions and recommendation

### 4.1 Conclusions

141. Following its assessment, the Secretariat concludes the following regarding 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 2020–2023 Strategic Plan with respect to:

- (a) The alignment of the AE's indicative pipeline with country programming priorities of the countries of operations;
- (b) Its contribution to the adaptation and mitigation balance in the GCF portfolio since the AE is able to bring adaptation and cross-cutting activities for GCF finance, and its support of diversity in GCF results areas such as; livelihoods of people and communities; forests and land use; and ecosystems and ecosystem services;
- (c) Mobilizing climate finance at scale since the AE is being recommended for re-accreditation in the maximum size category Medium;
- (d) Promoting financial innovations in using available financial instruments and, where possible, leveraging these instruments to enable and catalyse private sector investment and design sustainable value chains; and
- (e) Addressing interests of particularly vulnerable groups.

142. Following its assessment, the AP concludes the following regarding the application with respect to the AE's ability to meet the GCF accreditation standards and GCF policies relevant for accreditation for which it is seeking re-accreditation:

- (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 Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy, the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The AE completed an independently reviewed self-assessment process that reinforced its continued compliance with GEF minimum fiduciary standards and has enhanced its systems, policies, procedures and competencies in several areas of GCF fiduciary standards for transparency and accountability and grant award/allocation mechanisms during its first accreditation period;
- (b) The AE 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); and
- (c) The AE fully meets the Updated Gender Policy and Gender Action Plan 2020–2023. Furthermore, the AE has demonstrated that it has the experience and track record in implementing its gender policy at the institutional level.

### 4.2 Recommendation on re-accreditation

143. The AP recommends, for consideration by the Board, CI 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);<sup>18</sup>
- (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/I-2) (including lower risk (category C/I-3)).<sup>19</sup>

(b) **Conditions:** none.

144. The AE has been informed of the recommendation for accreditation, including the accreditation type, as identified in paragraph 143 above, and agrees to the recommendation.

### 4.3 Remarks

145. The AE has already scheduled the next periodic review of its policies to commence in September 2022 and is encouraged, in its policy framework, to use consistent terminology when referring to policies, procedures and guidelines for information, awareness and transparency for individuals and entities collaborating with or seeking to collaborate with CI, and to consider publishing, in full on its external website, all key policies that apply to individuals and entities beyond its own staff.

146. The AE is encouraged to publish, in addition to currently available summary information available on its website, further details of the terms of reference outlining the purpose, authority and accountability of the investigation function, and the guidelines for processing and managing cases during and after the investigation process.

147. The AE is encouraged to provide accessible summaries of progress reports on its project-specific websites, in addition to its current practice of publishing links to GCF APRs and project videography.

148. The AE is encouraged to provide the status of implementation of its gender action plan at the entity level in the future annual self-assessments to the GCF.

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<sup>18</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme.”

<sup>19</sup> As per the Revised Environmental and Social Policy adopted in decision B.BM-2021/18, 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.”