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GCF REGIONAL DIALOGUE

with EASTERN EUROPE & CENTRAL ASIA

Skopje, Republic of North Macedonia
18–22 March 2024



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Session 2.3: GCF Accreditation

Moderator

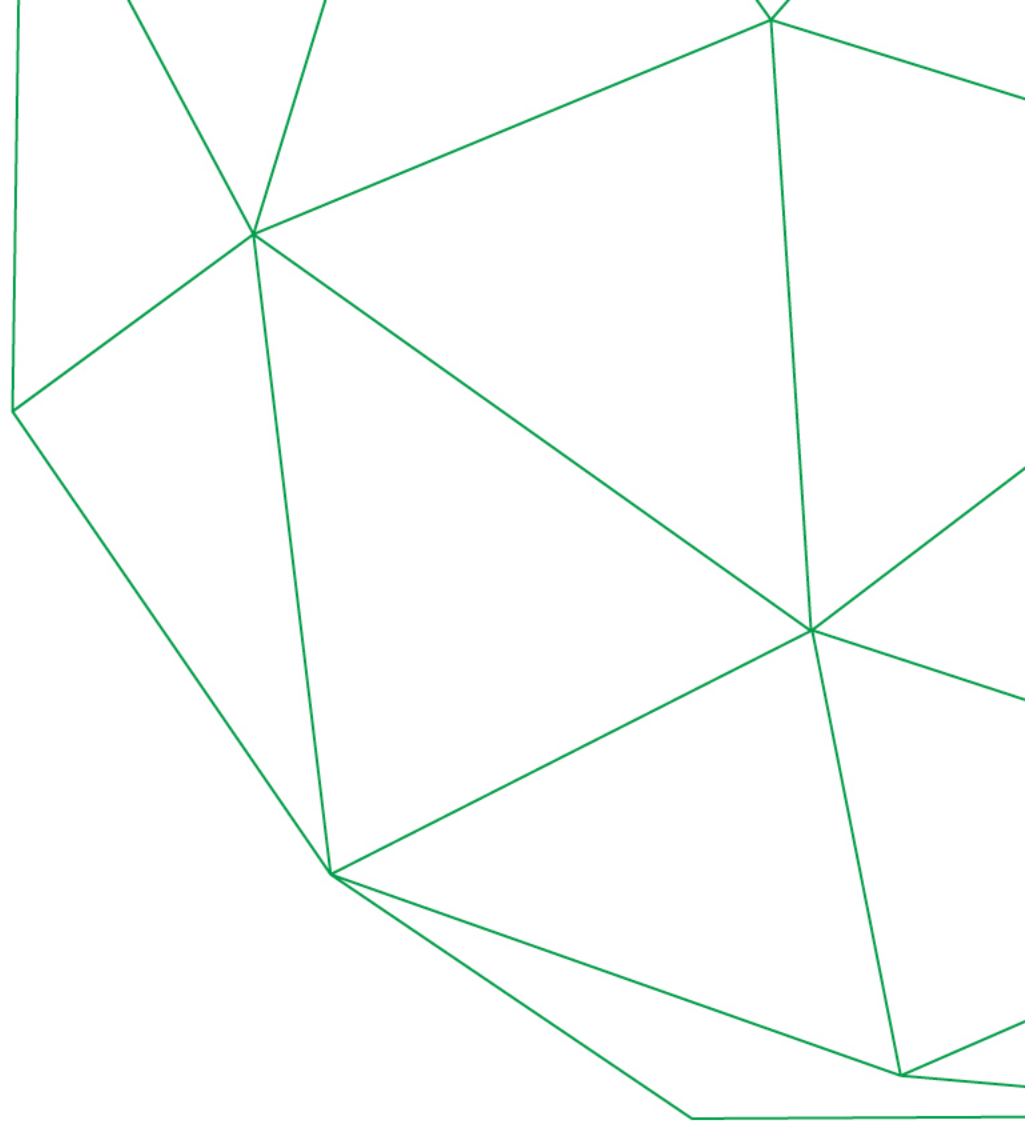
- Salamat Erejepov, Regional Officer for EECA

Panelists

- Solongo Khurelbaatar, Accreditation Specialist
- Wainella Isaacs, Programming and Operations Officer

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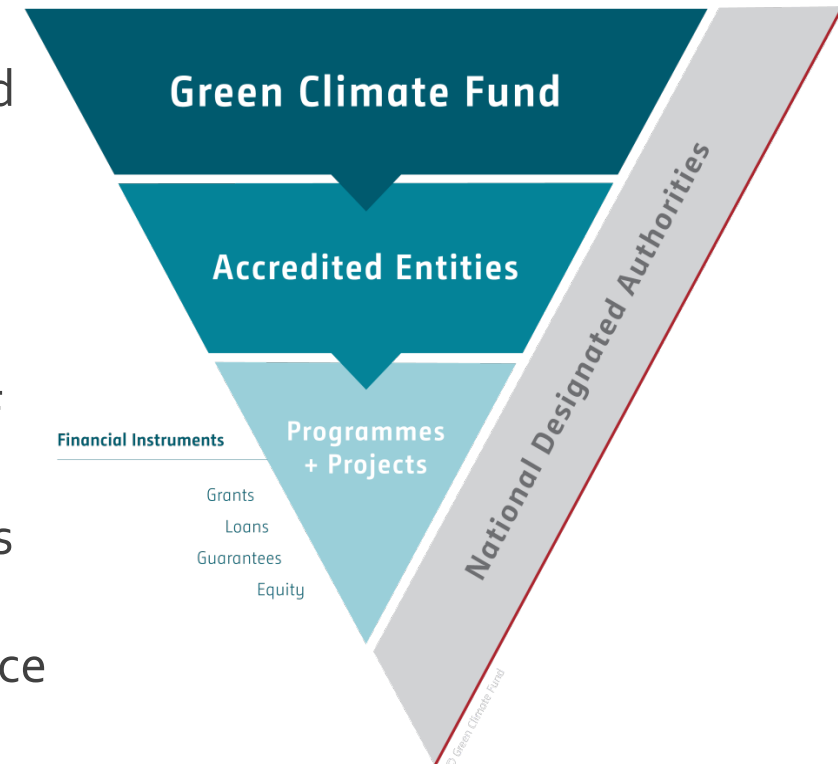


Agenda

- GCF Partnership Models
 - Institutional Accreditation
 - Project-Specific Accreditation
- Summary
- Q&A

GCF is a partnerships institution

- **Accredited Entities (AEs)** develop and submit funding proposals to the GCF, and oversee and monitor the management and implementation of projects and programmes approved and financed by GCF.
- **PSAA entities** partner with the GCF on a specific project and their capacity is assessed only for that project.
- **Executing Entities (EEs)** channel or use GCF proceeds for the purposes of a GCF funded activity, and/or execute or carry out a GCF funded activity or any part thereof.
- **Co-financiers** provide co-financing to GCF projects and programmes by engaging with AEs.
- **Readiness Delivery Partners (DPs)** to implement technical assistance and capacity development grants under the Readiness Programme.
- **Other partners** such as CSOs.



Institutional Accreditation

Accredited Entity role and responsibilities



At the institutional level

- Capacities to manage, implement, and oversee projects in line with GCF accreditation standards
- Institutional systems, policies, procedures, capacity and track record to meet GCF accreditation standards
- Capacities to ensure Executing Entities apply the same standards, and to monitor, report and verify that relevant GCF standards, safeguards and policies are being upheld
- Independent legal personality and legal capacity to enter into legal agreements with GCF

At the operational level

- Engage with NDAs and focal points to align potential projects with country priorities, strategies, approaches and needs on climate change
- Design projects and develop funding proposals to be considered by GCF for financing
- Implement, deliver, monitor and report results of GCF-funded activities, including management of Executing Entities

Country approach/strategy for AE partnerships and nominations for accreditation



Country priorities

- Alignment of accreditation pipeline with country programming priorities

Accredited Entity's role and capacity

- Accredited Entity roles and responsibilities
- GCF fiduciary, environmental and social standards and gender policy

Complementarity of nominated entities

- Existing Accredited Entities and applicant entities in the accreditation pipeline
- Complementarity in private and public sectors, thematic/results areas/sectors, project size, financial instruments, environmental and social risk levels, etc.

NDA/FP Nomination Process



1. NDA to develop country programming priorities
2. NDA to engage with Regional Desk on accreditation strategy and DAE nominations aligned with country programming
3. NDA to submit nomination letter to GCF Country at countries@gcfund.org and accreditation@gcfund.org
4. The Secretariat will follow up with the NDA and nominated entities on next steps

Accreditation framework

Public, private, non-governmental

Direct Access

Subnational, national and regional entities that are registered in a developing country that will implement projects in developing countries only, including the country where they are registered

International Access

International entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions

Mandate & track record

- Alignment with Fund objectives
- At least 3 years of operations*

Project/ programme size

- Micro (<10mn)
- Small (10-50mn)
- Medium (50-250mn)
- Large (>250mn)

Financing modalities

- Basic
- Specialized
 - Project management
 - Grant award and/or funding allocation mechanisms
 - On-lending and/or blending (loans, equity and/or guarantees)

Environmental & social risk category

- High risk
- Medium risk
- Minimal or no risk

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* Lack of track record in implementing institutional systems, policies and procedures and demonstrated experience in projects/programmes instead may be addressed through conditions of accreditation required to be met prior to the development of funding proposals or during project implementation and reporting.

Accreditation applicants' attributes



Responding to the GCF Strategic Plan 2024-2027:

- Double the number of AEs with approved project
- 30% programming volume for resources channeled through DAEs
- Potential to contribute to specific programming targets in the Strategic Plan

Board guidance:

- First DAE for the country
- LDCs, SIDs, African States
- Ability to programme with advanced financial instruments
- Ability to programme at scale
- Ability to programme adaptation activities
- Under-served programming areas and regions/countries

Towards a revised accreditation framework

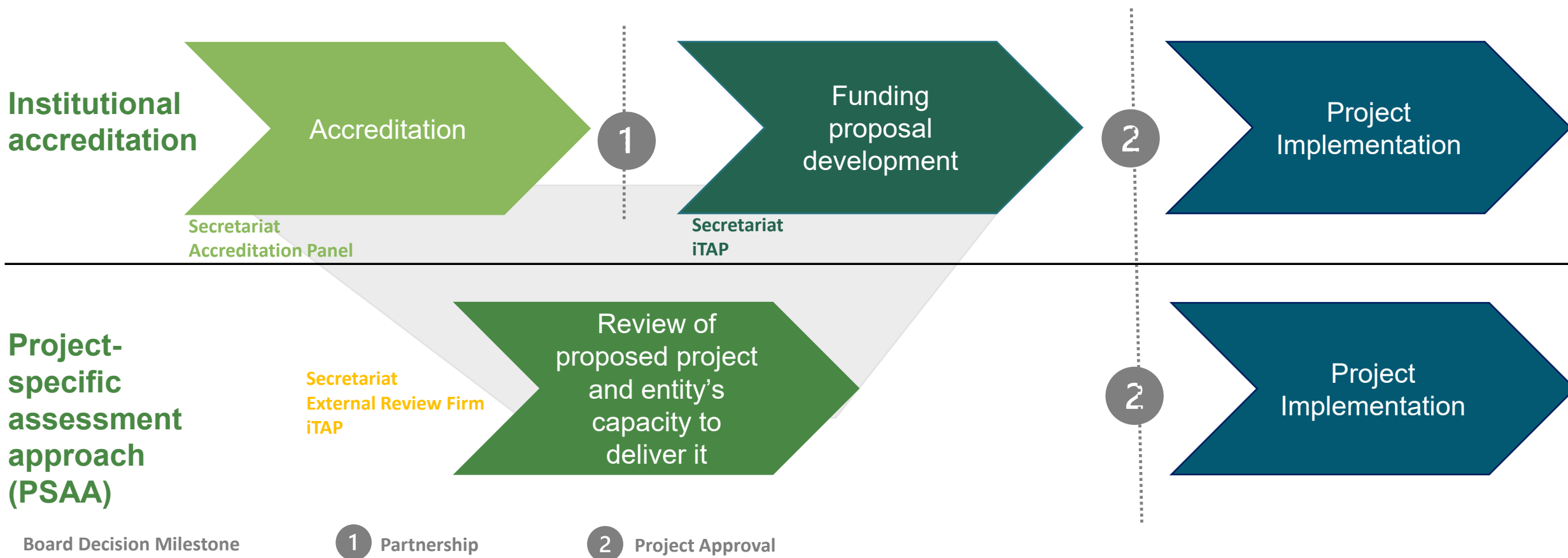


B.37 decision (October 2023):

- Extension of accreditation terms of AEs
- Focus on accreditation of new entities, **with a programming-driven approach**
- Mandate for a revised accreditation framework in 2024
 - In the context of country ownership and broader Partnership and Access Strategy
 - Simplify access and streamline processes
 - Broad consultations with NDAs and other stakeholders
 - Presentation to the GCF Board at B.40 (October 2024)

Project-Specific Accreditation

Accreditation Approaches



Abbreviation: iTAP – independent Technical Advisory Panel

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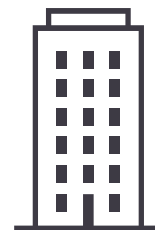
PSAA, an update to the Accreditation Framework (B.31/o6)

What is it?

- A **capacity assessment** of an entity to meet GCF accreditation standards to implement **1 project/programme.**

GCF is currently prioritizing applications from:

- Subnational, national and regional entities based in developing countries
 - Particularly countries that have yet to access GCF funding
- Entities responding to GCF requests for proposals

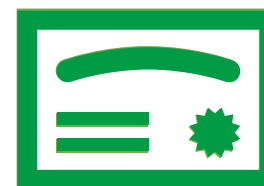


Institutional Capacity Checks

e.g. systems, policies, procedures, etc. in so far as they relate to the undertaking of the proposal

Project track record check

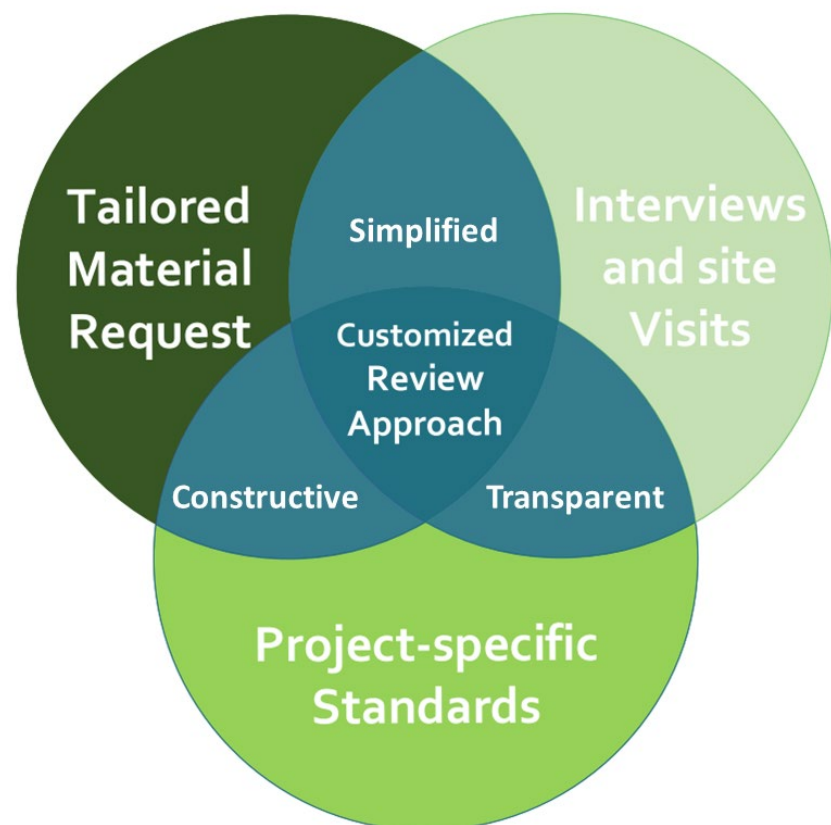
e.g., similar proposals implemented in past in terms of 1) project/programme size, 2) E&S risk category, 3) financing instruments and modalities



Overall Capacity Check

Assessed as high, medium or low

Project-Specific Accreditation Approach



- **Classification of each Accreditation standard based on significance and project-specificity (relevant vs. not relevant)**
 - **Most basic fiduciary standards are mandatory** (key financial and administrative capacities)
 - Project-specific relevance considered for accreditation standards for ESS, gender, specialized fiduciary, and transparency and accountability requirements
- **Material request tailored in each case based on the classification**



PSAA pilot (3 years: Apr 2023 – March 2026)

Entity Requirements

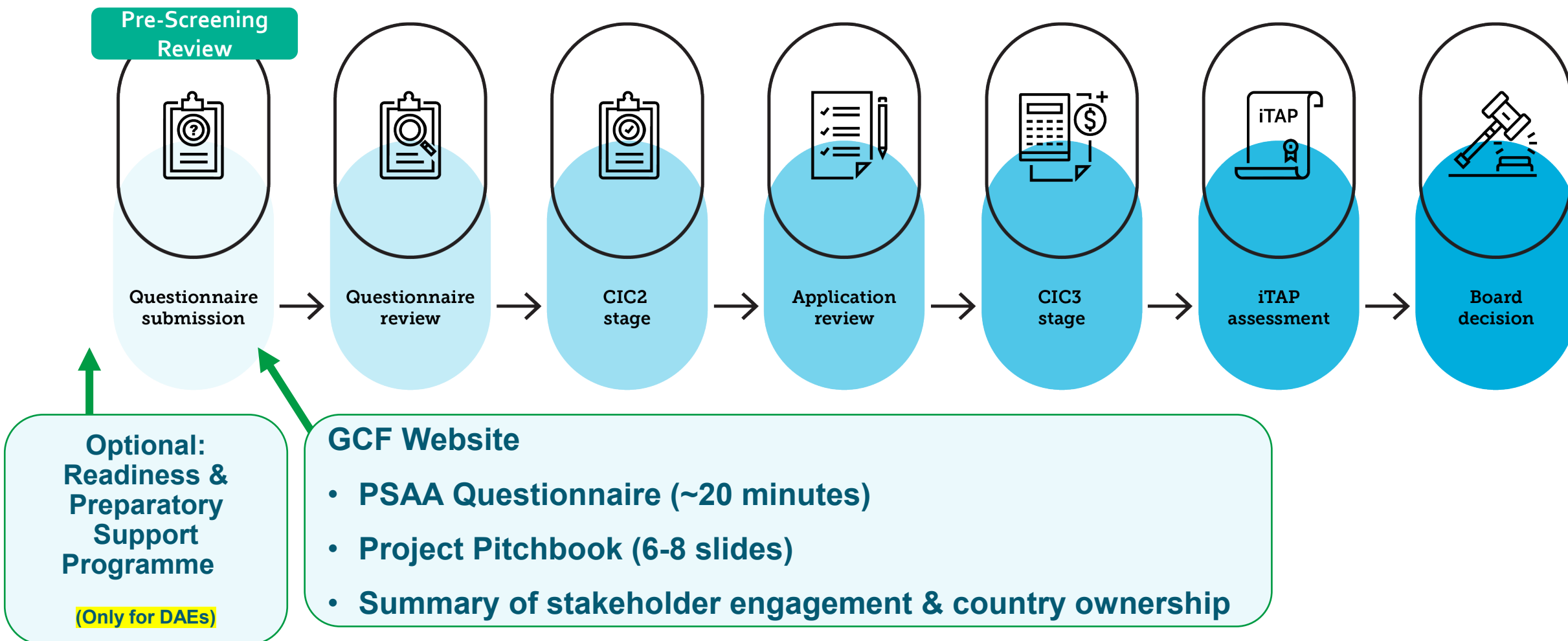
- Provide evidence of
 - ✓ Institutional capacity
 - ✓ Project/programme track record
 - ✓ Independent legal personality
- Single legal agreement
 - ✓ Accreditation & project financing
- Obligations at the corporate and operational level
 - ✓ Annual reporting on accreditation & funding proposal

Proposal Features

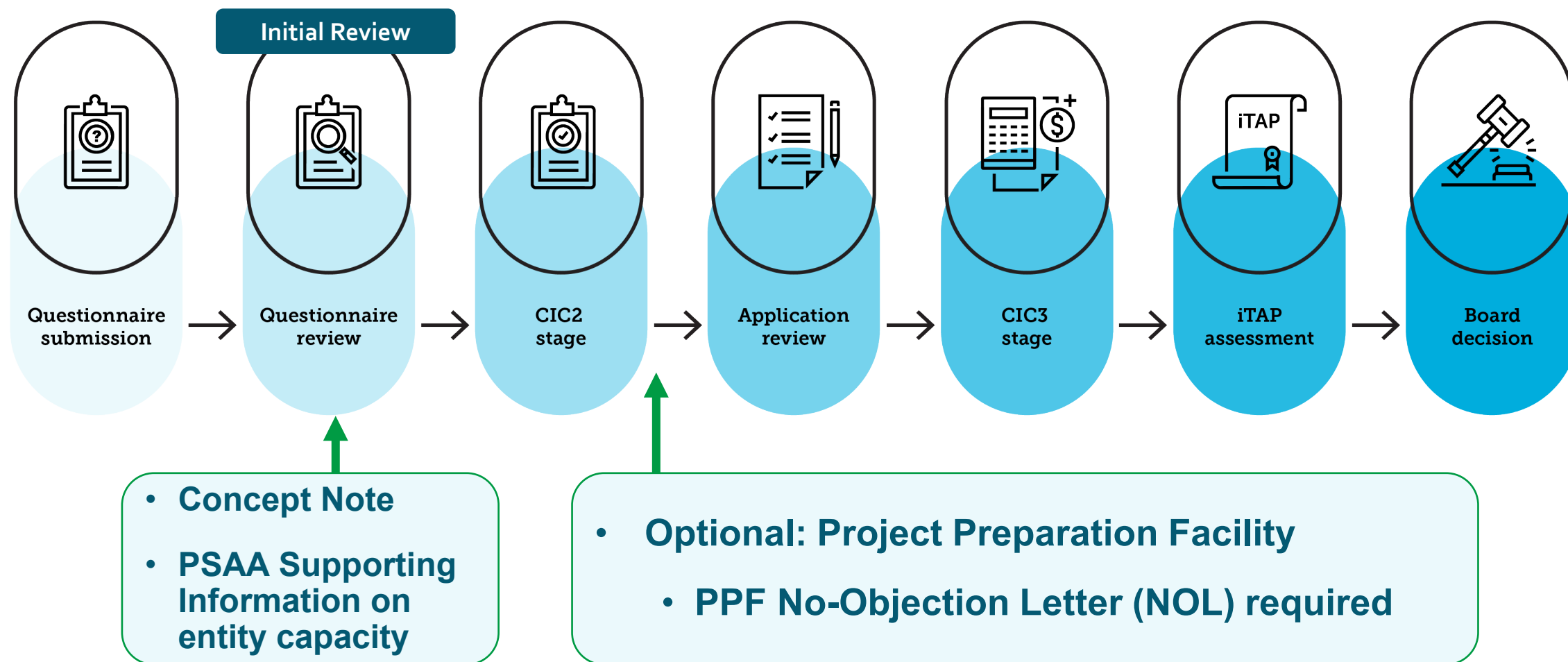
- 1 funding proposal per entity
 - ✓ Under-programmed regions and/or sectors
- Any project/programme size
 - ✓ Micro, Small, Medium, Large
- All financing modalities
 - ✓ Project management
 - ✓ Grant award and/or funding allocation mechanisms
 - ✓ On-lending and/or blending
- All financial instruments
 - ✓ Grants, Loans, Guarantees, Equity
- Only projects with low to medium environmental and social risks
 - ✓ C/I-3 and B/I-2
 - ✗ A/I-1

How does PSAA work?

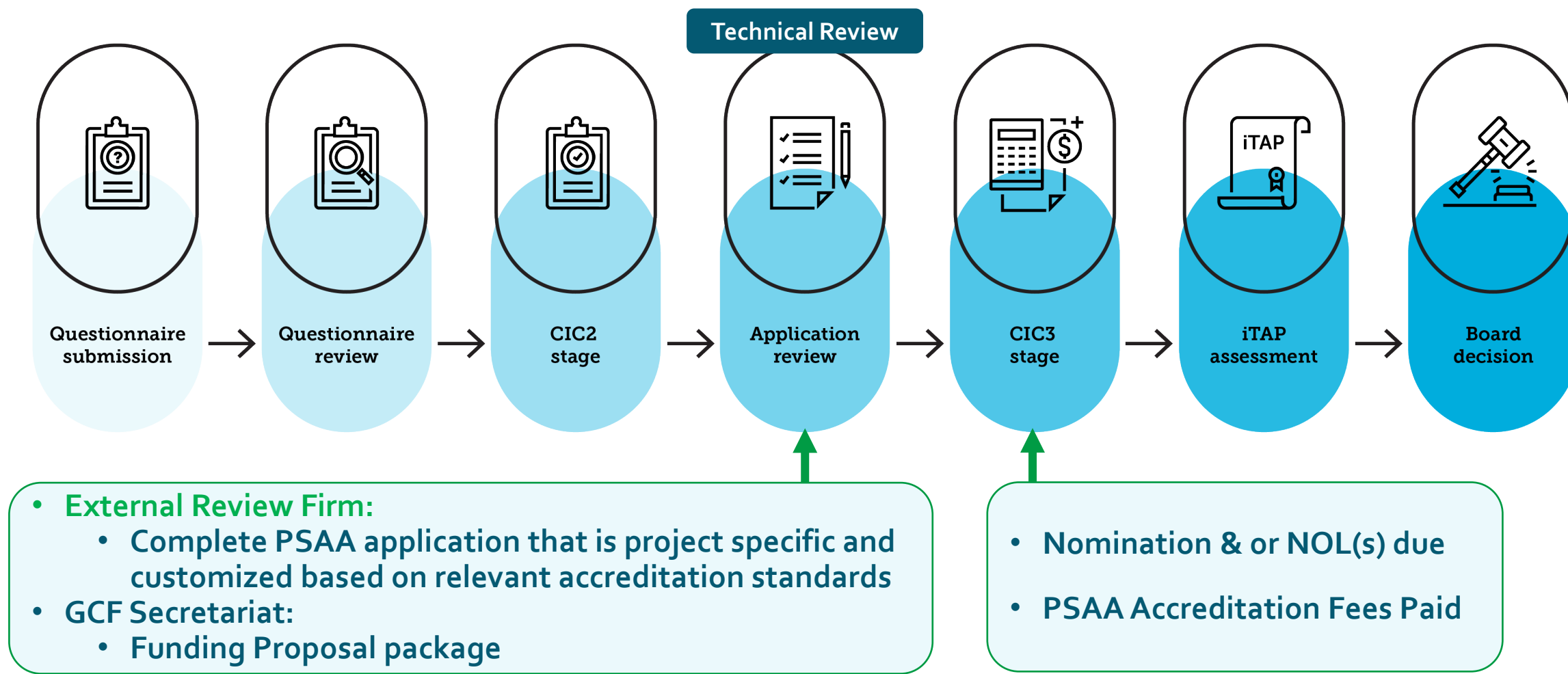
PSAA Accreditation Application Process



PSAA Application Process

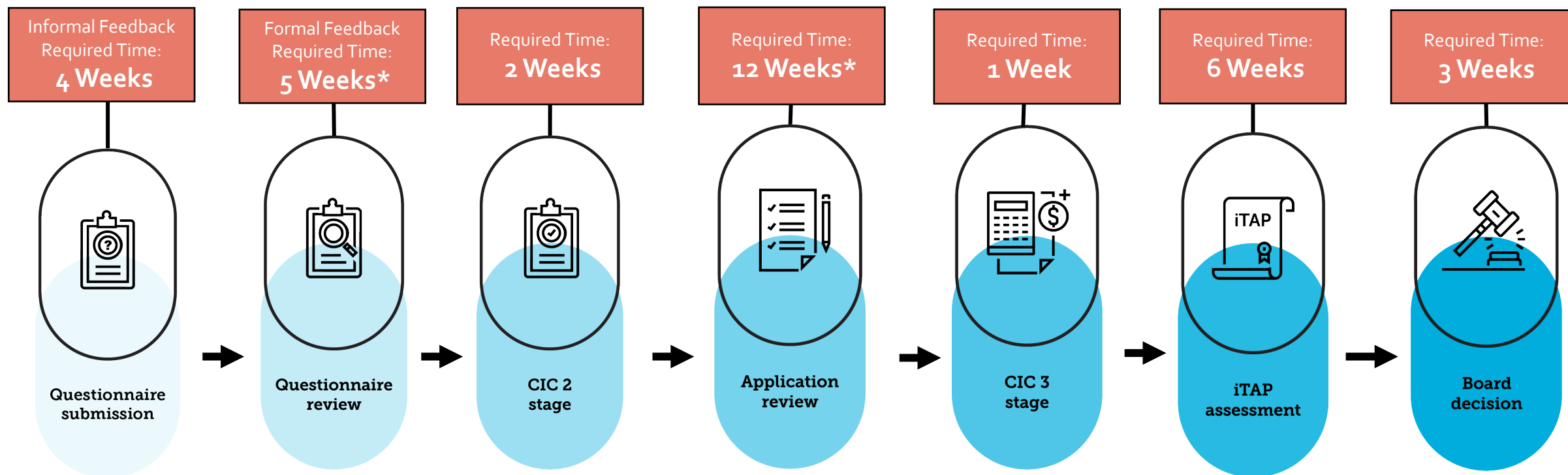


PSAA Application Process



PSAA Accreditation Review Timeline (Best Case)

Time for development of required documentation not included



**Add 2-4 weeks per additional iteration considering quality of materials and time taken for responses*

Execution of GCF support programmes (Readiness & PPF) not included in timeline

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Summary

Key Messages

- Accreditation is a programming tool.
 - The standards and criteria serve a risk management function to assess entity capacity for safeguarding against financial, environment and social, and gender risks.
- Strategic partners are needed to fill under-programmed regions and sectors.
- Especially with our prioritization of the direct access modality, these entities require nomination from the NDA.
 - Readiness resources are also available to support DAEs for Institutional or PSAA accreditation.
- Projects/programmes need to be aligned with country priorities, entity track-record and experience, and GCF strategic objectives.

Key Differentiating Points

Institutional Accreditation	PSAA Accreditation
<p>Long-term partnership with possibility of multiple projects/programmes</p> <ul style="list-style-type: none"> • Including high risk proposals • Upgrades for accreditation scope 	<p>Partnership for one (1) project/ programme that is already identified</p> <ul style="list-style-type: none"> • Only low-medium risk proposals • Accreditation scope aligned to institutional capacity and project track record
Accreditation standards and criteria must be met	Only project-specific accreditation standards and criteria apply
<p>Timeline: average 2 years</p> <ul style="list-style-type: none"> • Varies up or down based on accreditation support (Readiness) required for institutional building 	<p>Timeline: target 15 months to Board presentation</p> <ul style="list-style-type: none"> • Approval of entity & funding proposal partnership • Excludes Readiness & PPF process
Accreditation Master Agreement	<p>Single legal agreement</p> <ul style="list-style-type: none"> • accreditation & funded activity
20-25 applicants per year	Pilot targets 10 application reviews per year

Ways to Partner with GCF



- Many ways to partner with GCF
- Potential partners should consider their objectives
 - Accreditation (Institutional and PSAA) may not always be the best fit for entity's ambition and/or aim
- GCF will assess an entity's suitability for accreditation in the first steps of the respective process



Thank you

Accreditation Fees



Project Size	Institutional Accreditation Fees	PSAA Accreditation Fees
Micro (≤ USD 10 million)	USD 1000 for the basic fiduciary standards USD 500 for each specialized fiduciary standard	USD 800 for the basic fiduciary standards USD 400 for each specialized fiduciary standard
Small (> USD 10 million ≤ USD 50 million)	USD 5000 for the basic fiduciary standards USD 1000 for each specialized fiduciary standard	USD 4000 for the basic fiduciary standards USD 800 for each specialized fiduciary standard
Medium (> USD 50 million ≤ USD 250 million)	USD 10,000 for basic fiduciary standards USD 3,000 for each specialized fiduciary standard	USD 8,000 for basic fiduciary standards USD 2,400 for each specialized fiduciary standard
Large (< USD 250 million)	USD 25,000 for basic fiduciary standards USD 7,000 for each specialized fiduciary standard	USD 20,000 for basic fiduciary standards USD 5,600 for each specialized fiduciary standard

Institutional Accreditation fees*



Financial capacity category	Total projected costs at the time of application, irrespective of the portion that is funded by the GCF, for an individual project or activity	Fee Level for accreditation application for undertaking activities related to Basic Fiduciary Standards, ESS and gender	Fee Level for accreditation application for undertaking activities related to each Specialized Fiduciary Standard ^{a, b}	Other Fees
Micro	Less than or equal to USD 10 million	Subnational and national entities in developing countries including SIDS and LDCs: no fee All other entities: USD 1,000	USD 500 each	Other fees may apply if the application is reviewed by the Secretariat or Accreditation Panel more than twice. The amount of the fee is to be determined on a case-by-case approach by the Secretariat.
Small	Above USD 10 million and up to and including USD 50 million	SIDS and LDCs: no fee Subnational and national entities in developing countries other than SIDS and LDCs: USD 3,000 All other entities: USD 5,000	USD 1,000 each	
Medium	Above USD 50 million and up to and including USD 250 million	USD 10,000	USD 3,000 each	
Large	Above USD 250 million	USD 25,000	USD 7,000 each	

* Refer to the GCF's [Policy on fees for accreditation](#).

^a [Specialized Fiduciary Standards](#) refer to: 1) project management; 2) grant award and/or allocation mechanisms; and 3) on-lending and/or blending (for loans, equity and/or guarantees).

^b For example an entity seeking accreditation for large activities; basic fiduciary standards, ESS and gender (USD 25,000); and all 3 specialized fiduciary standards (USD 7,000 each: USD 7,000 x 3 = USD 21,000) will be required to pay a total of USD\$ 46,000 (USD 25,000 + USD 21,000) in accreditation fees to the GCF.

GCF Fiduciary, ESS and Gender Criteria



Basic Fiduciary Standards

- Key administrative and financial capacities
- Transparency and accountability

Specialized Fiduciary Standards

- Project management
- Grant award and/or funding allocation mechanisms
- On-lending and/or blending

Gender Policy

- Policies, procedures, and competencies

Environmental and Social Safeguards (ESS)

Institutional ESMS policy-level:

✓ **Performance Standard (PS) 1:**

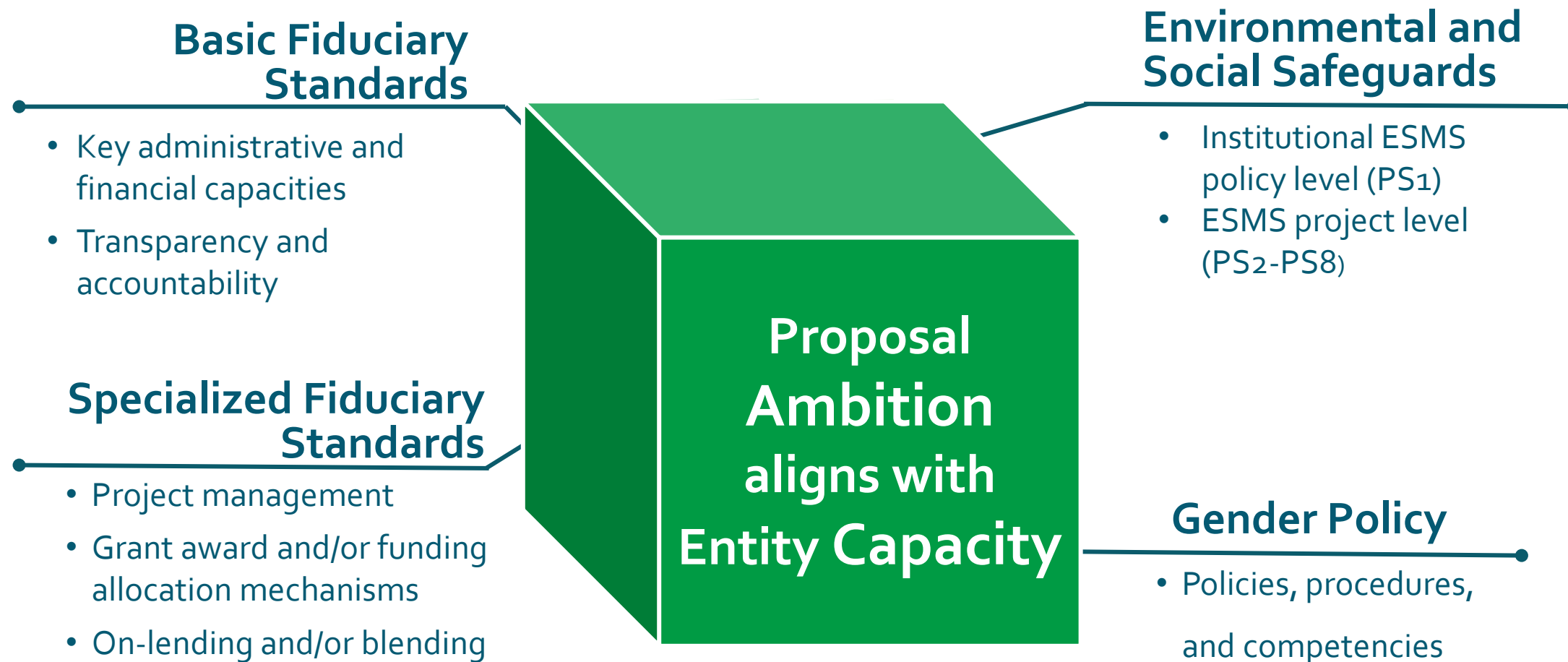
Assessment and management of relevant PS1-8 environmental and social risks and impacts through an environmental and social management (ESMS)

Project-level:

- ✓ **PS2:** Labor and working conditions
- ✓ **PS3:** Resource efficiency and pollution prevention
- ✓ **PS4:** Community health, safety and security
- ✓ **PS5:** Land acquisition and involuntary resettlement
- ✓ **PS6:** Biodiversity conservation and sustainable management of living natural resources
- ✓ **PS7:** Indigenous peoples
- ✓ **PS8:** Cultural heritage



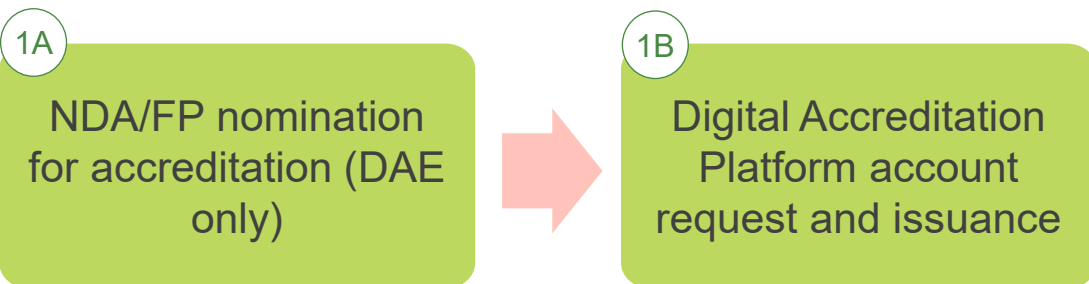
Only where **applicable**, PSAA entity provides evidence and track record of:



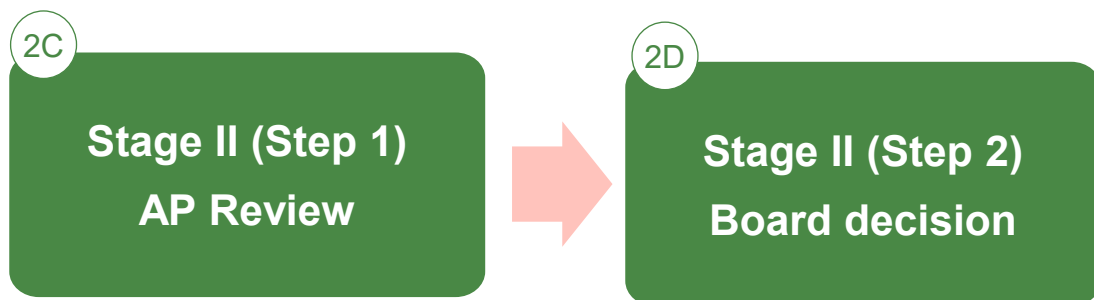
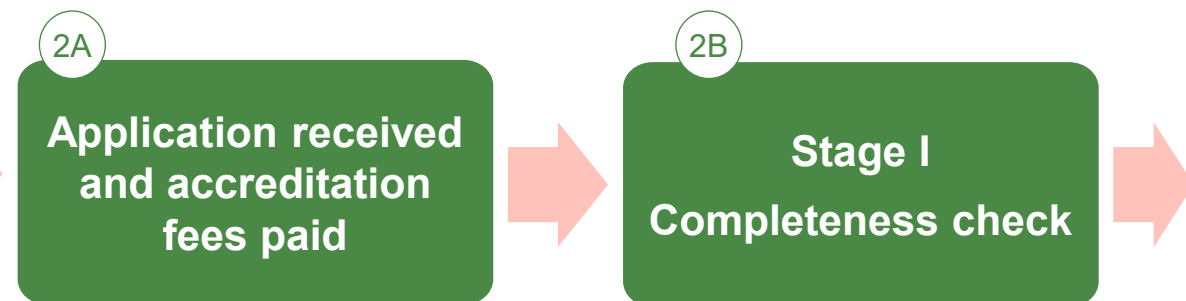
Accreditation process



1. Pre-accreditation



2. Accreditation



2E.1 AMA negotiation

2E.2 AMA execution

2E.3 AMA effectiveness

Fast-track accreditation process

Certain entities may be eligible to apply under the fast-track accreditation process, as approved by the Board:

- Global Environment Facility (GEF)
- Adaptation Fund (AF)
- Directorate-General for Development and Cooperation – EuropeAid of the European Commission (DG DEVCO)

Recognizing that certain entities have completed the accreditation process of other funds/institutions against fiduciary and environmental and social standards that may be comparable to the GCF's fiduciary standards and ESS, the fast-track process allows for eligible entities to **focus their application on the GCF's accreditation requirements (gaps) that have not been assessed in other accreditation processes.**

Country approach/strategy for AE partnerships and nominations for accreditation (indicative matrix)



Entity	Match with country priorities	Adaptation/ Mitigation/ Cross-cutting	Sectors/Thematic areas	Access Modality (DAE, IAE)	Private/ Public	Project Financing Size				Financial Instruments			E&S Risk Category		
						Micro	Small	Medium	Large	Project management	Grant awarded	Loan, equity, guarantee	Low	Medium	High
<u>AE</u>	Project Ideas 1 and 2	Adaptation	Agriculture	DAE-National	Public										
<u>AE</u>	Project Idea 3	Cross-cutting	Ecosystems	IAE	Public										
Applicant 1	Project Idea 4	Cross-cutting	Energy, livelihoods	DAE-National	Private										
Applicant 2	Project Idea 5	Mitigation	Forestry	DAE-Regional	Public										

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