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Consideration of accreditation proposals – Addendum I

Re-accreditation assessments

Summary

This document contains the re-accreditation assessments conducted by the Secretariat and the Accreditation Panel, and the recommendations of the Accreditation Panel for re-accreditation of the Asian Development Bank (ADB) based in the Philippines, the European Bank for Reconstruction and Development (EBRD) based in the United Kingdom of Great Britain and Northern Ireland, and the United Nations Environment Programme (UNEP) based in based in Kenya.

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Background

1. The document contains the annexes for the following applicants for re-accreditation:

(a) Applicant R005 (RAPL005) the Asian Development Bank (ADB) based in the Philippines, as contained in annex I to this document;

(b) Applicant R017 (RAPL017) the European Bank for Reconstruction and Development (EBRD) based in the United Kingdom of Great Britain and Northern Ireland, as contained in annex II to this document; and

(c) Applicant R019 (RAPL019) the United Nations Environment Programme (UNEP) based in based in Kenya, as contained in annex III to this document.

Annex I: Re-accreditation assessment of the Asian Development Bank for the second accreditation term

I. Introduction

1. The Asian Development Bank (ADB) is an international development finance institution, headquartered in the Philippines, whose main goal is to reduce poverty in the region in which it operates through environmentally sustainable growth. This goal is pursued through the provision of various forms of financial assistance to developing countries through loans, technical assistance, grants, guarantees and equity investments. The programming priorities of the accredited entity (AE) include climate action, climate and disaster resilience, adaptation and environmental sustainability. The AE works in partnership with entities such as national governments, regional entities, multilateral financial institutions and United Nations agencies and private companies to achieve its mission to assist its member countries in eradicating extreme poverty and transform Asia into a resilient, prosperous and sustainable region.

2. ADB was accredited by the Board on 26 March 2015 in decision B.09/07, paragraph (b), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of the GCF:

(a) **Access modality:** international access;

(b) **Track:** fast track under the Adaptation Fund (AF);

(c) **Maximum size of an individual project or activity within a programme:** large;[1]

(d) **Fiduciary functions:**[2]

  (i) Basic fiduciary standards;

  (ii) Specialized fiduciary standard for project management;

  (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

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

(e) **Maximum environmental and social (E&S) risk category:** high risk category A/intermediation 1 (I-1));[3] and

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

  (i) Energy and industries;

  (ii) Transport;

  (iii) Human security, livelihoods and well-being;

  (iv) Land use, forestry and ecosystems;

[1] As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US$ 250 million for an individual project or an activity within a programme".

[2] Decision B.07/02.

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

(v) Infrastructure and built environment; and

(vi) Public and private types of projects/programmes.

3. ADB signed its accreditation master agreement (AMA) with GCF on 17 August 2017, which became effective on 6 September 2017. Consequently, the AE's first accreditation term is from 6 September 2017 to 5 September 2022. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 30 December 2021. Accreditation fees were not applicable since the AE is seeking re-accreditation for the same accreditation scope for which it was previously accredited; thus, the Stage I institutional assessment and completeness check commenced upon submission of the re-accreditation application. Stage I was completed on 13 April 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 for which it was previously accredited, while including AF scope for fast track, and updating the indicative results areas for the projects/programmes it intends to submit to GCF, to the following:

(a) **Track:** fast-track under the Global Environment Facility (GEF);[4]

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

(i) Energy generation and access;

(ii) Buildings, cities, industries and appliances;

(iii) Forestry and land use;

(iv) Livelihoods of people and communities;

(v) Health, food and water security;

(vi) Infrastructure and built environment; and

(vii) Ecosystems and ecosystem services; as well as

(viii) Public, private and cross-cutting types of projects/programmes.

II. Stage I institutional assessment and completeness check

5. The AE is 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 following GCF policies and standards to the extent applicable to accreditation:

(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);

[4] At the time of the review of the re-accreditation application under stage I by the Secretariat and stage II (step 1) by the AP, ADB was under-going the re-accreditation process as a multilateral implementing entity to the Adaptation Fund. Since a decision on re-accreditation to the Adaptation Fund was pending at the time of the GCF's assessment, the application did not undergo the GCF fast-track accreditation process through the Adaptation Fund, in line with decision B.08/03.

(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 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 6 September 2017 (date of AMA effectiveness) to 5 September 2022.

8. If the Board approves the AE's re-accreditation, GCF and the AE will amend and restate the AMA. The amended and restated AMA will set out the terms and conditions of the re-accreditation, including but not limited to (i) the scope of the AE's re-accreditation; (ii) any conditions of re-accreditation based on the AP's assessment of the AE against the GCF standards and policies listed in paragraph 58 below; and (iii) reflect the GCF policies and standards adopted by the Board in effect as of the of date the amended and restated AMA.

9. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on negotiating the Amended and Restated AMA and that it will put in place 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. ADB currently has 12 approved projects (and no grants under the Readiness portfolio) worth USD 0.95 billion in GCF investment and USD 6.8 billion in co-financing. ADB is the AE with the fourth largest volume of GCF funding for funded activities. The approved projects are all under the public sector portfolio.

11. Nine projects in the ADB portfolio have been disbursed. On average, these took 672 days from GCF Board approval to first disbursement. Thus, the progress of ADB's projects through the different milestones has been relatively slow. One reason for the delay has been the deadline extensions that have been requested and granted for some of the projects. A possible solution for accelerating the progress of the ADB projects towards disbursement could be to ensure that the funding proposals are presented to the Board for approval with pre-negotiated funded activity agreements (FAAs). Currently, none of the approved ADB projects had a pre-

negotiated FAA when submitted to the Board for consideration. The Secretariat will discuss this potential approach with the AE.

12. ADB's funded activities comprise a mix of adaptation, mitigation and cross-cutting projects in various countries in Asia. Implementation has progressed in 10 out of 12 projects, with FP154 Mongolia: Aimags and Soums Green Regional Development Investment Program (ASDIP)) and FP156 (ASEAN Catalytic Green Finance Facility (ACGF): Green Recovery Program) pending FAA execution and FAA effectiveness, respectively. Six ADB projects utilize solely one financial instrument: non-reimbursable funds (i.e. grants), five utilize a mix of non-reimbursable funds and reimbursable funds (i.e. senior loans) and one utilizes reimbursable funds as the only financial instrument. FP076 achieved effectiveness in about one month, FP036, FP052 and FP090 in about two months and FP008, FP075, FP077, FP082 and FP091 in about three months. As of 17 May 2022, GCF has made disbursements to ADB in amount of USD 119 million, representing 25 per cent of the total GCF approved funding for the ten projects under implementation within the ADB portfolio. A more detailed description of each project and its status is presented below.

13. **FP008**: Fiji Urban Water Supply and Wastewater Management Project. This project aims to improve access to safe and sustainable water and sewerage services in the greater Suva area in Fiji. FP008 seeks to construct a new water supply, a water treatment plant, a pumping station, a reservoir and water distribution systems to increase the water supply. To date, several contracts on design operations, a project management unit and construction supervision have been drafted, signed and commenced. Civil works for the river intake and treatment plant are in progress.

14. **FP036:** Pacific Islands Renewable Energy Investment Program. This is a cross-cutting programme that seeks to shift from diesel power energy generation to renewable energy in seven small island developing States in the Pacific. It consists of a subproject to install a battery energy storage system to scale up private sector investment and to supply up to 50 per cent of renewable energy to Cook Islands. Capacity-building and project preparation activities are also expected. During 2021, the project reported slow implementation due to the coronavirus disease 2019 (COVID-19) pandemic but faster progress is expected in 2022.

15. **FP052**: Sustainable and Climate Resilient Connectivity for Nauru. With GCF funding of approximately USD 27 million as non-reimbursable funds, the funded activity aims to improve port facilities in Nauru by constructing a climate-resilient port that can fully operate throughout the year. GCF funding seeks to finance construction works for a wharf structure and a long breakwater as well as for the dredging of a basin to allow passage between the ocean and the wharf. In December 2018, civil works contracts had been signed and construction work was mobilized. Owing to the COVID-19 pandemic construction was put on hold between August 2020 and April 2021. The contractors in charge of civil works agreed to deliver the wharf structure by the end of 2022, however a revision of the milestone delivery might be required considering the current status of implementation.

16. **FP075**: Institutional Development of the State Agency for Hydrometeorology of Tajikistan includes GCF financing of up to USD 5 million. This adaptation project seeks to address institutional key weaknesses of the State Agency for Hydrometeor (Hydromet) through several components: (i) modernization of Hydromet facilities; (ii) legal and organizational transformation to renovate Hydromet into a competitive government entity; (iii) capacity-building to improve extreme weather forecasting and warning; and (iv) encourage development and implementation of a viable business model through marketing. At the end of 2021, most of the project activities were either on track or ahead of schedule.

17. **FP076:** Climate-friendly Agribusiness Value Chains Sector Project includes USD 141 million as total financing from which USD 40 million are GCF funding. This project aims to reduce greenhouse gas (GHG) emissions of agricultural value chains in three provinces of

Cambodia, reduce the vulnerability of target crops while increasing agricultural competitiveness and, in consequence, increase income. As of 2021, despite implementation delays, irrigation and farm road subprojects are ongoing.

18. **FP077:** Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Project (AHURP). This is a cross-cutting project with GCF funding of USD 95 million as reimbursable funds and USD 50 million as non-reimbursable funds. The objective of this project is to deliver sustainable results to transform areas in Ulaanbaatar city into low-carbon, climate-resilient districts. The project reported to have experienced delay during 2021 but expects faster progress in 2022.

19. **FP082:** Catalyzing Climate Finance (Shandong Green Development Fund). Pending effectiveness, this is a cross-cutting programme in China with GCF funding of USD 100 million as reimbursable funds that aims to leverage climate-resilient investments for diverse subprojects in Shandong province. The programme seeks to finance a portion of the capital expenditures of these subprojects to address upfront risks and to promote advanced technologies with a view to integrating them into a climate finance approach.

20. **FP085**: Green BRT Karachi. With GCF funding of up to USD 49 million, FP085 aims to construct a 30 km bus rapid transit (BRT) line, including cycle lines, bicycle-sharing system, e-pedicabs and improved pedestrian facilities in Karachi (Pakistan). As of 2021, preparatory activities have started (i.e., project inception mission, recruitment of staff, and awarded contracts to civil works).

21. **FP090**: Tonga Renewable Energy Project under the Pacific Islands Renewable Energy Investment Program. This is a mitigation project implemented with GCF funding of approximately USD 30 million that will assist Tonga in the transition from diesel to renewable energy. ADB seeks to invest in battery energy storage systems, grid connected solar photovoltaic plants in main outer islands, mini-grid renewable-based hybrid systems in outer islands and capacity-building and project management support. The two battery energy storage systems are completed. Grid connected solar photovoltaic plants are nearing completion.

22. **FP091:** South Tarawa Water Supply Project. With GCF funding of USD 28.6 million, this is a cross-cutting project seeking to increase access to safe, climate-resilient water supplies by supplying households with a connected water supply. ADB expects to achieve this under by the constructing of desalination plants, the upgrading and expanding of the water supply network and the constructing of a solar photovoltaic plant and system. The project also seek to increase the institutional capacity and raise awareness of the water, sanitation and hygiene initiative and climate change issues. Progress has been made regarding several preparatory activities; however, the project has faced several challenges attributed to COVID-19 and other project emerging risks.

23. **FP154**: Mongolia: Aimags and Soums Green Regional Development Investment Program (ASDIP). This is a cross-cutting project in Mongolia with GCF funding of USD 130 million as reimbursable funds and USD 45 million as non-reimbursable funds. The program represents a fundamental paradigm shift in applying a transformative model to promote green territorial development and urban–rural linkages, whereby livable human become anchors of green agribusinesses that promote sustainable, resilient, and high-carbon sequestration rangeland management that can be replicated throughout Mongolia.

24. **FP156**: ASEAN Catalytic Green Finance Facility (ACGF): Green Recovery Program. ACGF is a pioneering initiative which aims to rapidly develop and co-finance a large pipeline of climate-friendly infrastructure projects to catalyse capital at scale to foster a green, climate-resilient recovery from the COVID-19 pandemic. Designed as the first 'green recovery' programme for South-East Asia, this platform for the region provides the means to kick-start low-emission investments to support economic recovery following COVID-19. Revolving use of

USD 300 million of GCF funds will mobilise over USD 3 billion in co-financing, and eventually catalyse USD 4 in private finance for every USD 1 invested by GCF.

25. Seven ADB projects (FP008, FP036, FP052, FP075, FP076, FP077, FP090) became effective between 2018 and 2019, two became effective in 2020 (FP085 and FP091), and one (FP082) became effective in 2022. One project was executed in 2022 (FP156) and another one is pending execution (FP154).

26. Unlike the four projects on track, the delivery rates for FP008, FP052, FP076 and FP077 were impacted or exacerbated mainly by the effects of COVID-19 including, but not limited to, the consequent travel restrictions. FP008 experienced a nearly 12-month delay owing to the lack of extension of contract services, later exacerbated by international and national restrictions imposed in Fiji. Land acquisition and easement issues have also delayed project implementation. For FP052, the pandemic affected construction progress, with the Government of Nauru and contractors subsequently deciding to suspend construction work temporarily from August 2020 until further notice. The conduct of feasibility studies, training and workshops and the supervision of activities by international consultants for FP076 were also affected. In contrast to the other projects, FP077 was delayed primarily because of a late start of the support to consultant teams, non-completion of the inception report and non-start of a detailed feasibility study. COVID-19 restrictions have also impeded the travel of international consultants to Mongolia, negatively impacting the project's execution.

27. FP036, although affected by COVID-19 shipping and travel restrictions, reports having completed two activities while the remaining activities are on track. For FP075, progress in the implementation has been made in the design of Hydromet buildings, development of forecasting systems and marketing and sale services have been established, while issues involving Hydromet transformation have been reported. FP085 achieved its initial milestones by recruiting management staff and initiating operations. Even though ADB also reported impacts of the pandemic for FP090 due to travel restrictions, the project managed to introduce adjustments and nearly completed civil works for two out of four energy subprojects during the reported period. However, delays are still expected and are being closely monitored.

28. The reports state that data collection is in progress for most projects, including FP008, FP075, FP076 and FP077, and that data will be available for FP052 after the completion and operationalization of project constructions.

29. In summary, thus far at the portfolio level, the most important implementation challenge for ADB and its local financial partners could be attributed to the uncertainty caused by the COVID-19 pandemic, with delays in procurement, training and workshop sessions, and shipping clearances, and the postponement of necessary visits to pilot and/or construction areas. However, there are also challenges attributed to diverse factors during project execution. Reported challenges included affected relationships between executing entities and project management units, delays in agreements with stakeholders, change of scopes within projects, difficulties in attracting private investments and delays in signing co-financing loan agreements. To address such challenges (as well as others outside the pandemic), ADB proceeded with several adaptive management requests to the Secretariat and solutions with the respective government executing entities and stakeholders. For instance, ADB requested and was approved to extend the closing date for FP052 for 15 months. To date, FP077 and FP090 had not requested subsequent disbursements after the first disbursements in November and December 2019, respectively.

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

30. **Entity work programme**. ADB is yet to submit its entity work programme for the first replenishment period of the GCF to the Secretariat despite the Secretariat encouraging the AE

to develop an entity work programme on multiple occasions during its first accreditation term. The Secretariat's programming divisions continue to engage with the AE on pipeline development. ADB has been requested to develop and submit its draft entity work programme reflecting its partnership and programming strategy with GCF, comparative advantages as an AE and the pipeline of the early stage project ideas that the AE intends to bring forward in the remainder of the first replenishment period of the GCF and include the pipeline for the early second replenishment period of the GCF, if re-accredited.

31. **Concept notes/funding proposals**: As at 31 May 2022, ADB's pipeline includes three funding proposals. These are the Community Resilience Partnership Programme (total volume of USD 750 million), the Climate Adaptive Integrated Flood Risk Management Project (total volume of USD 275 million) and E-Mobility Programme (total volume of USD 454 million). The pipeline also includes one concept note for the Climate Adaptation through Irrigation Modernization Project (total volume of USD 113.6 million).

32. Regarding the E-Mobility Programme, it aims to promote a transformational shift to climate resilient urban zero-emission mobility systems for some Commonwealth of Independent States member countries, as well as Nepal and Indonesia. The proposed interventions include investments in climate resilient urban transport infrastructure and large scale deployment of electric bus systems combined with mode-shift measures to increase the performance and convenience of urban public and non-motorized transport and technical assistance to improve public and private sector capacity, and regulatory environment for e-mobility.

33. ADB is seeking to repeat the relative success and lessons learned applied in structuring of the Board-approved FP156 in multiple countries. The repeated modelling of such an approach is sought after particularly in the current pipeline for the Pacific region. Across the Pacific, climate change is posing a serious and even existential threat. To combat the risks, ADB developing member countries (DMCs) in the Pacific require substantial assistance to develop and implement transformational adaptation pathways, including investments to protect against, accommodate and/or retreat from climate and disaster risks.

34. ADB is exploring the development of a new regional financing platform to address the finance adaptation gap by securing significant climate finance from a range of public and private sources and to direct the finance towards multiple stakeholders, including the private sector, thereby catalysing significantly more capital. Following examples from other initiatives around the globe, and in the context of support to the Pacific in the recovery from the impacts of COVID-19, the proposed platform would aim to help vulnerable countries to become more resilient by accelerating access to cost-efficient and proven adaptation technologies. As the idea is at the early stage of development, it is yet to be reflected in GCF programming processes with the respective countries.

35. Discussions with ADB on the aforementioned pipeline are on-going, including on alignment with the 2020–2023 Strategic Plan.

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

36. ADB projects do not have any ongoing inquiry and investigation by the Independent Redress Mechanism. There has been a change to the social risk category in FP052. Owing to the government's permanent relocation programme and subsequent temporary relocation, the project was recategorized from category C to category A risk for involuntary resettlement. In FP008, gender-related non-compliances were flagged by GCF and the AE has taken note. Furthermore, non-compliances raised and resolved by the contractor include wastewater discharge, traffic management and a damaged fence in Navuso village that had not been reinstated.

37. **FP008**: this project is experiencing implementation delays, both for output 1 (Rewa River intake, construction of treatment plant, and transmission main) and output 2. Delays started prior to COVID-19 and were exacerbated by the pandemic. In April 2019, the project experienced a loss of staff as 2,000 contracts for workers of the Water Authority of Fiji were not renewed. The pandemic meant additional delays due to the temporary suspension of local works as well as delays in returning to work, resulting in the contractor asking for a further extension until 2023 to finish the civil works and to allow for a costs increase. ADB, as the AE, and the European Investment Bank (EIB) will consider rescoping the project in mid 2022. Output 1 is exposed to land acquisition issues, which to AE expects to be resolved on the short term. Disbursement of parallel co-financing funds by the EIB for output 1 was delayed due to "clarifications in the loan agreement". The funds were retroactively disbursed to the Government of Fiji in April 2022. The availability period of the EIB loan at the point of this document is until November 2022 exposing the project to financing gap. Discussions to resolve this matter are on-going. The AE has informed the Secretariat that output 2 is underbudgeted as cost estimates were incomplete and is considering a scope revision or cancellation. Civil works for output 2 have not yet started. The draft mid-term evaluation report qualifies the due diligence as inadequate during project preparation. The project is on the watchlist. No restructuring requests have been received.

38. ADB notes in the first draft submission of its interim evaluation report that there is also a need to adjust the scope of output 2, wastewater collection and treatment. Overall, the conclusion is that the estimated costs for the wastewater treatment plant were significantly higher than expected as the original designs did not take adequate account of energy costs and sludge disposal. Additionally, maintenance, lifecycle and some priority costs were not included in the original estimates, increasing the need to rethink the scope based on revised planning and environmental assessments. To date, the costs estimates are being revised and civil works have not started. A final agreement on how to proceed with this output has not been reached. There is a possibility that the output will be cancelled or that the scope will change. No GCF funds are used in output 2.

39. As at the end of 2021, ADB had spent approximately USD 11.3 million of the USD 31.04 million disbursed to the AE by GCF.

40. **FP036**: the project is experiencing difficulties in establishing an agreed programme and approach to attract private investment in solar photovoltaic generation. The initial concept, a project focusing on a significant volume of small-scale investment in power generated by independent power producers, has encountered several challenges, including the time required to establish its network studies and control approach and the level of tariffs sought by customers to make investment attractive for independent power producers.

41. **FP052**: prior to the COVID-19 pandemic, FP052 was already facing delays of approximately five months due to issues related to construction site access and the contractor's ability to mobilize sufficient resources. These delays were exacerbated by the pandemic, with civil works being suspended, leading to a request from ADB to the Secretariat for a closing date extension of 15 months. as approved in 2021. While the implementation of the FA progressed since then, COVID-19 related obstacles still remain impeding the ability of the contractor to deliver against the agreed timeline. Further additional financing was provided by ADB to address budget overruns.

42. One particular aspect that was noted in the interim evaluation report was the need to relocate 231 households in the dwellings next to the port construction site. For this reason, in June 2021, ADB reclassified the project from category C to category A for involuntary resettlement. The Government of Nauru and ADB finalized the relocation plan and an additional works assessment report.

43. **FP075**: the workplan of the project management unit regarding the conduct of training sessions and workshops was revised as a consequence of the pandemic. In addition, a visit to the pilot areas with the participation of international consultants to determine the location of hydrometeorological equipment was postponed.

44. **FP085**: this project experienced delays in signing the loans with co-financiers, which is a condition for processing disbursements from the Secretariat. However, in August 2021, ADB notified the Secretariat that all co-financing agreements had become effective. On 15 November 2021, GCF expended the first disbursement to ADB of approximately USD 2 million.

45. 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 relevant risk flags pertaining to the engagement with the AE during the current accreditation term.

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

46. In line with the AMA, ADB is not required to submit an annual self-assessment.

47. In line with AMA clause 5.02(a)(iv), ADB submitted its mid-term accreditation review report covering calendar years 2017 to 2019 in a timely manner following the template provided by the Secretariat. The mid-term review requested the AE to report any changes that may have taken place since its original accreditation in the areas related to meeting the GCF accreditation requirements. As detailed in document GCF/B.27/03/Add.02, regarding fiduciary standards, the AE reported minor changes for the better such as updated procurement guidelines and Procurement Regulations for ADB Borrowers and updated Project Administration Instructions. Regarding ESS standards, the AE also reported enhancements since its original accreditation in the policy framework and its application to projects. The AE reported no changes related to policies and standards on gender while the track record demonstrated that ADB continues to meet the gender requirements against which it was assessed during original accreditation. The AP and the Secretariat reviewed the report and concluded that the AE continues to meet the relevant GCF accreditation standards and obligations as an AE as per its AMA with GCF in the context of its accreditation scope, respectively.

2.4 International access entity contribution to building the capacity of direct access entities

48. In addition to its financial operations, ADB provides a wide range of capacity-building activities for its DMCs through its technical assistance modality. Activities include capacity-building for procurement, financial management, portfolio management and ESS, which can directly or indirectly support potential subnational, national and regional implementing entities and intermediaries to meet GCF accreditation requirements. In its re-accreditation application, ADB indicated that it strives to seek out projects that include entities that have the potential to apply for GCF accreditation.

49. In line with AMA clause 15.02(c), the AE reported on an annual basis covering 2017–2021 on the various types of support it intended to provide to local-, national- and regional-level entities through the technical assistance modality. For example, since 2021, ADB has implemented technical assistance projects in 44 DMCs related to strengthening gender equity and gender mainstreaming, 44 DMCs in which good governance capacities have been strengthened and 41 DMCs regarding financial management, all of which cover many of the capacities required of direct access entities seeking GCF accreditation. However, these activities

form part of general efforts by ADB to build the capacity of the institutions in its member countries and in most cases are not directly linked to supporting accreditation to GCF by local, national and regional entities.

50. Notwithstanding the limited targeted support for potential GCF direct access entities, ADB's capacity-building activities have created enabling environments for local, national and regional institutions in its DMCs to improve access to climate finance, including to GCF finance.

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

51. As per the Strategic Plan for the GCF 2020–2023, the re-accreditation process[5] and the monitoring and accountability framework,[6] 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.

52. Tackling climate change, building climate and disaster resilience and enhancing environmental sustainability is one of ADB's operational priorities, coupled with climate targets under its Strategy 2030, which makes the commitment that 75 per cent of ADB committed operations will support climate change mitigation and adaptation by 2030, and envisions that climate finance from ADB's own resources will reach USD 80 billion cumulatively from 2019 to 2030.

53. ADB announced in October 2021 that it is elevating its ambition to deliver climate financing to its DMCs by an additional USD 20 billion until 2030 through enhanced support in the following areas: (i) explore new avenues for climate mitigation, including storage, energy efficiency and low-carbon transport; (ii) scale up transformative adaptation projects while focusing on resilience outcomes in key, yet particularly vulnerable, sectors such as urban, agriculture and water resources; (iii) increase climate finance in its private sector operations, including the creation of more commercially viable projects for both ADB and private investors; (iv) supporting a green, resilient and inclusive recovery from the COVID-19 pandemic; and (v) advance necessary reforms in ADB DMCs to unlock climate actions through policy-based lending.

54. In July 2021, ADB also committed to scaling up investments in adaptation and resilience by doubling its annual average climate adaptation finance (compared with 2015–2018), which will result in cumulative financing of USD 9 billion from 2019 to 2024. Moreover, as part of the ADB President's vision statement, ADB committed to achieving full alignment of its sovereign operations with the goals of the Paris Agreement by 1 July 2023, with non-sovereign operations to reach 85 per cent by 1 July 2023 and full alignment by 1 July 2025. ADB started road-testing its approach in 2021, developing sectoral guidance and training, and working on integrating this commitment into project processing and in results and monitoring frameworks.

55. ADB is working with other multilateral development banks on a long-term strategy (LTS) initiative aimed at supporting developing countries in the preparation and implementation of long-term low-emission and climate-resilient development strategies. This includes the creation of common principles to help to ensure that LTS, supported by multilateral development banks, integrate development goals, apply just transition principles and are developed based on an inclusive stakeholder engagement process, including with relevant public development banks and other key development partners or initiatives. ADB will

[5] Decision B.24/13.
[6] Decision B.11/10.

also support in-country work in 2021–2025 related to LTS development and the translation of the LTS and other long-term climate planning into immediate and medium-term sectoral, subnational and economy-wide actions, including policy development and investment planning.

56. The AP reviewed the following information with regard to the seven guiding questions established in the GCF "Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities":[7]

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

(i) The scope, depth and level of ambition of ADB policy frameworks and commitments regarding climate change has massively increased since the time of ADB's original accreditation. The following is an overview of major steps that it has taken over the past five years.

(ii) The ADB Climate Change Operational Framework 2017–2030 was approved in August 2017 and positions ADB to facilitate, collaboratively and proactively, a regional shift towards a low-emission and climate-resilient development path. The operational framework provides guidance across all ADB sector and thematic groups to strengthen climate actions, operationalizing ADB's commitment in 2017 to provide at least USD 6 billion per year in climate change financing from its own resources by 2020. It outlines actions and the institutional measures to be implemented to enable ADB to meet the climate needs of its developing country members.[8]

(iii) Under its Strategy 2030, approved in July 2018, ADB has expanded its vision to achieve prosperity, inclusivity, resilience and sustainability in Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Strategy 2030 sets seven operational priorities, each having its own operational plan. The third operational priority of Strategy 2030 is to tackle climate change, build climate and disaster resilience and enhance environmental sustainability. It includes a commitment for ADB to ensure that 75 per cent of the number of its committed operations (on a three-year rolling average, including sovereign and non-sovereign operations) will be supporting climate change mitigation and adaptation by 2030; and that climate finance from ADB's own resources will reach USD 80 billion cumulatively from 2019 to 2030.[9]

(iv) In July 2021, ADB announced its commitment to align its operations with the goals of the Paris Agreement. ADB will achieve full alignment of its new sovereign operations by 1 July 2023. Alignment of its new non-sovereign operations will reach 85 per cent by 1 July 2023 and 100 per cent by 1 July 2025.[10]

(v) In October 2021, ADB announced that it is elevating its ambition to deliver climate financing to its DMCs to USD 100 billion from 2019 to 2030 (up from USD 80 billion).[11]

(vi) ADB committed to support just transition with countries moving away from the use of fossil fuels and towards low GHG emissions and climate resilience in a

[7] Document GCF/B.28/11/Add.02.
[8] See https://www.adb.org/documents/climate-change-operational-framework-2017-2030.
[9] ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*; available at https://www.adb.org/sites/default/files/institutional-document/435391/strategy-2030-main-document.pdf.
[10] See https://www.adb.org/news/adb-commits-full-alignment-paris-agreement.
[11] See https://www.adb.org/news/adb-raises-2019-2030-climate-finance-ambition-100-billion.

way that shares the costs and benefits, while supporting and protecting communities, industries and workers. ADB will also work with national development banks and other financial institutions to develop financing and policy strategies supporting a just transition that promotes economic diversification and inclusion.[12]

(vii) ADB has worked with other MDBs to improve their shared understanding of the nature and role of LTS in countries' decision-making processes. ADB is also building institutional capacity through technical support and policy advice to DMCs to develop long-term low-emission and climate-resilient development strategies, to ensure that national strategies and policies are aligned with the goals of the Paris Agreement on climate change to limit the global temperature increase to well below 2 °C above pre-industrial levels and pursue efforts to limit it to 1.5 °C.[13]

(viii) NDC Advance is a dedicated technical assistance platform established by ADB to help its DMCs to mobilize finance, build capacity and provide the knowledge and other support needed to implement their nationally determined contributions.[14]

(ix) In October 2021, ADB further approved a new energy policy to support universal access to reliable and affordable energy services, while promoting the low-carbon transition in Asia and the Pacific. ADB's 2021 Energy Policy responds to current developmental and climate imperatives and aligns energy sector operations with Strategy 2030 and global commitments such as the Sustainable Development Goals and the Paris Agreement.[15]

(x) The AP finds the polices and commitments of ADB related to financing climate change projects to be highly progressive and in line with international best practice.

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

(i) Table 1 summarizes resources received by ADB from third parties for financing climate projects.

[12] See https://www.adb.org/news/adb-joins-mdbs-support-just-transition-toward-net-zero-economies.
[13] See https://www.eib.org/attachments/documents/mdb-principles-for-lts-support-en.pdf; and https://www.adb.org/sites/default/files/project-documents/54176/54176-001-tar-en.pdf.
[14] See https://www.adb.org/publications/ndc-advance-flyer.
[15] See https://www.adb.org/news/new-adb-energy-policy-support-energy-access-and-low-carbon-transition-asia-and-pacific.

Table 1: Gross co-finance in ADB climate operations (USD million)

	2017	2018	2019	2020
Public mobilization	**3,501**	**1,317**	**6,766**	**4,388**
Public direct mobilization				
Public co-finance	3,501	1,317	6,766	4,388
Other multilateral development banks	*875*	*69*	*348*	*704*
IDFC members	*301*	*55*	*2,356*	*628*
Other international public	*12*	*9*	*523*	*10*
Other domestic public	*2,313*	*1,184*	*3,538*	*3,047*
Private mobilization	**3,657**	**2,823**	**2,002**	**2,219**
Private direct mobilization	425	600	83	
Private indirect mobilization	3,232	2,223	1,919	2,219
Total	**7,159**	**4,140**	**8,768**	**6,608**

(ii) The AP finds the ADB resource mobilization for its climate investments to be highly effective and exemplary.

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

(i) ADB Management approach and reporting for organizational (i.e. internal) GHG emissions and reporting for subsequent disclosures applies only to ADB headquarters and includes official travel booked from headquarters. The ADB Corporate Services Department has a system and procedures to collect information on GHG emissions from its field offices but cannot yet determine its overall GHG emissions. Table 2 provides a breakdown of scope 1, 2 and 3 by year.

Table 2: ADB greenhouse gas emissions from internal operations (2016–2021)

Greenhouse gas scope (t CO_2 eq)	2016	2017	2018	2019	2020	2021*
Scope 1: Direct emissions	459.99	2,015.94	2,179.26	1,625.07	1,522.29	1,621.00
Scope 2: Energy indirect emissions	1,125.94	854.20	690.96	745.06	547.50	506.26
Scope 3: Other indirect emissions	9,327.60	8,464.25	8,810.75	10,216.07	1,291.77	185.80
Total	10,913.53	11,334.39	11,680.97	12,586.20	3,361.56	2,313.06

* *Note: Values are still subject for third party verification in 2022.*

(ii) The AP finds that ADB corporate-level GHG emissions have shown a significant trend or reduction.

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

(i) Since 2014, ADB has been implementing its climate risk management framework where it identifies climate change risks to project performance in the early stages of project development and incorporates adaptation measures in the design of projects at risk. This framework mandates climate risk screening for all ADB projects at the concept stage and conducting a more detailed climate risk and adaptation assessment for projects assessed with medium and high climate risks during project preparation. The findings of the climate risk and adaptation assessment are used for identifying the adaptation measures (such as policy measures, structural measures, nature-based solutions, non-structural measures, financial measures) that are integrated in the project design.

(ii) The ADB climate risk management framework[16] comprises the following steps: (i) context-sensitive climate risk screening at the concept development stage to identify projects that may be at medium or high risk; (ii) climate change risk and vulnerability assessment during preparation of projects at risk; (iii) technical and economic evaluation of adaptation options; (iv) identification of adaptation options in project design; and (v) monitoring and reporting of the level of risk and climate-proofing measures.

(iii) The AP finds that ADB has a robust methodology for its climate risk and vulnerability assessment.

(e) Guiding question 5: What are the main sectors of activity of the AE?

(i) Tables 3 and 4 summarize the sectors in which the applicant invests in terms of number of projects and financing commitments.

Table 3: Number of operations with climate finance by primary sector, Ordinary Capital Resources, Concessional Ordinary Capital Resources and Asian Development Fund only, based on commitments

Sector	2017	2018	2019	2020
Agriculture, natural resources and rural development	11	20	17	11
Energy	26	25	23	32
Finance	3	3	4	8
Transport	21	24	23	13
Water and other urban infrastructure and services	8	22	9	18
Others	2	9	7	11
Total	**71**	**103**	**83**	**93**

[16] See https://www.adb.org/publications/climate-risk-management-adb-projects; and https://www.adb.org/sites/default/files/publication/621021/sdwp-69-climate-risk-climate-proofing-projects.pdf.

Table 4: ADB commitments by sector, Ordinary Capital Resources, Concessional Ordinary Capital Resources and Asian Development Fund only (USD million)

Sector	2017	2018	2019	2020
Agriculture, natural resources and rural development	1,525	2,344	2,271	1,253
Energy	6,211	5,066	2,631	4,278
Finance	2,761	1,992	2,160	2,976
Transport	5,025	4,914	7,502	3,126
Water and other urban infrastructure and services	1,567	2,192	1,221	1,843
Others	2,598	5,067	5,858	14,696
Total	**19,687**	**21,576**	**21,643**	**28,172**

(ii) The AP finds that the information provided by ADB on its sectoral split addresses several important sectors related to climate change.

(iii) ADB provided a statement on fossil fuel based projects indicated in the tables below.

(iv) ADB had 20 fossil fuel-based projects in 2017–2021 amounting to only a total of USD 3.4 billion against a total of USD 124.6 billion approved projects of the ADB portfolio during the same period. This amounts to 3 per cent of the total investments. The total share of fossil-based projects of the total approved projects has declined over time from 7 per cent in 2017. In 2019–2021, the total share of fossil-based projects of the total approved projects of the ADB portfolio has remained less than 1 per cent.

(v) The ADB 2021 Energy Policy will guide the support provided to the region in terms of energy access and security, and climate change and environmental sustainability. The policy is based on five principles:

(1) *Securing Energy for a Prosperous and Inclusive Asia and the Pacific.* ADB will help its DMCs to secure energy for development by supporting electrification programmes; promoting cleaner cooking, heating and cooling; improving energy efficiency across supply and consumption chains; and promoting social inclusion, gender equality and partnerships.

(2) *Building a Sustainable and Resilient Energy Future*. ADB will help its DMCs to increase energy efficiency, deploy more renewable and low-carbon energy, and integrate climate and disaster resilience into energy sector operations. The policy formalizes ADB's current practice of not financing new coal-fired power and heating plants. ADB will support a planned phase-out of coal in the region and commit to a just transition that promotes sustainable, inclusive and resilient livelihoods for all in affected communities. The policy also recognizes the request from DMCs for access to affordable new technologies.

(3) *Supporting Institutions, Private Sector Participation, and Good Governance*. ADB will support the institutional development, financial

sustainability and good governance of energy sector institutions and companies, as well as private sector participation. It will also help to create the policy frameworks needed to manage the energy transition, including helping its DMCs to update and strengthen their nationally determined contributions and long-term strategies for decarbonization under the Paris Agreement.

(4) *Promoting Regional Cooperation and Integration*. ADB will promote regional energy cooperation and the integration of energy systems to strengthen energy security and increase cross-border access to cleaner energy sources.

(5) *Integrated Cross-Sector Operations to Maximize Development Impact*. ADB will continue to combine finance, knowledge, partnerships and its country-focused approach to deliver integrated solutions with comprehensive and magnified development impacts.

(vi) The AP also reviewed an ADB news release of October 2021 for additional details.[17]

(vii) The AP finds the trend in reducing the number and financing amount of ADB fossil fuel projects to have a significant downward trajectory.

(f) Guiding question 6: Is the AE investing in mitigation projects/operations?

(i) Tables 5, 6 and 7 show ADB financing of climate mitigation projects by sector in terms of the amount of financing commitments, source of funding and number of projects.

Table 5: Climate mitigation finance by sector, Ordinary Capital Resources, Concessional Ordinary Capital Resources and Asian Development Fund only, based on commitments (USD million)

Sector	2017	2018	2019	2020
Agriculture, natural resources and rural development	43	214	113	67
Energy	2,569	1,741	1,301	1,929
Finance	163	185	120	189
Transport	903	798	3,368	1,091
Water and other urban infrastructure and services	39	347	149	184
Others	0	14	88	34
Total	**3,717**	**3,299**	**5,138**	**3,494**

[17] See https://www.adb.org/news/new-adb-energy-policy-support-energy-access-and-low-carbon-transition-asia-and-pacific.

Table 6: Climate mitigation finance by sector, investments only, based on commitments (USD million)

Sector	2017		2018		2019		2020	
	Resources		Resources		Resources		Resources	
	ADB	External	ADB	External	ADB	External	ADB	External
Agriculture, natural resources and rural development	43	0	214	6	113	0	67	0
Energy	2,569	315	1,741	224	1,301	283	1,929	305
Finance	163	100	185	25	120	0	189	27
Transport	903	0	798	102	3,368	0	1,091	185
Water and other urban infrastructure and services	39	100	347	14	149	0	184	99
Others	0	0	14	6	88	3	34	0
Total	**3,717**	**515**	**3,299**	**377**	**5,138**	**286**	**3,494**	**617**

Table 7: Number of operations with climate mitigation finance by primary sector, Ordinary Capital Resources, Concessional Ordinary Capital Resources and Asian Development Fund only, based on commitments

Sector	2017	2018	2019	2020
Agriculture, natural resources and rural development	5	4	8	7
Energy	25	22	23	32
Finance	1	2	4	5
Transport	6	6	9	5
Water and other urban infrastructure and services	3	10	4	12
Others	0	7	5	8
Total	**40**	**51**	**53**	**69**

Note: Counts include dual use projects.

(ii) Table 8 contains total GHG emission reductions from the AE's completed operations by year showing a positive trend. It should be noted that while GCF guidance is that the total GHG reductions of a project can be attributed to the AE even if it finances only part of the project, ADB methodology attributes GHG reductions based on the Bank's proportional share and should therefore be considered very conservative.

Table 8: Total annual greenhouse gas emission reductions from completed operations

Year	t CO^2 eq/year
2017	4,133,000
2018	2,431,000
2019	12,778,000
2020	19,325,000

Note: 2017 and 2018 amounts only consider greenhouse gas emission reductions from energy sector projects, thereafter all projects.

Source: Development Effectiveness Review (2017–2020).

(iii) ADB provided data on its climate finance,[18] total annual GHG emission reductions from completed operations[19] and the ADB Sustainability Report 2020.[20]

(iv) Under the operational plan for operational priority 3 of Strategy 2030, ADB has committed to pursue the strategic priority of enhancing climate change mitigation actions through projects and programmes in areas such as clean energy, sustainable transport and urban development, and sustainable agriculture and land-use management, and to measure results in terms of GHG emission reductions in tonnes of carbon dioxide equivalent per year. ADB is in the process of developing the guidelines for assessing and reporting the carbon footprint of the ADB project portfolio.

(v) The AP finds that ADB investment in climate mitigation finance continues to be at a high level, complemented by a significant downward trend in GHG emissions in its operations.

(g) Guiding question 7: Is the AE investing in adaptation projects/operations?

(i) Tables 9, 10 and 11 present climate finance commitments on adaptation by sector, source of funding and number of projects.

[18] See https://data.adb.org/dataset/climate-change-financing-adb.
[19] See Development Effectiveness Review publications from 2019 and 2020; available at https://www.adb.org/documents/series/development-effectiveness-review.
[20] See Part II: Detailed Global Reporting Initiative, sections 305, 305-1, 305-2 and 305-3; available at https://www.adb.org/sites/default/files/institutional-document/674541/adb-sr2020-part2-gri.pdf.

Table 9: Climate adaptation finance by sector, Ordinary Capital Resources, Concessional Ordinary Capital Resources and Asian Development Fund only, based on commitments (USD million)

Sector	2017	2018	2019	2020
Agriculture, natural resources and rural development	241	374	549	112
Energy	19	48	123	77
Finance	6	50	40	129
Transport	245	256	463	133
Water and other urban infrastructure and services	281	473	155	216
Others	2	38	79	112
Total	**793**	**1,239**	**1,408**	**778**

Table 10: Climate adaptation finance by sector, investments only, commitments (USD million)

Sector	2017		2018		2019		2020	
	Resources		Resources		Resources		Resources	
	ADB	External	ADB	External	ADB	External	ADB	External
Agriculture, natural resources and rural development	241	7	374	43	549	0	114	19
Energy	19	7	48	0	123	51	77	21
Finance	6	0	50	6	40	76	129	1
Transport	245	23	256	47	463	0	133	13
Water and other urban infrastructure and services	281	47	473	13	155	1	216	27
Others	2	2	38	6	79	0	112	0
Total	**793**	**85**	**1,239**	**115**	**1,408**	**128**	**780**	**80**

Notes: (1) External resources refer to special funds, trust funds, global funds, and other funds that are administered (full or partial) by ADB. (2) Climate adaptation amount for 2020 includes USD 2.5 million from the Asia Pacific Disaster Response Fund.

Table 11: Number of operations with climate adaptation finance by primary sector, Ordinary Capital Resources, Concessional Ordinary Capital Resources and Asian Development Fund only, based on commitments

Sector	2017	2018	2019	2020
Agriculture, natural resources and rural development	11	20	16	11
Energy	3	7	9	17
Finance	2	1	3	4
Transport	18	22	19	12
Water and other urban infrastructure and services	8	21	9	15
Others	2	9	7	9
Total	**44**	**80**	**63**	**68**

(ii) Overall, the AP concludes that ADB financing on its adaptation projects continues to be maintained at a high level in line with the demands of its member countries.

57. The AP concludes that the evidence provided by ADB for the first accreditation on its climate policies and related commitments as well as its finance on climate mitigation and adaptation, together with its investments in fossil fuels, including related commitments in phasing them out, fully 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 accreditation review assessment

58. The AE is eligible for, and applied under, the fast-track re-accreditation process as a GEF entity. Its application has been assessed by the AP during Stage II (Step 1) against the accreditation standards of GCF and gaps identified in decision B.08/03 and in accordance with the re-accreditation requirements to the extent applicable to accreditation in paragraph 5 above, and:

(a) “Evaluation Policy” (decision B.BM 2021/07).

59. Partnership with 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.

60. 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 management, corporate policy units, regional bureaux and country offices.

61. 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.

62. 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 executing entities, financial disclosure/conflict of interest, code of ethics/conduct, internal audit, investigation function, hotline and whistleblower protection and anti-money-laundering and countering the financing of terrorism (AML/CFT).

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

64. 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

65. ADB 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.

66. As per paragraph 58 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track re-accreditation.

3.1.2. Basic fiduciary standards: transparency and accountability

67. ADB did not have any conditions with regard to basic fiduciary standards on transparency and accountability recommended by the AP for the first accreditation term.

68. As per paragraph 58 above, the GCF basic fiduciary standards concerning transparency and accountability, with the exception of policies on prohibited practices and the protection of whistle-blowers and witnesses, investigation function and AML/CFT policies, have been met by way of fast-track re-accreditation.

69. Regarding the policies on prohibited practices and the protection of whistle-blowers and witnesses, ADB's policy and procedures regarding financial mismanagement and prohibited practices describe the various malpractices which may occur and the approach for prevention, mitigation and corrective strategies as well as communicating senior management's policy of zero tolerance for fraud and corruption. As a supporting document, ADB referred to its 2020 code of conduct, which is published on its website. ADB policy and procedures for protecting whistleblowers are also published on the website with clear guidance on the process for reporting potential violations while protecting whistle-blowers and witnesses. Also published are the annual reports of the Office of Anticorruption and Integrity (OAI), which reports to the ADB President and has overall accountability for these areas. These reports include the cases of wrongdoing during each annual period.

70. All details of ADB's investigation function are published on its website. OAI leads the integrity initiatives through the conduct of investigations, proactive integrity reviews, integrity due diligence and knowledge-sharing with ADB stakeholders. OAI considers complaints against four criteria to determine if they are:

(a) Within the OAI mandate and relate to activities that OAI is authorized to investigate;

(b) Credible, with a reasonable possibility that a violation has occurred;

(c) Verifiable, with practicable options to obtain sufficient evidence to determine the truth of the allegations on the balance of probabilities; and

(d) Material, such that the matter is of sufficient importance to justify the projected requirements of the investigation and any remedial action.

71. Complaints that meet all four criteria are converted into full investigations. The OAI Integrity Principles and Guidelines require that investigative findings are presented to subjects of an investigation whenever possible. Subjects may prepare an explanation of the facts and circumstances from their perspective and in their own words. This explanation is presented to the ADB Integrity Oversight Committee for consideration. As the investigation process is administrative in nature, ADB procedures do not provide for personal appearances or representations at Integrity Oversight Committee meetings. The Committee has sole discretion to assess whether an alleged violation has taken place, and if so, will determine the appropriate remedial actions or sanctions. Statistics and overviews of complaints received, investigations opened and remedial measures imposed are disclosed on the website.

72. ADB has provided details of its AML/CFT policy, which was adopted by its Board of Directors in April 2003, and which has been reviewed three times since then to stay consistent with international standards. The policy calls on ADB to (i) assist its DMCs in establishing and implementing effective legal and institutional systems for AML/CFT; (ii) increase collaboration with other international organizations and aid agencies; (iii) strengthen internal controls to safeguard ADB funds; and (iv) upgrade ADB staff capacity. Each of the three periodic reviews of ADB's work under the policy, in 2008, 2012 and 2017, have taken into account developments in international law and standards, as well as demands from its DMCs. These reviews are available on the ADB website.

73. As per paragraph 58 above, the basic fiduciary standards on transparency and accountability are considered to have been met by way of fast-track re-accreditation. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet 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

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

75. As per paragraph 58 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track re-accreditation.

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

76. ADB did not have any conditions with regard to the specialized fiduciary standard for grant award and funding allocation mechanisms recommended by the AP for the first accreditation term.

77. The ADB Operations Manual regarding the allocation of concessional resources was updated in January 2021, replacing the 2016 Concessional Assistance Policy for the Asian Development Fund12 which covered 2017–2020. The Concessional Assistance Policy defines the principles and criteria to guide allocations of the Asian Development Fund (ADF) grants and concessional loans. This updated policy is for ADF 13 covering 2021–2024, which introduces revisions to the resource allocation frameworks to implement the strategic directions and

improve the effectiveness and efficiency of the ADF and resource allocation process as agreed between ADB management and ADF donors during replenishment negotiations.

78. The formal process of project approval once proposals have been checked against the new principles and criteria to guide the grant allocations remains the same as under the original accreditation. Allocation of grants is based on a two-pillar approach with country- and theme-based considerations driving the focus of allocations in line with ADB strategic directions. ADB has confirmed that the updates have no impact on its accreditation status with GCF and its obligations under the existing AMA.

79. ADB has provided links to two recent reports on infrastructure and shipping in small island states on its website, which demonstrate the track record of site visit monitoring. In addition, evidence of the publication of grant award decisions for the past two grants awarded can be found on the website.

80. ADB is well regarded by other organizations, both in the Asia region and worldwide. This is evidenced in the 2017–2018 report for the Multilateral Organisation Performance Assessment Network. This comprehensive report confirms the effectiveness and good standing of ADB.

81. 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

82. ADB did not have any conditions with regard to the specialized fiduciary standard for on-lending and/or blending of loans, equity and guarantees recommended by the AP for the first accreditation term.

83. ADB is a well-established and mature multilateral organization with extensive experience of on-lending and blending of loans, equity and guarantees to support projects in its DMCs in Asia. Financial products are divided between those using concessional finance from donors, such as for grant awards, and those using ADB's ordinary capital resources, which would include most other financial products. ADB has indicated that there have been no substantive changes to its approach to on-lending since the first accreditation. However, market conditions are constantly assessed and earlier this year ADB implemented changes to its financial loan products using ordinary capital resources. These changes introduce a 'floor' to provide clarity should negative interest rates occur. In addition, enhancements have been introduced to strengthen borrowers' and guarantors' debt monitoring and reporting, given the increasing levels of sovereign and corporate debt in recent years.

84. The ADB financial resource management policy includes documented guidelines and procedures for evaluating the portfolio of a borrowing entity, with sample assessment reports published in the 2021 Annual Evaluation Review[21] and in the Corporate Evaluation of Equity Investments from January 2019. ADB has published examples of several recent projects and programmes using on-lending and blending for loans, equity and guarantees. These include support for infrastructure and climate resilience improvements in Cambodia, Pakistan and Tajikistan. In addition, ADB has provided its policies and guidelines on public disclosure, which include information on beneficiaries and results from climate change projects. Examples are found in the 2019 and 2020 editions of the ADB Development Effectiveness Review.

[21] *2021 Annual Evaluation Review: Supporting the Sustainable Development Goals*; available at https://www.adb.org/sites/default/files/evaluation-document/646181/files/2021-aer.pdf.

85. ADB has credit ratings by three international rating agencies with full reports published on the investor relations section of its website. The Bank is rated Aaa by Moody's and AAA by Fitch and Standard & Poor's.

86. ADB has provided its financial risk management policies and procedures with supporting reports and a description of the coordination between the treasury function and operations. The Treasury Department performs a strategic role in efficiently planning, mobilizing and managing the ADB's financial resources, with an underlying objective of protecting the entity's solid financial standing to enable ADB to deliver on its developmental goals. The Treasury Department defines ADB asset and liability management policies on liquidity, income management, currency management and loan pricing. It coordinates increases in ADB's general capital and raises funds in capital markets. The Treasury Department also manages the ADB investment portfolio to ensure that the entity's liquidity requirements are met at all times. The investment portfolio management covering loans, equity and guarantees is indicated in annual reports which are published on the website.

87. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for on-lending and/or blending of loans, equity and guarantees.

3.2 Environmental and social safeguards

88. ADB did not have any conditions with regard to the GCF interim ESS standards recommended by the AP for the first accreditation term with a maximum accreditation scope of a maximum E&S risk category A/intermediation 1.

3.2.1. Environmental and social policy

89. The ADB safeguard policy statement (SPS) assessed during its first accreditation review continues to be in force and would apply during its second accreditation term, if re-accredited. The policy was approved by the ADB Board in July 2009 and has been under implementation since January 2010. The SPS consists of three safeguards covering environment, involuntary resettlement and indigenous peoples. Each of the safeguards contains policy principles that are considered consistent with the GCF interim ESS standards. The objectives of the ADB safeguards are to (i) avoid adverse impacts of projects on the environment and affected people, where possible; (ii) minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people when avoidance is not possible; and (iii) help borrowers/clients to strengthen their safeguard systems and develop the capacity to manage E&S risks.

90. ADB has adopted a set of specific safeguard requirements that borrowers/clients are required to meet in addressing E&S impacts and risks. ADB staff, through their due diligence, review and supervision, ensure that borrowers/clients comply with these requirements during project preparation and implementation. These safeguard requirements concern: (i) environment; (ii) involuntary resettlement; (iii) indigenous peoples; and (iv) special requirements for different finance modalities.

91. ADB is undertaking a comprehensive review and update of its SPS. The process was initiated by ADB Management following a corporate evaluation of the SPS by the ADB Independent Evaluation Department, which was completed in May 2020. ADB Management has endorsed the Independent Evaluation Department's recommendations and has been conducting stakeholder consultations since September 2020. A revised policy expected to be finalized in March 2023 will result in the delivery of more effective safeguards implementation, wider coverage with modernized ESS provisions and improved capacity of borrowers.

92. The SPS has set down standards in addressing issues relevant to indigenous peoples' identities, their customary rights to lands and natural and cultural resources within such lands, and in ensuring culturally appropriate measures and projects design in consultation with the indigenous peoples. ADB's indigenous peoples safeguard policy principles and requirements are consistent with the GCF interim ESS standards, specifically performance standard 7 and other international standards for ensuring full respect for indigenous peoples' identity, dignity, human rights, livelihood systems and cultural uniqueness as defined by indigenous peoples themselves.

93. The SPS also provides a policy framework for ADB to prevent, mitigate and respond to project-related sexual exploitation, abuse and harassment risk factors in its operations. ADB is in the process of finalizing a good practice note on addressing sexual exploitation, abuse and harassment in ADB-financed projects with civil works contracts. To provide a safe space for reporting workplace concerns, including sexual harassment, in 2020 the Office of Professional Conduct set up a secure web and mobile application allowing anonymous reporting by both internal and external persons.

94. In July 2021, ADB announced its commitment to align its operations with the goals of the Paris Agreement with a view to achieving full alignment of its new sovereign operations by 1 July 2023. ADB committed to support just transition[22] with countries moving away from the use of fossil fuels and toward low-GHG emissions and climate resilience in a way that shares the costs and benefits, while supporting and protecting communities, industries and workers. ADB will also work with national development banks and other financial institutions to develop financing and policy strategies supporting a just transition that promotes economic diversification and inclusion. In October 2021, ADB further approved a new energy policy to support universal access to reliable and affordable energy services, while promoting the low-carbon transition in Asia and the Pacific. The ADB 2021 Energy Policy responds to both current developmental and climate imperatives and aligns energy sector operations to Strategy 2030 and global commitments such as the Sustainable Development Goals and the Paris Agreement.

95. The ADB Safeguards Division supports the Chief Compliance Officer in providing institution-wide compliance oversight, reporting to management on SPS compliance. This complements the role of operations departments, which are responsible for ensuring the implementation of the SPS through collaboration with borrowers/clients during project preparation, implementation and closure. The Safeguards Division reviews all projects to ensure responsiveness to the SPS requirements, provides technical guidance and capacity-building to operations departments and clients, and supports the strengthening of the country safeguards system.

96. The AP finds that the AE's E&S management system, comprising the SPS, 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.2. Identification of environmental and social risks and impacts

97. ADB conducts project E&S risks and impacts screening and categorization at the earliest stage of project preparation when sufficient information is available for this purpose. Screening and categorization are undertaken to (i) reflect the significance of potential impacts or risks that a project might present; (ii) identify the level of assessment and institutional resources required for the safeguard measures; and (iii) determine disclosure requirements. Projects are assigned to one of four categories, namely A, B, C and FI. A project's category is determined by the category of its most environmentally sensitive component, including direct, indirect,

[22] See https://www.adb.org/news/adb-joins-mdbs-support-just-transition-toward-net-zero-economies.

cumulative and induced impacts in the project's area of influence. Each proposed project is scrutinized as to its type, location, scale and sensitivity and the magnitude of its potential environmental impacts.

98. For projects involving investment of ADB funds or through financial intermediaries (category FI), ADB conducts safeguards due diligence to assess the potential E&S impacts and risks associated with the financial intermediary's existing and future portfolio and its commitment and capacity in E&S management. All financial intermediaries are required to ensure that their investments are in compliance with applicable national laws and regulations and apply the prohibited investment activities list to subprojects financed by ADB. Where the financial intermediary's investments have minimal or no adverse E&S risks, the FI project will be treated as a category C project and need not apply any other specific requirements. All other financial intermediaries are required to have in place or establish an appropriate E&S management system commensurate with the nature and risks of the financial intermediary's future portfolio to be maintained as part of its overall management system. ADB assesses the adequacy of the financial intermediary's capacity to manage E&S impacts and risks. Where there are gaps in the financial intermediary's capacity, it establishes with ADB a time-bound plan to address identified gaps. ADB collaborates with clients to improve their overall capacity to address E&S risks more generally.

99. For a project involving involuntary resettlement, a resettlement plan will be prepared that is commensurate with the extent and degree of the impacts. The degree of impacts will be determined by the scope of physical and economic displacement and the vulnerability of the affected persons.

100. ADB screens all projects to determine whether they have potential impacts on indigenous peoples. An indigenous peoples plan is prepared for projects with such impacts. The plan's level of detail and comprehensiveness is commensurate with the degree of impacts. The degree of impacts is determined by evaluating (i) the magnitude of the impact on indigenous peoples' customary rights of use and access to land and natural resources; socioeconomic status; cultural and communal integrity; health, education, livelihood systems and social security status; or indigenous knowledge; and (ii) the vulnerability of the affected indigenous peoples.

101. ADB provided links to documents which provide evidence of ADB conducting E&S risk and impacts identification, including categorization for its projects/programmes in E&S risk categories A, B, C and FI for its loans, equity and guarantees.

102. 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.3. Environmental and social management programme

103. ADB conducts ESS assessment reviews, including reviews of the ESS documents of borrowers and clients, as part of its overall due diligence. ADB ESS due diligence and review emphasizes E&S impact assessments and the planning process, in addition to safeguard documentation. Due diligence and review involve field visits as well as desk reviews. Through such due diligence and review, ADB will confirm (i) that all key potential E&S impacts and risks of a project are identified; (ii) that effective measures to avoid, minimize, mitigate or compensate for adverse impacts are incorporated into the safeguard plans and project design; (iii) that the borrower/client understands ADB safeguard policy principles and requirements as laid out in safeguard requirements 1–4 and has the necessary commitment and capacity to manage E&S impacts and/or risks adequately; (iv) that the role of third parties is appropriately defined in the safeguard plans; and (v) that consultations with affected people are conducted in

accordance with ADB requirements. In cases where the assessment and planning process or the safeguard documents do not meet ADB safeguard requirements, the borrower/client will be required to undertake additional assessment and/or improve the safeguard plans. When the borrower/client has inadequate capacity to carry out safeguard plans for a proposed project, the project will include component(s) to strengthen that capacity. For projects that are deemed by ADB to be highly complex and sensitive, ADB requires the borrower/client to engage an independent advisory panel during project preparation and implementation.

104. Borrowers are responsible for assessing the E&S impacts of their programme or project and implementing SPS safeguards requirements 1–3 as relevant. They prepare, as required, an environmental assessment and review framework, environmental impact assessment or initial environmental examination incorporating an environmental management plan, resettlement framework, resettlement plan, indigenous peoples planning framework and/or indigenous peoples plan. These safeguard documents will include the proposed mitigation measures, monitoring and reporting requirements to be adopted.

105. Operations departments are responsible for undertaking due diligence and reviewing the borrower's safeguard documents to ensure that safeguard measures in accordance with the SPS are in place as per the ADB Operations Manual. During project implementation, ADB staff members and/or consultants visit the project site to ascertain progress and compliance with the safeguard requirements. Financial intermediaries are required to maintain an appropriate E&S management system as part of their overall management system unless their investments have minimal or no adverse environmental or social risk. Operations departments are responsible for conducting due diligence of financial intermediaries in line with the ADB Operations Manual. Due diligence includes reviewing their commitment and capacity to address E&S risk.

106. ADB provided a report prepared by its Evaluation Department on the effectiveness of the E&S management system as articulated in the SPS. The evaluation offers a set of findings and insights from ADB's experience in applying the SPS, which may serve as a guide for the revision and strengthening of the safeguard policy and implementation. Key areas for improvement concern policy coverage, support to development complexity, broader sustainability objectives and new instruments, including for non-sovereign lending and strengthening of country safeguard systems.

107. ADB also provided a report conducted by its Independent Evaluation Unit on a safeguards operational review of ADB processes, portfolio, country systems and financial intermediaries. The report examines the effectiveness of the Bank's approach to strengthening and applying country safeguard systems by its DMCs, as well as the implementation of safeguard requirements for FI projects.

108. As evidence of its track record on E&S management, ADB provided a sample of E&S impact assessments in E&S risk categories A and B for ADB-financed projects/programmes and E&S management systems for ADB projects for equity and guarantees.

109. 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.4. Monitoring and review

110. The borrower/client and ADB have separate monitoring responsibilities. The extent of monitoring activities, including their scope and periodicity, will be commensurate with the project's risks and impacts. Borrowers/clients are required to implement safeguard measures and relevant safeguard plans, as provided in the legal agreements, and to submit periodic

monitoring reports on their implementation performance. ADB requires borrowers/clients to (i) establish and maintain procedures to monitor the progress of implementation of safeguard plans; (ii) verify the compliance with safeguard measures and their progress towards intended outcomes; (iii) document and disclose monitoring results and identify necessary corrective and preventive actions in the periodic monitoring reports; (iv) follow up on these actions to ensure progress toward the desired outcomes; (v) retain qualified and experienced external experts or qualified non-governmental organizations to verify monitoring information for projects with significant impacts and risks; (vi) use independent advisory panels to monitor project implementation for highly complex and sensitive projects; and (vii) submit periodic monitoring reports on safeguard measures as agreed with ADB.

111. ADB reviews project performance against borrowers'/clients' commitments as agreed in the legal documents. The extent of ADB's monitoring and supervision activities is commensurate with the project's risks and impacts. Monitoring and supervising ESS are integrated into the project performance management system. ADB monitors projects on an ongoing basis until a project completion report is issued. It carries out the following monitoring actions to supervise project implementation: (i) conduct periodic site visits for projects with adverse environmental or social impacts; (ii) conduct supervision missions with a detailed review by ADB safeguard specialists/officers or consultants for projects with significant adverse social or environmental impacts; (iii) review the periodic monitoring reports submitted by borrowers/clients to ensure that adverse impacts and risks are mitigated as planned and as agreed with ADB; (iv) work with borrowers/clients to rectify to the extent possible any failures to comply with their safeguard commitments, as covenanted in the legal agreements, and exercise remedies to re-establish compliance as appropriate; and (v) prepare a project completion report that assesses whether the objective and desired outcomes of the safeguard plans have been achieved, taking into account the baseline conditions and the results of monitoring.

112. ADB provided a sample of E&S monitoring reports on ADB-financed projects/programmes in E&S risk categories A, B and C. It also provided links to its project performance evaluation reports, which are prepared about three years after project completion and evaluate the design, implementation and performance of projects and programmes.

113. 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 A/I-1 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

114. The ADB Public Communications Policy 2011 continued to guide the Bank's disclosure of information during 2018. The seventh and final annual report on the implementation of the Public Communications Policy assessed and measured the policy's implementation from 1 January to 31 December 2018. ADB developed an updated version of the policy, the Access to Information Policy, which was approved by the Board of Directors in September 2018.

115. ADB uses many tools and channels (e.g. its corporate website, social media accounts, blogging website) to reach out to stakeholders to ensure their participation in activities that affect them. In line with its Access to Information Policy, ADB is committed to working with the borrower/client to ensure that relevant information (whether positive or negative) about ESS issues is made available in a timely manner, in an accessible place, and in a form and language(s) understandable to affected people and to other stakeholders, including the general public, so that they can provide meaningful inputs into project design and implementation. ADB posts the following safeguard documents on its website: (i) for environment category A

projects, draft environmental impact assessment reports at least 120 days before Board consideration; for category B projects ADB applies various durations for disclosure in accordance with its policies; (ii) draft environmental assessment and review framework, draft resettlement frameworks and/or plans and draft indigenous peoples planning frameworks and/or plans before project appraisal; (iii) final or updated environmental impact assessments and/or initial environmental examinations, resettlement plans and indigenous peoples plans upon receipt; and (iv) environmental, involuntary resettlement and indigenous peoples monitoring reports submitted by borrowers/clients during project implementation upon receipt. The AP finds that, with respect to GCF projects/programmes, ADB discloses E&S assessments according to E&S risk category in line with ADB's Access to Information Policy to enable AE to meet the E&S information disclosure requirements of the GCF Information Disclosure Policy.

116. ADB requires borrowers/clients to engage with communities, groups or people affected by proposed projects and with civil society through information disclosure, consultation and informed participation in a manner commensurate with the risks to and impacts on affected communities. For projects with significant adverse environmental, involuntary resettlement or indigenous peoples impacts, ADB project teams participate in consultation activities to understand the concerns of affected people and ensure that such concerns are addressed in project design and safeguard plans.

117. The Accountability Mechanism[23] provides an independent forum and process whereby people adversely affected by ADB-financed projects can voice and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. The Accountability Mechanism comprises two separate but related phases, namely: (i) a consultation phase, led by a special project facilitator who reports directly to the ADB President, to assist project-affected people in finding solutions to their problems; and (ii) a compliance review phase, led by a three-member panel that reports to the Board of Directors. The Compliance Review Panel investigates alleged violations of ADB's operational policies and procedures, as defined by the Board of Directors, including safeguard policies, that have resulted or are likely to result in direct adverse and material harm to project-affected people and recommends ways to ensure project compliance with those policies and procedures.

118. Project-affected people can also submit complaints to the Accountability Mechanism.[24] ADB provided a link to its complaints registry containing an archive of E&S-related complaints managed by its Accountability Mechanism for 2010–2020.[25]

119. The SPS requires that the borrower/client establish and maintain a grievance redress mechanism to receive and facilitate resolution of affected peoples' concerns and grievances about the borrower's/client's E&S performance at the project level. The grievance redress mechanism should be scaled to the risks and impacts of the project. It should address affected people's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate and readily accessible to all segments of the affected people.

120. ADB provided evidence of its track record on implementing its E&S information disclosure in line with the requirements of the GCF Information Disclosure Policy for E&S risk categories A and B projects/programmes. ADB-financed projects also include a requirement for its executing entities to include a project-level grievance redress mechanism.

121. The AP finds that the AE's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track

[23] https://www.adb.org/who-we-are/accountability-mechanism/main and https://www.adb.org/who-we-are/accountability-mechanism/overview.
[24] https://www.adb.org/who-we-are/accountability-mechanism/how-file-complaint.
[25] https://www.adb.org/who-we-are/accountability-mechanism/problem-solving-function/complaint-registry-year.

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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.6. Organizational capacity and competency

122. ADB currently has 134 staff positions responsible for ESS. This includes 15 staff that support the Chief Compliance Officer with compliance oversight and 118 safeguard staff in ADB operations departments deployed between ADB headquarters and resident missions.

123. As per the ADB Operations Manual, the operations departments are responsible for safeguard policy implementation. The operations departments undertake initial screening of potential E&S impacts and propose the environment, involuntary resettlement and indigenous peoples categorization of all ADB-financed projects in consultation with the ADB Safeguards Division. The Chief Compliance Officer approves the final categorization. The operations departments are responsible for (i) advising the borrower/client on the relevant ADB safeguard policy requirements; (ii) reviewing safeguard documents submitted by the borrower/client and assessing the adequacy of mitigation measures, as well as the capacity of the borrower/client to manage E&S impacts and risks; (iii) assisting the borrower/client in safeguard planning and incorporating the necessary capacity development activities into the project design; and (iv) monitoring and supervision during project implementation.

124. The Chief Compliance Officer, assisted by the Safeguards Division, is responsible for reviewing and updating the ADB safeguard policy, monitoring ADB-wide compliance with ADB's safeguard policy requirements, and advising and assisting operations departments in safeguard policy matters. The Chief Compliance Officer advises Management on safeguard policy issues and the compliance status of projects and the portfolio as a whole. The Safeguards Division is responsible for developing and updating safeguard guidelines and handbooks; capacity-development and training on safeguard policies; and supporting operations departments' safeguard due diligence, review or supervision. The Safeguards Division also conducts safeguard review missions for selected ongoing projects.

125. ADB has several avenues on training and building the capacity of its staff and borrowers and has developed several knowledge products to promote sustainability in its operations.

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

3.3 Gender

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

128. The ADB 2003 Policy on Gender and Development (GAD) assessed during its first accreditation term, which adopts gender mainstreaming as a key strategy for gender equality, continues to be in force. To operationalize the policy, ADB's focus of activities is to (i) provide assistance to its DMCs in the areas of policy support, capacity-building, GAD awareness, and formulation and implementation of policies and programmes directed at improving the status of women; (ii) facilitate gender analysis of proposed projects, including programme and sector loans, and ensure that gender issues are considered at all the appropriate stages of the project cycle, including identification, preparation, appraisal, implementation and evaluation; (iii)

promote increased GAD awareness within ADB through training workshops and seminars, development of suitable approaches and staff guidelines to implement the policy on GAD; and (iv) assist the DMCs in implementing commitments made at the Beijing World Conference on Women; and (v) explore opportunities to directly address some of the new and emerging issues for women in the region.

129. In March 2021, ADB updated the Guidelines for Gender Mainstreaming Categories of ADB Projects. The gender categorization system is a four-tier system to measure, count and report on the extent to which gender equality issues are integrated into project design. It is a mechanism for reporting ADB's 'at entry' gender mainstreaming commitments and for monitoring performance against the corporate results targets under the Strategy 2030 operational priority 2.[26] The updated guidelines are a resource to assist ADB staff, project partners and stakeholders of ADB in promoting gender equality and women's empowerment in ADB-financed projects as envisaged by ADB's Strategy 2030. Strategy 2030 and operational priority 2 on accelerating gender equality commit to integrating a transformative gender agenda, including addressing gender-based violence and sexual exploitation, abuse and harassment in ADB operations and assessment of project risks related to sexual exploitation, abuse and harassment. ADB has approved the Guidelines for the At-Exit Assessment of Gender Equality Results of ADB Projects that describe the criteria for assessment of gender equality results in project completion reports (PCRs for sovereign operations) and extended annual review reports (XARRs for private sector projects). These guidelines are effective from 1 July 2022.

130. ADB provided a link to the Independent Evaluation Department's thematic evaluation of ADB support for gender and development[27] and its recommendations on policy directions as well as Management response of ADB. Actions on all recommendations have been fully implemented with the majority of the set targets surpassed. The above-mentioned Strategy 2030 operational plan for priority 2 will contribute to the efforts of accelerating gender equality outcomes of five strategic priorities: (i) women's economic empowerment; (ii) gender equality in human development; (iii) gender equality in decision-making and leadership; (iv) reduced time poverty of women; and (v) women's resilience to external shocks.

131. ADB has a Gender Equality Thematic Group that promotes and advocates increased attention to gender issues in ADB projects and forges links with development partners on gender-related issues to accelerate the integration of gender equality and women's empowerment in ADB operations. ADB provided an abbreviated curriculum vitae of its Chief of the Gender Equality Thematic Group, Sustainable Development and Climate Change Department, where she provides leadership for advancing gender equality across all aspects of ADB operations and knowledge work. At present there 29 gender specialist staff positions comprising 12 international staff and 17 national staff. ADB is also creating 11 new gender staff positions (2 international staff and 9 national staff) in 2022, which will take the total number of gender specialist staff positions to 40. ADB international gender specialist staff are professionals with considerable international experience and technical knowledge at the international level, usually with a postgraduate degree in international development, anthropology, sociology, social sciences or other related fields. Apart from this, each regional department is also supported by several gender consultants. The technical capacity of ADB staff to support the integration of gender into projects has been strengthened through training between 2018 and 2019. Training sessions did not take place in 2020 due to the COVID-19

[26] ADB. 2019. *Strategy 2030 Operational Plan for Priority 2: Accelerating Progress in Gender Equality, 2019–2024*; available at https://www.adb.org/sites/default/files/institutional-document/495956/strategy-2030-op2-gender-equality.pdf.
[27] ADB. 2017. *Thematic Evaluation: Asian Development Bank Support for Gender and Development (2005–2015)*; available at https://www.adb.org/sites/default/files/evaluation-document/181135/files/tes-gender-and-development.pdf.

pandemic but resumed in 2021 with the addition of updated self-administered online training modules.

132. ADB provided a sample of several project documents, including those financed by GCF demonstrating gender mainstreaming in the projects and programmes it has financed. The project's gender action plan contains gender performance indicators, including a requirement to collect sex-disaggregated data, which are monitored throughout the project cycle. The project-level stakeholder engagement and consultation process and grievance redress mechanism are guided by the ADB safeguard policy, which includes provision for (i) the collection of sex-disaggregated information pertaining to the economic and sociocultural conditions of displaced persons; (ii) specific measures addressing the need for female-headed households to participate in gender-inclusive consultation for resettlement planning; (iii) gender-inclusive and responsive consultation; and (iv) a gender-responsive grievance redress mechanism.

133. The projects/programmes also show the linkages between gender and climate change and non-discrimination in terms of renumeration to project employees. ADB also shared links on its various programmes on knowledge-building and dissemination and capacity-building on gender mainstreaming.

134. The AP finds that the AE's gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the updated GCF Gender Policy to the extent applicable to accreditation.

IV. Conclusions and recommendation

4.1 Conclusions

135. Following its assessment, the Secretariat concludes the following in relation to the potential of the applicant 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) Alignment of the AE's GCF portfolio with the climate-related national priorities of the countries where the AE operates;

(b) Potential to contribute to the adaptation and mitigation balance in the GCF portfolio since the AE has the ability to finance adaptation projects/programmes;

(c) Supporting diversity in GCF results areas such as buildings, cities, industries and appliances; livelihoods of people and communities; and ecosystems and ecosystem services;

(d) Enhancing private sector participation as the AE is able to leverage private sector funding to finance into innovative regional climate projects/programmes involving private sector participation;

(e) Diversification of the use of financial instruments, particularly with guarantees, equity and loans; and

(f) Mobilizing climate finance at scale since the AE is seeking to undertake large projects/programme activities.

136. 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 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 Whistle-blowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy and the specialized fiduciary standard for project management, specialized fiduciary standard for grant award and/or funding allocation mechanisms and specialized fiduciary standard for on-lending and/or blending for loans, 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 high E&S risk (category A/I-1);

(c) The AE has demonstrated that it has a policy, procedures and competencies to implement its gender policy, which is found to be consistent with the updated GCF Gender Policy to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change; and

(d) The AE has demonstrated that it has institutional-level systems, capacities and competencies regarding evaluation as required by the aforementioned GCF basic and specialized fiduciary standards and interim ESS standards that would enable it to meet the requirements of the GCF Evaluation Policy for its GCF-funded activities.

4.2 Recommendation on re-accreditation

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

(a) **Accreditation type:**

  (i) **Maximum size of an individual project or activity within a programme:** large (including micro, small and medium);

  (ii) **Fiduciary functions:**

    (1) Basic fiduciary standards;

    (2) Specialized fiduciary standard for project management;

    (3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

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

  (iii) **Maximum E&S risk category:** high risk (category A/I-1) (including lower risk (category B/I-2[28] and category C/I-3[29])).

(b) **Conditions:** none.

[28] 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."

[29] 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."

138. The AE has been informed of the recommendation for accreditation, including the accreditation type, as identified in paragraph 137 above, and agrees to the recommendation

Annex II: Re-accreditation assessment of the European Bank for Reconstruction and Development for the second accreditation term

I. Introduction

1. The European Bank for Reconstruction and Development (EBRD) is a multilateral development bank (MDB), headquartered in the United Kingdom of Great Britain and Northern Ireland, with a mandate to foster the transition towards sustainable, market-oriented economies and to promote innovation with a focus on the private sector. Its core activities include investment, technical assistance, capacity-building and policy dialogue. EBRD has experience in investing in innovation in both mitigation and adaptation projects in Western and Central Asia, Southern and Eastern Europe and Northern Africa, utilizing a broad range of financing modalities and instruments.

2. EBRD 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 GCF fit-for-purpose approach:

(a) **Access modality:** international access;

(b) **Track:** fast-track under the Global Environment Facility (GEF) and Adaptation Fund;

(c) **Maximum size of an individual project or activity within a programme:** large;[1]

(d) **Fiduciary functions:**[2]

 (i) Basic fiduciary standards;

 (ii) Specialized fiduciary standard for project management;

 (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

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

(e) **Maximum environmental and social (E&S) risk category:** high risk category A/intermediation 1 (I-1));[3] and

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

 (i) Energy generation and access;

 (ii) Transport;

 (iii) Buildings, cities, industries and appliances;

 (iv) Enhancing livelihoods;

 (v) Health and well-being and food and water security;

[1] As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "large" is defined as "total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US$ 250 million for an individual project or an activity within a programme".
[2] Decision B.07/02.
[3] As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category A is defined as "Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented" and intermediation 1 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented."

(vi) Infrastructure and built environment; and

(vii) Ecosystems and ecosystem services; as well as

(viii) Public, private and cross-cutting types of projects/programmes.

3. EBRD signed its accreditation master agreement (AMA) with GCF on 22 April 2017, which became effective on 11 May 2017. With the AMA coming into effect, the first accreditation term of the accredited entity (AE) was from 11 May 2017 to 10 May 2022. Owing to the coronavirus disease 2019 (COVID-19) pandemic and in line with decision B.26/01, paragraph (h), the AE requested, and was issued, an extension in the deadline to submit its re-accreditation application to GCF from 10 November 2021 to 10 May 2022. The AE submitted its application for re-accreditation to GCF via the digital accreditation platform on 10 December 2021. Accreditation fees were not applicable since the AE is seeking re-accreditation for the same accreditation scope for which it was previously accredited; thus, the Stage I institutional assessment and completeness check commenced upon submission of the re-accreditation application. Stage I was completed on 25 March 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 for which it was previously accredited, while updating the indicative results areas for the projects/programmes it intends to submit to GCF to the following:

(a) **Track:** fast-track under the Global Environment Facility (GEF);[4]

(b) **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, food and water security;

(vi) Infrastructure and built environment;

(vii) Livelihoods of people and communities, and

(viii) Ecosystems and ecosystem services; as well as

(ix) Public, private, and cross-cutting types of projects/programmes.

II. Stage I institutional assessment and completeness check

5. The AE is 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 following GCF policies and standards to the extent applicable to accreditation:

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

[4] At the time of the review of the re-accreditation application under stage I by the Secretariat and stage II (step 1) by the AP, EBRD was under-going the re-accreditation process as a multilateral implementing entity to the Adaptation Fund. Since a decision on re-accreditation to the Adaptation Fund was pending at the time of the GCF's assessment, the application did not undergo the GCF fast-track accreditation process through the Adaptation Fund, in line with decision B.08/03.

(b) "Matters related to the accreditation framework" regarding the re-accreditation process (decisions B.24/13 and B.26/01);

(c) "Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards" (decision B.07/02);

(d) "Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach" (decision B.08/02);

(e) "Policy on Prohibited Practices" (decision B.22/19);

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

(g) "Policy on the Protection of Whistleblowers and Witnesses" (decision B.BM-2018/21);

(h) "Environmental and Social Management System: Environmental and Social Policy" (decision B.19/10);

(i) "Revised Environmental and Social Policy" (decision B.BM-2021/18);

(j) "Comprehensive Information Disclosure Policy of the Fund" (decision B.12/35) regarding the disclosure of E&S information; and

(k) "Updated Gender Policy and Gender Action Plan 2020–2023" (decision B.24/12).

2.1 Legal status, registration, permits and licences

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 first accreditation term of the AE which became effective on 11 May 2017 (date of AMA effectiveness) and ended on 10 May 2022. The AE submitted its re-accreditation application within the deadline provided in the AMA – which was extended, at the AE's request and with the GCF's approval, from six months prior to the end of the accreditation term (i.e., 11 November 2021) to the end of the accreditation term – and therefore, pursuant to clause 22.01 of the AMA, the AE's accreditation is deemed to continue until its re-accreditation is determined. As the AE sought re-accreditation in accordance with clause 22.01 of the AMA, 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. If the Board approves the AE's re-accreditation, GCF and the AE will amend and restate the AMA. The amended and restated AMA will set out the terms and conditions of the re-accreditation, including but not limited to (i) the scope of the AE's re-accreditation; (ii) any conditions of re-accreditation based on the AP assessment of the AE against the GCF standards and policies listed in paragraph 51 below; and (iii) reflect the GCF policies and standards adopted by the Board in effect as of the date of the amended and restated AMA.

9. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on negotiating an amended and restated AMA and that it will put in place 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. The EBRD portfolio comprises seven funded activities that are a mix of adaptation, mitigation and cross-cutting projects in various countries in Southern and Eastern Europe, Western and Central Asia and Northern Africa. Implementation has progressed in all funded activities, except for FP140, approved at the twenty-sixth meeting of the Board in August 2020, as the project's funded activity agreement (FAA) became effective only recently (August 2021). Aside from FP043, whose financing instruments are solely non-reimbursable funds, the EBRD projects mainly utilize two financial instruments: reimbursable funds (i.e. senior loans) and non-reimbursable funds (i.e. grants). The EBRD achieved FAA effectiveness for seven approved projects and programmes within the deadline set by the FAAs (within three months after execution).

11. The seven funded activities accrue a total of USD 4,502 million, of which approximately USD 1,080 million constitutes GCF funding, making EBRD the AE with the second largest volume of GCF funding as of 30 April 2022. As at the same date, approximately USD 470 million has been disbursed from the GCF approved funding amount, representing 18 per cent of the disbursed GCF funds for all projects under implementation. In 2021, EBRD requested approximately USD 78 million, representing approximately 25 per cent of total annual disbursements. A more detailed description of each project and its status is presented below.

12. **FP025**: Sustainable Energy Financing Facilities (GCF financing of up to USD 378 million). The programme will deliver scale by financing, via local partner financial institutions, more than 20,000 scalable and replicable renewable energy, energy efficiency and climate resilience projects across the industrial, commercial, residential, transport and agriculture sectors in Northern Africa, Western and Central Asia and Southern and Eastern Europe.

13. This programme seeks to deliver private sector climate finance, at scale, by establishing a programme with financing facilities and targeting specific market segments and partners with local financial institutions to originate eligible investment opportunities among their eligible client bases. EBRD reports that total of 35 GCF SEFF loans have been enabled in Armenia, Egypt, Georgia, Moldova, Mongolia, Morocco, Serbia and Tajikistan.

14. **FP039**: Egypt Renewable Energy Financing Framework (GCF financing of USD 154.7 million). FP039 aims to contribute to the consolidation of a competitive and efficient renewable energy market in Egypt. This will allow the country to meet its target for renewable sources to provide 42 per cent of electricity generation by 2030 through private sector investments. As at the end of 2021, eight solar photovoltaic subprojects had been funded and were fully operational, in line with the budget and having achieved all debt service payments on time. The AE reported reaching over 1,172 GWh of electricity in 2021, which was also reflected in emission savings of more than 681 kt/CO2 in 2021, or over 85 per cent of the target set in the funding proposal.

15. **FP040**: Tajikistan: Scaling Up Hydropower Sector Climate Resilience (GCF financing of USD 50 million). This adaptation project aims to scale up the adoption of climate resilience practices and technologies in the Tajik hydropower sector. FP040 seeks to rehabilitate and modernize a major hydropower facility, the Qairokkum hydropower plant, and for the population of the Sughd region (particularly women) to benefit from a more climate-resilient electricity supply. The modernization processes have started, with a framework for technical assistance agreed upon and procurement for the supply and installation of hydraulic equipment completed.

16. **FP043:** Morocco: The Saïss Water Conservation Project (GCF financing of EUR 31.9 million). The project seeks to switch current irrigation practices as current groundwater extraction is unsustainable. Component 1 of the project seeks to increase the climate resilience

of the irrigation infrastructure. In this component, an Operational Project Directorate has been established to manage and oversee infrastructure upgrades. Two pipelines (transfer and distribution) will secure water for 21,600 ha irrigated land. Component 2 aims to promote effective and gender-inclusive community involvement in water governance and improved awareness of climate resilience issues. Finally, component 3 aims to scale up private sector involvement in the design, implementation, operation and maintenance of the irrigation infrastructure.

17. FP043 is part of a broader programme that seeks to transfer 90–110 million m^3 surface water from the M'Dez dam to the Saïss Plain area. Progress had been made in the construction works, the bulk water transfer pipeline between the M'Dez dam and the Saïss Plain, as at 31 May 2022, is almost completed, and in various procurement processes for technical assistance under component 2.

18. **FP047**: Kazakhstan Renewables Framework (GCF financing of USD 110 million). FP047 aims to support the Government of Kazakhstan in increasing the share of renewable energy to 3 per cent by 2020. With an investment period of 5 years and a term of up to 25 years, GCF investment will support the construction of 8–11 renewable energy projects in Kazakhstan with a total capacity of 330 MW, crowding in low-carbon investors through a financing framework and creating a viable alternative to cheap coal-based power. These projects encourage renewable energy developers to finance the development, construction and operation of solar, wind, small hydropower and biogas energy plants and an annual reduction of 0.64 Mt CO_2 eq is expected over the project's lifetime. As of 2021, seven operational generation projects had supplied 747 GWh while the cumulative mitigation contribution from the eight financed projects has reached over 1.2 MtCO2, which translates into more than 14 MtCO2 in abated GHG emission over the assets 20-year lifetime, or over the target set in the funding proposal.

19. **FP086**: Green Cities Facility (GCF financing of EUR 87 million). This is a cross-cutting programme implemented in cities in Northern Africa, Western and Central Asia and Southern and Eastern Europe with GCF funding up to EUR 87 million. EBRD seeks to mitigate policy, strategy, financial, institutional and capacity barriers that limit green city planning and infrastructure investments. EBRD aims to support cities in identifying, evaluating and addressing climate change challenges through green cities action plans. Consequently, city administrators and key stakeholders are to receive technical support and capacity-building, while cities share their knowledge and best practices. As at 31 December 2021, three green cities action plans had been developed (Jordan, Moldova and North Macedonia) with an additional in progress in Serbia. Three mitigation investment subprojects have been signed to date in Georgia, Jordan and Moldova for a total value of EUR 13.8 million.

20. **FP140:** High Impact Programme for the Corporate Sector (GCF financing of USD 258 million). This programme is the first GCF at-scale investment to promote the uptake of low-carbon technologies in the industrial sector. It has been designed to facilitate a transformational shift within energy-intensive industries, agribusinesses and the mining sector in Armenia, Jordan, Kazakhstan, Morocco, Serbia, Tunisia and Uzbekistan. The objectives are to identify high-impact technologies, develop corporate low-carbon gender-responsive strategies, finance high climate impact projects and share low-carbon sectoral road maps for high impact industries. The programme became effective at the end of August 2021. The first disbursement was processed early 2022.

21. **Implementation performance and delivery rates**. Most of EBRD Funded Activities were approved early on. The first FAA became effective in 2017 and four FAAs became effective in the first semester 2018. The other two FAAs became effective later in 2019 and 2021. On the basis of the data available in the 2020 annual performance reports (the 2021 annual performance reports being under review), four projects (FP025, FP039, FP047, FP086) that submitted an annual performance report were on track, while two (FP040, FP043) encountered delays in some aspects of their implementation. Unlike the four projects on track, the delivery

rates for FP040 and FP043 were impacted mostly by the effects of COVID-19, including but not limited to travel restrictions stemming from the pandemic's spread. For FP040, the pandemic affected training sessions and the work of international consultants as international and national travel restrictions were imposed in Tajikistan. For FP043, while progress continued with limited disruption for the construction works on the bulk water transfer pipeline, mandatory confinements and social distancing enforced in Morocco contributed to the delay for procurement processes. Progress is on track for FP039 as most of its subprojects had been operating for a full year before the Covid-19 outbreak. The pandemic did not exercise a severe effect on the implementation of FP039 because the number of personnel working in invested projects as well as imports of parts and replacements were then relatively low. Even though EBRD reported impacts of the pandemic on FP025 and FP086, it managed to introduce adjustments and delivered the planned activities for the reporting year.

22. In summary, at the portfolio level, the most important challenge for EBRD and its local financial partners during implementation thus far could be attributed to the uncertainty caused by COVID-19 since March 2020. The pandemic has caused procurement delays and also limited in-person consultations with stakeholders, delayed training and engagement sessions, impacted sovereign lending and led to executing entities' interest shifting to the response to the COVID-19 emergency. To address such challenges (as well as others outside of the pandemic), EBRD proceeded with several adaptive management requests to the Secretariat. For instance, waivers were requested (and later approved) for granting extensions to disbursement periods under some loans. Additionally, due to the challenges of the Covid-19 pandemic, the EBRD requested time extensions for providing interim independent evaluation reports under FP039, FP047, FP040 and FP043. As at 31 May 2022, the interim independent evaluation reports for FP039, FP047 and FP043 have been submitted.

23. EBRD also affirmed that FP025, FP039 and FP047 were able to adapt and maintain their operational strengths. As per the figures provided in the 2020 annual performance reports, EBRD relayed that these three funded activities were on track to achieving a reduction of 1,819,071 t CO2 eq, using as a basis signed and committed loans for partner financial institutions between 2018 and 2020 under FP025, eight operational solar photovoltaic projects in Egypt under FP039 and six operational solar photovoltaic projects in Kazakhstan under FP047.

24. In 2021 FP086 did not request any disbursements for grants or loans. It is assumed that no disbursements were required as EBRD still had a balance of funds available from 2020 and with the COVID-19 effects, no further funds were required. In fact, during 2020, EBRD conducted an analysis and found that cities had been challenged in maintaining active and fully functional public services, such as public transport and municipal solid waste management. This situation slowed down EBRD engagement with project stakeholders who had to focus mainly on responses to these crises. Therefore, changed city priorities subsequently reduced the possibility of climate action-related disbursements. This situation continued in 2021.

25. **Reporting timeliness and quality**. All reports have been submitted on a timely basis, including constant updates. Reports submitted are of very good quality. EBRD is also proactive in providing updates on project implementation.

26. **Fiduciary issues.** As at the time of this assessment, there were no fiduciary-related issues in the context of the projects and reporting.

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

27. **Entity work programme**. The AE submitted its first draft entity work programme (EWP) for the first replenishment period of the GCF in January 2020 prior to a strategic engagement workshop with EBRD. The revised draft, submitted to the Secretariat in March

2020, was taken through a technical, then a full interdivisional, review by the Secretariat resulting in the consideration of the EWP by the Secretariat Climate Investment Committee (CIC) on 21 May 2020. CIC was supportive of the overall approach outlined in the EWP for the EBRD-GCF partnership and appreciative of the ambitious pipeline of large, multi-country programmes spanning six of the eight GCF results areas and leveraging a significant amount of co-financing in loans. Out of the 10 project ideas contained in the EWP, CIC endorsed 2 for further development from project ideas to concept notes or funding proposals, while requesting more information on the remaining 8 ideas to be able to take a considered view, particularly regarding country ownership aspects. Discussions are ongoing with EBRD to review the EWP in the light of the recommendations from CIC, the evolution of the EBRD pipeline since the development of the EWP, and the Strategic Plan for the GCF 2020–2023 and the GCF sector guides that have been adopted since the EWP was considered by CIC.

28. The comparative advantages of the AE lie in its ability to work with a broad range of financing modalities and instruments (grants, loans, equity and guarantees), its mandate to engage with and leverage the private sector and its ability to programme at scale, all of which are key to contributing to the targets of the 2020–2023 Strategic Plan to significantly increase mobilization of the private sector funds in GCF programming. In the EWP, EBRD indicated it has experience in all eight GCF results areas and the ability to package policy dialogue, technical assistance and capacity-building with investment – a comparative advantage that enables the AE to respond to new GCF priorities and take up on underfinanced results areas. Lastly, with regard to geographical coverage, EBRD and GCF have 20 member countries overlapping in Western and Central Asia, Southern and Eastern Europe and Northern Africa.

29. **Concept notes/funding proposals**: the EBRD officially submitted pipeline consists – amongst others – of the following two funding proposals, which are multi-country programmes covering four and nine countries, respectively, and are mitigation focused:

(a) Electric Mobility Facility (GCF financing of USD 201 million); and

(b) Grid for Renewables Framework (GCF financing of USD 315 million).

30. Further discussions with EBRD are on-going in order to address alignment with the 2020–2023 Strategic Plan and how potential projects and programmes may fit in the context of the existing GCF portfolio.

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

31. **Environmental and social safeguards (ESS), gender and indigenous peoples related risks.** In February 2020, the Independent Redress Mechanism (IRM) received a complaint related to FP043, case number C0003, raising issues related to the sufficiency of the consultation conducted for the project, and the lack of information provided to the complainant and others who are affected by the project. The complainant also raised concerns relating to the lack of information and communication on access to water and the affordability of that access. The complaint was declared eligible for further processing by the IRM in April 2020. During the consultations held during the initial phase, the parties agreed to embark on problem-solving. The complainant and the Moroccan Ministry of Agriculture and Maritime Fisheries reached several agreements. GCF and the AE, in their roles as observers to the process, have confirmed receipt and taken note of the content of the agreements. The complainant also communicated his satisfaction with the outcomes of the process and his intention to terminate the complaint at this point, in full awareness that the IRM would not be involved in the monitoring of the agreements reached by the parties. The IRM decided to terminate and close this case.

32. The main challenges and/or risks faced by each project is detailed below.

33. **FP025:** this project has generated several requests for changes. EBRD considered these changes necessary to keep the programme up to date with market developments and a changing operating environment in target countries. Currently EBRD is seeking six additional changes under the programme. While the changes are under consideration, this project has been placed under close monitoring by the Secretariat.

34. One recurring point of discussion with EBRD is the national designated authority consultation process for change requests that ultimately could entail a change in the present FAA. EBRD considers that information of such requests could in certain cases be business sensitive or related to contractual arrangements and therefore of a confidential nature. As per the GCF Policy on Restructuring and Cancellation any change to a signed FAA would require the national designated authority consultation process to be undertaken. In the GCF-EBRD workshop in January 2022, the discussions on this point were initiated.

35. **FP039:** EBRD submitted a restructuring proposal for the programme in March 2022. As at 31 May 2022, the restructuring proposal was being considered. The proposal seeks to include changes to the terms and conditions of the reimbursable funds and an extension to the closing and completion dates and to modify the current E&S safeguard category of the funded activity so that existing available funds can be allocated to future eligible projects considered by the government of Egypt.

36. **FP040**: The project is experiencing delays as a result of COVID-19. The AE expects for output 1 and 2 trainings and technical assistance to resume in 2022. Technical works continue for output 3.

37. **FP043**: As outlined in paragraph 31, an issue arose in connection with this project which eventually led to the involvement of the IRM (IRM Case: C-0003-Morocco "Saïss Water Conservation Project"). Through the involvement of the IRM, all parties arrived at several agreements, and the complainant was satisfied with the outcome. Hence, the IRM terminated its proceedings and a problem-solving memorandum was prepared. The IRM closed the case and informed the Board. The project continues to operate without further issues.

38. **FP086**: EBRD has actively worked with cities in the nine countries eligible under this Funded Activity to develop a pipeline of investments and actions. 2021 was marked by the continuing COVID-19 pandemic and its impact on cities that were part of this Funded Activity. The pandemic severely impacted local revenues in 2020 and throughout 2021. The most affected sectors include transport and solid waste but there have been impacts on the water and district energy sectors too. The Funded Activity now aims to support cities in building back better from the COVID-19 crisis and address the challenges encountered over the past two years. This potentially implies introducing changes to enable the use of funds and adapt the Programme to the current market conditions.

39. Specifically with regard to integrity risk related to the AML/CFT Policy and the Policy on Prohibited Practices, the Secretariat is not aware of any relevant risk flags pertaining to the AE during the current accreditation term. Furthermore, the Secretariat also consulted with the Independent Integrity Unit regarding integrity risk within its knowledge and the Independent Integrity Unit has confirmed that it does not have any reservations with this re-accreditation proposal being considered by the Board.

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

40. In line with the AMA, EBRD is not required to submit an annual self-assessment.

41. In line with the AMA clause 5.02(a)(iv), EBRD submitted its mid-term accreditation review report covering calendar years 2017 to 2019 in a timely manner following the template

provided by the Secretariat. The mid-term review requested the AE to report any changes that may have taken place since its original accreditation in the areas related to meeting the GCF accreditation requirements. As detailed in document GCF/B.27/03/Add.02, regarding fiduciary standards, the AE reported changes for the better including strengthening the Enforcement Policies and Procedures for handling allegations of fraud and corruption (including AML/CFT), update to its Banking Credit Process, and amendments to its Capital Adequacy Policy to ensure the retention of its 'AAA' credit rating. The AE also reported enhancements in the areas related to ESS standards and gender since its original accreditation. These include a new Environmental and Social Policy, a new institutional Access to Information Policy and Directive, a new Project Accountability Policy and Independent Project Accountability Mechanism, and a new Gender Strategy (under preparation at the time). The AP and Secretariat reviewed the report and concluded that the AE continues to meet the relevant GCF accreditation standards and obligations as an AE per its AMA with GCF in the context of its accreditation scope, respectively. The AP recommended that the AE takes into account the updated GCF Gender Policy adopted in decision B.24/12 when developing their Gender Strategy.

2.4 International access entity contribution to building the capacity of direct access entities

42. Technical assistance, capacity-building and policy support for national counterparts have formed an essential element of the EBRD business approach in advancing green transformation across the economies of EBRD regions of operation. In its re-accreditation application, EBRD indicated that since 2015, the institution has delivered over 350 technical assistance engagements in the EBRD regions focusing on green policy. These engagements, EBRD indicates, bring meaningful improvements to the regulatory and policy framework, as well as to the capacities of beneficiary stakeholders, which then help to create a more favourable environment that is conducive to the emergence of potential GCF direct access entities.

43. In line with the AMA clause 15.02(c), the AE has reported on an annual basis covering 2017–2021 on various types of support it has provided to local-, national- and regional-level entities, with many being ministries and state agencies in EBRD countries of operation. The reports show that EBRD has contributed to building the capacity of 30 to over 60 entities each year (with some receiving the support over multiple years) in many different areas, including good governance, fiduciary standards, ESS, gender policy, building track record, and project design and implementation. However, these activities form part of the general efforts of EBRD to build the capacity of its counterparts and in most cases are not directly linked to supporting accreditation to GCF by local, national and regional entities.

44. Notwithstanding the limited targeted support for potential direct access entities, EBRD capacity-building activities have created enabling environments for local, national and regional institutions to improve access to climate finance, including GCF finance.

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

45. As per the 2020–2023 Strategic Plan, the re-accreditation process[5] and the monitoring and accountability framework,[6] 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

[5] Decision B.24/13.
[6] Decision B.11/10.

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.

46. From its foundation in 1991, EBRD has integrated an environmental dimension into its core constitutive document with the promotion of environmentally sound and sustainable development, hand in hand with other aspects of the transition process. Recognizing the importance of energy efficiency in improved resource efficiency and cost-effectiveness, and responding to the call from the 31st G8 Summit in 2005 for international financial institutions to step up their clean energy financing activity, EBRD launched the Sustainable Energy Initiative in 2006 with the aim of scaling up sustainable energy investments in its regions of operation. Furthermore, in 2015, in the run-up to the twenty-first session of the Conference of the Parties (COP 21), EBRD launched its Green Economy Transition (GET) approach, which set a target of 40 per cent of total EBRD investment in green climate finance by 2020. The GET approach constitutes the EBRD core plan to support the economies where it operates in their transition to green, low-carbon and resilient economies. Building on the implementation of the GET approach, EBRD adopted in 2020 a new GET (GET 2.1), which is more ambitious and comprehensive than its predecessor (GET 1.0). The GET 2.1 approach outlines how EBRD will support its climate and environmental objectives by i) aligning its activities with the principles of international climate agreements, principally the Paris Agreement; ii) enhancing policy engagement for the development of long-term low-carbon strategies and greening of financial systems; and iii) scaling up investment by innovating across a set of specific environmental and climate mitigation and adaptation thematic areas such as green digital solutions, just transition, circular economy, natural capital and green value chain financing.

47. In support of its climate actions, including the GET approach and its focus on market transition and the private sector, EBRD is working closely with key global climate funds, including GCF, the Climate Investment Funds (including the Clean Technology Fund) and GEF.

48. The AE provided the following information with regard to guiding questions established in the GCF “Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities”:[7]

(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) The AP reviewed the EBRD climate change related policies, including short-, medium- and long-term investment plans as provided below:

    (ii) Climate-compatible, environmentally sound and sustainable development is central to EBRD. Its foundation agreement entrenches the promotion of environmentally sound and sustainable development in its core functions in the full range of its investment and technical cooperation activities, whereas ‘green’ is recognized as one of the six transition qualities towards a sustainable market economy. In response to this mandate, EBRD introduced an energy-efficiency practice in its early years, which has progressively become more developed, underscoring the enhancement of EBRD climate policies over time. Energy efficiency and climate change now feature prominently among the priorities of EBRD;

    (iii) The Strategic and Capital Framework is the EBRD main planning instrument, approved every five years by the Board of Governors. At the EBRD 2020 Annual Meeting, EBRD shareholders unanimously approved the Strategic and Capital

[7] Document GCF/B.28/11/Add.02.

Framework 2021–25, which prioritizes the transition to a green, low-carbon economy as one of its three strategic themes, through the GET approach;

(iv) The GET approach, initially adopted in 2015 (GET 1.0) and revised in 2020 to cover 2021–2025 (GET 2.1), constitutes the EBRD core plan to support the economies where EBRD operates in its transition to a green, low-carbon and resilient economy. Building on a solid track record of green financing and policy delivery, GET 2.1 is more ambitious than its predecessor, comprehensive and pragmatically anchored in the climate change and environmental challenges of EBRD countries of operation;

(v) In practical terms, GET 2.1 outlines how EBRD will support its climate and environmental objectives by:

(1) Aligning its activities with the principles of international climate agreements, principally the Paris Agreement (Paris alignment);

(2) Enhancing policy engagement for the development of long-term low-carbon strategies and greening of financial systems; and

(3) Scaling up investment across a set of specific environmental and climate mitigation and adaptation thematic areas;

(vi) GET 2.1 sets out to achieve a more ambitious green finance target ratio (GET ratio) of over 50 per cent of annual bank investment by 2025. This ratio represents an increase vis-à-vis preceding targets: in the 10 years to 2016, the goal was an average GET ratio of 24 per cent of EBRD annual business investment, while it was of up to 40 per cent by 2020 (from 2016). EBRD also aims to achieve a net greenhouse gas (GHG) emission reduction of 25–40 Mt of CO_2 equivalent over the GET 2.1 period based on cumulative ex ante estimates and is currently working on overarching post-signing Green MRV approach;[8]

(vii) The EBRD Paris alignment approach is an integral part of its activities to support the climate action of the economies in which EBRD invests. From the end of 2022, all EBRD activities will be aligned with the Paris Agreement as per the decision approved by the Board of Governors[9] at the EBRD 2021 Annual Meeting;[10]

(viii) Alongside GET, other internal policies and strategies support the achievement of the EBRD climate goals: the Environmental and Social Policy (E&S Policy), country and sector strategies, risk management processes (for climate risk) and high-level common principles (e.g. Common Principles for Climate Mitigation Finance Tracking, MDB Just Transition High-Level Principles, MDB Principles for Long-Term Strategy (LTS) Support);

(ix) EBRD has significantly increased its share of climate finance through mainstreaming the EBRD green finance initiative throughout its business, strategy and financial planning. Since 2006 under the Sustainable Energy Initiative and since 2016 under the GET approach, EBRD has approved over EUR 37 billion in green investments through more than 2,100 green projects, which are expected to reduce GHG emissions by 106 Mt CO2 eq;

[8] The GET 2.1 approach is available at https://www.ebrd.com/sites/Satellite?c=Content&cid=1395293641654&pagename=EBRD%2FContent%2FDownloadDocument.
[9] See https://www.ebrd.com/shareholders-and-board-of-governors.html
[10] Press release "EBRD announces full Paris alignment by end-2022"; available at https://www.ebrd.com/news/2021/ebrd-announces-full-paris-alignment-by-end2022-.html.

(x) GET 1.0 set the target of increasing the volume of EBRD green financing from an average 25 per cent of its total annual investment in the preceding decade to 40 per cent by 2020. EBRD outperformed this target in 2019, reaching 46 per cent, before falling in 2020 owing to COVID-19. Between 2017, when EBRD accreditation with GCF became effective, and the end of 2020, EBRD reached EUR 15.2 billion in cumulative green finance commitments through more than 800 projects, with an average GET share of 39 per cent. As mentioned above, the GET 2.1 approach sets a target for EBRD to achieve a green finance target ratio of more than 50 per cent of its annual investments by 2025; and

(xi) Many of the GET projects are funded through the issuance of three types of green bond: Environmental Sustainability Bonds, Climate Resilience Bonds and Green Transition Bonds. The total amount of green bonds issued by EBRD amounted to EUR 7 billion as at the end of 2020. All these bonds are aligned with the green bond principles and highlight the importance EBRD places on environmentally sound and sustainable development while fulfilling core elements of its mandate. EBRD also actively invests in green bonds. In 2020, it invested in a record EUR 172 million in green bonds issued by clients, while also supporting them with funding and technical assistance for green issuance;

(xii) The AP finds the policies and commitments of EBRD on climate finance to be exemplary among its peers.

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

(i) Table 1 provides a summary of the evolution of donor contributions to EBRD over the past five years, presenting total inflows and inflows of multilateral climate funds;

(ii) Climate donor contributions have been a significant part of donor support mobilized by EBRD. In 2017–2021, the inflows for multilateral climate funds reached EUR 1.14 billion, accounting for 29 per cent of the overall donor contributions. Notably, the inflows for multilateral climate funds amounted to EUR 504 million in 2017 and to EUR 230 million in 2021;

(iii) At COP 26 in 2021, EBRD launched the High-Impact Partnership on Climate Action (HIPCA), which serves as EBRD's first multi-donor partnership to accelerate climate action. HIPCA has already mobilized considerable donor support, amounting to over EUR 180 million in concessional finance and grants;

(iv) Other donor contributions (such as European Union or bilateral donors funding) are also used for climate-related projects;

Table 1: Summary of the evolution of EBRD donor contributions

(Unit: EUR million)*	2017	2018	2019	2020	2021	Total
Inflows of donor funds (overall)	876	583	757	588	1,184	3,988
Multilateral climate funds	504	152	195	60	230	1,141

* Unit: million EUR as the EBRD official reporting currency.

(v) Green and resilient use of donor funds: The donor funds have been utilized to deliver on the six EBRD transition qualities (TQs), including 'green' and 'resilient' TQs, supporting and promoting green transition;

(vi) Table 2 presents information on technical cooperation use and co-investment funds use as per green and resilient TQs from 2019 to 2021. In particular, green has been a notable TQ for technical cooperation use and co-investment funds use in public and private sector operations;

(vii) The green TQ has a broader scope than climate-related projects and includes environmental projects (e.g. water and wastewater treatment);

Table 2: Summary of EBRD technical cooperation use and co-investment funds

	Transition quality	2019	2020	2021
Technical cooperation use	Green	32%	26%	40%
	Resilient	7%	6%	5%
Co-investment funds use in public sector operations	Green	16%	81%	37%
	Resilient	48%	6%	27%
Co-investment funds use in private sector operations	Green	76%	54%	57%
	Resilient	1%	9%	-

The data are based on past Annual Donor Reports. Data from 2017 and 2018 were not included as the data for co-investment funds use were then based on a different methodology/classification. A summary of the EBRD Annual Donor Report 2021 has been enclosed in the application to re-accreditation.

(viii) The AP finds EBRD resource mobilization to be at a high level commensurate with its corporate objectives.

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

(i) Assessment of the GHG impacts of its investments forms part of the EBRD E&S Policy conducted for all projects above a certain emission threshold, as part of project appraisal and due diligence. This assessment provides an estimate of the net carbon footprint that will result from EBRD-financed projects signed in a reporting year once those projects are fully implemented. In addition, EBRD assesses every project that qualifies for climate mitigation finance for climate impacts, that is, GHG emission reductions. The calculation is based on estimated emission reductions from the project and estimates of additional GHG emissions from greenfield projects or significant capacity expansions. Having evolved over time since EBRD first published an assessment of the GHG impact of its investments in 2003, the GHG assessment methodology has been largely framed in the EBRD Protocol for Assessment of Greenhouse Gas Emissions, which in turn is based on the International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting;

(ii) The EBRD GHG assessment methodology follows international best practices in this area, addressing the elements of project boundary setting, baseline definition, leakage and calculation methods. It also builds on the international financial institutions harmonized sector approaches for renewable energy, energy efficiency and transport and utilizes the IFI Harmonised Grid Emission Factor data set for deriving applicable electricity emission factors for the EBRD GET projects. The methodology for GHG accounting is described in the EBRD Green Economy Transition Handbook, which includes guidance on how the green assessments for GET projects are conducted. EBRD reports the aggregated GHG assessment results for each year in its Sustainability Report. In addition, it reports annually on the GHG impact of its green bond portfolios in line with the requirements of the green bonds principles.

(iii) Further to this, EBRD has been keeping track of its corporate carbon footprint. EBRD's methodology largely follows internationally accepted GHG accounting approaches (e.g. the Greenhouse Gas Protocol) and was reviewed by independent consultants in 2019 and a calculation tool adopted. The assessment boundary includes EBRD offices, directly controlled operational activities and staff commuting, and covers scope 1 (heating and vehicle fleet), scope 2 (purchased electricity and district heating) and scope 3 (goods and services, business travel and employee commuting) emissions. EBRD is a member of the Climate Neutral Now initiative launched at COP 24 and has been carbon-neutral in its operations since 2017;

Table 3: EBRD corporate operations carbon footprint (greenhouse gas emissions, t CO_2 eq)

	2017*	2018	2019	2020
Scope 1	704	1,764	1,610	1,595
Scope 2	5,188	4,860	4,632	3,852
Scope 3	6,200	15,459	15,275	8,148
Combined	**12,092**	**22,083**	**21,517**	**13,595**

* 2017 figures cover emissions at EBRD London headquarters only; data for 2018–2020 cover all EBRD resident offices, based on the revised reporting approach and methodology applicable since 2018.

Table 4: EBRD Annual Meeting carbon footprint (greenhouse gas emissions, t CO_2 eq)

	2017	2018	2019	2020
Scope 1	n/a	n/a	n/a	n/a
Scope 2	n/a	n/a	n/a	n/a
Scope 3	3,423	3,500	2,000	0 (virtual)
Combined	**3,423**	**3,500**	**2,000**	**0**

Table 5: Sources of emissions covered

Scope 1	Heating
	Vehicle fleet
	Cooling agent
Scope 2	Electricity
	District heat
Scope 3	Goods and services
	Energy related
	Waste
	Business travel
	Employee commuting

(iv) EBRD employs the following methodology to calculate its carbon footprint:

(1) The EBRD methodology for assessing its carbon footprint largely follows internationally accepted GHG accounting approaches (e.g. the Greenhouse Gas Protocol) and was reviewed by independent consultants in 2019 and a calculation tool was adopted;

(2) GHG inventory boundary: the assessment boundary includes EBRD offices, directly controlled operational activities and staff commuting.

Emissions associated with the organization of annual meetings are assessed separately;

(3) Data sources: input data are provided by the EBRD Administrative Services, Travel, Catering and Procurements teams. Some items, such as employee commuting, are estimated and assumed to remain constant for a 3–5 year period;

(4) Internal abatement measures, offsetting: measures to reduce emissions have included encouraging staff to use low-carbon alternatives to business travel, switching to light-emitting diode lighting, introducing the automatic power-down of lights and phones, upgrades to heating and cooling systems and switching to a virtual server. Electricity for EBRD London headquarters is purchased from renewable sources. In 2022, EBRD will move its London office to a new building. EBRD has defined energy-efficiency standards for the selection and fit-out of the new office and the building is rated as outstanding under the Building Research Establishment Environmental Assessment Method;

(v) EBRD is a member of the Climate Neutral Now initiative launched at COP 24. Since 2017, EBRD corporate emissions have been fully offset through purchase of Gold Standard and clean development mechanism carbon credits from renewable energy projects in Turkey, Morocco and Mongolia;

(vi) GHG emissions related to organizing the Annual Meeting have been estimated and offset separately for 2017–2019. From 2021 onwards, these will form part of the overall corporate operational footprint;

(vii) Further, details are contained in the Section "GRI 300: Environmental" in EBRD's Sustainability Reporting Disclosures for 2020 in accordance with the GRI Standards, reviewed by the AP.[11]

(viii) The AP finds that EBRD corporate-level footprints show a decreasing trend although some high levels were reported in intermediate years, when the methodology was changed to include all EBRD Resident Offices.

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

(i) In March 2018 EBRD became the first MDB to sign up to the Task Force on Climate-related Financial Disclosures (TCFD) initiative, requiring it to begin disclosing its exposure to climate-related risks. EBRD has included TCFD-related activities in its Sustainability Report since 2018 and in 2020 it took a step further by publishing its first stand-alone report (now an annual exercise). The report follows the TCFD recommendations on climate-risk disclosure in four key areas (governance, strategy, risk management, and metrics and targets), describing EBRD's current procedures on climate risk and future plans to comply with the TCFD recommendations. It also considers the two key categories of climate-related risks highlighted by TCFD: (i) physical climate risks; and (ii) carbon transition risks;

(ii) Furthermore, a Climate Risk Team was established in March 2021 with the objective of managing and coordinating the implementation of climate risk reporting across EBRD in line with the recommendations of TCFD. The Climate Risk Team sits within the Risk Management department and facilitates climate

[11] EBRD Sustainability reporting disclosures for 2020 in accordance with the Global Reporting Initiative Standards are available at https://www.ebrd.com/documents/environment/ebrd-sustainability-reporting-disclosures-in-accordance-with-the-gri-standards.pdf.

risk matters across the teams, being responsible over time for the roll-out of full climate risk assessments and reviews across the project life cycle;

(iii) The AP finds that EBRD has a robust methodology for evaluating its climate risks.

(e) Guiding question 5: What are the main sectors of activity of the AE?

(i) EBRD offers a wide range of financial instruments and services across a large number of sectors and topics, including financial institutions, energy, transport, municipal infrastructure, manufacturing and services, agribusiness and natural resources;

(ii) EBRD is a climate finance leader and aims to become a majority green bank by 2025. The GET approach helps EBRD countries of operation to pursue a green, inclusive and resilient recovery from the COVID-19 pandemic. 'Green' is also one of the EBRD six transition qualities;

(iii) Table 6 presents the EBRD overall portfolio. Data are provided for four full calendar years (2017–2020) as EBRD's official reporting and disclosures are done on the basis of final reconciled annual results and as per the EBRD application for re-accreditation;

(iv) It is important to highlight that, while EBRD's share of green finance fell in 2020 as it focused on the immediacy of the crisis response to the COVID-19 global pandemic, green finance was one of the hallmarks of its achievements in 2021. EBRD established a target of achieving a green finance ratio of more than 50 per cent by 2025; in 2021, EBRD's green finance reached its record level, accounting for 51 per cent of its annual investment;

(v) Further info could be found in press release "EBRD green finance in 2021 hits record 51 per cent of €10.4 billion total".[12]

Table 6: Summary of EBRD overall investment portfolio

	Total ***	**2017**	**2018**	**2019**	**2020**
EBRD Annual Bank Investment (EUR million) (= overall portfolio)	39,697	9,403	9,258	10,041	10,995
Climate-related projects*					
Total climate finance (EUR million), including:	14,225	3,817	3,121	4,203	3,084
Mitigation finance (EUR million)	12,923	3,480	2,975	3,795	2,674
Mitigation finance (% of portfolio)	**33%**	**37%**	**32%**	**38%**	**24%**
Adaptation finance (EUR million)	1,643	392	332	495	424
Adaptation finance (% of portfolio)	**4%**	**4%**	**4%**	**5%**	**4%**
2. Non-climate-related projects and operations**					

[12] See https://www.ebrd.com/news/2022/ebrd-green-finance-in-2021-hits-record-51-per-cent-of-104-billion-total.html.

	Total ***	2017	2018	2019	2020
Non-climate-related finance (EUR million)	25,472	5,587	6,137	5,838	7,911
Non-climate-related finance (% of portfolio)	**64%**	**59%**	**66%**	**58%**	**72%**

* EBRD projects with climate components/finance. The sum of mitigation and adaptation finance adds up to more than total climate finance as some projects have multiple benefits and the overlap is accounted under climate finance.

** EBRD projects with non-climate-related components/finance, calculated as Annual Bank Investment less climate-related finance, that is, this category would include GET projects with environmental (non-climate-related) benefits, but also non-GET projects.

*** Numbers in the tables may not add up to the totals shown, due to rounding.

(vi) Regarding EBRD fossil fuels phase-out, EBRD's Energy Sector Strategy 2019–2023 puts decarbonization at its centre, targeting the creation of an energy sector that delivers clean, secure and affordable energy for all through the transition to a market-oriented low-carbon energy sector. The Energy Sector Strategy covers EBRD activities in two areas: electricity generation, transmission, distribution, storage and supply; and hydrocarbon extraction, processing, transportation, distribution, storage and supply. The strategy emphasizes the scaling-up of investment in renewables, supporting the integration of energy systems, promoting the switch to cleaner and more resilient energy sources and facilitating electrification as a means to clean the economies where EBRD invests, which include some of the least energy-efficient and most polluting economies and cities in the world;

(vii) Consistently with the above-mentioned strategy and direction, EBRD no longer finances thermal coal mining or coal-fired electricity generation, any upstream oil exploration or any upstream oil development projects – except in rare and exceptional circumstances, where such investments reduce GHG emissions (confirmed by the EBRD Board of Directors in 2019). In addition, EBRD will not finance any upstream gas projects (confirmed by the EBRD Board of Governors in 2021), but continues to support the gas sector (mid and downstream) where it is consistent with a low-carbon transition that is both secure and affordable;

(viii) Moreover, in order to support alignment with the Sustainable Development Goals and the Paris Agreement, since 2019 EBRD has been performing economic assessments on projects with high GHG emissions using a shadow carbon price. This economic assessment is applied to projects with annual GHG emissions that either increase net emissions by 25,000 t or more per year after EBRD investment (compared with the pre-project scenario) or have gross emissions of 100,000 t or more per year in absolute terms after EBRD investment. A shadow carbon price corrects the market failure associated with the absence of carbon markets or equivalent tools (such as a carbon tax).

(ix) The AP finds that EBRD has a significant investment portfolio on climate finance, including mitigation and adaptation, while phasing out the financing of thermal coal mining and coal-fired electricity generation, any upstream oil exploration and any upstream oil development projects.

(f) Guiding question 6: Is the AE investing in mitigation projects/operations?

(i) The total amount of mitigation finance from 2017 to 2020 reached EUR 12.9 billion, including 736 mitigation projects (GET projects with mitigation finance) for the four years;

(ii) Tables 7, 8 and 9 provide information on, respectively, mitigation finance, the number of mitigation projects and relevant impact indicators (i.e. emission reductions and renewable energy capacity installed) 2017–2020. Data are provided for the four full calendar years.

Table 7: EBRD total climate finance including on climate mitigation

	Total	2017	2018	2019	2020
Total climate finance (EUR million)	**14,225**	3,817	3,121	4,203	3,084
Mitigation finance (EUR million)	12,923	**3,480**	**2,975**	**3,795**	**2,674**

Table 8: EBRD total number of climate mitigation projects

	Total	2017	2018	2019	2020
Total number of projects (= overall portfolio)	**1,670**	412	395	452	411
Number of projects with mitigation finance	**736**	**170**	**173**	**223**	**170**

Table 9: Relevant EBRD Green Economy Transition impact indicators on greenhouse gas emission reductions and renewable energy capacity installed

	Total	2017	2018	2019	2020
Greenhouse gas emission reductions (kt CO_2eq/year) – mitigation	**21,935**	**6,308**	**7,120**	**4,797**	**3,711**
Renewable energy capacity installed (MW)	**6,493**	**1,883**	**877**	**2,249**	**1,484**

(g) Guiding question 7: Is the AE investing in adaptation projects/operations?

(i) The total amount of adaptation finance from 2017 to 2020 reached EUR 1.6 billion, including 153 adaptation projects (GET projects with adaptation finance) for the four years. Tables 10, 11 and 12 provide information on, respectively, adaptation finance, the number of adaptation projects and relevant impact indicators (i.e. water savings) for 2017–2020. Data are provided for the four full calendar years.

Table 10: EBRD total climate finance on adaptation

	Total	2017	2018	2019	2020
Total climate finance (EUR million)	**14,225**	3,817	3,121	4,203	3,084
Adaptation finance (EUR million)	**1,643**	**392**	**332**	**495**	**424**

Table 11: EBRD total number of adaptation projects

	Total	2017	2018	2019	2020
Total number of projects (= overall portfolio)	**1,670**	412	395	452	411
Number of projects with adaptation finance	**153**	**31**	**35**	**48**	**39**

Table 12: Relevant EBRD Green Economy Transition impact indicators

	Total	2017	2018	2019	2020
Water savings (m^3/year) – adaptation *	**365,441,549**	144,702,819	125,821,617	52,333,946	42,583,167

* Water saving impacts are associated not only with adaptation but also with other environmental projects, but are reported in aggregate here.

50. The AP concludes that the evidence provided by EBRD for the first accreditation term on its climate policies and related commitments as well as its finance on climate mitigation and adaptation together with its investments in fossil fuels, including related commitments in phasing them out, fully 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 accreditation review assessment

51. The AE is eligible for, and applied under, the fast track re-accreditation process as a GEF entity. Its application has been assessed by the AP during Stage II (Step 1) against the accreditation standards of the GCF and gaps identified in decision B.08/03, and in accordance with the re-accreditation requirements to the extent applicable to accreditation in paragraph 5 above, and:

(a) "Evaluation Policy" (decision B.BM 2021/07).

52. Partnership with 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.

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

54. These self-assessments are undertaken by the agencies and reviewed by a third-party expert 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.

55. The AE's 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 executing entities, financial disclosure/conflict of interest, code of ethics/conduct, internal audit, investigation function, hotline and whistleblower protection, and anti-money-laundering and countering the financing of terrorism (AML/CFT).

56. The independent review was completed in December 2020 and EBRD self-assessment was independently reviewed. At that time, EBRD was found to be partially compliant with GEF Minimum Fiduciary Standards on a limited amount of items. EBRD has taken appropriate action to address these items and is now fully aligned with the GEF's Minimum Fiduciary Standards. EBRD remains an accredited GEF agency, and EBRD programmes and projects remain eligible for submission and approval in the GEF work programmes. The Financial Procedure Agreement between EBRD and GEF remains in full force and EBRD continues to implement GEF-supported projects.

57. 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**

58. EBRD did not have any conditions with regards to the basic fiduciary standards on key administrative and financial capacities recommended by the AP for the first accreditation term.

59. As per paragraph 51 above, the basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast track re-accreditation.

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

60. EBRD did not have did not have any conditions with regard to basic fiduciary standards on transparency and accountability recommended by the AP for the first accreditation term.

61. As per paragraph 51 above, the GCF basic fiduciary standards concerning transparency and accountability have been met by way of fast-track re-accreditation, with the exception of policies on prohibited practices and the protection of whistle-blowers and witnesses, investigation function and AML/CFT policies.

62. Regarding governance and compliance,the EBRD maintains policies and procedures that ensure that its staff meet the highest standards of integrity. The policy framework comprises the Code of Conduct for Officials of the EBRD Board of Directors and Code of Conduct for EBRD Personnel (collectively "the Codes"), which are approved by the EBRD Board of Governors. The Codes set out the values, duties, obligations and ethical standards that EBRD requires of its Board Officials and staff. Together with the Conduct and Disciplinary Rules and Procedures for staff members, the Codes set out the types of act or omission that may be considered misconduct, the EBRD investigation procedures and the potential sanctions for unethical behaviour.

63. In May 2020, the Board of Directors approved EBRD's first stand-alone Whistleblowing Policy. The Policy is designed to increase transparency and accountability at EBRD and further demonstrate its commitment to integrity and ethical behaviour. It encourages a 'speak-up' culture by ensuring that sufficient protections are given to people who, in good faith, report any alleged wrongdoing.

64. The Codes and the Whistleblowing Policy, as revised in 2021, are published on the EBRD external website.[13] Also on the website are the Conduct and Disciplinary Rules and Procedures; the Enforcement Policy and Procedures, which define prohibited practices in the context of EBRD investments and provides for investigations and sanctions for breaches of this policy; the Integrity Risks Policy and the terms of reference of the Office of the Chief Compliance Officer; the General Principles and Guidelines on Sanctions; and the Integrity and Anti-Corruption Reports from 2006 to 2020 inclusive. In addition, EBRD is a founder author of and signatory to the Uniform Framework for Preventing and Combating Fraud and Corruption alongside other MDBs such as the African Development Bank, the Asian Development Bank, the European Investment Bank, the Inter-American Development Bank, the International Finance Corporation, the World Bank and the International Monetary Fund. The EBRD Office of the Chief Compliance Officer holds regular calls with these MDBs on issues concerning the prevention and combating of fraud and corruption and compliance in general. A strong message from the EBRD President at the beginning of the annual Integrity and Anti-Corruption Report demonstrates a zero tolerance of fraud and corruption and a culture of high standards of integrity expected of staff and Board officials.

65. Regarding the investigation function, the EBRD investigations team is independent and has the mandate to initiate investigations in accordance with the Enforcement Policy and Procedures (applicable to external parties) or the Conduct and Disciplinary Rules and Procedures (applicable to EBRD staff), which are published on the EBRD website. The Office of the Chief Compliance Officer annual Integrity and Anti-Corruption Report offers information on the investigations that have been conducted in that year, as well as explaining the process and procedures of the investigation function. These annual reports for 2006 to 2021 inclusive can be found on the EBRD website.

66. Regarding AML/CFT policies, EBRD recently underwent a European Union pillar assessment by external auditors. The report on the assessment, published in December 2020, is comprehensive and confirms the equivalence of EBRD AML/CFT policies to European Union standards, which are aligned with those of GCF. With respect to know-your-customer due diligence, EBRD's rules and procedures require appropriate checks to be completed and reviewed by the Risk Management and General Counsel to allow the EBRD Operations Committee (or other relevant governance body) to make an informed judgement on all key issues. The know-your-customer due diligence includes an integrity assessment to ensure compliance with the know-your-customer requirements established in the EBRD Integrity Due Diligence Guidelines. These procedures are confirmed in the external auditors' European Union pillar assessment report referred to above.

67. With respect to quarterly risk reports, EBRD generates quarterly reports, known as the quarterly performance reports, which include sections on financial and operational risks (of which climate risk is a component). These reports are reviewed by the EBRD Board and Audit Committee.

68. As per paragraph 51 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 to the extent applicable to accreditation the GCF Policy on Prohibited

[13] See www.ebrd.com.

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

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

70. As per paragraph 51 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track re-accreditation.

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

71. EBRD 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.

72. EBRD's partnership with donors offers vital additional finance and expertise in its operations and remains critically important to further EBRD's strategic direction and operational plans in many sectors and countries, especially those facing the greatest transition challenges. Grants remain the primary form of donor support, representing a significant 75 per cent of all 2020 inflows, although there has been an increasing move towards new financial instruments like guarantees and risk-sharing instruments in recent years.

73. The EBRD 2020 Donor Report includes a new five-year Donor Strategy adopted in 2020. The dedicated partnership HIPCA launched at COP 26 builds synergies and aggregates EBRD and partner ambitions to achieve scaled-up climate impact. The primary objectives of HIPCA are to (i) support investments and policy solutions that reduce or prevent GHG emissions and protect the environment; (ii) enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change; and (iii) create and reinforce enabling environments that unlock the private sector to act as an agent for climate and environmental action.

74. The Donor Co-financing Department (DCF) manages the overall partnership with the GCF, in particular accessing and utilising GCF resources. DCF advises the Investment Committees on the use of donor resources, confirming (i) the eligibility of the envisaged project for financing from a specific donor or donors; (ii) the availability of donor resources; and (iii) the compliance of the envisaged project with the terms and conditions provided under the donor agreements. For grant-funded technical assistance activities, the EBRD Grant Review Unit approves the use and volume of grants. The Donor Co-financing Department similarly advises the Grant Review Unit on the use of donor resources for technical assistance activities, confirming (i) the eligibility of the envisaged activities for financing from a specific donor or donors; (ii) the availability of donor resources; and (iii) the compliance of the envisaged activities with the terms and conditions provided under the donor agreements. Several recent examples using grants and concessional finance have been provided to demonstrate track record.

75. The AP finds that the AE's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms.

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

76. EBRD did not have any conditions with regard to the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees recommended by the AP for the first accreditation term.

77. Projects are designed to deliver what EBRD calls "transition impact" and to promote market-oriented sustainable development. Built into the EBRD investment approval process is a robust methodology for assessing projects that deliver this transformational impact in EBRD's region of operations, with or without additional support from donors such as GCF. EBRD updated its Banking Credit Process at the end of 2021 to include the identification of climate-related financial risks. Example reports have been provided to demonstrate its extensive track record in climate-related projects.

78. EBRD carries out a thorough due diligence assessment when considering new operations, in accordance with its Operations Manual. All investments are assessed by the Investment Committee or Small Business Investment Committee and approved by the EBRD Board or the EBRD management, on the basis of delegated authority . The Investment Committee comprises representatives, amongst others, of the banking teams, the Risk Department for financial risk assessment, the Office of the General Counsel, Economic Policy and Governance, the Office of the Chief Compliance Officer and the Environmental and Social Department. Other Departments provide advice to the Investment Committees as needed.

79. The terms of projects financed with EBRD ordinary capital resources, with or without donor co-financing, are determined by applying sound banking principles and undertaking analysis of each borrower's creditworthiness in the context of the envisaged project. Each investment project will first undergo a concept review, at which stage the EBRD contribution, and donor co-financing if applicable, is indicatively identified. This first internal approval initiates EBRD's due diligence process. Once the due diligence process is completed, and the negotiations of the terms of the loan agreed with the client, projects are presented to the EBRD Board for approval. During the due diligence assessment process, donor co-financing is determined in line with donor agreements as per the internal guidelines for the use of concessional finance. The use of donor resources is scrutinized to ensure that the EBRD principles of least concessionality, additionality and guidelines for investment grant co-financing are applied.

80. As a market-building institution, EBRD has in place strong governance frameworks around decision-making and reporting to ensure that its use of blended concessional finance mobilizes private capital to the fullest extent, and does not crowd out or substitute it, and achieves value for public money. To this end, ERBD has in place internal guidelines describing the procedures for the use of blended concessional finance, which constitute an integral part of the project approval process. Project teams complete a concessional finance checklist to argue the case for the use of concessional finance and must demonstrate how a project complies with the requirements of the guidelines. This is subsequently reviewed by specialized economists, who provide a review for the relevant approval committee. EBRD has provided several examples of climate-related projects with associated due diligence reports as well as loan and grant agreements to demonstrate its extensive track record in on-lending and blending of loans, equity, guarantees and use of concessional finance.

81. Mobilizing domestic and foreign capital in the economies where it invests is one of EBRD's long-held objectives. Attracting investors to these economies has a direct transition impact, diversifying the sources of finance and increasing the prosperity and resilience of financial systems and economies. The EBRD primarily mobilizes domestic and foreign capital through loan syndications, as a flexible and market-oriented approach. Co-financing increases the resources available for funding projects and introduces borrowers to the international debt markets. Cooperation with others allows EBRD to draw on the complementary skills and expertise of other international financial institutions. EBRD partnerships are extensive, with MDBs, development finance institutions, and bilateral and multilateral donors.

82. EBRD revised its Access to Information Policy in 2019, expanding the scope of routine disclosure relating to individual operations. The revised Access to Information Policy, which entered into effect on 1 January 2020, obliges the EBRD to disclose information about the

shareholding in the project company (subject to the client's consent and market practice); and disclosure of ex post project information on the impacts of projects. The Access to Information Policy and the Access to Information Directive can be found on the EBRD website, and details of the operation of this framework is communicated to all EBRD staff, including through delivery of training.[14]

83. Risk matters are considered in various committees, including a Risk Committee as well as an Asset-Liability Committee. Terms of reference of the said committees include observing key principles and assessing risk appetite in managing the Treasury Book given market risk, together with the safeguards to ensure adequate liquidity levels. All aspects of risk management, including financial risk, across all parts of the organization are addressed, including stress tests on various areas of operation. EBRD maintains AAA/Aaa/AAA credit rating with the leading international rating agencies and recent credit rating reports are published on the website.

84. 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

85. EBRD did not have any conditions with regard to the GCF interim ESS standards recommended by the AP for the first accreditation term with a maximum accreditation scope of a maximum E&S risk category A/intermediation 1.

3.2.1 Environmental and social policy

86. EBRD has a E&S Policy, which was reviewed and approved by its Board of Directors in 2019. The E&S Policy came into effect on 1 January 2020, superseding EBRD's E&S Policy (2014) and the respective Performance Requirements (PRs). The E&S Policy applies to all financing instruments applied by EBRD, including loans, equity and guarantees. The focus of the updated E&S Policy was on clarifying language, maintaining alignment with other international financial institutions (mainly the International Finance Corporation and the World Bank) and reemphasizing a risk-based approach to E&S appraisal and monitoring. Key changes include (i) new requirements related to assessing risks caused by climate change; (ii) clarifying the approach relating to supply chains; (iii) strengthening requirements for identification of vulnerable groups, and assessment and mitigation of disproportionate impacts on such groups; and (iv) strengthening consideration of gender throughout the PRs and inclusion of requirements related to gender-based violence and harassment (GBVH).

87. The E&S Policy includes 10 PRs which set out the E&S standards applicable to projects and clients supported by EBRD. Eight of these are in line with GCF performance standards 1–8 while the other two PRs relate to financial intermediaries, and information disclosure and stakeholder engagement. The E&S Policy requires that projects and client should comply with host country laws in addition to PRs 1–10, as applicable. Furthermore, as a signatory to the European Principles for the Environment, EBRD is committed to ensuring that projects are structured to meet the European Union environmental principles, practices and substantive standards, where these can be applied at the project level, regardless of their geographic location. When host country regulations differ from European Union substantive environmental standards, projects will be required to meet whichever is the more stringent.

88. EBRD has a specific PR (PR7) in its E&S Policy focusing on indigenous peoples. It is finalizing a detailed guidance note on applying PR7, which will be publicly available on the

[14] https://www.ebrd.com/what-we-do/strategies-and-policies/access-to-information-policy.html.

EBRD website together with other E&S tools and guidance documents. These guidance documents have, like PR7, been developed by EBRD with external expert support. PR7 is substantially consistent with the principles of the GCF Indigenous Peoples Policy. EBRD retains relevant E&S experts to support its appraisal of projects, including for its projects on indigenous peoples.

89. The E&S Policy commits EBRD to working with clients to prevent and address any forms of violence and harassment, including sexual harassment, exploitation and abuse and other types of gender-based violence. Clients are required to adopt the relevant measures described under PR2 on labour and working conditions and PR4 on health, safety and security. To operationalize these requirements, EBRD has developed project risk screening, assessment and monitoring procedures, and reporting protocols.

90. Consistent with the EBRD Energy Sector Strategy 2019–2023 and direction, EBRD no longer finances thermal coal mining or coal-fired electricity generation, any upstream oil exploration, and any upstream oil development projects – except in rare and exceptional circumstances, where such investments reduce GHG emissions. In addition, EBRD will not finance any upstream gas projects but continues to support the gas sector (mid and downstream) where it is consistent with a low-carbon transition that is both secure and affordable.

91. The Managing Director of the EBRD Environment and Sustainability Department (ESD) ensures the conformance to and execution of the E&S Policy. The Vice-President for Risk and Compliance and the Chief Risk Officer are also accountable for the E&S Policy. The Policy is available online and is communicated to all EBRD staff and training is provided.

92. The AP finds that the AE's environmental and social management system (ESMS), comprising the E&S Policy, 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.2 Identification of environmental and social risks and impacts

93. The EBRD overall approach to risk and impact identification and assessment is unchanged since the mid-term review (submitted on 28 February 2020). There have been some updates to internal tools and guidance, reflecting the latest review of the 2019 E&S Policy, and some strengthening of management oversight and assurance, none of them material changes. In summary:

(a) All EBRD projects are subject to E&S screening, categorization and risk rating and this is reported to the EBRD operational committees;

(b) Projects are subject to E&S appraisal informed by the project categorization and risk rating and as informed by the 2019 E&S Policy. Project appraisal is conducted by the EBRD ESD, making use of external experts where necessary;

(c) Each project is subject to E&S assessment, the extent and nature of which is determined by the project, its categorization, its risk rating and the E&S Policy. Assessments are conducted by clients and third-party experts. Category A projects, for example, are subject to comprehensive E&S impact assessment (and E&S management plans) including the disclosure thereof in line with the EBRD Access to Information Policy and Access to Information Directive;

(d) The outcomes of E&S assessments and EBRD's appraisal of projects are reported to the EBRD operational committees and to the Board of Directors (where projects are subject to Board rather than delegated approval) to inform decision-making;

(e) E&S requirements for projects are captured in E&S action plans, which are attached to financing documents, together with specific E&S clauses and covenants. EBRD monitors all projects in terms of E&S performance and compliance with the E&S Policy; and

(f) ERBD investments are informed by various country and sector strategies (all available on the EBRD website) and by EBRD's green financing commitments. Certain projects cannot be financed, and these are described in the E&S Policy's exclusion list as well as EBRD's exclusion list.

94. EBRD publishes information on the projects it supports. This information includes the E&S categorization (A, B, C or FI), the nature of the project, the appraisal and assessment conducted, and the findings and the actions agreed with the client to structure the project in line with the EBRD E&S Policy. For category A projects, EBRD discloses a comprehensive E&S impact assessment.

95. EBRD provided a sample of E&S risk screening and categorization documents as evidence of its track record on E&S risks and impacts identification.

96. 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.3 Environmental and social management programme

97. The E&S Policy along with supporting E&S procedures, guidance documents and internal procedures, tools and resources constitute the EBRD ESMS, which ensures that E&S risks and impacts are managed in a manner appropriate to EBRD's objectives, commitments and activities. The E&S Policy includes requirements for E&S risk category A, B and C projects. Category A projects are subject to a more comprehensive appraisal, assessment (E&S impact assessment) and information disclosure process.

98. The ESMS includes requirements for direct and indirect financing through financial intermediaries. Financial intermediary projects are required to comply with EBRD PR9 when considering projects. The financial intermediary is further required to comply with PR2 on labour and working conditions and the occupational health and safety requirements of PR4.

99. EBRD provided examples of project appraisal terms of reference and its compliance matrix, which set out what is required for category A, B and C projects.

100. As evidence of its track record on E&S management, EBRD provided a sample of category A and category B E&S impact assessments. It also provided a sample of E&S assessments conducted for its projects/programmes involving equity and guarantees.

101. The EBRD oversight mechanism verifies the overall performance effectiveness of clients' ESMS at the institutional level not project-level, including reviewing E&S risk and impact identification, project categorization and implementation of E&S mitigation measures. EBRD's ESD maintains an assurance framework and oversight function led by its management. ESD further monitors and reports on the E&S performance of the EBRD projects and is subject to internal audits. The key findings of project audit and due diligence reports are included in project summary documents. ESD is subject to annual audits by the EBRD internal audit function and also audits of its ESMS. EBRD provided copies of third-party audit reports on the implementation of EBRD's ESMS which attest to the effectiveness of the ESMS. Furthermore, each project at EBRD is subject to evaluation by its Evaluation Department. This includes consideration of the E&S aspects of projects.

102. 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.4 Monitoring and review

103. The ESMS includes specific requirements with respect to monitoring and evaluating projects from an E&S perspective and for the agreement of findings and recommendations with clients, which can be summarized as follows:

(a) All projects are required to report to EBRD on its E&S performance, compliance with the E&S Policy and compliance with the project ESAP on at least an annual basis. This aligns with all categories of projects. Category A projects, and category B projects associated with potential significant E&S risks and impacts, may be subject to more frequent reporting (e.g. quarterly during construction). All reports are reviewed and approved by EBRD E&S staff;

(b) For category A projects, and category B projects associated with potential significant E&S risks and impacts and projects assessed as having unsatisfactory performance, EBRD may retain E&S monitoring consultants to review, visit and monitor the performance of projects. Reports produced by such consultants are reviewed and approved by EBRD E&S staff. Highly complex projects may have additional monitoring, including participatory community monitoring and expert review panels;

(c) For category A projects, and category B projects associated with potential significant E&S risks and impacts and projects assessed as having unsatisfactory performance, EBRD E&S staff may also conduct monitoring site visits to projects; and

(d) The outcomes of monitoring work are recorded in the EBRD record storage system and in the ESD database to allow for the tracking of project performance and compliance. Where shortcomings are identified these are discussed with projects to agree a time-bound plan to rectify such shortcomings. EBRD covenants the requirements for E&S reporting and monitoring in its financial agreements. Satisfactory reporting and performance can influence project disbursements.

104. ESD monitors all active EBRD transactions through a combination of client reporting, monitoring visits and third-party audits. There are two dimensions to E&S monitoring: monitoring activities undertaken by the client, consultants and/or other stakeholders in accordance with the E&S management plan; and monitoring undertaken by EBRD staff through the review of reports received, site visits by ESD staff and internal EBRD-driven project monitoring and evaluation activities. In accordance with the E&S management plan, monitoring will be risk driven, with higher-risk projects subject to more intensive monitoring. The risk rating is subject to ongoing review and amendment according to the projects' E&S performance during implementation. Within EBRD, Operation Leaders retain overall responsibility for managing relations with clients and monitoring the performance of all aspects of a transaction, including E&S aspects. In practice, the ESD specialists assigned to the project pre-Board will lead in the monitoring of a client's E&S performance.

105. EBRD shared client annual E&S reporting templates and terms of reference for independent project monitoring. It also provided a sample of two E&S reporting templates filled in with relevant E&S findings.

106. 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 A/I-1 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

107. EBRD has established several channels to receive and register external communications related to E&S matters and has a request for information form on its website which permits external stakeholders to communicate any queries or concerns that they might have related to (among other things) E&S matters. EBRD internal processes for management of those requests for information/comment are outlined in the Access to Information Directive. Information on individual concerns/complaints related to E&S issues are not disclosed, but aggregated data on these matters are outlined in EBRD's annual implementation reporting. Similarly, E&S issues may be raised with any of the EBRD specialized teams – specifically ESD, the Civil Society Engagement team, the Gender Equality and Inclusion team and the Climate Strategy and Delivery team (formally Green Economy and Climate Action team).

108. EBRD is subject to its Access to Information Policy and Access to Information Directive, which define the E&S information to be disclosed by ERBD in relation to individual projects, commensurate with the risks identified in relation to those projects. Projects are subject to the information disclosure and stakeholder engagement requirements of the E&S Policy, specifically PR10. This sets out the requirements for different categories of project. For GCF-financed accounts, EBRD discloses E&S assessments according to E&S risk category, to the extent required by the EBRD's Access to Information Policy.

109. The EBRD track record relating to such disclosures is outlined in its annual reporting reviewed by the AP.[15] The AP finds that, with respect to GCF projects/programmes, EBRD discloses E&S assessments according to E&S risk category in line with EBRD's Access to Information Policy to enable the AE to meet the E&S information disclosure requirements of the GCF Information Disclosure Policy

110. EBRD operated under the Project Complaint Mechanism from 2010 to 2020. On 1 July 2020, the EBRD moved to the Independent Project Accountability Mechanism (IPAM). This mechanism operates independently from EBRD and reports only to the Board of Directors. IPAM reviews environmental, social and transparency-related issues raised by project-affected people and civil society organizations concerning EBRD-financed projects that are believed to have caused harm. EBRD's goal is to ensure that the projects it finances are implemented in line with its commitments to E&S sustainability.[16]

111. The purpose of IPAM is to facilitate the resolution of disputes between project-affected people, EBRD and its clients; determine whether EBRD has complied with its E&S Policy and Access to Information Policy; share institutional learning with EBRD staff, where common challenges are identified, promoting continuous learning at EBRD; and engage with stakeholders across countries of operation, to ensure that the purpose, functions and activities of IPAM are known and understood by all stakeholders. Following the assessment of a Request, there may be a recommendation for Problem Solving, followed by Problem Solving Agreement Monitoring, if applicable; Compliance Assessment, followed by a Compliance Review and Management Action Plan Monitoring, if applicable; or neither. IPAM has a team of eight trained staff, led by the Chief Accountability Officer.[17]

112. The EBRD E&S Policy and specifically PR10 set out the requirement for projects to have a grievance mechanism. Financial intermediaries are subject to PR9, which requires the financial intermediary to have a grievance mechanism. EBRD requires its clients to be aware of and respond to stakeholders' concerns related to the project in a timely manner. For this

[15] See https://www.ebrd.com/what-we-do/strategies-and-policies/access-to-information-policy.htm.
[16] Information on how IPAM works and how concerns will be addressed is available at https://www.ebrd.com/project-finance/independent-project-accountability-mechanism/how-ipam-works.html.
[17] Details on external communications and receiving complaints available at IPAM registry are available at https://www.ebrd.com/ipam-cases.

purpose, the client is required to establish an effective grievance mechanism, process or procedure to receive and facilitate the resolution of stakeholders' concerns and grievances about the client's E&S performance. The grievance mechanism should be scaled to the risks and potential adverse impacts of the project.

113. 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.2.6 Organizational capacity and competency

114. The Operation Team, led by an Operation Leader, has the overall responsibility, on behalf of EBRD, for a project, including its E&S aspects. This includes establishing communication channels between the client and ESD; relaying EBRD's E&S requirements to the client; obtaining adequate E&S information in sufficient time for the material to be reviewed by ESD prior to key meetings (e.g. Operations Committee, Board of Directors); and incorporating the findings of the E&S investigations into the project's financial and economic analysis where appropriate, prior to each stage of EBRD's decision-making process.

115. The Operation Leader, supported by ESD, has responsibility for structuring EBRD-financed projects to meet the PRs. It is the Operation Leader's responsibility to agree with ESD the wording of any E&S sections in documentation submitted to the Operations Committee or the Board of Directors, in project summary documents or in monitoring memoranda. It is also the responsibility of the Operation Leader, together with the Office of the General Counsel, to ensure that ESD agreement is obtained for project-specific E&S requirements in legal agreements, and to assist ESD in monitoring their implementation during the lifetime of the project.

116. ESD collaborates and exchanges information primarily with its banking teams, which include project origination and development and portfolio management. This includes categorizing projects, defining E&S requirements, liaising with clients, conducting appraisals and communicating the outcomes thereof, and agreeing E&S requirements and actions and monitoring. ESD contributes to all project submissions from early concept stage to final decision-making. ESD also collaborates with other departments at EBRD, including legal department (E&S risks and legal provisions in financing documents); integrity (where these relate to E&S matters); climate strategy and delivery (formally green economy and climate action, on the design of green finance projects and alignment with the Paris Agreement); civil society unit (on stakeholder issues); and procurement (on the inclusion of E&S requirements in tenders and contracts). It also collaborates with the EBRD technical experts (on project design and technical matters); donor co-financing (on donor requirements); and the independent project accountability mechanism, as required.

117. The Operations Committee determines through concept, structure and final reviews whether an individual project is financially sound and fits the EBRD mandate, policies and strategies, and sets conditions to its approval as necessary. This role includes determining whether or not the relevant E&S issues associated with a project are clearly understood and properly dealt with within the project structure.

118. The Office of the General Counsel ensures that EBRD's E&S requirements agreed with the client have been incorporated into the project's legal documentation in agreement with ESD. To the extent necessary, the Office of the General Counsel also advises on the interpretation of the applicable regulatory framework for the project in the jurisdiction where the project is located.

119. All E&S staff have the necessary academic qualifications and years of E&S experience representative of their job grade. Specific job descriptions are in place for all E&S staff. ESD routinely provides training to E&S staff on E&S matters and its E&S Policy with external and internal experts and training organizations. The E&S staff also benefit from training provided by EBRD on non-E&S topics. Records are maintained of all training. EBRD also provides training and guidance to its financial intermediary clients on E&S matters and the requirements of PR9.

120. 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 A/I-1 projects/programmes with respect to performance standards 1–8.

3.3 Gender

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

122. In November 2021 the EBRD Board adopted its new Strategy for the Promotion of Gender Equality (SPGE) for 2021–2025. SPGE identifies key engagement priorities through discussions and consultations on four thematic priorities focusing on: climate action and green economy transition; sustainable infrastructure; access to finance and financial inclusion; and employment and skills for the future. The thematic priorities have further been informed by analytical papers to support the selection of engagement areas. SPGE builds on the lessons learned under the SPGE 2016–2020 and aims to continue to strengthen EBRD's gender-responsive investment culture across sectors and countries of operation. It will do this by increasing support for the promotion of equality of opportunity for women, by mainstreaming gender considerations in its projects and policy priorities.

123. SPGE underpins and informs, in a cross-cutting fashion, other EBRD strategies and policies, including country, sector and thematic strategies. EBRD's new Equality of Opportunity Strategy (2021–2025), adopted alongside SPGE, reflects this approach by considering gender equality as part of the EBRD inclusive transition impact methodology. SPGE will steer EBRD investments and policy engagements based on three key focus areas: (i) the Access to Finance and Entrepreneurship focus area will have the overall goal of building inclusive and gender-responsive financial systems and business environments; (ii) the Access to Skills, Employment and Livelihoods focus area will have the overall goal of supporting investments to better promote skills, employment and sustainable livelihoods; and (iii) the Access to Services and Public Goods focus area has the overall goal of creating inclusive and gender-responsive services and public goods.

124. SPGE is committed to support its clients in developing and implementing policies and mechanisms that address GBVH issues in the workplace to ensure a safe working environment for all. New provisions on GBVH in the 2019 E&S Policy and PR2 and PR4 require clients to identify risks, prevent GBVH and implement suitable response mechanisms. To action these commitments and requirements, GBVH project risk screening, assessment and monitoring procedures and reporting protocols have been developed. These protocols are intended to help EBRD to work with its clients to manage project-related GBVH incidents in an appropriate manner. All project-facing staff in ESD have received extensive training to screen projects for GBVH risks and implement the GBVH due diligence procedures and monitoring protocols. In addition, five senior ESD staff have been designated GBVH focal points and received in-depth capacity-building for this role. They are responsible for processing any reports of GBVH in EBRD projects in accordance with the reporting protocols.

125. EBRD has established a new gender target in its 2021 Corporate Scorecard of 18 per cent of its projects for 2021 to be gender smart. At the end of 2021, 30 per cent of EBRD were gender smart. The Gender SMART tag tool has been developed in-house by EBRD for private sector projects. The Gender Smart Tag Tool: (i) introduces gender considerations earlier in the project design stages, which will contribute significantly to improving the sustainability of the investment as well as expected impact. Elements of the Gender SMART process will help assess the extent to which a project identifies gender gaps, addresses those gaps through specific actions, and links those actions to specific indicators monitored in the implementation stage. (ii) Create a standardised and systematic approach to addressing gender in projects, including at sector-level interventions, decoupling this from staff's personal inclinations or knowledge. (iii) Reflect appropriate incentives attached to gender mainstreaming into investments, thanks to the inclusion of a Gender SMART tag in EBRD's Corporate Scorecard, reflected in departmental scorecards.

126. Under the EBRD GCF Green Economy Financing Facility, which directs new climate finance flows to countries largely affected by the consequences of climate change and with persisting gender gaps, comprehensive technical assistance is offered to participating financial institutions and their clients to (i) assess women entrepreneurs' and homeowners' awareness of climate risks and their obstacles in accessing green finance and climate technologies; (ii) build the capacity of the financial institutions through targeted staff training on gender-responsive lending; and (iii) promote the awareness of green financing among women entrepreneurs and homeowners in the market.

127. The gender-related activities are monitored in coordination with the EBRD Gender and Economic Inclusion Department to clearly track progress made in the implementation of the gender mainstreaming activities. The project implementation monitoring is a detailed activity-related review where investment officers must report on progress and commit to accelerate in cases where implementation has been delayed.

128. EBRD provided a sample of its gender assessments and action plans for several projects/programmes receiving GCF financing. EBRD has also continued to demonstrate its leadership in promoting the gender equality and climate change nexus. Since 2021, EBRD has been one of the co-leads of Generation Equality Forum's Coalition of Action on the Feminist Action for Climate Justice and is the only international financial institution in this action coalition. In addition, EBRD collaborated with partners on a gender and climate investment guide, that was launched at COP 26. The guide highlights gender activities EBRD and the GCF are collaborating on. EBRD is also currently working with partners to design and launch the Gender and Climate Action Fast Track Initiative.

129. The Gender and Economic Inclusion Department carried out several training sessions in 2021 for EBRD staff in the sector departments and regional offices. In addition, the Gender and Economic Inclusion Department has carried out one training of trainers session for the EBRD Gender Champions network, a training for EBRD board advisors, and EBRD developed and launched in 2022 a Gender Academy, whose objective is to build capacity on gender within the organization. Under SPGE, EBRD intends to further scale up and strengthen its gender-responsive investment culture across sectors and countries of operations, with an overall ambition of achieving 40 per cent of its annual EBRD operations being Gender SMART tagged by the end of 2025.

130. The AP finds that the AE's gender policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the updated GCF Gender Policy to the extent applicable to accreditation.

IV. Conclusions and recommendation

4.1 Conclusions

131. Following its assessment, the Secretariat concludes the following in relation to the potential of the applicant 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) Alignment of the AE's GCF portfolio with the climate-related national priorities of the countries where the AE operates;

(b) Potential to contribute to the adaptation and mitigation balance in the GCF portfolio since the AE has the ability to finance adaptation projects/programmes;

(c) Supporting diversity in GCF results areas such as buildings, cities, industries and appliances, infrastructure and built environment, and ecosystems and ecosystem services;

(d) Contributing to the geographic diversity of the GCF portfolio by investing in Southern and Eastern Europe and Western and Central Asia;

(e) Enhancing private sector participation as the AE can leverage private sector funding to finance dedicated climate finance vehicles and to invest in municipal infrastructure, industrial energy efficiency and smart agriculture;

(f) Diversification of the use of financial instruments, particularly with guarantees, equity and loans; and

(g) Mobilizing climate finance at scale since the AE is seeking to undertake large projects/programme activities.

132. 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 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 Whistle-blowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy and the specialized fiduciary standard for project management, specialized fiduciary standard for grant award and/or funding allocation mechanisms and specialized fiduciary standard for on-lending and/or blending for loans, 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 maximum E&S risk (category A/I-1);

(c) The AE has demonstrated that it has a policy, procedures and competencies to implement its gender policy, which is found to be consistent with the updated GCF Gender Policy to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change; and

(d) The AE has demonstrated that it has institutional-level systems, capacities and competencies regarding evaluation as required by the aforementioned GCF basic and specialized fiduciary standards and interim ESS standards that would enable it to implement GCF Evaluation Policy and any standards for evaluation developed by the GCF thereunder for its GCF funded activities.

4.2 Recommendation on re-accreditation

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

(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:** large (including micro, small and medium);

(ii) **Fiduciary functions:**

(1) Basic fiduciary standards;

(2) Specialized fiduciary standard for project management;

(3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

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

(iii) **Maximum environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2[18] and Category C/I-3[19])); and

(b) **Conditions:** none.

134. The AE has been informed of the recommendation for accreditation, including the accreditation type, as identified in paragraph 133 above, and agrees to the recommendation.

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[18] 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."

[19] 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 III: Re-accreditation with an upgrade assessment of the United Nations Environment Programme for the second accreditation term

I. Introduction

1. The United Nations Environment Programme (UNEP) is an international entity headquartered in Nairobi, Kenya, with a mandate to promote coherent implementation of the environmental dimension of sustainable development within the United Nations system. The accredited entity (AE) operates in over 149 counties and has 6 regional offices, 5 subregional offices and 37 country, liaison, convention and project offices in order to provide leadership, encourage partnership and assist developing countries in implementing their national environmental policies. Throughout more than 30 years of project implementation experience, it has established a strong network across science, technology, finance and United Nations agencies to expand its reach and to achieve a greater impact in the thematic areas of climate action, chemicals and pollutions action, nature action, science policy, environmental governance, finance and economic transformations and digital transformations.

2. UNEP was accredited by the Board on 8 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 the GCF:

(a) **Access modality:** international access;

(b) **Track:** fast-track under the Global Environment Facility (GEF) and the Adaptation Fund (AF);

(c) **Maximum size of an individual project or activity within a programme:** small;[1]

(d) **Fiduciary functions:**[2]

(i) Basic fiduciary standards; and

(ii) Specialized fiduciary standard for project management;

(e) **Maximum environmental and social (E&S) risk category:** medium risk (category B/intermediation 2 (I-2))[3]; and

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

(i) Energy generation and access;

(ii) Transport;

(iii) Buildings, cities, industries and appliances;

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

[2] Decision B.07/02.

[3] 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."

(iv) Land use and forestry;

(v) Enhancing livelihoods;

(vi) Health and well-being and food and water security;

(vii) Infrastructure and built environment; and

(viii) Ecosystem and ecosystem services; as well as

(ix) Public, private and private types of projects/programmes.

3. UNEP applied for an upgrade in its accreditation scope, which was approved in decision B.22/09, paragraph (d), for the following parameters:

(a) **Fiduciary functions:**[4]

(i) Specialized fiduciary standard for grant award and/or funding allocation mechanisms.

4. UNEP signed its accreditation master agreement (AMA) with GCF on 15 December 2016, which became effective on 20 February 2017. With the AMA coming into effect, the AE's first accreditation term was from 20 February 2017 to 19 February 2022. Owing to the coronavirus disease 19 (COVID-19) pandemic and in line with decision B.26/01, paragraph (h), the AE requested, and was issued, an extension in the deadline to submit its re-accreditation application to GCF from 20 August 2021 to 20 February 2022. The AE submitted its application to GCF for re-accreditation, as well as an application to upgrade its accreditation scope, via the digital accreditation platform on 26 October 2021. Accreditation fees were received from the applicant in relation to the upgrade application on 6 January 2022, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 15 March 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 applied for an upgrade in its accreditation scope at the same time as its re-accreditation application for the following parameters under the fit-for-purpose accreditation approach of GCF:

(a) **Maximum size of an individual project or activity within a programme:** medium.[5]

II. Stage I institutional assessment and completeness check

6. The AE is eligible for, and applied under, the fast-track re-accreditation process as a GEF and AF 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:

(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);

[4] Decision B.07/02.

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

(d) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);

(e) “Policy on Prohibited Practices” (decision B.22/19);

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

(g) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);

(h) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);

(i) “Revised Environmental and Social Policy” (decision B.BM-2021/18);

(j) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of E&S information; and

(k) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

2.1 Legal status, registration, permits and licences

7. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that there had been no change in its legal status or licences to operate since the original accreditation application.

8. As indicated in paragraph 4 above, the AE and GCF entered into the AMA for the AE’s first accreditation term from 20 February 2017 (date of AMA effectiveness) to 19 February 2022. Although the AE’s first accreditation term lapsed on 20 February 2022, the AE submitted its re-accreditation application within the deadline that was extended at the AE’s request from six months prior to the end of the accreditation term (i.e. 19 August 2021) until the end of the accreditation term. As the AE has sought re-accreditation prior to the end of its accreditation term, it shall remain designated as an AE during the period between its first and, if re-accredited and having a signed and effective amended and restated AMA, second accreditation terms.

9. If the Board approves the AE’s re-accreditation, GCF and the AE will amend and restate the AMA. The amended and restated AMA will set out the terms and conditions of the re-accreditation, including but not limited to (i) the scope of the AE’s re-accreditation; (ii) any conditions of re-accreditation based on the AP assessment of the AE against the GCF standards and policies listed in paragraph 39 below; and (iii) reflect the GCF policies and standards adopted by the Board in effect as of the date of the amended and restated AMA.

10. The AE confirmed at the time of publication of this recommendation that it is willing to engage with GCF on negotiating the Amended and Restated AMA and that it will put in place the necessary resources to review the draft Amended and Restated AMA.

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

11. **Implementation performance**: UNEP’s portfolio consists of seven approved funded activities with GCF financing of USD 160.2 million. The ongoing funded activities include FP011, FP121, FP147, FP171, SAP003, SAP005 and SAP009. Overall, the implementation of the UNEP portfolio has experienced start-up delays, slow project implementation progress and report submission delays. This notwithstanding, the current UNEP focal point for the funded activities has been responsive to guidance and recommendations aimed at facilitating accelerated implementation and achieving results.

12. **FP011**, titled “Large-scale Ecosystem-based Adaptation in The Gambia: developing a climate-resilient, natural resource-based economy”, has disbursed USD 18.1 million and expended 41 per cent of disbursed funds as of 31 December 2021. Although the project has experienced significant delays, it had been able to deliver on a number of key project outputs by the mid-term stage. According to the interim evaluation report submitted in April 2021, the overall project is rated moderately satisfactory, with the overall progress to date in the implementation of the project being roughly 40 percent.

13. Project reports have generally been submitted on time and in good quality with the exception of the interim evaluation report, whose submission was delayed by six months and was served a notice of default. The project had witnessed delays in setting up the Project Management Unit due to low capacity, including for procurement, and COVID-19-related restrictions. The interim evaluation report noted that the long-term sustainability of the project is further threatened by a number of other factors, including the persistent slow implementation of component 2, which may be one of the most significant barriers to the project achieving its intended impacts. The AE has submitted, to the Secretariat, an extension of the project timeline and this is under discussion with the AE.

14. The project FAA for **FP121** titled “REDD+ Results-based payments in Paraguay for the period 2015-2017” became effective on 13 November 2020 and is in its second year of implementation out of a six-year project. Total project financing is USD 50 million, which is fully disbursed.

15. The COVID-19 pandemic had an impact on the Project Cooperation Agreement (PCA) negotiation process with the Paraguayan Government and the plans for socialization and consultation, mainly with indigenous peoples. Delays in the negotiations of the UN to UN agreements affected the project start. Therefore, some activities had to be rescheduled and updated. Key challenges in the negotiation of the UN to UN agreement related to the integration of the terms and conditions from the FAA, into the UN to UN agreements. These challenges were resolved and the agreements signed.

16. **FP147** titled “Enhancing Climate Information and Knowledge Services for resilience in 5 island countries of the Pacific Ocean” has recently commenced; the project became effective in September 2021. The total GCF project financing is USD 47.4 million, of which USD 14.8 million was disbursed to the AE in December 2021.

17. **SAP003** titled “Enhancing climate resilience of the water sector in Bahrain” became effective in August 2019. The total GCF project financing is USD 2.3 million, of which USD 906,500 has been disbursed to the AE, with the second request for disbursement expected to be submitted in June 2022. The project is experiencing significant implementation delays, reportedly due to the COVID-19 pandemic, lengthy government procurement processes and limited project capacity. The AE requested an 18-month extension of the project, which has been approved by the Secretariat.

18. **SAP005** titled “Enhanced climate resilience of rural communities in central and north Benin through the implementation of ecosystem-based adaptation (EbA) in forest and agricultural landscapes” experienced delays due to COVID-19, especially in activities concerning trainings and field visits. Additionally, presidential elections in May 2021 slowed down activities on the ground. Although several activities have been completed in the first half of 2021, the project is still experiencing delays. The project has been under implementation since November 2019: the first disbursement was made in February 2020 and the second disbursement was requested in March 2022. The second disbursement was made on 1 June 2022. Accordingly, the AE has expressed its intention to ask for an extension of the closing date of the project due to delays in implementation.

19. **SAP009** “Building resilience of urban populations with ecosystem-based solutions in Lao PDR” became effective in June 2020. The GCF financing is USD 10.0 million, of which only

one disbursement of USD 2.4 million had been made thus far, in October 2020. The project has experienced implementation start-up delays reportedly due to delays in finalizing the PCA as a result of revisions of the legal opinion of the PCA from the Government of the Lao People's Democratic Republic, delays in the recruitment of the Project Chief Technical Advisor, and COVID-19 restrictions. The AE requested two extensions for project baseline assessment, (9 months and 8 months respectively, totalling 17 months which have been granted by the Secretariat.

20. Overall, the emerging implementation challenges and risks in the UNEP portfolio are due to the following:

(a) Over optimistic implementation timelines during design. Timelines submitted in projects are often overly optimistic and do not sufficiently account for project management issues such as (i) delays in securing a legal opinion, transfer of funds, and recruitment that needed to be settled prior to the implementation of activities; and (ii) project designs aiming to spend a large amount, for example about 30 per cent, of total project funds during the first year;

(b) Design quality and project site/feasibility: The situation on the ground in terms of capacity was not always adequately considered prior to implementation, which has been a key factor affecting the start-up phase.

21. One of the strengths of the portfolio is its ability to evolve based on lessons learned and thereby not only stay relevant to the situation on the ground, but also continue to align with the GCF's strategic priorities. Lessons learned include the following:

(a) A clear Theory of Change is especially important to tease out clear causal pathways;

(b) In subsequent projects, account for three to six months of project start up activities including recruitment, planning, establishment of downstream agreements, and similar activities. Ensure documents such as legal opinions are reviewed thoroughly to avoid the need for reissuance;

(c) Proper consideration of the country context, including project site and institutional capacity, is critical for smooth project implementation. Feasibility studies need to be thorough and based on verifiable facts so that the proposals can be built on sound grounds; and

(d) The provision of training and capacity building is critical, particularly where projects are subject to UNEP procurement processes (e.g. SAP005).

2.2.2 United Nations Environment Programme as a delivery partner for the Readiness and Preparatory Support Programme

22. In addition to its role as an AE, UNEP is a delivery partner for the Readiness and Preparatory Support Programme (Readiness Programme). As of 24 January 2022, UNEP (including the UNEP Climate Technology Centre and Network (CTCN)) is implementing 67 Readiness Programme and Project Preparation Facility (PPF) grants (this is composed of 46 UNEP grants and 21 UNEP-CTCN grants) for a total approved value of USD 71.5 million. The GCF disbursement rate for these grants stands at 56 per cent (USD 40.7 million disbursed). Out of the 67 grants, 27 grants have resulted in completed project activities, but the grants have not been closed as UNEP has either not submitted the certified financial reports or overdue completion reports, or the submitted completion reports are pending revision by UNEP to address GCF's observations. In addition, two grants have expired without starting the implementation of activities.

23. UNEP's overall performance as a Readiness Delivery Partner is impacted by several operational challenges. UNEP has limited country and/or regional presence, and it channels approved Readiness grant funds to Implementing Entities to implement the Readiness grant

activities on UNEP's behalf. The GCF's requirements on the prior approval for implementing entities acting in such capacities on behalf of UNEP, and other provisions are stated in the Second Amended Readiness and Preparatory Support Framework Agreement (FWA) finalized on 2 June 2020 between the GCF and UNEP. However, in monitoring performance and compliance for grants under implementation, the Secretariat observed recurring deviations by UNEP from its legal and material obligations in the FWA, such as by UNEP using unapproved implementing entities to implement grant activities and UNEP not following GCF's instructions on the calculation of delivery partner fees. Reconciling such deviations to ensure compliance with the FWA has impacted the timely delivery of anticipated results from already delayed UNEP-implemented Readiness grants. The Secretariat, through a series of strategic dialogues with UNEP, has provided further technical guidance and clarifications to ensure compliance with the FWA and the GCF's policies. UNEP has improved its responsiveness in addressing GCF's feedback, and has expressed its commitment to comply with UNEP's legal and material obligations under the FWA.

2.2.3 Officially submitted entity work programme, concept notes, funding proposals and Project Preparation Facility requests

24. **Entity work programme (EWP)**: UNEP submitted its first draft EWP in March 2020. It was then taken through the Secretariat's initial technical review and a full interdivisional review, leading to consideration of the EWP by the Climate Investment Committee (CIC) in June 2020. CIC requested the AE to strengthen the partnership approaches and programming priorities articulated in the EWP. Out of the seven project ideas (PIs) presented for the AE's indicative pipeline, CIC acknowledged that two have already been developed into concept notes, and requested more information and provided recommendations on the remaining five PIs in order to take a considered view. The AE submitted its revised EWP on 20 October 2021, which addressed the recommendations received from CIC and reflected the latest status of the pipeline.

25. The AE's comparative advantage is its scientific and technical expertise along with a wide network of stakeholders such as institutions and research centers. A broad mandate to address environmental issues provides the AE with a unique ability to leverage its network and take a multifaceted approach. The revised pipeline consists of seven single country PIs for Indonesia, Kenya, Liberia, Saint Lucia, Senegal and South Sudan, with a total request for GCF financing estimated at USD 95.9 million with USD 18.9 million in co-financing. One out of the seven PIs has been already included in the previous version of the EWP, while the rest are new PIs that UNEP plans to submit to the GCF for review. The Secretariat intends to take the revised EWP through a round of interdivisional review before presenting it to CIC for consideration.

26. **Concept notes/funding proposals:** UNEP is one of the AEs that has demonstrated exceptional competence in the development of climate information and early warning systems and in the broader area of disaster risk reduction and resilience. The AE has demonstrated above average performance in areas such as agriculture, which is not its major focus. The transaction cost on the GCF side in terms of the number of iterations on project appraisals can be significantly reduced for areas that are not part of the AE's expertise. UNEP can further enhance their capacity by bringing onboard other partners whose mandates are in the specific areas where UNEP does not have the capacity. Not many innovative financing approaches have been explored except for the standard grant instruments. The AE is beginning to address this challenge through partnership with other institutions with significant capacities in areas where UNEP lacks expertise. The AE needs to focus on areas of their mandate (more areas on climate change and the environment, such as the blue and green economy) and use their unique expertise to implement transformational projects.

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

27. **Environmental and social safeguards, gender and Indigenous People related risks:** The 2021 APR for FP011 indicated that the environmental and social impact assessment (ESIA) concluded in the same year resulted in a change in the environmental and social risk category of the project from category C (low/minimal risk) to category B (medium/moderate risk). The Secretariat will review relevant documentation to determine eligibility for a major change according to the GCF Policy on Restructuring and Cancellation.

28. The above project was approved without a gender action plan. The plan was developed in 2021 and delivered with the APR for the same year. The Secretariat will review the plan together the APR.

29. 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 pertaining to the AE during the current accreditation term.

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

30. In line with the AMA clause 15.02(c)(i) and 5.03(b)(iv), UNEP 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. UNEP's re-accreditation application includes the self-assessment for calendar year 2021.

31. In the annual self-assessments, UNEP has consistently reported minor to major enhancements related to general capacities, both basic and specialized fiduciary standards, and environmental and social safeguards (ESS). The key highlights are continued review and development of the standard operating procedures to improve and/or to strengthen the control environment around financial management and reporting, launch of the UNEP Partnership Policy and Procedures in 2020 on a pilot basis, introduction of a new risk identification tool in August 2020 (namely the Safeguard Risk Identification Form (SRIF)) as well as the new or updated policies that apply to United Nations system.

32. As detailed in document GCF/B.27/03/Add.02, the AP and Secretariat reviewed the midterm review report covering calendar year 2019. The AE reported several changes for the better, including the adoption of Interim Anti-Fraud and Anti-Corruption Guidelines, updates to its Environmental and Social Sustainability Framework, and the AE's declaration on zero tolerance for sexual harassment. The AP noted that the AE was reviewing its Gender Policy and recommended that the updates take into account the GCF updated Gender Policy adopted in decision B.24/12, and that the AE share with GCF its own updated Gender Policy once available. The AP also recommended that through the existing project-level monitoring mechanisms in the APRs, the AE and GCF more closely monitor the GCF-funded projects, specifically FP011, which required an Environmental Impact Assessment focused on water requirements, and SAP009, which entailed significant habitat rehabilitation to ensure that the AE remains in its designated E&S risk categories, and within the AE's accreditation scope. Overall, it was concluded 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, noting the recommendations above.

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

33. In accordance with AMA clause 15.02(c)(ii), the AE reported annually over 2017–2021 on various types of support it provided to the GCF direct access entities (DAEs) as well as potential local, national and regional-level entities for accreditation. Over the reporting period, the AE indicated in its reports that it engaged, over multiple years, with a total of 18 entities, mostly government ministries and agencies in Africa, Asia, the Pacific and Latin America in building their track record in project design and implementation. Some of the entities UNEP engaged as executing entities in their projects are regional institutions already accredited to GCF from the Pacific and Latin America.

34. In its re-accreditation application, UNEP indicates that it is fully committed to continuing to provide support to potential and existing DAEs in the following areas: (i) supporting development of tools and trainings related to environmental and social safeguards and technical feasibility of projects/programmes (as per the country or entity request); (ii) organizing and/or participating in country/regional workshops or events to raise awareness and understanding of GCF policies, procedures and investment criteria; (iii) providing informal support to DAEs that are considering or are already in the process of GCF accreditation; and (iv) exploring options for engaging interested DAEs in UNEP projects.

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

35. As per the 2020–2023 Strategic Plan, the re-accreditation process,[6] and the monitoring and accountability framework,[7] 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. UNEP's programming is guided by its UNEP Medium-Term Strategy 2022–2025 (MTS), which had already prioritized the climate even before the Paris Agreement. The MTS was subsequently adjusted for better alignment with the Paris Agreement and Sustainable Development Goals, and the MTS, adopted by the United Nations Environment Assembly at its fifth session in February 2021, identifies climate change as one of its three strategic objectives along with biodiversity loss and pollution. Furthermore, UNEP's biennial Programmes of Work include specific results indicators and budget targets for its programmes, including for climate change. The AE publishes its Programme Performance Reports (PPRs) in order to monitor its progress and overall, the PPRs indicate that UNEP made progress through its climate change subprogrammes, including through supporting countries in adopting transformative policies and measures relating to climate resilience, low-emission growth and REDD+8. Also, the AE has reported that it is following the United Nations-wide initiative "Greening the Blue" and has been monitoring its greenhouse gas (GHG) emissions at the corporate level since 2009.

37. The AE provided the following information with regard to guiding questions established in the GCF "Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities":[9]

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

[6] Decision B.24/13 and annex XXVI thereto.
[7] Decision B.11/10 and annex I thereto.
[8] National strategies aimed at Reducing Emissions from Deforestation and Forest Degradation (REDD+).
[9] Document GCF/B.28/11/Add.02.

(i) During its first accreditation period, UNEP was guided by its 2018–2021 medium-term strategy, which aimed to help partner countries address the challenge of climate change by (i) enhancing resilience to its adverse impacts; (ii) reducing GHG emissions by supporting improvements in energy efficiency and increasing the use of renewable energy; and (iii) seizing new investment opportunities that reduce emissions from deforestation and forest degradation as part of countries' transitions to low-emission development pathways. UNEP prioritized contributing towards the implementation of the Paris Agreement with a focus on nationally determined contributions. During that period, the entity has been able to work with various partners, contributing to the massive increase in net-zero commitments set by corporations and national governments (now estimated to cover more than 90 per cent of global GDP) as well as to the development and implementation of adaptation plans and actions;

(ii) Building on lessons learned from previous medium-term strategies and in response to a situation analysis, in February 2021 the United Nations Environment Assembly approved its MTS and Programme of Work for 2022–2025. This new MTS rests on the recognition of the existence of three planetary crises – climate change, biodiversity loss and pollution – which put us at risk of irreversibly changing our relationship with the natural world. According to the MTS text, "tackling these challenges requires a recalibration of our economies and societies towards more sustainable and equitable models". The new MTS contains short, medium and long-term commitments, as described in paragraph 50 below; and

(iii) In the four-year period covered by this strategy, UNEP is committed to developing responses and deploying solutions that aspire to achieve, inter alia, climate stability in the long-term, where net-zero GHG emissions and resilience in the face of climate change are achieved by mid-century. The subprogramme on climate change is expected to deliver, by 2030, "government and non-government development actions [that] are compatible with the long-term mitigation and resilience goals of the Paris Agreement". This climate action subprogramme commits UNEP to achieve three 2025 outcomes:

(1) Outcome 1: Decision-makers at all levels adopt decarbonization, dematerialization and resilience pathways: UNEP will focus on sectors with the highest emissions, based on the latest scientifically credible evidence of their share of national emissions and their role in ensuring the resilience of the socioeconomic fabric. UNEP will design and highlight opportunities for action in these sectors through action-oriented partnerships, and will help countries embed these opportunities in their revolving climate aspirations, linking them to (i) adjustments in the policy and regulatory frameworks that inform nationally determined contributions and long-term strategies; and (ii) climate adaptation planning;

(2) Outcome 2: Countries and stakeholders have increased capacity, finance and access to technologies to deliver on the adaptation and mitigation goals: UNEP will facilitate inter-institutional collection, sharing and validation of climate-related knowledge and capacity at the national and subnational levels; and

(3) Outcome 3: State and non-state actors adopt the enhanced transparency framework arrangements under the Paris Agreement: UNEP will help countries meet their transparency and other reporting obligations under

the Convention and implement the enhanced transparency framework for action and support established under the Paris Agreement;

(iv) The AP finds that UNEP continues to inspire unprecedented action and commitments on tackling climate change by governments, businesses, industries and civil society organizations, in line with GCF's mission.

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

(i) UNEP's climate change subprogramme is currently built on investments from earmarked funding (faround 90 per cent of its current portfolio). Over the accreditation period, the earmarked funding allocated to the climate change subprogramme has fluctuated between USD 223.7 million and USD 288.1 million in grant expenditure per biennium; and

(ii) Over the accreditation period of 2017–2020, the five main contributors to UNEP's earmarked funds were GEF (USD 542.6 million), GCF (USD 208.1 million), Germany (USD 132 million), other United Nations agencies (USD 115.9 million), and the European Commission (USD 109.1 million), while the biggest contributions from other UNEP member states were Norway (USD 59.5 million), Sweden (USD 34.1 million), Japan (USD 31.2 million) and Saudi Arabia (USD 25.3 million). The private sector also contributed USD 33.9 million;

(iii) The AP finds that UNEP's resource mobilization for climate projects has been kept over the first accreditation period;

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

(i) UNEP has been collecting and reporting since 2008 on the GHG emissions of its facilities and operations via the Environmental inventory and the Greening the Blue report (www.greeningtheblue.org/). The latest available data on the GHG emissions inventory exercise is from 2020, which was issued in mid-2021;

(ii) Following the Greenhouse Gas Protocol, the inventory covers all Scope 1 (direct emissions from assets owned by UNEP) and Scope 2 (indirect emissions from electricity consumption at the corporate level) emissions. Additionally, it covers Scope 3 business travel emissions due to the major role of travel in United Nations operations;

(iii) Average annual GHG emissions and GHG emissions per capita at the corporate level were 8,357 tCO2eq and 7,76 tCO2eq per person, respectively, between 2017 and 2019. During and post-pandemic, total GHG emissions for UNEP in 2020 dropped to 1401 tCO2eq – about 85 per cent reductions compared to the 2019 period;

(iv) Over the accreditation period, air travel has remained the main source of emissions, making up between 76 and 85 per cent of total emissions, while facility-related emissions have remained constant overall since 2017, making up between 9.9 and 12 per cent over the period. Considering the overall trend from 2010 baseline until 2020, UNEP decreased around 31 per cent of air travel emissions;

(v) Considering that air travel is an area that UNEP has full control over, emissions reduction efforts are focused on this aspect. UNEP charges a carbon tax on the GHG emissions from its air travel (staff and participants) and facilities-use as carried out by its divisions. Following the "polluter pays" principle, this USD 20 per tCO2eq annual internal tax charged on the emissions related to air travel of each division and regional office has usually raised around USD 200,000 yearly. These funds are channeled to UNEP´s Carbon Neutral Fund, which finances the purchase of Certificates of Emission Reduction (CERs) from projects in developing countries to offset UNEP´s GHG emissions;

(vi) The AP finds that UNEP's corporate-level GHG emissions have been monitored during the first accreditation period and that mitigation measures are being planned and/or adopted to tackle emissions growth.

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

(i) The number and percentage of total projects/operations for which a climate change vulnerability assessment exists is not currently tracked by UNEP. However, under its safeguards policy, all UNEP-supported projects and programmes are required to be screened for a wide range of social and environmental risks, and these include, since August 2020, climate change and disaster risks; and

(ii) In August 2020, the UNEP risk categorization process was revised to reflect the newly adopted Environmental and Social Sustainability Framework (ESSF), which is UNEP's environmental and social management system, to include, among other things, a specific safeguard standard and supporting screening questions covering climate and disaster risks;

(iii) The AP finds that UNEP is advancing with the implementation of a robust climate risk monitoring methodology at the project-level.

(e) Guiding question 5: What are the main sectors of activity of the AE?

(i) In accordance with its medium-term strategies for 2014–2017 and 2018–2021, the focus and core priorities over the accreditation period for UNEP have been:

(1) Climate change: to support countries in their transition to low-emission economic development and in enhancing their adaptation and resilience to climate change;

(2) Resilience to disasters and conflicts: to support countries in preventing and reducing the environmental impacts of disasters and conflicts, while building resilience to future crises;

(3) Healthy and productive ecosystems: to promote an integrated approach to the management of marine, freshwater and terrestrial ecosystems, with a view to enabling them to maintain and restore biodiversity, the long-term functioning of ecosystems, and the supply of ecosystem goods and services;

(4) Environmental governance: to promote an inclusive, sustainable and coherent approach to handling environmental issues, based on integrated policy and effective norms and institutions at all levels of governance (including global, regional, subregional, transboundary and national);

(5) Chemicals, waste and air quality: to support (i) the sound management of chemicals and waste; and (ii) improved air quality with a view to enabling a healthier environment and better health for all;

(6) Resource efficiency: to support (i) countries' transition to sustainable development through multiple pathways, including inclusive green economy and trade; and (ii) the adoption of sustainable consumption and production patterns, increasingly decoupling economic growth from

unsustainable resource use and environmental impact while improving human well-being; and

(7) Environment under review: to support governments and other stakeholders in using open data, analyses and participatory processes that strengthen the science-policy interface needed to generate evidence-based environmental assessments, identify emerging issues and foster policy action.

(ii) Each of these priorities are supported by a dedicated subprogramme. In terms of budget allocations and expenditures, climate change actual expenditures/budget allocations have fluctuated between 25.8 per cent and 30.2 per cent over the accreditation period (USD 288.1 million in 2017, USD 223.7 million in 2018 and 262.2 million in 2019). Together with the Healthy and Productive Ecosystems subprogramme, the climate change subprogramme has consistently counted for the largest shares of total financial resources managed by UNEP;

(iii) The AP finds that UNEP is working on climate-related sectors, relevant to GCF's mission.

(f) Guiding question 6: Is the AE investing in mitigation projects/operations?

(i) UNEP has implemented one GCF-funded mitigation project during its first accreditation period (out of seven projects/proposals in total): FP121, which focuses on the land use sector in Paraguay. During the project term, Paraguay reduced its emissions by a total volume of 23 million tCO2eq from reducing deforestation and forest degradation, enhancing forest stocks, and forest conservation (REDD-plus). The United Nations Framework Convention on Climate Change assessed these results as being fully compliant with its REDD-plus stipulations;

(ii) Several partnerships and initiatives led by UNEP focus on promoting renewable energy, energy efficiency/cooling and clean technologies across multiple sectors with high mitigation potential. For instance, UNEP has an extensive normative work engaging with carbon-intensive industries, such as the extractives and transport sectors, to support positive changes in business practices and governance towards a low-carbon economy. Under the Oil and Gas Methane Partnership, launched as part of the UNEP-led Climate and Clean Air Coalition, UNEP supports the oil and gas sector to reduce methane emissions (45 per cent by 2025 and 75 per cent by 2030). The partnership includes 68 companies with assets on five continents, representing 30 per cent of the world's oil and gas production. Collectively, these companies reported some 25,000 tonnes of methane emissions avoided between 2015 and 2017. This is equivalent to removing at least 134,000 passenger cars from the roads each year. The partnership has launched the new Oil & Gas Methane Partnership 2.0 framework as a new gold standard reporting framework that will improve accuracy and transparency in reporting anthropogenic methane emissions in the oil and gas sector;

(iii) UNEP is also involved in many initiatives to create low-carbon transport. For instance, it leads the Global Fuel Economy Initiative, which assists policymakers in promoting greater fuel economy and works towards its goal of a more efficient global fleet through research, global advocacy and support to countries as they seek policy solutions. Aside from the work on vehicle and fuel standards, UNEP does extensive work on promoting e-mobility. For instance, in Latin America and the Caribbean, the MOVE (Movilidad Eléctrica en América Latina y

Caribe)[10] knowledge platform is helping to drive a shift away from dirty transport, including by helping countries create national electric mobility strategies. This has resulted in the formulation and implementation of technical assistance projects focused on electric buses in Costa Rica, as well as support to Argentina, Colombia and Panama in the formulation of their national electric mobility strategies; and

(iv) In 2019, together with partners, UNEP also launched the Cool Coalition to deliver efficient, climate-friendly cooling solutions for all. The coalition is now already working in 25 countries and with 90 partners to advance efficient, climate-friendly cooling for all, including the scale-up of district cooling projects and the development of national cooling plans and minimum energy performance standards and labels;

(v) UNEP has not and does not currently implement or execute fossil fuel projects such as coal-fired power plants, gas-fired power plants, coal mining, etc. UNEP does not have plans for a potential future fossil fuel portfolio;

(vi) The AP finds that UNEP continues to invest in climate mitigation projects and programs, contributing to addressing the drivers of emissions in different industries and regions.

(g) Guiding question 7: Is the AE investing in adaptation projects/operations?

(i) UNEP has a mandate since 2010 to help countries scale up planning and action on adaptation. In this respect, the adaptation portfolio is growing to become UNEP's largest project portfolio: as of October 2020, UNEP assisted over 75 projects on climate change adaptation in over 50 countries. Combined, the projects aim to benefit around 2.5 million people, restore 113,000 hectares of land, improve the climate adaptation knowledge of 60,000 people and 131 institutions, and build over 1,100 water harvesting structures and 82 weather stations;

(ii) Ecosystem-based adaptation (EbA) is a field in which UNEP has gained considerable experience over the past decade, including in the fields of: (i) integrated land and water resources management; (ii) marine ecosystem and integrated coastal zone management; (iii) REDD-plus; and (iv) sustainable and equitable agricultural systems. UNEP's approach is to develop models for EbA that can serve for replication and scaling up. For instance, as a brand new funding window, the Global EbA Fund is now open to help scale up EbA across the world;

(iii) The AP finds that the scale and ambition of UNEP's climate adaptation portfolio has increased in the first accreditation period, in line with the demands and priorities of its partners.

38. The AP considers that the evidence provided for the first accreditation term demonstrates the continuous positive trend of developing climate change adaptation, GHG mitigation and cross-cutting activities. The AP concludes that UNEP aligns with the GCF mandate and objectives and with the 2020–2023 Strategic Plan to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty.

III. Stage II accreditation review assessment

[10] See https://movelatam.org/.

39. The AE is eligible for, and applied under, the fast-track accreditation process as both an AF entity and 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 decision B.08/03, and in accordance with the re-accreditation requirements to the extent applicable to accreditation identified in paragraph 6 above, and the:

(a) "Evaluation Policy" (decision B.BM 2021/07).

40. 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.

41. In 2020 the GEF Council initiated a 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.

42. 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 GEF 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 GEF Council for approval.

43. The self-assessment covers 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 executing entities (EEs), financial disclosure/conflict of interest, code of ethics/conduct, internal audit, investigation function, hotline and whistleblower protection, and AML/CFT.

44. The independent review was completed in December 2020, and UNEP's self-assessment was independently reviewed. UNEP was found to be fully compliant with all but one standard; subsequently an action plan was developed and fully implemented. It was confirmed that the GEF fiduciary standards were fully complied with.

45. Regarding UNEP's ongoing accreditation with the AF, it was first accredited in June 2010, reaccredited in July 2015 and further reaccredited in December 2020, this time under the fast-track process, having since been accredited by GCF. In the report of the Accreditation Panel of the AF dated February 2019 on the assessment of UNEP for fast-track reaccreditation as a multilateral implementing entity of the AF, the Accreditation Panel of the AF noted that UNEP demonstrated its continued compliance with AF's fiduciary standards via appropriate policies and frameworks for dealing with fraud, financial mismanagement and other forms of malpractice including those relating to anti-money laundering and countering the financing of terrorism.

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.

47. UNEP's third Multilateral Organisation Performance Assessment Network Assessment Report covering mid-2016 to early 2020 identified strategic and project planning strengths. Partnerships and noted improvements in policy frameworks with specific mention of anti-fraud/corruption; however, notes areas for improvement including project-level oversight and monitoring and evaluations.

3.1 Fiduciary standards

3.1.1 Basic fiduciary standards: key administrative and financial capacities

48. UNEP 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.

49. As per paragraph 39 above, the GCF basic fiduciary standards concerning key administrative and financial capacities are considered to have been met by way of fast-track reaccreditation.

50. UNEP indicated that changes had taken place in its systems, policies, procedures and capacities in the latter part of its accreditation period with regard to several basic fiduciary standards, including the approval at the fifth session of the United Nations Environment Assembly in March 2021 of the new MTS for 2022–2025. To support the setting and implementation of sub-strategic objectives, UNEP has strengthened its Programme of Work and Budget 2022–2023 process to include biennial objectives, expected accomplishments, indicators of achievement and performance measures.

51. UNEP continues to use the United Nations Enterprise Resource Planning System (Umoja) for financial management, including financial control and reporting at institutional and project levels and aspects of operational delivery. Support services continue to be outsourced by UNEP's Corporate Services Division to the United Nations Office at Nairobi, whose standard operating procedures apply to payments and disbursements. The United Nations Financial Regulations and Rules govern UNEP's financial accounting and reporting, and financial statements continue to be prepared under the International Public Sector Accounting Standards.

52. During the accreditation period, UNEP further strengthened its fiduciary capacity and competency by adopting an enterprise risk management framework (rolled out in 2021) and a Statement of Internal Control. In addition, internal audit reports from the Office of Internal Oversight Services (OIOS) are publicly available at https://oios.un.org/audit-reports.

3.1.2 Basic fiduciary standards: transparency and accountability

53. UNEP 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.

54. As per paragraph 39 above, the GCF basic fiduciary standards concerning transparency and accountability have been met by way of fast-track re-accreditation, with the exception of policies on prohibited practices and the protection of whistleblowers and witnesses, the investigation function and AML/CFT.

55. UNEP indicated that changes had taken place in its systems, policies, procedures and capacities in the latter part of its accreditation period with regard to several basic fiduciary standards.

56. Regarding policies on prohibited practices, the United Nations overarching information circular on the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (document IC/2016/25) bulletin Addressing Discrimination, Harassment, including Sexual Harassment, and Abuse of Authority (document ST/SGB/2019/8). UNEP demonstrates the implementation of United Nations policies and processes via its Report on Fraud and Corruption[11] published on its website. This report contains details on staff and contractor awareness-raising activities and training initiatives, and summary information on cases that have been reported internally. The report evidences the AE's transparency and tone from the top.

[11] See https://wedocs.unep.org/bitstream/handle/20.500.11822/39622/Fraud2020.pdf.

57. United Nations staff, according to document ST/SGB/2019/8, are required to undertake mandatory training in core areas aligned with GCF fiduciary policies and standards Mandatory training encompasses whistleblower protection. In terms of operationalizing the requirements of United Nations agencies and their staff under document ST/SCG/2019/8, UNEP's Corporate Academy training module on fraud and corruption was taken up by 50 staff in 2021. UNEP is committed to fully complying with the United Nations requirements for mandatory training and shared information on internal campaigns, target timeframes, and sanctions for the non-completion of compulsory training, such as requiring the completion of such training before undertaking mission travel.

58. Examples of the presentation slides for training provided to EEs in countries such as the Gambia and the Lao People's Democratic Republic between 2019 and 2022 incorporate the United Nations Secretariat Anti-Fraud and Anti-Corruption Framework and GCF Policy on Prohibited Practices. In addition, retaliation against whistleblowers and witnesses was covered in said training, and UNEP includes the role of its own policies and procedures in ensuring compliance with GCF policies as well as the consequences of non-compliance and non-reporting under its agreements with its executing entities.

59. Regarding the protection of whistleblowers and witnesses from retaliation, the United Nations Secretary-General's 2017 bulletin (document SGB/2017/2/Rev.1) entitled Protection against Retaliation for Reporting Misconduct and for Cooperating with Duly Authorized Audits or Investigations provides a visible framework for ensuring reporting lines are safely used by staff and other parties. In addition, the Secretary-General's 2019 bulletin (document SGB/2019/8) mentioned in paragraph 56 above further details the United Nations policy and approach in relation to protecting whistleblowers through the reporting, investigation and post-investigation phases. UNEP operationalizes these policy papers through its Anti-Fraud and Anti-Corruption Guidelines and its conduct and discipline guidance published on its intranet. In addition, trends in the reporting and handling of prohibited practices are presented in periodic high-level United Nations Ethics Office reports to the United Nations General Assembly.

60. Regarding the AE's investigation function, OIOS has an independent mandate from the United Nations General Assembly for internal audit, inspection and evaluation and investigations. The OIOS Investigations Manual and Uniform Guidelines for Investigations are published on its website (oios.un.org), as are reports to governing bodies, and annual reports. In addition, UNEP shared an internal flowchart used to illustrate its investigative process with staff members who have access to its intranet. EEs that receive training from UNEP on its own policies and GCF prohibited practices are exposed to information on the investigative process. A report featuring case trends and basic case information on prohibited practices investigations is publicly available on the AE's website.

61. In terms of publishing summary information on its investigative process, a flowchart is available for staff on the AE's website. Investigations are included in prohibited practices training provided by UNEP. While information on the United Nations investigative functions and processes are available publicly on its website, the provision of accessible information for EEs, in addition to training materials, is an area of potential improvement.

62. Regarding the AE's policies in relation to anti-money laundering (AML) and countering the financing of terrorism (CFT), under United Nations regulations, rules and policies, UNEP is bound by the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, which includes guidance on AML/CFT. Furthermore, UNEP's Partnership Policy and Procedures ensure adequate due diligence is carried out on EEs via capacity assessments and fiduciary risk assessments, vendors and other contracting parties, including vetting against lists of proscribed organizations. In addition, United Nations financial monitoring procedures articulated in standard operating procedures for vendor payments and project payments incorporate essential 'know your customer' checks.

63. Recent examples of fiduciary risk assessments were shared to demonstrate the AE's ongoing track record. including fiduciary capacity assessments of two EEs for FP171 and FP147.

64. As per paragraph 39 above, the basic fiduciary standards on transparency and accountability are considered to have been met by way of fast-track reaccreditation. The AP also finds that the AE's policies, procedures and capacity, supported by evidence of track record, fully meet to the extent applicable to accreditation the GCF Policy on Prohibited Practices, the GCF Policy on the Protection of Whistleblowers and Witnesses and the GCF AML/CFT Policy.

3.1.3 Specialized fiduciary standard for project management

65. UNEP 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 upgrade in accreditation scope during said term.

66. As per paragraph 39 above, the specialized fiduciary standards for project management are considered to have been met by way of fast-track reaccreditation. The GEF's independent third-party review of compliance with GEF Minimum Fiduciary Standards encompassed project appraisal, monitoring, project completion and financial closure, procedures to make project results publicly available and the evaluation function, and UNEP was found to be fully compliant.

67. Regarding UNEP's performance, most notably delays in the commencement and implementation of GCF-funded projects outlined in section 2.2.1, the AE's project management practices have not changed significantly in recent years and are adequate for managing programmes and projects that feature grant award/allocation mechanisms.

68. Regarding the AEs application to upgrade its accreditation status from Small to Medium, the AE's current/recent portfolio of projects includes projects in the range of USD 50 million to USD 250 million. As per paragraph 73 below, two projects that incorporate grant awards were reviewed to gauge UNEP's processes, procedures and track record on larger projects.

69. As per paragraph 39 above, the specialized fiduciary standards for project management continue to be met by way of fast-track reaccreditation, and the AE has the required systems, policies, procedures and competency with regard to the above standards and a demonstrated track record of managing medium-sized projects.

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

70. UNEP has fulfilled and closed a condition with regard to grant award and/or funding allocation mechanisms recommended by the AP and approved by the Board in its decision to upgrade the scope of the AE.[12]

71. The AE indicated no changes had occurred in the latter stages of the accreditation period regarding its overall approach to awarding grants and funding allocation mechanisms, including the decision-making mechanism. UNEP's Programme Manual contains comprehensive information on its processes and procedures with respect to granting awards and general project management.

72. In general, UNEP establishes terms of reference for its internal or convened bodies that decide grant awards and allocations, with scoring schemes based on eligibility and feasibility criteria. The bodies are also subject to United Nations Regulations and Rules, and Project Review Committees review larger projects with a total value of over USD 500,000. Detailed procedures and processes are well articulated in the UNEP's Programme Manual.

[12] Document GCF/B.27/03.

73. Regarding the AE's application to upgrade its accreditation status from Small to Medium, the AE's portfolio contains several non-GCF-funded projects in the range of USD 50 million to USD 250 million, including the Climate and Clean Air Coalition, a voluntary stakeholder partnership that brings together governments, intergovernmental organizations, scientific institutions, businesses, and civil society organizations. The coalition disbursed grants valued in the vicinity of USD 100 million in its first ten years (2011 to 2021).

74. The Strategic Approach to International Chemicals Management is hosted by and comes under the overall administrative responsibility of UNEP and includes two grant award mechanisms totalling USD 70 million.

75. UNEP is the Fund Treasurer for the Multilateral Fund for the Implementation of the Montreal Protocol and delivers financial and technical assistance, as do other implementing agencies, such as the United Nations Development Programme and the United Nations International Development Organization. The Multilateral Fund has cumulative contributions to December 2021 in excess of USD 4.3 billion. The Multilateral Fund's policies and procedures include ensuring there is a decision-making body for project appraisal/evaluation, the awarding of grants, project monitoring and at-risk recovery systems. Grant award information is publicly available on the Multilateral Fund's website.

76. UNEP's track record with multilateral donors is further demonstrated through its long-term implementing agency status with the Multilateral Fund, where lessons learned from multi-year agreement project completion reports and from individual project completion reports are published on the Multilateral Fund's website.

77. The AE continues to meet specialized fiduciary standards for grant award/allocation mechanisms and has the required systems, policies, procedures, competency and demonstrated track record to manage grant award/allocation mechanisms for medium-sized funded projects.

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

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

3.2 Environmental and social safeguards

79. UNEP has fulfilled and closed conditions with regard 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.[13]

3.2.1 Environmental and social policy

80. UNEP's senior management adopted the Environmental and Social Sustainability Framework (ESSF) in February 2020, which replaced the Environmental, Social and Economic Sustainability Framework (ESESF) of 2014. The revised framework (ESSF) goes beyond the ESESF in that it seeks to align with the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly in September 2015 and captures lessons learned from organizational experiences to date.

81. The ESSF provides an overarching statement and E&S principles and objectives that capture the lessons learned from ESESF implementation[14] and place greater attention on

[13] Document GCF/B.11/03 and annex II thereto.

1. [14] According to the revised policy document, key lessons from implementation of the ESESF over the last five years include the following: (i) Certain thematic areas deserve greater attention (e.g. climate change impacts and disaster risks; community health; safety and security); (ii) Key guiding principles should be considered applicable to all projects regardless of the safeguard risk levels (e.g. gender equality, resilience, economic sustainability,

climate change impacts and disaster risks and community health. UNEP has drafted eight guidance notes for the respective safeguard standards.

82. The ESSF applies to all UNEP-funded programmes and projects, UNEP-administered multilateral environmental agreements (MEAs), implementing partners, executing agencies and contractors. However, its implementation is still in the early stages, with all current UNEP-GCF projects predating the ESSF policy.

83. Regarding performance standard (PS) 7 on Indigenous Peoples, a policy guidance note has been adopted in 2012, following the recommendations to UNEP by the United Nations Permanent Forum on Indigenous Issues and on the basis of the United Nations Declaration on the Rights of Indigenous Peoples.[15] The newly adopted ESSF also includes a dedicated Safeguard Standard on Indigenous People, which is accompanied by a draft guidance note that further elaborates UNEP's approach to addressing indigenous peoples during programme and project design and implementation. With regard to free, prior and informed consent, UNEP has outlined an engagement process in its ESMF, including specific documentation requirements. Currently, UNEP has a dedicated Indigenous Peoples Focal Point and is receiving support from external consultants on gender and social aspects, including on indigenous peoples.

84. Regarding climate policy, UNEP adopted a climate change and disaster risks safeguard standard in its ESSF in line with the Sustainable Development Goals framework. Under the above mentioned safeguards policy, all UNEP-supported projects and programmes are required to be screened for a wide range of social and environmental risks, including climate change and disaster risks, since August 2020.

85. The UNEP Gender and Safeguards Unit is responsible for the implementation of the ESSF, under the supervision of the Director of the Policy and Programme Division. The Safeguards Advisory Group, which comprises self-nominated senior managers, provides strategic, programmatic and operational advice to the UNEP safeguard advisor, staff and collaborators on effective ways to demonstrate that the ESSF is fit-for-purpose in action as well as implement and monitor the ESSF.

86. The current UNEP portfolio does not contain carbon-intensive projects. The applicant also confirmed that it has not invested in any fossil fuel portfolio since accreditation by the GCF, nor does it intend to invest in such a portfolio in the future.

87. The AP finds that the AE's environmental and social management system, comprising the environmental and social management framework (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

88. The AE screens environmental, economic, and social risks through a SRIF, which replaced the Environmental, Social and Economic Review Note previously used. SRIFs for UNEP projects are published on the UNEP Open Data platform16 and the online UNEP Environmental, Social and Economic Reviews database.[17]

89. The ESMF's requirements are addressed primarily through the process of environmental and social screening and the assessment and management of potential

heightened attention to marginalized and disadvantaged groups and individuals); and (iii) There is a need to ensure that UNEP's safeguard framework is aligned with changing international best practices and trends.

[15] United Nations Environment and Indigenous Peoples: https://wedocs.unep.org/bitstream/handle/20.500.11822/11202/UNEP_Indigenous_Peoples_Policy_Guidance_endorsed_by_SMT_26_11_12.pdf?sequence=1&isAllowed=y

[16] Available at https://open.unep.org/.

[17] Available at https://communities.unep.org/display/projects.

environmental and social risks and impacts associated with project and programme activities. The assessment applies a mitigation hierarchy and accounts for cumulative impacts. It also considers, and the management process ensures, compliance with national laws and regulations as well as obligations under international human rights law, international labour standards and environmental agreements. Where national law and international law set different standards, UNEP respects the higher standard.

90. The AP reviewed the SRIF, the additional questions relating to COVID-19, the ESIA guide, the environmental and social management plan (ESMP) template and the draft guidance notes on PS 1–8 and found that the AE-specific requirements per risk category remain aligned with GCF requirements. UNEP has also provided evidence of its staff's technical skills and competency to perform assessment and risk management.

91. Suitable evidence relating to the E&S risks and impact identification has been provided by UNEP, including sample SRIFs for FP011, SAP003, SAP005, SAP009, FP121, FP147, and Enhancing Early Warning Systems to build greater resilience to hydro-meteorological hazards in Timor-Leste.

92. 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

93. UNEP's ESMF incorporates a system to manage E&S risks and impacts throughout the project cycle, including a process for conducting ESIAs with specific roles and responsibilities related to implementing the institutional process. Depending on the risks identified in the screening process, relevant assessment and management tools are employed, including environmental, social and economic assessments and safeguard management plans.

94. During project implementation, UNEP task managers are responsible for ensuring that the actions specified in the safeguard management plans are carried out, consulting with the affected communities on risk management and reporting and disclosing progress in the implementation of the risk management plans. Project mid-term reviews or mid-term evaluations assess whether the environmental, social and safeguard risks are being vigilantly managed and monitored, and whether the UNEP ESS requirements have been complied with. Corrective measures should be proposed as relevant. At the end of the project, the terminal evaluation undertakes a similar exercise, also assessing long-term impacts, if relevant.

95. UNEP subprogramme coordinators maintain oversight of ESSF implementation at programme level. The UNEP Gender and Safeguards Unit is responsible for periodically reporting on the overall aggregate status of ESS implementation to Senior Management. UNEP's Evaluation Office conducts compliance and quality of supervision evaluations on a periodic basis, including the institutional evaluation of the implementation of the ESSF.

96. Two sample reports showing UNEP's track record for managing mitigation measures and actions stemming from the E&S risk identification process, including experience with PS 2 to 8, were provided: one for category B project 'Building climate resilience in the landscapes of Kigoma region, Tanzania' and one for category C project 'Large-scale Ecosystem-based Adaptation in the Gambia: Developing a Climate-Resilient, Natural Resource-based economy (FP011)'.

97. The AE stated that no audit reports or external reports that assess the effectiveness of the environmental and social management system are available. The UNEP Safeguard team plans to carry out an annual external audit of randomly selected moderate-risk projects. This will start from the year 2023.

98. 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

99. The applicant has a system in place for monitoring and reviewing safeguard implementation in its operations. All project aspects are reviewed on a quarterly basis; annual monitoring of reporting requirements is embedded in investment legal requirements, and site supervision visits are conducted. Moreover, key performance indicators are included in monitoring reports to ensure that investment impact reaches beneficiaries.

100. Suitable evidence has been provided showing the applicant's capacity to carry out this monitoring and implement these procedures. Templates for the project performance annual workplan and a supervision checklist for safeguards were provided by the applicant.

101. Regarding track record, the applicant provided sample monitoring reports for three category B projects (medium risk): (i) Large-scale Ecosystem-based Adaptation in the Gambia: Developing a Climate-Resilient, Natural Resource-based economy (FP011) –reclassified as category B based on the outcome of ESIA and ESMP; (ii) Generating economic and environmental benefits from sustainable land management for vulnerable rural communities of Georgia, funded by GEF (ID. 9730); and (iii) REDD+ Results-based payments in Paraguay for the period 2015–2017 (FP121). It also provided sample independent evaluation reports: the UNEP Biennial Evaluation Synthesis Report 2018–2019 and the evaluation report of the project: UN Environment/UNDP/WRI Green Climate Fund (GCF) Readiness Programme (Project Information Management System ID 1713).

102. The AE indicated that it is currently building a Safeguards and Gender (SAGE) system to facilitate safeguard risk management and oversight at the corporate level, in line with its updated ESSF approved in January 2020. Like its predecessor, UNEP's ESSF describes the monitoring and evaluation process of social and environmental risks and impacts. The new policy does not include any changes to the previous process. However, it should be noted that once the SAGE is rolled out, the current procedure and review process may be modified to operationalize this new system. UNEP plans to carry out training, develop guidance notes and provide technical support for project managers no later than 2023.

103. 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

104. The UNEP ESMF is predicated on inclusive stakeholder engagement, information-sharing and access to grievance redress. As per UNEP's ESMF, PS 1 provides for early, iterative and meaningful stakeholder engagement, predicated on timely disclosure of relevant information. This enables stakeholder views to be taken into account, including the identification and management of environmental and social risks and impacts. The ESMF contains Stakeholder Engagement Criteria in its Annex 3.

105. Regarding access to information, UNEP adopted a policy[18] guided by openness. As a result, any information in the custody of UNEP is available to the public, and exceptions are explicitly listed in the policy. Information that is not available on the UNEP public website may be made available upon request; responses are provided by UNEP within a timeframe, and a

[18] Available at https://www.unep.org/resources/report/unep-access-information-policy-revised.

review and appeal process is also provided. An Access-to-Information Panel, consisting of three members appointed by the Executive Director (two UNEP staff members and one individual, in his/her personal capacity, from outside UNEP), assists the Executive Director in reviewing appeals relating to a request for information and to determine whether the policy has been properly applied.

106. UNEP maintains a publicly accessible website[19] containing information about how interested stakeholders can seek further information or documentation and raise concerns or recommendations. UNEP also encourages project managers to disclose project and safeguard information on the executing partners' (governments') websites, project webpages as well as the UNEP Open Data platform (https://open.unep.org/). The ESMF also contains specific provisions regarding information disclosure, in line with the GCF Information Disclosure Policy; SRIFs, ESIAs, ESMP and other relevant safeguard measures are disclosed in the Open Data Platform at least 30 days prior to the approval of the projects (for moderate risk projects) and 120 days prior for high-risk projects in order to allow affected communities the opportunity to review and comment on these documents before their finalization. Comments and suggestions received are responded to or incorporated in relevant risk management plans.

107. Regarding track record, suitable evidence was provided regarding information disclosure at the institutional level and project level: particularly on the GCF-funded (i) Enhancing Climate Resilience of the Water sector in Bahrain (SAP003);[20] (ii) Building resilience of urban populations with ecosystem based solutions in Lao PDR (SAP009);[21] and (iii) Large-scale Ecosystem-based Adaptation in the Gambia: Developing a Climate-Resilient, Natural Resource-based economy (FP011).[22].

108. The AE has established the UNEP's Stakeholder Response Mechanism (SRM), which is its independent grievance redress mechanism. The SRM provides affected people the opportunity to seek either compliance review or dispute resolutions regarding activities that UNEP implements or executes as part of its projects and programmes. The SRM is available to UNEP staff, UNEP implementing and executing partners, and people potentially affected by UNEP programmes and projects.

109. The SRM serves as a complementary mechanism to local grievance redress processes and mechanisms that are established for UNEP projects and programmes. Local grievance mechanisms are to be the first point of contact for stakeholders who may be adversely affected by a UNEP project or programme. In the event that such concerns are not resolved at the local level, such stakeholders may access UNEP's SRM. Projects involving indigenous peoples mandatorily include grievance redress mechanisms as per UNEP's updated ESMF, which should be effective, culturally appropriate and accessible, with due consideration of customary dispute settlement mechanisms of the Indigenous Peoples concerned.

110. The process and guidelines for the operation of the UNEP's stakeholder response mechanism through the SRM are detailed in a specific document, available on the AE's website.[23] It contains the SRM operating procedures such as eligibility and filing requirements,

[19] Available at https://www.unep.org/resources/report/uneps-environmental-social-and-economic-sustainability-stakeholder-response.

[20] UNEP Open Data Platform (https://open.unep.org/project/GCF-SAP0003) and the project website (http://www.wrm.bh/).

[21] UNEP Open Data Platform (https://open.unep.org/project/GCF-FP011).

[22] UNEP Open Data Platform (https://open.unep.org/project/GCF-FP011), the online UNEP Environmental, Social and Economic Reviews database (https://communities.unep.org/display/projects/Large-scale+ecosystem-based+adaptation+in+The+Gambia%3A+developing+a+climate-resilient%2C+natural+resource-based+economy) and the project site (http://ebaproject.worldagroforestry.org/).

[23] See https://www.unep.org/resources/report/uneps-environmental-social-and-economic-sustainability-stakeholder-response.

acknowledgment and registering of complaints, and procedural steps for the compliance review and grievance redress processes.

111. Complaints can be sent via an online project concern form (updated in May 2021 following the approval of the revised ESSF), email or the post. Within 10 business days of receiving a complaint, the Independent Office for Stakeholder Safeguard-related Response (IOSSR) acknowledges receipt of the complaint to the complainant and register the complaint in the IOSSR's Public Registry. Within 30 business days of receiving a complaint, the IOSSR shall determine whether the complaint is eligible (according to eligibility criteria listed in the guidance document mentioned in paragraph 110 above, available online) and inform the complainant, relevant UNEP staff and the public through the IOSSR Public Registry of the determination.

112. The IOSSR is the focal point for handling compliance and grievance cases. It is housed in the UNEP Corporate Service Division (CSD); the CSD does not respond for the implementation or execution of any activities within UNEP's projects or programmes. The Director of the CSD is the interim Head of the IOSSR and reports directly to the UNEP Executive Director.

113. UNEP is committed to maintaining a public registry of all complaints received, progress made in resolving them, and any reports or other documents that should be disclosed to the public, as described in the SRM procedures document. UNEP has been tracking its channels (email, post and telephone) daily for compliance or grievance issues. The AE indicated that it has not received any relevant cases in the past three years.

114. UNEP provided suitable evidence demonstrating its track record on grievance redress at the project level with three projects: (I) Large-scale Ecosystem-based Adaptation in the Gambia: Developing a Climate-Resilient, Natural Resource-based Economy (FP011); (ii) Enhancing Climate Resilience of the Water Sector in Bahrain (SAP003); and (iii) Building resilience of urban populations with ecosystem-based solutions in Lao PDR (SAP009).

115. The AP finds that the AE's system of external communications, consultations, information disclosure and grievance redress, 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 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

116. The AE provided its organizational chart indicating where the designated staff members responsible for making E&S risk categorization decisions are located in the organization (Gender and Safeguards Unit) and their reporting lines.

117. At the AE level, the Gender and Safeguards Unit monitors the implementation of E&S safeguards within the Policy and Programme Division. The Policy and Programme Division consolidates the policy, programme, monitoring, gender and social safeguards functions of UNEP. The Division ensures coherence and coordination at the strategic, policy and programmatic levels, and is overseen by a Director, who reports directly to the Executive Director. E&S incidents are disclosed and managed by the Safeguards Unit Agency and reported up the organizational chart. For each project, the Gender and Safeguards Unit directly communicates with the project team on the safeguard risk issues at the concept and the full project development phases, and is overseen by the division that manages investment and project coordination and provides legal services (CSD). There is constant flow of information between these two divisions and regular consultation on safeguards and related donor requirements.

118. The AE provided a list of staff responsible for E&S matters and further evidence that 86 staff, including 51 women and 35 men, received training on the ESMF in 2021. The AE reported

that an in-depth training of UNEP task managers on the new ESSF policy, tools, templates and guidance materials is planned for 2022. The Gender and Safeguards Unit is currently staffed by a Safeguards Advisor and Gender and Safeguard Officer (50 per cent), each supported by a United Nations Volunteer (Safeguard Officer/Gender Officer). The terms of reference of the Gender Officer and the United Nations Volunteer positions have been shared by the AE.

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

3.3 Gender

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

121. As a United Nations Secretariat entity, UNEP abides by human rights principles of equality and non-discrimination, in line with the United Nations Charter.[24] UNEP's gender mainstreaming and gender equality work is guided by UNEP's Policy and Strategy for Gender Equality and the Environment[25] and 'ESSF. Furthermore, UNEP's MTS for 2022–2025 provides UNEP's strategic approach towards gender-responsive programme delivery and its commitment to "leave no one behind". The MTS documents UNEP's commitment to work with stakeholders and indigenous peoples and local communities in all its subprogrammes. It also includes "the integration of gender perspectives (from design, planning and implementation) and development of gender equality indicators for monitoring project implementation" across all subprogrammes. This includes gender-sensitive consultations and the full inclusion of women from local communities in defining the project scope. The principles and provisions outlined in aforementioned documents are aligned with the GCF Updated Gender Policy.

122. In terms of processes, UNEP aims to reach gender parity by 2028. The UNEP Gender Parity Strategy (2021–2023) provides a road map for achieving this. In terms of progress, UNEP has met or exceeded the UNEP Office of Human Resources gender parity targets for seven of the eight levels, in accordance with staffing data from 31 December 2021. This means that parity has been achieved not only across the organization, but also when disaggregated by level of seniority.[26] Additionally, a pilot Participatory Gender Audit (PGA) was held from 1 October to 31 December 2021. The aim of this PGA is to examine the institutionalization of gender mainstreaming within UNEP and the UNEP-administered MEA secretariats. The outcomes will be available in 2022.

123. With respect to the institutional procedures to implement the UNEP Gender Policy in line with the principles of the updated GCF Gender Policy, the AE provided gender-sensitive and gender-responsive procedures, tools, guidance and checklists to implement the applicant's gender policy in line with the updated GCF Gender Policy.

124. Regarding the implementation of GCF policy requirements at the project level, the AE provided gender action plans developed for the following GCF-funded projects: (i) FP 171

[24] Available at https://www.un.org/en/about-us/un-charter.
[25] Available at https://www.unep.org/explore-topics/gender/what-we-do/policy.
[26] See page 8 in https://wedocs.unep.org/bitstream/handle/20.500.11822/37999/UNEP.EA.26%20-%20A%20comprehensive%20Report%20on%20United%20Nations%20Environment%20Programme%20approach%20to%20manage%20human%20resources%20in%20support%20of%20the%20Medium-Term%20Strategy%202022-2025.pdf?sequence=1&isAllowed=y.

'Enhancing Early Warning Systems to build greater resilience to hydro-meteorological hazards in Timor-Leste';[27] and (ii) FP121 'REDD+ Results based payments in Paraguay'.[28] The AP acknowledges that FP011 does not currently have a gender action plan, and that GCF is awaiting delivery of the same. The AE provided stakeholder engagement plans for FP 171 (Timor-Leste)[29] and a UNEP-GCF funding proposal titled 'Building climate resilience in the landscapes of Kigoma, Tanzania'.[30] The AE also demonstrated its track record regarding the implementation of a gender-sensitive and gender-responsive grievance mechanism for FP147 'Enhancing Climate Information and Knowledge Services for resilience in 5 island countries of the Pacific Ocean' and SAP009 'Building resilience of urban populations with ecosystem-based solutions in Lao PDR'. Overall, the AE demonstrates capacity and competencies to implement GCF policy requirements at the project level.

125. An established governance and advisory structure supports the implementation of the gender policy and ensures organizational accountability for gender mainstreaming. It comprises the Gender Steering Board, the Gender Implementation Committee and the work by the Gender and Safeguards Unit in the Programme and Policy Division. This institutional arrangement is under the authority and responsibility of the Executive Director.

126. In terms of capacity, the applicant demonstrated having adequate budget allocation at the entity level for the implementation of its policies related to gender and ESS. Moreover, a Gender Equality and Women's Empowerment Capacity Assessment was held from June to September 2021, with a view to assessing the capacity of staff to mainstream gender and women's empowerment perspectives into UNEP's policies and projects. The assessment is expected to contribute to the revision of the current UNEP Policy and Strategy for Gender Equality and the Environment for the new period (2022–2025) and be used to develop a capacity development plan.

127. The applicant has provided several examples of projects and programmes highlighting linkages between gender mainstreaming and climate change impacts. These included a self-paced online training course on Climate Change, Peace and Security[31] launched in 2021, a joint United Nations report titled "Gender, Climate and Security: Sustaining Inclusive Peace on the Frontlines of Climate Change" and UNEP's five-year flagship project EmPower, implemented jointly with UN Women, which focuses on building women's resilience to climate change in Bangladesh, Cambodia and Viet Nam and at the regional level of Asia and the Pacific.

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

IV. Conclusions and recommendation

4.1 Conclusions

129. 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 support the

[27] See https://open.unep.org/docs/gcf/08.%20Timor-Leste%20GCF_UNEP_Annex%208_Gender%20Assessment%20and%20Action%20Plan_20%20July%202021.pdf.
[28] See https://open.unep.org/docs/gcf/ANNEX%206%20-%20GENDER%20Paraguay%20REDD-plusRBP%20UNEP-20191010.pdf.
[29] See https://open.unep.org/docs/gcf/07.%20Timor-Leste%20GCF_UNEP_Annex%207_Cnsltns%20n%20Stkhlder%20Engt%20Plan_20%20July%202021.pdf.
[30] See https://open.unep.org/docs/gcf/Annex%207_Kigoma%20GCF_SEP_rev23112021.pdf.
[31] Self-paced online course on Climate Change, Peace and Security: Applying an Integrated Lens (launched August 2021). See https://unccelearn.org/course/view.php?id=118&page=overview.

mandate and objectives of GCF: the AE can continue to contribute to GCF in implementing its updated 2020–2023 Strategic Plan 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) Potential to contribute to the adaptation and mitigation balance in the GCF portfolio since the AE has the ability to manage adaptation projects/programmes;

(c) Supporting diversity in GCF results areas such as health, well-being, food and water security, and ecosystems and ecosystem services; and

(d) Mobilizing climate finance at scale since the AE is seeking to undertake medium-sized projects/programme activities.

130. 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 accreditation it is seeking re-accreditation and an upgrade in accreditation scope for the medium size category:

(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 and the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The AE's policies, procedures, processes and capacities have been strengthened in the area of risk management and prohibited practices, including awareness-raising for staff and EEs;

(b) The AE meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, the GCF interim ESS standards and the GCF Information Disclosure Policy on the disclosure of E&S information in relation to the medium E&S risk (category B/I-2);

(c) The AE has demonstrated that it has the required policies, procedures and competencies in order to implement its gender policy, which is found to be consistent with the Updated GCF Gender Policy, to the extent applicable to accreditation, and has demonstrated that it has experience in gender considerations in the context of climate change; and

(d) The AE has demonstrated that it has institutional-level systems, capacities and competencies regarding evaluation as required by the aforementioned GCF basic and specialized fiduciary standards and interim ESS standards that would enable it to meet the requirements of the GCF Evaluation Policy and any standards for evaluation developed by the GCF thereunder for its GCF funded activities.

4.2 Recommendation on re-accreditation

131. The AP recommends, for consideration by the Board, UNEP 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[32] (including micro and small);

[32] 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."

(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[33])); and

(b) **Conditions:** none.

132. The AE has been informed of the recommendation for reaccreditation, including the reaccreditation type, as identified in paragraph 131 above, and agrees to the recommendation.

4.3 Remarks

133. The AE is advancing with the development and implementation of various policies and processes, which are identified in the remarks presented below. The AP concluded that the issues presented below do not affect UNEP's compliance with GCF standards for re-accreditation:

(a) The AE is finalizing the implementation of its Enterprise Risk Management Framework;

(b) The AE is taking steps to track and publish its progress with regard to achieving maximum compliance with regard to the participation of staff, consultants and contractors in its mandatory fraud awareness and other prohibited practices-related training;

(c) The AE is encouraged to publish on its website and make available to EEs the same flowchart of its investigative process made available internally to its staff;

(d) The AE is currently developing a public registry of E&S and gender complaints and is encouraged to provide the status of its implementation at entity level in its future annual self-assessments to GCF; and

(e) The AE demonstrates a greater degree of E&S management system maturity than is required by the GCF Revised Environmental and Social Policy and interim ESS standards for category B/I-2 against which the applicant is seeking accreditation. Building on its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, seek an upgrade in accreditation for high E&S risk (category A/I-1).

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[33] 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."