



Food and Agriculture
Organization of the
United Nations

Guidebook for Direct Access Entities engaging in the Green Climate Fund accreditation process

Strengthening country capacities for climate change adaptation and mitigation and finalization of Country Work Programme for the Republic of North Macedonia



Republic of North Macedonia
Government of the Republic of North Macedonia



Green development
Republic of North Macedonia

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Required citation:

FAO. 2021. *Guidebook for Direct Access Entities engaging in the Green Climate Fund accreditation process - Strengthening country capacities for climate change adaptation and mitigation and finalization of Country Work Programme for the Republic of North Macedonia*. Budapest. <https://doi.org/10.4060/cb3306en>

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ISBN 978-92-5-133962-6

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Acknowledgements

This document was prepared by the FAO Regional Office for Europe and Central Asia (REU), in close collaboration with FAO's Climate and Environment Division (CBC).

The document aims to provide the main guidelines that potential entities should consider before engaging in the Green Climate Fund (GCF) accreditation process. It includes a brief description of the main steps of the GCF accreditation process, information on the most relevant policies, as well as an explanation of each section of the accreditation form.

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Abbreviations and acronyms

AE	Accredited entity
AF	Adaptation fund
AMA	Accreditation master agreement
COSO	Committee of sponsoring organizations
DAE	Direct access entity
DG DEVCO	Directorate General Development and Cooperation–EuropeAid of the European Commission
EE	Executing Entity
EP	Equator principles
FAO	Food and Agriculture Organization of the United Nations
GAAP	Generally accepted accounting principles
GCF	Green Climate Fund
GEF	Global Environment Facility
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIA	Institute of International Auditors
INDCs	Intended nationally determined contributions
IPSAS	International public sector accounting standards
ISO	International Organization for Standardization
MDBs	Multilateral development banks
NAPs	National adaptation plans
NAPAs	National adaptation plans of action
UNFCCC	United Nations Framework Convention on Climate Change

I. Introduction to accreditation

Accredited Entities (AEs) are an essential part of the GCF business model, as only they can submit funding proposals to the GCF. Their role includes developing and submitting funding proposals for appraisal and approval by the GCF and overseeing and monitoring the management and implementation of projects and programmes approved and financed by the GCF. To access GCF funds, AEs must go through an **accreditation process**.¹ This process is designed to assess their capacity to **manage funds adequately and to safeguard funded projects/programmes in line with GCF accreditation standards**.

GCF accreditation: defines the way in which an entity can access GCF resources (e.g. the accreditation scope), identifying the maximum limits of GCF financial support in a single funding proposal, the financing modality (e.g. for managing projects, awarding grants, on-lending, blending, undertaking equity investments and providing guarantees) and the environmental and social risk levels.

If AEs wish to change their accreditation scope and category, they can apply to have their accreditation status upgraded through the accreditation process.

Access to GCF resources to undertake climate change projects/programmes will be through AEs, which can include national, regional and international, public and private sector entities. In this sense, there are two types of accreditation modalities, one for Direct Access Entities (DAEs) and one for International Entities.

Accreditation is one way of engaging with the GCF, but it is not the only way. Organizations that do not wish to go through the accreditation process, or that are not yet ready to initiate the accreditation process, can engage with the GCF through other mechanisms which include, but are not limited to: partnering with an AE to implement an approved GCF project; co-financing projects with an AE; or as a readiness delivery partner, provided that they can demonstrate relevant expertise, experience and ability to implement projects.

During the accreditation process, the GCF assesses the applicant entity's policies and procedures, track record, and demonstrated capacity to undertake projects or programmes using different financing amounts, financing modalities (e.g. instruments) and environmental and social risk categories. In this sense, entities will be initially assessed against the following the GCF standards and policies (GCF, 2020f)²:

- **Fiduciary standards:**
 - Initial fiduciary principles and standards;
 - Policy on the Protection of Whistleblowers and Witnesses;
 - Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Policy;
 - Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy; and
 - Policy on Prohibited Practices.

¹ Five years after being accredited, entities that wish to continue working with the GCF must have their accreditation reviewed and renewed.

² GCF Handbook: Decisions, policies and frameworks, 2020.

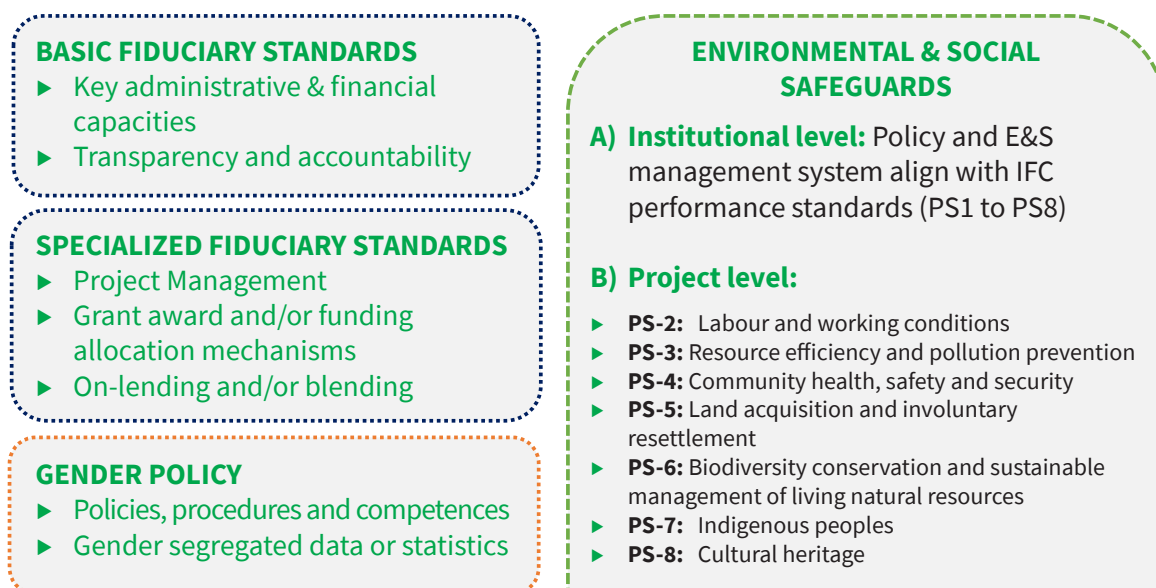
- **Environmental and social safeguard (ESS) standards:**
 - Environmental and Social Policy;
 - Interim environmental and social safeguard standards; and
 - Information Disclosure Policy requirements for environmental and social information disclosure.

- **Gender**
 - Gender Policy

- **Others:**
 - GCF AEs are expected to meet all related GCF approved policies and guidelines, including: Policy on Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH), Indigenous Peoples Policy, among others.

All applicant entities seeking accreditation to access the Fund’s resources, will be assessed against the following standards: **basic fiduciary standards, Environmental and Social Safeguard and Gender Policy**; and depending on the applicant’s experience, they will have to decide how to operate the Fund’s resources selecting one or a combination of the **specialized fiduciary standards**: Project management grant award and/or funding allocation; on-lending and/or blending (Figure 1).

Figure 1 GCF fiduciary standards, ESS and gender policy



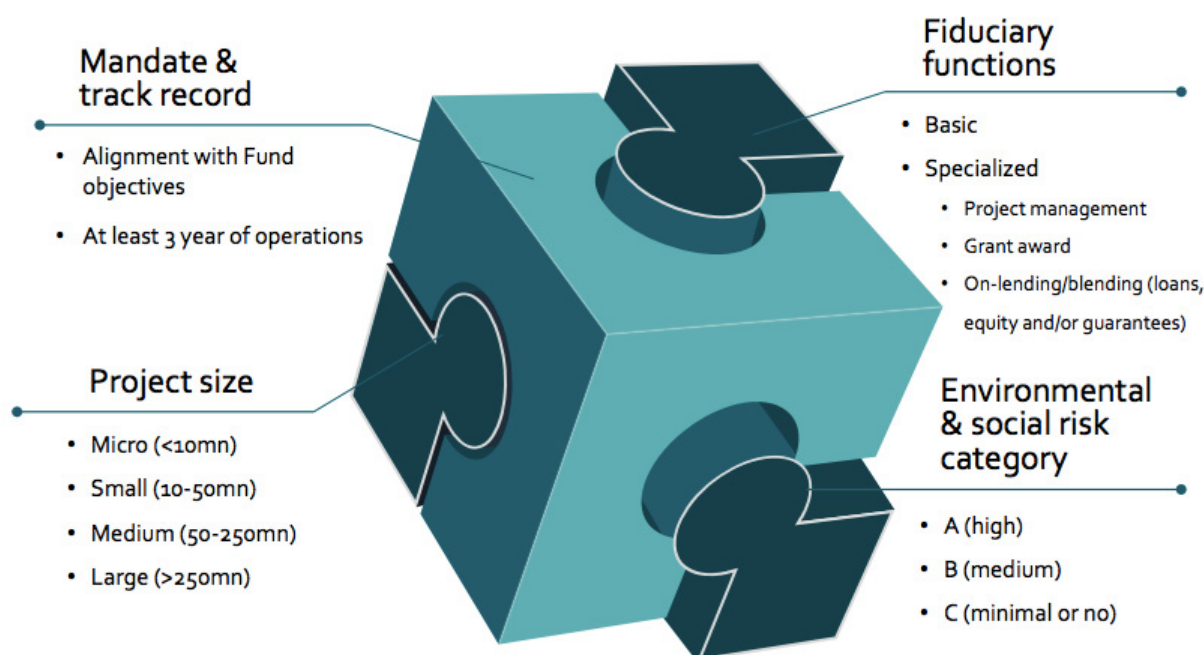
Source: Adapted from the GCF Guiding Framework and Procedure for Accreditation (GCF, 2014a)³.

³ GCF Guiding Framework and Procedure for Accreditation, 2014.

Considering that the GCF works with a wide range of partners, it has designed a **fit-for-purpose accreditation approach** (GCF, 2014b)⁴ which takes into consideration the special or unique capacities and experiences of applicant entities, while providing an independent and systematic assessment and review process.

Through the fit-for-purpose approach (Figure 2), the GCF recognizes the diverse nature and scope of applicant entities, their capacities and experiences to manage risks and administer and/or implement projects and programmes. This approach enables the Fund to assess them in a commensurate manner, in accordance with the level of fiduciary and non-financial risk (e.g. environmental and social) to which the Fund will be exposed through the activities implemented by applicant entities and intermediaries. The fit-for-purpose approach, contrary to a uniform or one-size-fits all approach, was designed to avoid unnecessary long and burdensome processes for entities and to limit the Fund's exposure to little or no financial and environmental and social risks.

Figure 2. The GCF fit-for-purpose approach



Source: Introduction to the GCF accreditation framework.

⁴ Guideline for the Operationalization of the Fit-for-purpose Accreditation Approach, 2014.

Accreditation access modalities

Any entities, public, private and non-governmental institutions operating at subnational, national, regional and international level that wish to engage in the GCF accreditation process must do so through one of the following accreditation modalities:

1. Direct access modality:

- ▶ Applies **to be a DAE** which includes **regional, national and subnational entities**. ministries or government agencies, development banks, climate funds, commercial banks or other financial institutions, private foundations and non-governmental organizations or civil society organizations may be included.
- ▶ These entities need to obtain a **nomination letter** (GCF, 2017a)⁵ from the National Designated Authority (**NDA**) from the country or countries in which they intend to operate before applying for accreditation.
- ▶ Additionally, these entities might may be eligible to receive **GCF readiness support** in order to meet the GCF's accreditation requirements.
- ▶ DAEs that become accredited entities by the GCF can receive finance directly from the GCF without using an international intermediary (e.g. United Nations agencies or multilateral development banks (MDBs)).

NOTE: The **GCF Readiness Programme** provides resources to enhance country ownership and access to the Fund. In the particular case of readiness activities for accreditation, support is designed to assist candidate DAEs in preparing and finalizing any arrangements to meet GCF requirements and become an GCF Accredited Entity (AE). The programme also helps AEs to strengthen their organizational and institutional capacities to develop funding proposals.

2. International access modality:⁶

- ▶ Refers to **entities that operate across multiple regions and countries**.
- ▶ Includes **bilateral development agencies, multilateral development banks, United Nations organizations**, intergovernmental organizations and private sector financial institutions.
- ▶ International access entities (IAEs) do not need to be nominated by developing country NDA.

NOTE: With the aim of ensuring a balance of diversity and geographic coverage, the GCF Board has agreed to **prioritize the accreditation applications of national direct access entities nominated by the NDA**, as well as private sector entities, and entities in the Asia-Pacific and Eastern European regions.

⁵ GCF nomination letter template, 2017.

⁶ GCF considers these organizations to have the wide reach and expertise to handle a variety of climate change issues, including ones that cross borders and thematic areas.

Country ownership

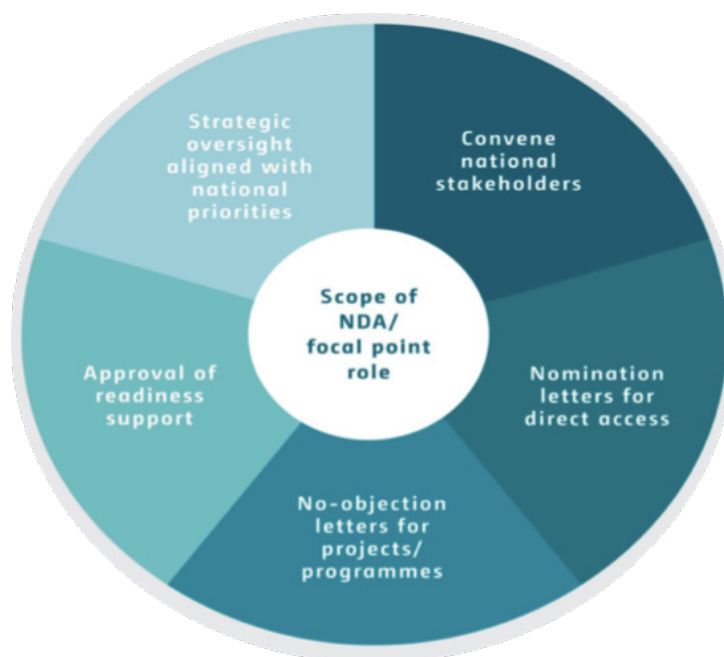
The GCF recognizes the importance of enhancing country ownership and country-driven approach for incorporating countries needs and priorities while meeting the Fund's objectives in supporting low-emission and climate-resilient investments in developing countries. In this sense, the Fund requests all developing countries to nominate an **NDA** or focal point for the GCF.

NDA's are chosen by governments to act as the core interface between a developing country and the Fund, providing a broad strategic oversight of the GCF activities in the country (Figure 3). In this sense, NDAs act as the **main communication channel between the Fund's AEs and national stakeholders**. Furthermore, they are responsible for:

- ▶ Recommending funding proposals that align with the country's needs, priorities, national plans, strategies and laws to the GCF Board.
- ▶ Developing or formulating a GCF country programme for climate investments. This programme identifies national priorities for climate change investments, takes into consideration the country's policy framework (mitigation and adaptation planning as NDCs, NAMAs, NAPAs), as well as best practice principles for multi-stakeholder engagement.
- ▶ Nominating regional, national and subnational entities for the accreditation application, among others (**Annex 1. The GCF Nomination Letter Template**).

NOTE: Additional information related to a country's activities within the GCF framework, e.g.: who are the **NDAs** in each country? or which are the **approved projects and readiness activities** supported by the GCF in each country? Visit the GCF country profile link: <https://www.greenclimate.fund/countries>

Figure 3. Key roles and functions of NDAs



Source: Elements 01: Essential knowledge about the GCF.

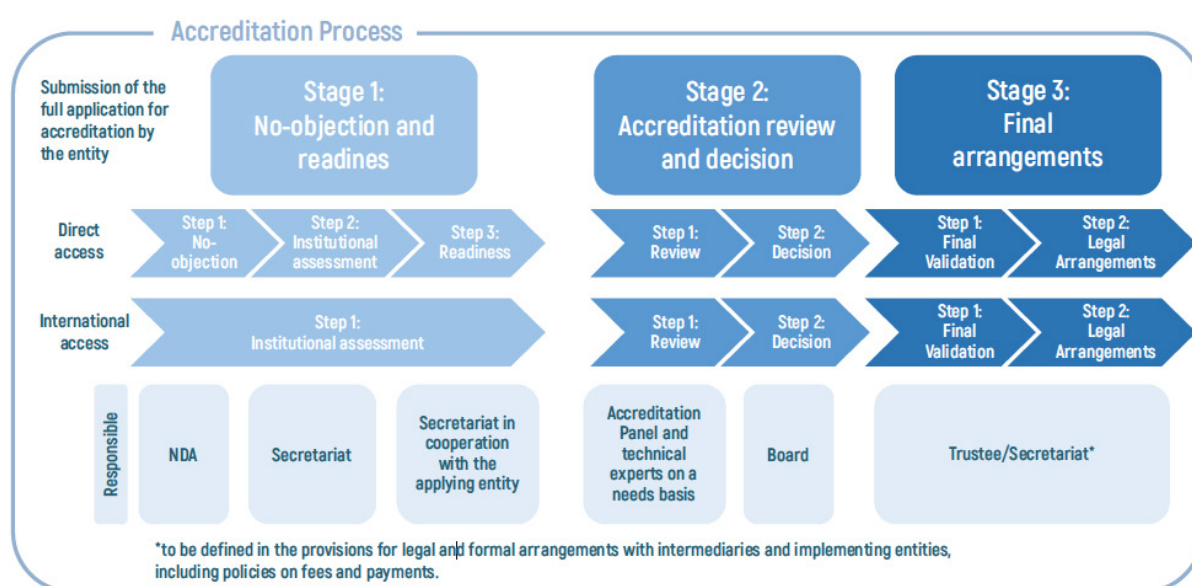
II. Stages of the Green Climate Fund accreditation process

The GCF accreditation process is a multi-stage process, and involves the participation of several stakeholders, including: the applicant entity, NDA or focal point, the GCF Secretariat, the GCF Accreditation panel (AP) and technical experts, and the GCF Board. For both types of accreditation modalities, the GCF process consists of the following stages:

- ▶ Stage 1 (S-1): Completeness check (non-objection and readiness);
- ▶ Stage 2 (S-2): Review and Board decision; and
- ▶ Stage 3 (S-3): Legal arrangements.

Although the accreditation process consists of a three-stage process, there are specific requirements that applicant entities will have to follow depending on their access modality, direct access or international access (Figure 4).

Figure 4. Summary of GCF accreditation process for DAEs and IAEs



Source: GCF Initial Guiding Framework for the Fund's Accreditation Process (GCF 2014a)⁷.

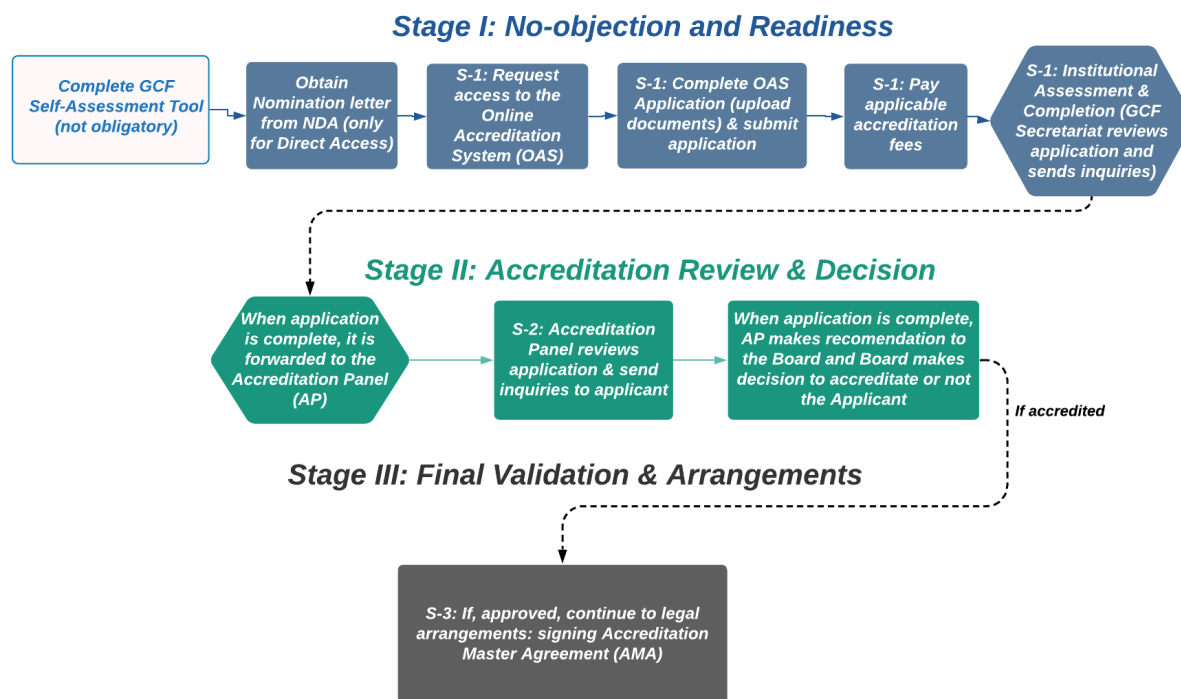
Before engaging into the GCF accreditation process, potential DAEs are encouraged to contact, from an early stage, the country's NDA and to participate or follow the GCF-NDA strategy or process to select or prioritize candidate DAEs in the country. Additionally, it is highly recommended (not a requirement) that applicant entities undertake the GCF **Accreditation Self-Assessment Tool** (GCF, 2020b),⁸ to become familiarized with the accreditation process and its main accreditation requirements. Additionally, the self-assessment tool available on the

⁷ Initial Guiding Framework for the Fund's Accreditation Process, 2014.

⁸ GCF Accreditation Self-Assessment Tool, 2020.

GCF website is an important starting point for applicants and is free. However, completing the self-assessment does not guarantee that the entity will be accredited. The present guidebook will focus on providing information related to DAEs, in this sense, [Figure 5](#) describes the main stages that candidate DAEs should follow in order to pursue the GCF accreditation.

Figure 5. Summary of main stages of the GCF accreditation process for DAEs



Source: Authors' elaboration, based on GCF documents.

Stage 1: Completeness check (non-objection and readiness):

Stage 1 of the GCF accreditation process involves a combination of steps and processes that go from completing the Self-Assessment Tool, obtaining a **nomination letter (ANNEX 1. Nomination letter template for accreditation)**, requesting access to the GCF's **Online Accreditation System (OAS)**, and submitting the **GCF accreditation application form** (GCF, 2015a)⁹ with the necessary evidence to support the applicant's responses, payment of Accreditation Fee and Secretariat Completeness Check.

Applicant entities wishing to initiate the GCF accreditation process must complete the OAS Request Form (GCF, 2019a)¹⁰ (**ANNEX 2. Request for a GCF online accreditation system account**) and submit the form to the Fund's Secretariat. The OAS is a secure internet accessible application which allows an applicant entity to submit the GCF accreditation application with the respective supporting documents for accreditation, and to be informed about the status of the application.

⁹ GCF accreditation application form, 2015.

¹⁰ OAS Request form, 2019.

By using the OAS, the applicant entity acknowledges and agrees with the OAS terms and conditions, as well as to the Fund's **Information Disclosure Policy** (GCF, 2016a)¹¹. In this sense, **when using the OAS, the entity shall be responsible for clearly identifying any document or part thereof or any other type of information which is considered as confidential.**

After obtaining the NDA nomination letter and access to the OAS account, during STAGE I, entities will have to complete and upload the **GCF application form** (GCF, 2015a)¹² through the OAS. As part of the supporting documentation, candidate DAEs shall provide their own relevant policies and procedures and systems, as well as examples of projects and activities they have already implemented. It is important to note that the application process assessment is based on the track record and experience of the institution.

NOTE: All applications must be completed and submitted in English. If documents are available in other languages, summaries in English of the relevant documents should be provided, along with the original documents.

It is advised that the applicant entity notify the GCF if, during the accreditation process, the entity is planning or currently updating and/or revising any policy, procedure or system.

Once the application form is completed and the applicant has uploaded all supporting documentation, the application must be submitted through the OAS, and applicant entities must pay the corresponding **accreditation fee** (GCF, 2014c)¹³. The fee is tailored to the financial capacities¹⁴ of the applicant entity, and will vary depending on the nature of the applicant entity, project size category (micro, small, medium or large) and the specialized fiduciary standards that they will manage. Currently, the GCF has established four thresholds based on the total projected costs for an individual project or activity (**Table 1**).

Once the application has been submitted through the OAS, and the candidate DAE has paid the corresponding accreditation fee, the **GCF Secretariat** conducts a **completeness check** to screen whether the applicant has provided sufficient information to support their responses (e.g. about institutional guidelines, policies and procedures, reports, etc.). If the application documents are incomplete or specific questions arise, the GCF Secretariat will request the applicant entity to clarify and resubmit the application through the OAS. Once the GCF Secretariat decides that the applicant has successfully completed the form and provided all relevant documentation, the application is submitted to the GCF Accreditation Panel for review (Stage II).

¹¹ GCF Information Disclosure Policy, 2016.

¹² GCF Accreditation Application Form, 2015.

¹³ GCF policy on fees for accreditation, 2014.

¹⁴ Financial capacity refers to the scale of intended funding proposal for individual project or activities to be submitted to the Fund by the applicant, in the event of an accreditation.

NOTE: The basic fee (covers basic fiduciary standards, ESS and gender) and the additional fee(s) (for each specialized fiduciary standard), as well as other accreditation fees (for applications requiring more than two reviews by the Secretariat or Accreditation Panel) are **NON-REFUNDABLE**, even if an applicant fails to be accredited.

Table 1. The GCF accreditation fees

Thresholds: Total projected costs at time of application, irrespective of portion funded by the GCF, for an individual project	Fee level for accreditation for Basic Fiduciary Standards, ESS and gender	Fee Level for Specialized Fiduciary Standard: (i) Project management, (ii) grants/funding and, (iii) on-lending and/or blending
MICRO: ≤ USD 10 million	a) Subnational & national entities in developing countries including SIDS and LDCs*: no fee b) All other entities: USD 1 000	USD 500 each
SMALL: >USD 10 to ≤ USD 50 million	a) SIDS and LDCs: no fee b) Subnational and national entities in developing countries, not SIDS and LDCs: USD 3 000 c) All other entities: USD 5 000	USD 1 000 each
MEDIUM: >USD 50 to ≤ USD250 million	USD 10 000	USD 3 000 each
LARGE: >USD 250 million	USD 25 000	USD 7 000 each
Other fees may apply if the application is reviewed by the Secretariat or Accreditation Panel more than twice. The fee amount is determined on a case-by-case approach by the Secretariat and communicated to the applicant during Stage I.		

*Small Island Developing States and Least Developed Countries.

Source: Adapted from the GCF Policy on fees for accreditation.

Stage 2: Review and Board decision

This stage comprises two main steps: (A) an assessment provided by the GCF Accreditation Panel and (B) the decision of the GCF Board. Upon confirmation from the GCF Secretariat that the application is complete, the **Accreditation Panel** begins the application review to evaluate if the entity meets the Fund's standards. The Panel will assess whether the entity meets GCF's basic fiduciary and applicable initial specialized fiduciary standards and whether it has the capacity to manage relevant environmental and social risks. The assessment will correspond to the fit-for-purpose approach, that is consistent with the nature, scale and risks of proposed activities to be implemented by the applicant according to the Fund's initial fiduciary standards and environmental and social safeguards.

The Accreditation Panel will be responsible for providing a recommendation to the GCF Board on whether or not an entity meets the requirements and should be accredited, as well as stating the steps that the applicant entities should take in order to close any accreditation gap identified during the accreditation process. The **GCF Board** has the final decision on whether or not the applicant entity should be granted the accreditation as an implementing entity (IE). Further, the Board may impose additional conditions or recommendations that the entity needs to fulfil (e.g. updating a particular policy, increase institutional knowledge on gender, etc.) before being accredited.

NOTE: GCF Accreditation Panel (AP) provides independent advice to the GCF Board about individual applications for accreditation. The panel is comprised of up to **six senior experts, evenly balanced by representation from developed and developing countries**. Members of the AP provide specialized knowledge on a range of issues, including good practices in fiduciary standards, environmental and social safeguards, and gender.

GCF Board: The GCF is governed by a Board of 24 members representing developed and developing countries equally. Their main responsibilities include: (a) Oversee the operation of all relevant components of the Fund; (b) Approve specific operational policies and guidelines, principles, criteria, modalities; (c) **Develop criteria and application processes for the accreditation** of IEs; and **accredit IEs and/or withdraw accreditations**, and so forth.

Stage 3: Legal arrangements

Upon the successful completion of Stage II, AEs initiate Stage III, which consists of the revision and signing of the **Accreditation Master Agreement (AMA)** (GCF, 2020a)¹⁵, a legal framework agreement entered into between the GCF and the AE that marks the final stage of the accreditation of the AE. The AMA establishes the general terms and conditions that govern the relationship between the GCF and the AE during the entire term of the accreditation. The AMA also sets out the main roles and responsibilities of an AE throughout the GCF project cycle and reflects the GCF's policies and requirements that apply to implementation of funded activities.

¹⁵ GCF Accreditation Master Agreement, 2020.

At this point, the AE and the Fund will negotiate and validate the final legal arrangements, including conditions of the services to be rendered by the AE. This includes the validation and registration of the AE's payment instructions and the conclusion of terms and conditions of the agreement between the AE and the Fund for the implementation of the Fund's resources.

Depending on the **type of accredited entity**,¹⁶ the relationship between the Fund and such entity would take the form of either a **legal agreement** (contract governed by private law) or a **legal arrangement** (arrangement governed by international public law). A **contract** is typically entered into with a private sector entity or state-owned enterprise or takes the form of a legal arrangement with another international organization (e.g. United Nations organizations, multilateral development banks or international financial institutions).

¹⁶ Type of entity: refers to whether the entity is an executing entity or an intermediary, if it is international, regional, national or subnational, and public or private.

III. Initial eligibility criteria for accreditation

Before engaging in the GCF accreditation process, there are some key basic eligibility criteria that all entities should fulfil. It is important for candidate DAEs to understand these criteria and to be diligent in preparing and providing the required evidence or supporting documentation that will allow them to demonstrate that they meet the GCF requirements. Complete and detailed information of the requirements of the GCF accreditation application form is described in Section VI of the present document.

1. Experience implementing projects related to climate change mitigation and/or adaptation in developing countries:

According to its mandate, the GCF can only fund climate change related activities, which include activities that aim at reducing greenhouse gas emissions, or those that aim to support societies to become more resilient to the changing climate. **If the applicant institution does not have the relevant experience and does not intend to implement or support such activities, it will not be able to be accredited to the GCF.**

The GCF only supports activities in Developing Country Parties to the United Nations Framework Convention on Climate Change¹⁷ (UNFCCC). If the applicant entity has no experience working in the developing world and does not intend to work in one or more developing countries, it cannot be accredited to the GCF.

2. Strategic alignment with country priorities and the GCF Country Programme

All applicant entities are required to contribute to the achievement of the Fund's objectives established in the **GCF Governing Instrument** (GCF, 2011)¹⁸ additionally, the applicant's climate initiatives should be aligned with the **GCF result/impact areas** (GCF, 2020c),¹⁹ **Investment Framework** (GCF, 2015b)²⁰, and the **GCF Investment Criteria** (GCF, 2020d)²¹.

The GCF overall objective: *“The Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the Fund will promote the paradigm shift towards low emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.”*

¹⁷ Developing Country Parties to the UNFCCC, 2020.

¹⁸ GCF Governing Instrument, 2011.

¹⁹ GCF result/impact areas, 2020.

²⁰ GCF Investment Framework, 2015.

²¹ GCF Investment Criteria, 2020.

Furthermore, the GCF recognizes the importance of enhancing country ownership and country-driven approach. In this sense, it is expected that AEs are able to support the countries' needs and priorities in climate investment established in the **GCF Country Programme** (GCF, 2020e),²² as well as the national and local climate change policies and initiatives of the recipient country – e.g. NDCs – and to mainstream gender within its funded activities.

3. Institutional experience

To become accredited, entities must demonstrate that they meet the GCF standards, and that they have **at least three years of a consistent and positive track record** in the context of their own institutional mandate. Furthermore, applicant entities must have clarity on the type of accreditation they are seeking with the GCF and how they wish to operate the Fund's resources:

- ▶ What **project/programme size** they intend to manage:
 - **Micro:** up to USD 10 million;
 - **Small:** up to USD 50 million (including micro size);
 - **Medium:** up to USD 250 million (including micro and small size); and
 - **Large:** USD 250 million and above (including micro, small and medium size).
- ▶ Which **fiduciary standards** they intend to undertake (e.g.: project management, grants, on-lending and/or blending);
- ▶ What type of **financial instruments** they intend to deploy (e.g.: grants, loans, equity, guarantees, others.)
- ▶ What type of **environmental and social risk level** they will manage (e.g.: Category A/Intermediation 1; Category B/Intermediation 2 Category C/Intermediation 3).

It is important to keep in mind that **entities are accredited based upon the experience they already have** (activities or projects they have undertaken), not on what the entity wishes or plans to do with the GCF resources.

4. Legal personality/right:

To become accredited and receive funding from the GCF, applicant entities must demonstrate they have full legal capacity within the relevant jurisdiction that enables them to undertake the intended activities to be funded by the Fund. **Individual people cannot receive funding directly from the GCF.** In this sense, applicant entities will need to prove that they comply with national legislation in the country (or countries) where they intend to operate and that they have the necessary registrations, permits and/or licences. The following are examples of supporting documentation that different types of entities can use to illustrate their legal status.

- ▶ **For government ministries, departments, divisions, etc.:**
 - Scanned copy or extract of the relevant Act, Decree, or other similar document; and
 - Document outlining powers of the Head of the entity and other relevant authorities.

²² List of approved GCF Country Work Programmes, 2020.

- ▶ For incorporated/registered entities, e.g.: private and public sector entities, civil society organizations, etc.
 - Certificate of Incorporation/Registration;
 - Memorandum and Articles of Association, if applicable (highlight relevant sections);
 - Business permit and licence to operate.
- ▶ For international and regional entities
 - Governing instrument; and
 - Agreement to establish the entity.

5. Fiduciary principles and standards

Applicant entities are required to have a set of fiduciary principles and standards (FPS) that are equivalent to GCF's FPS and to apply the related principles and standards in the development and implementation of GCF-financed projects.

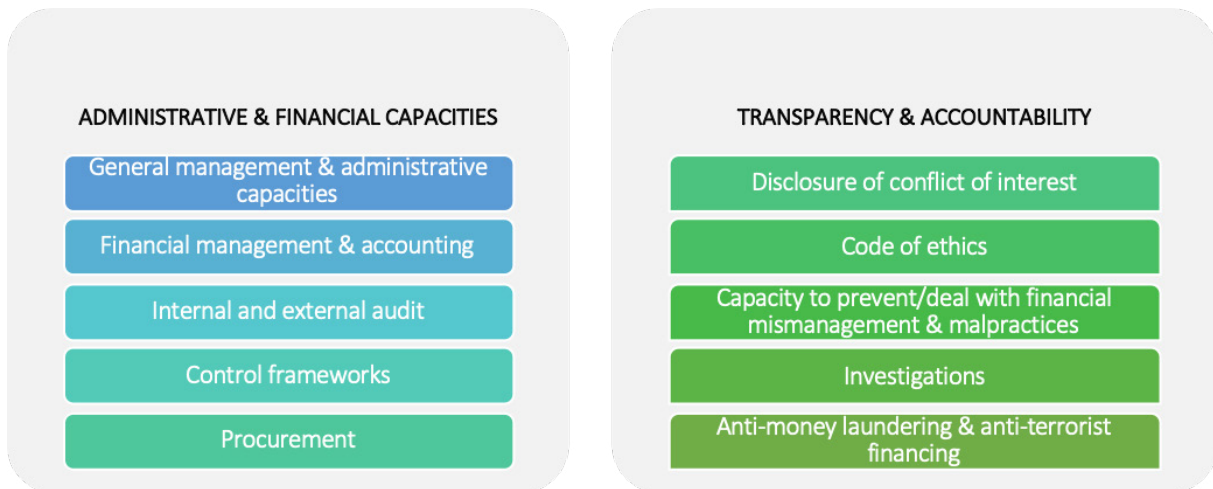
Fiduciary standards are an element of the AE's scope of accreditation that is determined based on the assessment by the GCF of the fiduciary, transparency, accountability, financial management, principles and policies, and track record of the AE, against the GCF's fiduciary principles and standards. **All potential AEs are required to meet the basic fiduciary standards on key administrative and financial capacity, transparency and accountability** (Figure 6).

Additionally, each AE could get accredited to a **specialized fiduciary standard** (Figure 7) based on the policies and procedures and track record of the AE. There are three specialized fiduciary standards that AEs may be accredited for, including a combination thereof:

- **Project management:** where an AE manages, supervises and oversees the overall project or programme, either directly or indirectly through Executing Entities (EE).²³ The AE has identified EEs and beneficiaries at the time of the funding proposal.
- **Grant award and/or funding allocation mechanisms:** where AEs provide grants to beneficiaries through an award system or competitive-based mechanism. The mechanisms (including criteria for selection of beneficiaries, modalities for providing financing, decision-making processes for allocating grants, etc.) are identified in the funding proposal, however, the identification of EEs to undertake the actual selection of beneficiaries, and identification of beneficiaries, takes place after the funding proposal is approved by the GCF.
- **On-lending and/or blending (for loans, blending, equity and/or guarantees):** where AEs provide loans, equity and/or guarantees to beneficiaries using the GCF's resources, or blending resources (particularly of different instruments). This also includes AEs that provide resources to an EE, such as a fund manager, that further on-lends, undertakes equity investments and/or provides guarantees to beneficiaries.

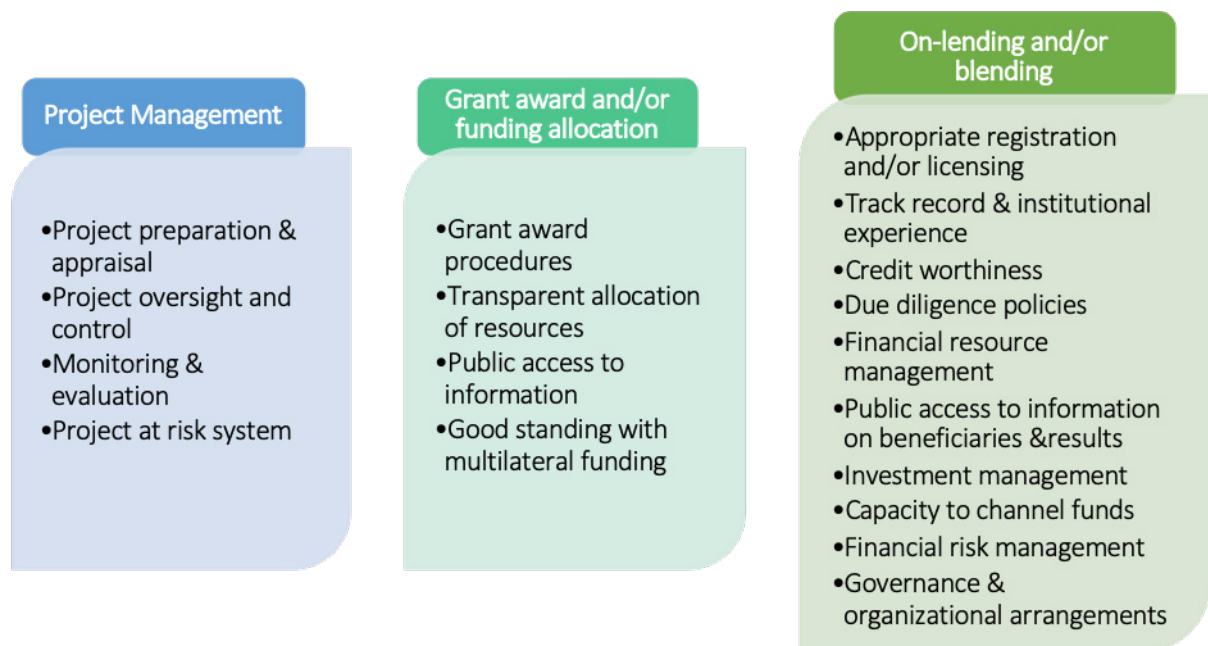
²³ Executive Entities (EE): an EE refers to any entity which channels or uses GCF proceeds for the purposes of a GCF funded activity, and/or which executes, carries out or implements a GCF funded activity or any part thereof. An AE may also carry out the functions of an EE. The GCF requires the AEs to evaluate the capacity of and engage the relevant EE based on their ability to channel or use GCF proceeds and/or implement the GCF funded activity in accordance with GCF policies and requirements.

Figure 6. Key criteria assessed as part of the GCF basic fiduciary standards



Source: Adapted from the GCF's initial guiding framework for the accreditation process.

Figure 7. Key criteria assessed as part of the GCF specialized fiduciary standards



Source: Adapted from the GCF's initial guiding framework for the accreditation process.

6. Adequate environmental and social safeguards in place

The GCF ESS²⁴ specifies the principles and requirements to avoid, minimize and/or manage E&S risks and impacts throughout project cycles. Through the GCF E&S Policy (GCF, 2018a)²⁵, the Fund established specific commitments “to do no harm” to communities and their environment. Furthermore, the Fund’s ESS follows the International Finance Corporation (IFC) Performance Standards (PS) (IFC, 2020)²⁶ on ESS which covers:

- ▶ PS1– Assessment and management of E&S risk impacts
- ▶ PS2– Labour 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

As part of the accreditation process, the GCF is responsible for determining applicant entities’ organizational capacities and experience identifying, categorizing, evaluating, mitigating and monitoring environmental and social risks and impacts associated to their projects or other types of activities. The E&S assessment conducted by the Fund is commensurate to the E&S risk category that the applicant entities will manage once accredited. More stringent or sophisticated requirements will be requested for entities seeking to implement medium to high-risk projects, as compared to a low risk category. In this sense, applicant entities must demonstrate experience and track record in managing the specific E&S project risk category throughout the project cycle.

7. Policies, procedures and competences aligned with the GCF Gender Policy and Action Plan

Gender mainstreaming is essential to the GCF’s objectives and guiding principles, including meaningful engagement of women and men of all ages in the design, development and implementation of strategies and activities to be financed by the GCF. To mainstream gender into its decision-making and project/programme proposals, the GCF adopts and implements a **Gender Policy** (GCF, 2019b) ²⁷. This policy aims to ensure that the GCF will contribute to gender equality through a gender-sensitive approach and will, in turn, achieve greater and more sustainable climate change results.

Potential DAEs will have to demonstrate that they incorporate a gender-sensitive approach at both the institutional and project/programme level, and in this sense, will be required to have a gender policy that is in line with the GCF Gender Policy and to apply their own gender policy in GCF-funded activities.

Through the accreditation process, entities will have to demonstrate that they are able to meet the following GCF gender commitments:

²⁴ The Environmental and Social Safeguards (ESS) refers to a set of standards that specifies the desired outcomes and the specific requirements to achieve these outcomes through means that are appropriate to the nature and scale of the activity and commensurate with the level of environmental and social risks and/or impacts.

²⁵ GCF E&S policy, 2018.

²⁶ IFC Performance Standards, 2020.

²⁷ GCF Gender policy, 2019.

- ▶ Understand the sociocultural factors underlying climate change-exacerbated gender inequality, and the potential contribution of women and men to societal changes in order to build resilience to, and the ability to address, climate change;
- ▶ Adopt strategies, methods and tools to promote gender equality and reduce gender disparities in its climate funding; and
- ▶ Measure the outcomes and impacts of its climate change activities on women and men.

IV. Sections of the Green Climate Fund accreditation application form

During the accreditation process, an applicant entity's policies and procedures, track record, and demonstrated capacity to undertake projects or programmes using different financial instruments and environmental and social risk categories are assessed against the GCF standards. In this sense, applicants are evaluated based on their ability to meet GCF basic fiduciary principles, and applicable specialized standards, as well as their capacities to manage environmental and social risks in line with the Fund's ESS and gender action plan.

For this, applicants will have to complete the GCF accreditation application form, through the OAS platform. The following segments of the guideline (Sections A to G) will provide a detailed description of each of the seven sections of the GCF application form, as well as relevant information related to the required supporting documentation that potential DAEs need to provide to the GCF.

- A. Section 1:** Background and contact information of the applicant entity.
- B. Section 2:** Information on how the institution and its intended projects/programmes will contribute to furthering the country's climate strategies and the GCF's objectives.
- C. Section 3:** Information on the scope of intended projects/programmes and estimated contribution requested for an individual project.
- D. Section 4:** Basic fiduciary criteria.
- E. Section 5:** Applicable specialized fiduciary criteria.
- F. Section 6:** Environmental and social safeguards.
- G. Section 7:** Gender.

A. Section 1: Background and contact Information of the Applicant Entity

The section on background and contact information must be completed by all applicant entities and must contain the required information and supported with other relevant documentation as necessary. The application for accreditation includes the following items related to the background and contact information of the applicant entity:

1.1. Background and contact information

This section includes general information regarding the applicant entity:

- ▶ Legal name;
- ▶ Type of institution (international; regional; national; subnational; public or private sector; other);
- ▶ Size of institution (number of employees);
- ▶ Core business (e.g. international, regional, national, or subnational levels, including private sector and other institutions);

- ▶ Sectors that the entity operates in (e.g. summary of climate change-related projects or programmes already implemented);
- ▶ Registered address, including postal code;
- ▶ Website of the applicant entity, if applicable; and
- ▶ Information regarding primary and secondary focal points.

1.2. Background information on track record

This section seeks to provide information related to the type, size and duration of projects/programmes and type of financial instruments that the applicant has experience deploying in projects/programmes. As well as the experience of the entity working with different E&S risk categories (e.g. categories A/B/C) and implementing the ESS performance standards. In summary, this section highlights projects/programme portfolios of the applicant entity and giving the opportunity to present the type of initiatives that have successfully been undertaken by the applicant, including:

- ▶ Types of projects/programmes undertaken (adaptation, mitigation, cross-cutting, private, public);
- ▶ Size(s) of projects/programmes undertaken, including total project costs in USD and respective duration;
- ▶ Type(s) of financial instrument(s) deployed in projects/programmes undertaken (grants, concessional senior loan; concessional subordinated loan; equity; guarantees, others);
- ▶ Environmental and social risk level(s) of projects/programmes undertaken (categories A, B or C; Intermediation 1,2 or 3);
- ▶ Experience and track record with performance standards 2–8.

1.3. Background information on accreditation by other funds or institutions

The GCF has a **fast-track accreditation process** (GCF 2014d)²⁸ in order to streamline the accreditation process for certain entities, including subnational, national, regional, and international entities that have already been accredited by a relevant fund or institution following a similar accreditation process; including where the fiduciary and environmental and social standards of the other relevant funds are comparable to the Fund's fiduciary standards and ESS.

Entities are eligible to apply under the GCF's fast-track accreditation process if the following criteria are met:

- i. The entity was accredited by one or more of the following funds by 14 December 2016:
 - a. Global Environment Facility (GEF)
 - b. Adaptation Fund (AF)
 - c. Directorate-General Development and Cooperation–EuropeAid of the European Commission (DG DEVCO)
- ii. The entity is in full compliance with the relevant accreditation requirements of the fund(s) they are accredited to:
 - a. GEF's minimum fiduciary standards and minimum standards on ESS
 - b. AF's fiduciary standards; and
 - c. DG DEVCO's fiduciary standards under the 6-pillar assessment.

²⁸ Fast-track Accreditation to the GCF, 2014.

- iii. The entity has been approved by the GCF Board to be included in the list of potentially eligible fast-track entities.

Entities eligible to apply under the GCF fast-track process must indicate whether there is any condition or limitation regarding their accreditation with the GEF, AF, and DG DEVCO, as well as the status of compliance with these conditions. Information regarding the details that must be completed by the applicant in this section of the OAS depends on whether it has been accredited by GEF, AF and/or DG DEVCO.

B. Section 2: Information on the ways in which the applicant entity and its intended activities will contribute to furthering the objectives of the Green Climate Fund.

In this section, AEs must provide statements on how they intend to contribute to the achievement of the ultimate objective of the UNFCCC, and how would they contribute to furthering the objectives of the GCF. When writing the statements, applicants should provide information on **how they are going to support a country or a region** in the reduction of greenhouse gas emissions and in supporting their climate change plans and strategies.

2.1 A statement detailing the ways in which the entity will contribute to furthering the objectives of the Green Climate Fund.

- Applicable for all applicants.

2.2 A statement on how the entity intends to strengthen capacities of or otherwise support potential subnational, national and regional IEs and intermediaries in order to meet, at the earliest opportunity, the accreditation requirements of the GCF in order to enhance country ownership.

- Required for entities under international access track.
- Optional for all other entities.

Note that the applicant's statements should be consistent with the GCF's objectives, as well as with its overall policies and procedures, including the **GCF Governing Instrument, GCF Result/impact Areas, Investment Framework** and **GCF Investment Criteria**.

C. Section 3: Intended scope of projects/programmes and estimated requested contribution

The section on information regarding the scope of intended activities²⁹ and the estimated requested contribution for an individual project or activity is applicable to all entities. Although initially no supporting documentation is required, the GCF Secretariat and/or the Accreditation

²⁹ The information provided in this section should be estimated based on the type of investments implemented by the applicant in the past and will be used to provide an early indication of the projects and activities that the entity may undertake in the future.

Panel might at some point, during the accreditation process, request further documentation on this matter.

The application for accreditation will include the following items related to the intended activities, projects and/or programmes to be undertaken and the contribution requested by the applicant entity:

- ▶ Type of project/programme (e.g. agriculture, energy, livelihoods, etc.), theme (e.g. mitigation or adaptation), size (scale of the intended activity, including estimated cost) and risk level of intended activities to be undertaken using the Fund's resources;
- ▶ Estimated maximum contribution amount for a project or activity to be requested from the Fund in USD and type(s) of financial instruments³⁰ for intended activities;
- ▶ Sources of additional finance, if applicable, for intended activities;
- ▶ Indication of the fiduciary standards against which the application will be assessed:
 - Basic fiduciary standards and ESS and applicable specialized fiduciary standard(s).

The **estimated maximum contribution** (amount in USD) for an individual project or activity that can be requested from the Fund and the type(s) of financial instrument(s) for intended activities refers to the amount of financial resources and types of financial instruments that the AE intends to request and apply in the intended activities. The maximum contribution amount for a project or activity will determine the accreditation fees to be paid by the AE, in accordance with the Policy on Fees for Accreditation to the Fund. The intended contribution must be based on the AE's past experience in implementing that type of investment.

Sources of **additional finance** for intended activities (if applicable) refers to the indication of the sources and types of other finance that may be applied, in addition to the resources from the GCF, and how the sources and types of other finance will be applied to the different components of a project/programme.

The indication of **fiduciary standards** against which the application will be assessed, requires the AE to clarify whether their application is to be assessed against the Fund's basic fiduciary standards and ESS, and, if applicable, to which specific specialized fiduciary standards the entity is applying (e.g. project management, grant award and/or funding allocation mechanisms, and on-lending and/or blending).

NOTE: Regarding intended scope of projects:

When preparing project proposals, it is important to take a **COUNTRY-DRIVEN APPROACH**, by taking into consideration national climate strategies and plans, and if available: Nationally Determined Contributions (NDCs); Nationally Appropriate Mitigation Actions (NAMAs); National Adaptation Plans of Action (NAPAs); National Adaptation Plans (NAPs).

- It is also crucial that intended projects incorporate a **GENDER-SENSITIVE APPROACH**.

³⁰ Financial Instruments: The Board, by decision B.08/12, concluded that GCF would work through AEs, who may deploy the resources in approved projects and programmes by using a diverse range of financial instruments, focusing on but not limited to grants, concessional loans, equity and guarantees.

D. Section 4: Basic fiduciary standards

This section is designed to assess the applicant’s conformity with the Fund’s basic fiduciary standards (GCF, 2014e)³¹ All potential DAEs are required to meet the set of **key administrative and financial capacities** and requirements for **transparency and accountability** (Table 2).

The basic fiduciary standard assesses the ability of an AE to safeguard the financial resources and ensure that their systems and policies are designed to prevent or minimize risks, the key administrative and financial management capacities, control management framework, as well as formal procurement standards, guidelines and system to ensure fair and transparent procurement processes, as well as the capacities to apply their “Know-Your Customer” and anti-money laundering (AML) and countering the financing of terrorism (CFT) standards over their counterparties e.g. EEs, IEs, among others.

Table 2. Purpose and scope of the GCF basic fiduciary standards.

Purpose	Scope
4.1 Key administrative and financial capacities	<p>4.1.1 – General management and administrative capacities</p> <p>4.1.2 – Financial management and accounting</p> <p>4.1.3 – Internal and external audit</p> <p>4.1.4 – Control frameworks</p> <p>4.1.5 – Procurement</p>
4.2 Transparency and accountability	<p>4.2.1 – Disclosure of conflicts of interest</p> <p>4.2.2 – Code of ethics</p> <p>4.2.3 – Capacity to prevent/deal with financial mismanagement & other forms of malpractices</p> <p>4.2.4 – Investigations</p>

Source: The GCF initial guiding frameworks for accreditation.

4.1. Key administrative and financial capacities

Includes the underlying principles of the Fund’s initial basic fiduciary standards for administrative and financial capacities:

- Financial inputs and outputs are properly accounted for, reported, and administered transparently in accordance with pertinent regulations and laws, and with due accountability;
- Information relating to the overall administration and management of the entity is available, consistent, reliable, complete and relevant to the required fiduciary standards; and
- Operations of the entity show a track record in effectiveness and efficiency.

4.1.1. General management and administrative capacities:

Clear and formal definition of the main corporate governance and oversight structure that formally defines their respective roles and responsibilities (e.g. oversight authorities, audit

³¹ Initial fiduciary principles and standards of the GCF, 2014.

committee, regulators, governing board, executive body, internal audit body, external audit body, etc.); and track record in the preparation of business plans and budgets. The documentation presented in this section must demonstrate the following:

- ▶ Existence of adequate internal oversight bodies and transparent rules regarding the appointment, termination and remuneration of members of such committees;
- ▶ A consistent, clear and adequately communicated organization chart available with well-defined reporting/delegation lines;
- ▶ A consistent and formal process to set objectives and to ensure that the chosen objectives support and align with the entity's mission;
- ▶ Indicators to measure defined objectives and internal documents demonstrating that organization-wide objectives provide clear guidance on what the entity wants to achieve;
- ▶ General management plan that also includes processes to monitor and report on the achievement of set objectives, among others.

4.1.2. Financial management and accounting:

Financial statements follow the **generally accepted accounting principles (GAAP)** and are prepared in accordance with recognized accounting standards, such as **International Financial Reporting Standards (IFRS)**, or the **International Public Sector Accounting Standards (IPSAS)** in the case of public entities, or other equivalent standards. Furthermore, applicant entities must demonstrate to have a clear and complete set of financial statements that provide information on: assets, liabilities, financial performance, cash flow, description of the accounting policies and accounting framework, among others. The documentation presented in this section must demonstrate the following:

- ▶ The entity has in place a clear and complete set of financial statements that provide information on: statement of assets, liabilities, cash flow, financial performance, financial position, and others;
- ▶ Financial statements are reported periodically, consistent with previous reporting periods, and allow for comparison across reporting periods;
- ▶ The entity uses accounting and financial information systems based on the accounting principles and procedures; and
- ▶ Transparent and consistent payment and disbursement systems are in place with documented procedures and clear allocation of responsibilities.

4.1.3. Internal and external audit

An Independent Audit Committee or comparable body is appointed and fully functional and oversees the work of the internal audit function as well as the external audit firm as it relates to the audit of financial statements, control systems and reporting. The audit committee or comparable body is guided and mandated by written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.

Internal audit is an independent, objective, assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process. Internal audits must have documented terms of reference or a charter reviewed and formally approved by senior management and the audit committee; and its functions must be carried out in accordance

with international recognized standards. Furthermore, the internal audit function should be carried out in accordance with recognized standards such as those prescribed by the [Institute of Internal Auditors \(IIA\)](#) or other equivalent standards.

The external audit function ensures an independent review of financial statements and internal controls, as defined by the [International Federation of Accountants \(IFAC\)](#). Entities must have appointed an independent external audit firm or organization, whose work should be consistent with recognized international auditing standards such as [International Standards on Auditing \(ISA\)](#). In cases where the entity is subject to external audits carried out by a national audit institution or other form of public independent inspection body, provisions should be made so that the external audits guarantee independence and impartiality, including through terms of reference. Such audits should also be conducted periodically.

The external auditor's tasks should include elaborating regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Audits and management progress reports are reviewed by the audit committee or comparable body annually.

4.1.4. Control framework

The Committee of Sponsoring Organizations (COSO) of the Treadway Commission defines internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in: a) effectiveness and efficiency of operations; b) reliability of financial reporting; c) compliance with applicable laws and regulations, risk assessment, among others. The documentation presented in this section must demonstrate the following:

- ▶ Reliability of financial reporting;
- ▶ A control framework that includes clearly defined roles for management, internal auditors, board of directors or comparable body, and other personnel with respect to internal control;
- ▶ At the institutional level, risk-assessment processes are in place to identify, assess, analyse and provide a basis for proactive risk responses in each of the financial management areas, and plans of action for addressing risks that are deemed significant or frequent;
- ▶ Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent;
- ▶ The organization's capability to ensure that all payments/ disbursements (both for projects and other expenditures) are properly checked and made only for bona-fide/approved purposes; and
- ▶ Provision of regular oversight of the procurement function with consist monitoring and follow-up on review reports.

The control framework guides the financial management framework. Applicants must provide evidence of procedures for identifying [controls and assessing the details in core financial areas](#): budgeting; accounting; internal control; funds flow (including disbursements, cash management, unused funds, close-out); financial reporting and auditing management.

4.1.5. Procurement

Procurement processes relate to the regular procurement operations of the entity as well as procurement in the context of the implementation and execution of funding proposals approved by the Fund. These should include formal standards, guidelines and systems based on widely recognized processes and internal control frameworks to **ensure fair and transparent procurement processes**. The documentation presented in this section must demonstrate the following:

- ▶ Formal internal guidelines and procurement policy, that specify procurement requirements, accountability and authority to take procurement actions;
- ▶ Specific procurement guidelines are in place with respect to different types of procurement such as recruitment of consultants, contractors and service providers;
- ▶ Specific procedures and methodologies, as well as adequate organizational resources for overseeing, assessing and reviewing procurement of beneficiary institutions, EEs or project sponsors;
- ▶ Evidence of transparent and fair procurement policies and procedures consistent with international practices such as non-discrimination an equal treatment, dispute resolutions, best value for money, among others;
- ▶ Provisions for regular oversight of the procurement function with consistent monitoring and follow-up on review reports, evidence that a risk management process exists and allows management to identify, assess and address existing or potential issues that may hamper the achievement of the entity's objectives; and
- ▶ Assessment/review reports for overseeing, assessing and reviewing the procurement procedures of beneficiary institutions, EEs or project sponsors provided, others.

4.2. Transparency and accountability

Transparency and accountability principles are established to **protect against mismanagement and fraudulent, corrupt and wasteful practices** as well as for the **disclosure of any form of conflict of interest** (actual, potential or perceived), among others. To demonstrate fiduciary alignment with the above principles, the following standards must be met:

4.2.1 Code of ethics

The applicant entity has in place either a **documented code of ethics** that defines ethical standards to be upheld, listing the parties required to adhere to the standards, including employees, consultants, and independent experts. Alternatively, there should be a **set of clear and formal management policies and provisions** to define expected ethical behaviour by all individuals contracted or functionally related to the organization.

All individuals with a functional and/or contractual relationship with the entity or organization must be aware of the existence of such code of ethics or policies. Furthermore, entities should have in place an ethics committee or has allocated such function to other relevant instances within the organization.

4.2.2 Disclosure of conflict of interest

The applicant entity has a disclosure policy, or equivalent administrative provisions to this effect, that establishes the necessary mandatory **financial disclosures of possible, actual, perceived or apparent conflict of interest**. The policy, or equivalent administrative provisions, specifies prohibited personal financial interests and describes the principles under which conflicts of interest are reviewed and resolved. It should also describe sanction measures for parties that do not disclose such conflicts on a proactive basis where a conflict of interest is identified.

Entities shall demonstrate their experience and track record in accessing financial resources from national and international sources; and provide evidence of a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, etc.

The GCF policy on prohibited practices, malpractices or prohibited practices includes:

Conflict of interest: *any situation in which a party or any of its staff involved in the relevant decision-making process has interests that could, or could be perceived to, improperly influence the performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations.*

Fraud: *means any act or omission, including misrepresentation or concealing material fact, that knowingly or recklessly misleads, or attempts to mislead, a party for the purpose of obtaining a financial or other undue advantage for oneself or for a third party, or to avoid an obligation.*

Corruption: *means the promise, offering, giving, receiving, or soliciting, directly or indirectly, anything of value (including but not limited to gifts, gratuities, entertainments, favours, invitations, and benefits of any kind) or any undue advantage, or any act or omission that involves the abuse of authority or functions, for the purpose of influencing or to causing to influence improperly the actions of another party, or for the purpose of obtaining an undue advantage for oneself or for another party.*

Coercion: *means the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party for the purpose of improperly influencing the actions of a part.;*

Collusion: *means an arrangement between two or more parties designed to achieve an improper purpose, including for the purpose of improperly influencing the actions of another party.*

Others: *obstructive practice, abuse, money laundering and financing of terrorism, retaliation against “whistleblowers or witnesses”.*

4.2.3 Preventing financial mismanagement

Refers to entities' capacity to prevent or deal with financial mismanagement and other forms of malpractice. Applicant entities must demonstrate experience and track record in accessing

financial resources from national and international sources, as appropriate. In this sense, applicants must provide a statement from the governing bodies or senior management of the organization emphasizing a **policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, or from any other relevant party** associated directly or indirectly with the general operations of the entity, and particularly in relation to the implementation of approved funding proposals.

Applicant entities shall demonstrate they have the channels or tools for reporting suspected ethics violations, misconducts or any kind of malpractice. Furthermore, they must present relevant evidence of an objective investigation function for allegations of fraud and corruption, which includes procedures within the organization to process cases of fraud and mismanagement, undertake necessary investigative activities and generate periodic reports for information and follow-up by the body responsible for the ethics function.

4.2.4 Investigation functions

The investigation function provides elements for the independent and objective investigation of allegations of fraudulent and corrupt practices in all operations of the entity as well as allegations of possible staff misconduct. The terms of reference of the investigation function should **outline the purpose, authority and accountability of the body responsible for these functions**; as well as guidelines for processing cases, including standardized procedures for handling complaints, and for periodically reporting case trends.

All entities should demonstrate that the investigations function is executed within the organization and that it is independent and has access to report findings to the highest level of the organization, if needed.

4.2.5 Anti-money laundering and anti-terrorist financing

The GCF is committed to the highest ethical standards regarding AML and CFT consistent with the Financial Action Task Force (FATF) recommendations in its “International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation”. During the eighteenth GCF Board meeting (GCF/B.18), the Board adopted its “Anti-Money Laundering and Countering the Financing of Terrorism Policy”, Decision B.18/10, Annex XIV (page 114–118) (GCF, 2017b)³².

This AML/CFT policy aims to safeguard the GCF against money laundering and the financing of terrorism. The policy sets the minimum and mandatory benchmarks to prevent, detect, and investigate money laundering and financing of terrorism, and to control and manage related risks. The applicability and scope of the GCF AML/CFT: GCF staff, its governing bodies and every other person working for the Fund, are required to adhere to this policy. Furthermore, **the GCF applies this policy to its relationship with its counterparts**, which includes AEs.

³² GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy, 2017.

GCF defines “**Counterparty**”: any party that contributes to, executes, implements, bids for, or in any way participates in, GCF-related activities, including receiving a grant, loan or other form of financing or support from the Fund. Counterparties include a contributor, accredited entity, direct access entity, executing entity, delivery partner, fiscal agent, financial intermediary, vendor and (for the purpose of this policy) any entity within the Secretariat that directly disburses GCF resources including for the Readiness and Preparatory Support Programme

In this sense, the GCF takes adequate steps to ensure that AEs, and all other entities that participate in the implementation of GCF activities, have policies that are consistent with the CGF AML/CTF policy. Entities seeking accreditation will need to demonstrate that they have AML/CFT policies and procedures in place, to mitigate reputational, regulatory, legal and financial loss risks. Furthermore, entities will need to provide sufficient evidence regarding the implementation of the AML/CFT due diligence process, for example evidence of the application “Know-Your-Customer” process to the entity’s counterparts; EEs, IEs, or for example any other entity or person involved in the implementation of a project or programme.

E. Section 5: Specialized fiduciary standards

Specialized fiduciary standards refer to institutional capacities that qualify the applicants to undertake specialized activities depending on the nature and scope of their mandate within the Fund’s operations. These could be capacities to identify, prepare, manage, and fully implement not only projects, but also programme-based funding proposals using one or more of the following options: Project Management; Grant Awards and/or Funding Allocation mechanism; Loans/on-lending and financial blending (Table 3).

In this sense, based on the applicant’s experience and demonstrated track record, entities may choose one or a combination of the following options, to operate the Fund’s resources:

- a) **Project management:** Refers to institutional capacities that will qualify the applicant entities to manage and implement projects either directly or indirectly (to oversee implementation) through other partners using financial resources received from the GCF. It refers to an entity’s ability to manage climate change projects throughout project cycle and to ensure all potential project risks are duly identified and managed. This standard is required for the majority of activities and so far, all AEs have required project management accreditation.

The role of an AE in project or programme management will depend on whether it is implementing projects (as an IE), or intermediating funding through a grant award, on-lending or blending mechanism (intermediaries). In the former case, the project management capacities of the applicant entity will be assessed; while in the latter case, the assessment will look at its capacities to exercise appropriate oversight, and to be held accountable across the defined fiduciary requirements in this category, for the entities that will access the funding that it intermediates.

Implementing entities (IE): refers to a legal entity, public or private in nature, duly accredited to the GCF, whose accredited institutional capacities enable it to submit funding proposals to the GCF, with the explicit role of managing the approved project cycle (from preparation to conclusion). The role of IEs relates to the management and oversight of project implementation. This includes the **originating and preparing a funding proposal, the subsequent management of the necessary stages of the implementation process** until its conclusion (project management) on behalf of the provider of funds (the Fund). This also **includes reporting duties** that are necessary for the successful implementation of the approved funding proposal and in accordance with relevant operational guidelines of the Fund.

Intermediaries: are regarded as those accredited subnational, national, regional or international entities that have been able to demonstrate additional specialized capacities that enable them to intermediate or administer grants and/or loans, blend the Fund's resources, including with their own resources, and, in general, provide tailored instruments to EEs,³³ conclude agreements with EEs corresponding to the type of instruments extended, disburse funds to, and, in the case of loans, receive debt service from EEs, and ensure that the EE adheres to the Fund's interim ESS, initial fiduciary standards and other requirements.

- b) Grant award and/or funding allocation mechanism:** This specialized standard applies for entities that will provide **intermediate funding** in the form of grants through grant awards or funding allocation mechanisms. This set of standards covers an entity's ability to provide grants to third parties in a credible and transparent manner (e.g. call for proposals and selection criteria) to ensure the impact of grants on final beneficiaries furthers the objectives of the GCF.

Specific capacities for grant awards and funding allocation mechanisms of grants in the context of programmes require transparent eligibility criteria and evaluation processes (e.g. request for proposal), a grant award decision and procedures, public access to information on beneficiaries and results, transparent allocation and implementation of financial resources, and a good standing for financial requirements with regard to multilateral funding. Furthermore, intermediaries and IEs will need to demonstrate that they have due diligence processes in place for selecting EEs to implement this specialized fiduciary standard. In this sense, AEs will be required to conduct a due diligence process before selecting the partner EE to work with, as it is expected that EEs are able to operate in accordance with the GCF's standards.

- c) On-lending:** Applies for intermediaries and IEs that will use financial resources from the GCF to provide loans (lend or on-lend GCF resources) to other actors or a third party; this could also include providing equity and/or guarantees to other entities. Applicant entities seeking accreditation do not need to meet this requirement if they intend to receive loans from the GCF but not on-lend that money to others.
- d) Blending:** Applies for intermediaries and IEs that wish to combine finance from the GCF with funding in the form of loans, grants, equities and/or guarantees, with the entity's own resources or with resources from other international sources, MBDs, bilateral agencies or national financial sources (third party financing) or with the entity's own resources.

³³ Executing Entities: refer to the project owners or entities directly responsible for the operational implementation and execution of the project with full accountability to the relevant IE or intermediary.

Table 3. Purpose and scope of the GCF specialized fiduciary standards.

Purpose	Scope
Project management	<p>5.1.1 – Project preparation and appraisal;</p> <p>5.1.2 – Project implementation, oversight and control;</p> <p>5.1.3 – Monitor and evaluation;</p> <p>5.1.4 – Project-at-risk systems & related project risk management capacities;</p>
Grant award and/or funding allocation mechanism	<p>5.2.1 – Grant award procedure;</p> <p>5.2.2 – Transparent allocation of financial resources;</p> <p>5.2.3 – Public access to information on beneficiaries and results;</p> <p>5.2.4 – Good standing with regard to multilateral funding;</p>
On-lending and blending	<p>5.3.1 – Appropriate registration and/or licensing by a financial oversight body or regulator in the country and/or internationally (as applicable);</p> <p>5.3.2 – Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;</p> <p>5.3.3 – Credit worthiness</p> <p>5.3.4 – Due diligence policies, process and procedures;</p> <p>5.3.5 – Financial resources management, including analysis of the leading portfolio of the intermediary;</p> <p>5.3.6 – Public access to information on beneficiaries and results;</p> <p>5.3.7 – Investment management, policies and systems, including in relation to portfolio management;</p> <p>5.3.8 – Capacity to channel funds transparency and effectively and to transfer the Fund’s funding advantages to final beneficiaries;</p> <p>5.3.9 – Financial risk management, including as set liability management;</p> <p>5.3.10 – Governance and organizational arrangements, including relationships between the treasury function and the operational side (front desk).</p>

Source: The GCF initial guiding frameworks for accreditation.

5.1 Project management

The Fund’s specialized fiduciary criteria refer to institutional capacities that will qualify the applicant entities to manage, supervise and oversee the overall project or programme, either directly or indirectly through EEs. The underlying principles of the GCF special fiduciary standards related to project management are:

- ▶ Ability of an organization to identify, formulate and appraise projects/programmes;
- ▶ Competencies to manage or oversee approved funding proposals;
- ▶ Monitoring and evaluating implementation; and
- ▶ Capacity to consistently and transparently report on progress, delivery and implementation of funding proposals.

5.1.1 Project preparation and appraisal

The applicant entity should demonstrate track record of capability and experience (including appropriate tendering procedures for project proposals) in the identification and design of projects/programmes within the respective jurisdiction (subnational, national, regional or international, as applicable). Project design should clearly state project objectives and outcomes in preparing funding proposals and to incorporate key performance indicators with baselines and targets. Under this principle, the GCF assesses the ability of an entity to examine and incorporate technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, which should be reflected in the funding proposal at the appraisal stage. The documentation presented in this section must demonstrate the following:

- ▶ Project preparation and appraisal guidelines/framework and procedures, including templates/formats and roles and responsibilities thereof;
- ▶ Policy or other document that outlines the entity's risk assessment procedures/framework, including preparation of risk mitigation strategies/plans at the project design and appraisal stages; and
- ▶ Framework/guidelines/procedures for undertaking quality reviews during project preparation and appraisal process, among others.

5.1.2 Project oversight and control

Refers to operational systems, procedures and overall capacity to consistently prepare project implementation plans, including project budgets, reporting guidelines, regularly assess project expenditure against project budget; as well as to monitor and identify opportunities for improving project performance against budget and timelines. The documentation presented in this section must demonstrate the following:

- ▶ Operational manual/procedures covering preparation of project implementation plans, including project budgets, reporting guidelines and templates to be used by EEs or project sponsors;
- ▶ Implementation plans (which include project implementation plans, monthly/quarterly/annual project budgets, reporting guidelines and templates);
- ▶ Appropriate reporting capabilities and capacities to appropriately publish implementation reports, among others; and
- ▶ Operational systems and overall capacity to conduct necessary activities related to project closure, including due reporting on results achieved, lessons learned and recommendations for improvements, as well as capacity to disseminate results and make key findings publicly available.

5.1.3 Monitoring and evaluation

The **monitoring function** detects, assesses, and provides management information about risks related to projects, particularly for those deemed to be at risk:

- ▶ Operational and organizational resources are available to implement monitoring functions, policies and procedures consistent with the requirements of Fund's Monitoring and Evaluation (M&E) guidelines.
- ▶ Policies and procedures consistent with the requirements of the Fund's M&E guidelines.

- ▶ The roles and responsibilities of the monitoring function are clearly articulated at both the project and entity/portfolio levels. The monitoring function at the entity/portfolio level is separated from the project origination and supervision functions.

The **evaluation function** assesses the extent to which projects, programmes, strategies, policies, sectors or other activities achieve their objectives and contribute to the Fund's results areas. The goal of evaluation is to provide an objective basis for assessing results, to provide accountability in the achievement of objectives, and to learn from experience. They include:

- ▶ Independent evaluations are undertaken by an established body or function as part of a systematic programme of assessing results, consistent with Fund's policies.
- ▶ The evaluation function follows impartial, widely recognized, documented and professional standards and methods.
- ▶ The evaluation body or function is structured to have the maximum independence possible from the organization's operations, ideally reporting directly to the board of directors or comparable body.
- ▶ An evaluation disclosure policy is in place.

5.1.4 Project-at-risk system and related project risk management capabilities

A process or system, such as a project-at-risk system, is in place to flag early on when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems. Risk management functions should be differentiated from project implementation and project supervision responsibilities. The documentation presented in this section must demonstrate the following:

- ▶ A process or system, such as a project-at-risk system, is in place to flag early on when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.
- ▶ Availability of an independent risk management function differentiated from project implementation and project supervision responsibilities.
- ▶ Risk assessment should demonstrate capabilities to undertake the assessment of financial, economic, political and regulatory risks during the implementation stage; and integrate risk mitigation and management strategies into funding proposals.

5.2 Grant award mechanism

This set of criteria will apply to any entity that will **intermediate funding** or provide grants to beneficiaries through an award system or competitive-based mechanism. Specific capacities for grant awards and funding allocation mechanisms of grants in the context of programmes require: **transparent eligibility criteria, modalities for providing grants and an evaluation process, a grant award decision and procedure, public access to information on beneficiaries and results**, transparent allocation and implementation of financial resources, and a good standing record with regards to multilateral funding.

If the applicant entity wishes to award grants to other actors (third party), they must show that they are capable of doing so effectively. To meet this standard, institutions need to have a transparent and formally documented process for awarding grants to recipients, which include the following:

- ▶ Clearly defined eligibility criteria and procedures for evaluating and awarding grants;
- ▶ Information on evaluation committees to award or reject grants;
- ▶ Public access to information on beneficiaries and results;
- ▶ Transparent allocation of financial resources; and
- ▶ Good standing record of financial requirements with regards to multilateral funding (e.g. through recognized public expenditure reviews).

5.2.1 Grant awards decision and procedures

In this section, the applicant is requested to demonstrate that the grant award decision should be taken by the person or body who is legally authorized to sign grant agreements on behalf of the awarding body. Decisions to award grants should, as a minimum, state: subject and overall amount of decision; name of beneficiaries; title of granted activity; grant amount awarded and reasons for this choice. Furthermore, all applicants must be notified in writing of grant award outcomes, and those whose applications were rejected should be informed of the reasons(s) for the rejection. Additionally, entities should have in place check systems that allow them to verify that: no grant is awarded retrospectively for activities already started or completed at the time of the application; all applicants are notified in writing of grant award outcome, among others.

5.2.2 Public access to information on beneficiaries and results

In this section the applicant is requested to demonstrate that grant awards results are made public, within a reasonable timeframe. As a minimum, the following information should be included: name, address and nationality of the beneficiary, purpose of the grant and the grant amount.

5.2.3 Transparent allocation and implementation of financial resources

Applicants should demonstrate there is a system in place to provide assurance on the reality and eligibility of activities to be carried out with the grant award. In this sense, there should be a system to recover funds unduly paid and to prevent irregularities and fraud. Further, there are clear procedures about procurement rules the grant beneficiary is required to apply and the grant-awarding entity monitors the implementation of funded programme activities and supports beneficiaries through counselling and advice.

Documentation that reflects that grant awarding entities are required to carry on-site visits to monitor the implementation of a project should be provided. Furthermore, applicants should demonstrate that there are procedures for the suspension, reduction or termination of the grant if the beneficiary fails to comply with its obligations.

5.2.4 Good standing record with regards to multilateral funding

Good standing record for financial requirements with regard to multilateral funding (e.g. through recognized public expenditure reviews). Public expenditure reviews are used to evaluate effectiveness of public finances, and usually analyse if expenditures are consistent with policies and institutional priorities.

5.3 On-lending and/or blending

This set of criteria will apply to any financial or other entity that will intermediate funding in the form of loans through on-lending or blending with resources from other sources. The following list suggests possible on-lending and blending capacities for consideration during the accreditation process:

- ▶ Appropriate registration and/or licence from a financial oversight body or regulator in the country and/or internationally, as applicable;
- ▶ Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;
- ▶ The creditworthiness of the institution making on-lending or blending arrangements;
- ▶ Due diligence policies, processes and procedures in place. Entities shall have documented policies/guidelines/procedures for on-lending and/or blending operations, and have a documented framework/system for undertaking due diligence to assess the capabilities of the recipient organization;
- ▶ Financial resources management, including analysis of lending portfolio of the intermediary;
- ▶ Public access to information on beneficiaries and results;
- ▶ Investment management, policies and systems, including in relation to portfolio management;
- ▶ Capacity to channel funds transparently and effectively, and to transfer the GCF's funding advantages to final beneficiaries;
- ▶ Financial risk management, including asset liability management;
- ▶ Governance and organizational arrangements, including relationships between the entity's treasury function and the operational side; and
- ▶ There are clear procedures about the grant award rules that the implementing partner is required to apply; or if the intermediary uses its own rules, the minimum requirements are satisfactory.

F. Section 6: Environmental and social safeguards

As part of its commitment “to do no harm” to communities and their environment, the GCF adopted the **ESS**,³⁴ which specify the principles and requirements to avoid, minimize and/or manage E&S risks and impacts throughout the project cycle. The GCF interim ESS follows the **International Finance Corporation Performance (IFC) Standards on Environmental and Social Sustainability**. The GCF ESS specify the principles and requirements that activities supported by the Fund will need to ensure, including that E&S risks and impacts are avoided or minimized and managed throughout the life cycle of GCF-financed activities. As an overall principle to managing E&S risks and impacts of its financed activities, the Fund adheres to the mitigation hierarchy.

³⁴ The Environmental and Social Safeguards (ESS) refers to a set of standards that specifies the desired outcomes and the specific requirements to achieve these outcomes through means that are appropriate to the nature and scale of the activity and commensurate with the level of environmental and social risks and/or impacts.

In 2018, through Board Decision B.19/10, the GCF adopted its Environmental and Social Policy (GCF, 2018a)³⁵, which sets out the **risk-based approach** for identifying, assessing and managing E&S risks and impacts of activities, projects, and programmes supported by GCF resources. The E&S policy describes the environmental and social principles and requirements that support the application of GCF's ESS.

This risk-based approach ensures due diligence based on the appropriate level of likely environmental and social risks of the activities. The level of environmental and social risk will determine:

- ▶ The depth and extent of environmental and social assessment that will need to be conducted;
- ▶ The measures that will be developed and implemented to address, manage and monitor the risks and impacts;
- ▶ The appropriate stakeholder engagement; and
- ▶ The disclosure of relevant environmental and social information.

As part of the accreditation process, the GCF will verify if applicant entities have the capacities, competencies and track record in undertaking E&S risks; as well as an **environmental and social management system (ESMS)** in place and aligned with international best practices (Table 4). According to the Fund's E&S Policy, an ESMS refers to a set of management processes and procedures that allow an organization to identify, analyse, control and reduce the environmental and social impacts of its activities including transboundary risks and impacts, in a consistent way and to improve performance in this regard over time. In this sense, applicant entities will have to provide evidence that **ensures that activities are properly screened, assigned appropriate E&S risk categories, and that E&S risks and impacts are properly and sufficiently assessed.**

Table 4. Summary of International Finance Corporation performance standards (PS)

PS1	<p>ASSESSMENT AND MANAGEMENT OF E&S RISKS AND IMPACTS:</p> <ul style="list-style-type: none"> - Applies to all projects that have E&S risks and impacts; - Adopt mitigation hierarchy: anticipate, avoid; minimize; compensate or offset; - Highlights the importance of engaging with the affected communities and other stakeholders throughout the project life cycle; including communication and grievance mechanisms; and - Establishes the importance of: <ul style="list-style-type: none"> • Integrated assessment to identify the E&S impacts, risks, and opportunities of projects; and • The entity's management of E&S performance throughout the life of the project.
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³⁵ GCF Environmental and Social Policy, 2018.

PS2	<p>LABOUR AND WORKING CONDITIONS:</p> <ul style="list-style-type: none"> - Ensure fair treatment, non-discrimination, equal opportunity; - Ensure good worker–management relationship; - Comply with national employment and labour laws; - Protect workers, in particular those in vulnerable categories; - Promote safety and health; - Avoid use of forced labour or child labour.
PS3	<p>RESOURCE EFFICIENCY AND POLLUTION PREVENTION:</p> <ul style="list-style-type: none"> - Avoid, minimize or reduce project-related pollution; - Promote more sustainable use of resources, including energy and water; - Reduce project-related greenhouse gas emissions.
PS4	<p>COMMUNITY, HEALTH, SAFETY AND SECURITY:</p> <ul style="list-style-type: none"> - Anticipate and avoid adverse impacts on the health and safety of the affected community; - Safeguard personnel and property in accordance with relevant human rights principles.
PS5	<p>LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT:</p> <ul style="list-style-type: none"> - Avoid/minimize adverse social and economic impacts from land acquisition or restrictions on land use: <ul style="list-style-type: none"> • avoid/minimize displacement • provide alternative project designs • avoid forced eviction - Improve or restore livelihoods and standards of living; and - Improve living conditions among displaced persons providing: <ul style="list-style-type: none"> • Adequate housing and security of tenure.
PS6	<p>BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES:</p> <ul style="list-style-type: none"> - Protect and conserve biodiversity; - Maintain benefits from ecosystem services; - Promote sustainable management of living natural resources; - Integrate conservation needs and development priorities.
PS7	<p>INDIGENOUS PEOPLES:</p> <ul style="list-style-type: none"> - Ensure full respect for indigenous peoples: <ul style="list-style-type: none"> • Human rights, dignity, aspirations • Livelihoods • Culture, knowledge, practices - Avoid/minimize adverse impacts; - Ensure sustainable and culturally appropriate development benefits and opportunities; and - Ensure free, prior and informed consent in certain circumstances.
PS8	<p>CULTURAL HERITAGE:</p> <ul style="list-style-type: none"> - Protect and preserve cultural heritage; and - Promote equitable sharing of cultural heritage benefits.

Source: Adapted from the Interim Environmental and Social Safeguards of the GCF.

Applicants' E&S processes and procedures are to be commensurate to the level of environmental and social risk that the entity manages or implements. For example, activities that are deemed to have high E&S risks are required to undertake extensive assessment, management and monitoring of risks and impacts. In comparison, lower risk activities are expected to undertake simpler and more narrowly focused assessments, management and monitoring of measures to address identified risks and impacts. The GCF acknowledges that applicant entities might already have an ESMS in place consistent with IFC performance standards or similar international environmental and social standards (e.g. Equator Principles³⁶ or others).³⁷ Regardless of this, applicant entities will have to provide sufficient evidence to demonstrate that they are able to comply with the GCF E&S framework.

NOTE: For additional information related to **IFC Performance Standards on Environmental and Social Sustainability and IFC Guidance Notes** visit the following links:

- <http://www.ifc.org/performancestandards>
- www.ifc.org/wps/wcm/connect/24e6bfc3-5de3-444d-be9b-226188c95454/PS_English_2012_Full-Documents.pdf?MOD=AJPERES&CVID=jkV-X6h

For information related to World Bank Group **EHS Guidelines** visit the following link:

- www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

Additionally, as part of the GCF risk-based E&S due diligence, activities supported by the GCF will need to be categorized according to the different levels of E&S risks as described in the E&S policy. The **environmental and social risk category** of activities will assist in determining the level of due diligence that will be conducted; meaning that the E&S risk category will be proportional to the nature, scale and location of the activities; their likely environmental and social risks and impacts; and the vulnerability of the receiving environment and communities.

As part of the accreditation process, applicant entities will have to demonstrate that they have a system in place to assign appropriate E&S risk categories to projects and programmes, in a manner consistent with the GCF's categorization system (Table 5). The E&S risk categories of activities supported by the GCF are **Category A** (high risk³⁸); **Category B** (medium risk); and **Category C** (low risk). Note that the risk category of the activities does not, in any way, imply whether an activity is "good" or "bad" but instead indicates recognition of the likely risks and impacts, allowing measures to be put in place to avoid, minimize or mitigate this risks and impacts.

Categorization also applies to investments through **financial intermediation**. The screening and categorization will consider the E&S risks and impacts associated with the portfolio of its financial intermediary clients (risk associate with lending/investment). Categories of activities

³⁶ Equator Principles (EPs) is a risk management framework, adopted by financial institutions, for determining, assessing and managing E&S risks in projects. For additional information refer to the following link: <https://equator-principles.com>

³⁷ Some entities have demonstrated that their E&S management system is certified under the International Organization for Standardization (ISO14001); however entities will still be required to demonstrate how their E&S framework is aligned with Performance Standards 1 to 8.

³⁸ High risk accreditation requires full development and integration of each element. Institutions seeking accreditation for medium risk projects can have elements that are slightly less developed or integrated into the institution.

involving investments through financial intermediation functions or delivery mechanisms involving financial intermediation are divided into the following three levels of risk: **High level of intermediation or I1; Medium level of intermediation or I2, and; Low level of intermediation or I3.** In this sense, intermediaries are expected to develop and maintain sound E&S management practices through implementing an ESMS. The scope and the complexity of the ESMS will be commensurate with the E&S risk profile of the portfolio supported by the Fund.

Table 5. The GCF environmental and social risk categories for activities and intermediations.

RISK LEVEL	E&S CATEGORY FOR FUNDING PROPOSALS	E&S CATEGORY FOR INTERMEDIATION ³⁹
HIGH	Category A: Activities with potential significant adverse environmental and/or social risks and/or impacts, diverse, irreversible, or unprecedented.	Intermediation 1 (I-1): 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.
MEDIUM	Category B: 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.	Intermediation 2 (I-2): When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse E&S 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 E&S risks and/or impacts that are diverse, irreversible, or unprecedented.
LOW	Category C: Activities with minimal or no adverse environmental and/or social risks and/or impacts.	Intermediation 3 (I-3): 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.

Source: Adapted from the GCF’s environmental and social policy.

Different requirements will apply to candidate DAEs depending on the E&S risk category they wish to apply (Table 6). The GCF will only accredit institutions to implement activities with high or medium levels of risk if the institution can demonstrate that it has an organizational structure that defines roles, responsibilities and authority to implement the E&S policy and

³⁹ Intermediation: activities involving investments through financial intermediation functions or through delivery mechanism involving financial intermediation. Intermediaries refers to subnational, national, regional or international public and private entities (financial or non-financial) with accredited capacities for intermediation.

ESMS, and a track record of managing projects with the same level of environmental or social risk in the past.

Table 6. Overview of the main E&S requirements, depending on E&S risk levels

Element of ESMS	Low Risk – Category C/I-3	Medium or High Risk
Policy	Not Required.	Must be consistent with PS 1–8.
Identification of risks & impacts	Process to screen & categorize risk.	Process & implementation track record consistent with PS 1–8.
Management programme	Process to identify & manage risks (including unanticipated risks).	Process & track record for mitigating identified risk.
Organizational capacity & competency	Staff members able to categorize activities by risks.	Clear roles & authority for implementation; includes senior management.
Monitoring & review	Monitoring for unforeseen impacts or risks.	Process for & track record of monitoring mitigation actions; includes senior management.
External communications	System to register, assess, respond to, and track stakeholder communication.	

Source: Adapted from Guidelines for the operationalization of the fit-for-purpose approach.

NOTE: For information regarding the GCF’s E&S screening and categorization, refer to the following documents:

- Sustainability guidance note: Screening and categorizing GCF-financed activities (GCF, 2019c) and
- Guidelines for E&S screening of Activities Proposed under the Simplified Approval Process (SAP) (GCF, 2018b)

6.1 Environmental and social policy

Applicant entities seeking to manage or implement **low risk project/programmes (Category C/I-3)** don’t need to have an E&S policy. However, **applicant entities seeking to get accredited for Category A/I-1, B/I-2 need to fulfil specific requirements regarding their E&S policy:**

- ▶ Category A/I-1 and B/I-2: Includes an overarching statement of the E&S objectives and principles which guide the institution;
- ▶ Category A/I-1 and B/I-2: States the E&S standards the institution adheres to, including laws implementing host country obligations under international law;
- ▶ Category A/I-1 and B/I-2: Indicates who within the institution will ensure conformance with the policy and be responsible for its execution;
- ▶ Category A/I-1 and B/I-2: Is consistent with PS1–8;
- ▶ Category A/I-1 and B/I-2: Be endorsed by senior management,
- ▶ Only for category A/I-1: Communicate policy at all levels of the institution (high risk).

To be consistent with PS 1–8, applicant entities must demonstrate they have written commitments to: protect the rights of workers, including those working on projects overseen/ supported by the institution; limit pollution and ensure efficient use of natural resources; protect the health and safety of affected communities; manage physical and economic resettlement of people; protect ecosystems, biodiversity and natural habitats; respect the rights of indigenous peoples; and protect cultural heritage.

6.2 Identification of risk and impact

For the GCF, the E&S risk category of an activity indicates the extent of the: due diligence that needs to be undertaken by the accredited entity or through its EE; mitigation measures, including the resources needed to implement the environmental and social management plans; and the stakeholder engagement and information disclosure. As part of the accreditation process, applicant entities must provide information and evidence that demonstrate how they carry out their E&S screening.

Applicant entities seeking **to get accredited for Category C/I-3 must demonstrate to have:**

- ▶ A process that screens projects/programmes against PS1–8 and is able to consistently confirm the risk category; and
- ▶ Provide a basic E&S procedure which may be implemented by a relevant department of the entity.

Applicant entities seeking **to get accredited for Category A/I-1, B/I-2** must have a fully developed and documented institutional process and track record (Category A) or an institutional process and track record (Category B) that it has:

- ▶ Category A/I-1 and B/I-2: A system that identifies the E&S risks and impacts of projects/programmes;
- ▶ Category A/I-1 and B/I-2: E&S system consistent with good international industry practice;
- ▶ Category A/I-1 and B/I-2: E&S system consistent with PS1–8; and
- ▶ Only for category A/I-1 (high risk): E&S system is integrated into operations.

The GCF will assess whether the track record and demonstrated capacity of the applicant entity match the selected E&S risk category. If this is not the case, the Fund may recommend another risk category. An applicant entity cannot request to manage a project/programme with a high-risk level if it does not demonstrate experience in handling those types of projects. For example, entities accredited to Category B can propose activities with E&S risk category of up to Category B only.

6.3 Management programme

The management programme of a candidate DAE or applicant entity should be consistent with the level of E&S risk they are applying for at the GCF. The management programme should indicate their process to identify and manage risks (including unanticipated risks and impacts), and designate roles and responsibilities for implementing the programme.

Applicant entities seeking to get accredited for Category C/I-3 (low risk) will need to demonstrate that they have a management programme consistent with the level of E&S risk. This includes institutional processes to identify and manage risks (containing unanticipated risks and impacts), and designate roles responsible for implementing the programme.

Applicant entities seeking to get accredited for Category B/I-2 (medium risk) will need to demonstrate:

- ▶ A documented institutional process and track record for managing mitigation measures and actions stemming from the E&S risk identification process;
- ▶ Depending on the nature and scale of the project/programme, the management programme may consist of a documented combination of operational procedures, practices, plans and related supporting documents that are managed in a systematic way; and
- ▶ Provide:
 - Operational process or procedures documenting practices describing how individual project mitigation actions will be documented, tracked and applied; and
 - Audit reports on institutional management programme effectiveness.

Applicant entities seeking to get accredited for Category A/I-1 (high risk) will need to demonstrate:

- ▶ A fully developed and documented institutional process and track record for managing mitigation measures and actions stemming from the E&S risk identification process:
- ▶ Evidence of management programme, including formal operational process or procedures, documented practices describing how individual projects mitigation actions will be documented, tracked and applied.
- ▶ Depending upon the nature and scale of the project/programme, the management programme may consist of a documented combination of operational procedures, practices, plans and related supporting documents that are managed in a systematic way.
- ▶ Provide:
 - **Evidence of management programme**, including formal operational process or procedures documenting practices describing how individual project mitigation actions will be documented, tracked and applied.
 - **Audit reports (conducted by external company or organization)** on institutional management programme effectiveness.

6.4 Organizational capacity and competency

Candidate DAEs should demonstrate they have designated staff or staff members appropriately located within the organization, and that have knowledge regarding PS1–8, and are able to properly categorize potential funding proposals through a screening process.

Applicant entities seeking to get accredited for Category C/I-3 will need to demonstrate:

- ▶ Designated staff or staff members appropriately located within the organization who are knowledgeable about PS1-8 and able to properly categorize potential funding proposals through a screening process.
- ▶ Provide an organizational chart of where designated staff members who make categorization decisions are located within the organization and to whom they report (reporting lines).

Applicant entities seeking to get accredited for Category B/I2 must demonstrate:

- ▶ An organizational structure or framework that defines roles, responsibilities, reporting lines and authority to implement the ESMS, which includes senior management. Key E&S responsibilities should be defined and supported with human and financial resources. For Category A, this should be communicated within the organization.
- ▶ Technical staff with direct responsibility for the project/programme performance who have the knowledge, skills & experience necessary to understand and ensure implementation of PS1-8.
- ▶ Technical staff with knowledge of PS1-8, are able to properly categorize potential funding proposals.
- ▶ Provide:
 - An organizational chart that identifies units or departments, line management and the individuals having E&S performance and compliance responsibilities.
 - Job description and responsibilities of key E&S personnel, including expertise and experience in PS1-8.

Applicant entities seeking to get accredited for Category A/I-1 must demonstrate:

- ▶ An organizational or framework that defines roles, responsibilities, reporting lines and authority to implement the ESMS, which includes senior management. Key E&S responsibilities should be defined, **COMMUNICATED** and supported with human and financial resources.
- ▶ Technical staff with direct responsibility for the project/programme performance have the knowledge, skills and experience to understand and ensure implementation of PS1-8.
- ▶ Technical staff with knowledge of PS1-8, and able to properly categorize potential funding proposals.
- ▶ Provide:
 - An organizational chart that identifies units or departments, line management and the individuals having E&S performances and compliance responsibilities.
 - Job description and responsibilities of key E&S personnel, including expertise and experiences in PS1-8.
 - **Procedures for information sharing (awareness) among the investment, legal and credit offices in the organization's E&S requirements and ESMS.**
 - **Description of training and development programmes for E&S and other relevant staff.**

6.5 Monitoring and reviewing

Refers to process, procedures and/or systems to monitor projects/programmes to ensure that there have been no changes to scope or unanticipated impacts or risks requiring additional mitigation and management actions.

Applicant entities seeking to get accredited for Category C/I-3 will need to provide:

- ▶ A description of their project monitoring process applicable for projects/ programmes, in order to ensure that there have been no changes to scope or unanticipated impacts or risks requiring mitigation and management.

Applicant entities seeking to get accredited for Category B/I-2 must demonstrate:

- ▶ Track record and internal processes to support a monitoring/supervision programme that tracks and ensures completion of mitigation and performance improvement measures.
- ▶ Periodic performance reviews reported to senior management on the effectiveness of the ESMS.
- ▶ Senior management has a track record of taking the necessary steps to ensure that the intent of the institution's policy is met and that procedures, practices and plans are implemented.
- ▶ Provide:
 - Description of monitoring and review programmes, and previous years' indicators that resulted from the programme; and
 - Samples of project M&E reports.

Applicant entities seeking to get accredited for Category A/I-1 must demonstrate:

- ▶ Track record and internal processes to support a monitoring/supervision programme that tracks and ensures completion of mitigation and performance improvement measures.
- ▶ Periodic performance reviews reported to senior management on the effectiveness of the ESMS.
- ▶ Senior management has a track record of taking the necessary steps to ensure that the intent of the institution's policy is met and that procedures, practices and plans are implemented.
- ▶ Provide:
 - Description of monitoring and review programmes, including process and procedures;
 - Examples on how lessons learned from M&E have influenced the design/decisions concerning specific projects/programmes;
 - Overall indicators resulting from the programme in the past three years, which indicate a track record of the level of success of ESMS implementation within projects/ programmes;
 - Description of the review or audit process that verifies this data (institutional independent review arm, outside audit firm, oversight mechanism, etc.), sample of project audit reports;
 - Description of the type of reports, which include E&S monitoring information, that are submitted to senior management, sample of project monitoring and evaluation reports prepared in the last three years;

- Examples on how E&S supervision and auditing activities have informed the management review and update of the ESMS; and
- Examples on how E&S supervision and auditing activities have resulted in knowledge dissemination either internally or publicly.

6.6 External communication

Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the management of E&S risks/impacts and the sustainability of a project/programme. External communication channels should allow entities to:

- ▶ Receive and register external communications from the public;
- ▶ Screen and assess issues raised and determine how to address them; and
- ▶ Provide, track and document responses.

In this sense, the GCF will require that all **applicant entities seeking to get accredited for Category A/I-1, B/I-2 or C/I-3** must demonstrate that they have an external communication channel that meets international standards, and provide the following evidence:

- ▶ Written process or procedures describing external communication systems;
- ▶ Location of system (website, etc.);
- ▶ Register of inquiries/complaints and responses from the past year.

Furthermore, the GCF ESS establishes the requirements for setting up a **grievance mechanism** to inform those communities, affected or likely to be affected by GCF-financed activities about the grievance and redress mechanisms at all three levels: at local or project level (on-site); accredited entity level (e.g. accredited entity website); or at the GCF level through its Independent redress mechanism (IRM)⁴⁰ Applicant entities and AEs are expected to take additional considerations to provide a grievance mechanism for the entity's employees or personnel to raise their workplace concerns. The grievance procedures should be tailored to meet the needs of the entities and should be scaled to fit the level of risks and impacts of a project. The Fund will also require AEs and intermediaries to develop plans and processes for meaningful consultation and stakeholder engagement that are based on the principles of transparency, accountability, inclusiveness, non-discrimination.

⁴⁰ IRM website to file request and/or complaints is available at: <https://irm.greenclimate.fund>

NOTE: For **specific information on GCF stakeholder consultation** refer to the *Sustainability Guidance Note: Designing and ensuring meaningful stakeholders' engagement on GCF-financed projects* (GCF, 2019d)

For additional information regarding the grievance mechanism and stakeholder engagement refer to the following links:

- www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_gpn_grievances (IFC, 2009)
- www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_stakeholderengagement_wci_1319577185063 (IFC, 2007)
- www.cao-ombudsman.org/howwework/advisor/documents/implemgrieveng.pdf (CAO, 2008)

G. Section 7: Gender

Climate change impacts men and women differently, to the detriment of women, and is likely to exacerbate existing gender inequalities. To mainstream gender into its decision-making and project/programme proposals, the GCF adopted and implements its **Gender Policy** and the current **Gender Action Plan**⁴¹ by which the Fund commits to:

- ▶ Gender equality and equity;
- ▶ Inclusiveness in all activities;
- ▶ Accountability for gender and climate change results and impacts;
- ▶ Country ownership – through alignment with national policies and priorities, and broad stakeholder engagement, including women's organizations;
- ▶ Gender-sensitive competencies throughout its institutional framework – skills, knowledge and behaviour – acquired from training and experience that enable GCF Secretariat staff members to apply a gender-lens throughout their work; and
- ▶ Equitable resource allocation, so that women and men benefit equitably from the GCF's adaptation and mitigation activities.

AEs, as well as NDAs or focal points, and GCF delivery partners for readiness resources, are required to meet and comply with the GCF's gender policy and action plan.

During the accreditation process, applicant entities will need to indicate how they mainstream gender considerations within their own organization and at project/programme level. Additionally, entities will have to demonstrate that they have procedures in place, as well as the capacities to meet the principles and requirements of the GCF Gender Policy.

Institutions working under a gender-sensitive approach might, for example, have an equal employment opportunity policy in place to ensure that the institution does not discriminate between genders in its employment practices.

⁴¹ The GCF gender action plan is updated every three years.

In addition, the institution will need a policy on gender sensitivity in projects, requiring for example, the use of gender-sensitive indicators and sex-disaggregated monitoring at project level. In this regard, applicant entities must **demonstrate how their own policies incorporate or outline the following GCF gender commitments:**

- ▶ **Understand the socio-cultural factors underlying climate change-exacerbated gender inequality**, and the potential contribution of women and men to societal changes in order to build resilience to, and the ability to address, climate change;
- ▶ Adopt strategies, methods and tools to **promote gender equality and reduce gender disparities** in its climate funding; and
- ▶ **Measure the outcomes and impacts** of its activities on women's and men's resilience to climate change.

According to the GCF gender requirements, it is expected that entities are able to conduct a gender analysis and gather data or information on gender issues from an early stage of project planning or development. Information obtained from the assessment should be considered in all stages of the project cycle (design, formulation, implementation and M&E).

In this sense, potential DAEs will need to evidence how during project/programme planning and implementation, they ensure that the different needs of women and men are addressed; ensure women and men have equal access to resources, services, and capacity development; ensure equal participation of women and men in management arrangements and as beneficiaries, partners and key stakeholders; and ensure women's equal participation in decision-making processes. must have effective whistleblower and witness protection policies and practices in place that are comparable to those set out in the Fund's Policy.

NOTE: Additional information related to **GENDER MAINSTREAMING** can be found in the following links:

- **GCF Gender Policy and Action Plan** (GCF, 2019e)
- **Mainstreaming Gender in GCF Projects** (GCF, 2017c)
- **Gender assessment and action plan** (GCF, 2019f)

In the absence of concrete policies and procedures to mainstream gender into decision-making, applicant entities will have to demonstrate their willingness and commitment to develop and implement such policies and procedures. However, it will be the GCF Secretariat or the GCF Accreditation Panel who will establish the specific recommendation or conditions in order to ensure that applicant entities are able to bridge the related gender gaps.

After accreditation, **at the project level**, the AEs will be responsible for meeting the principles and requirements of the Gender Equality Policy and supporting the implementation of the project-level gender action plan. They will need to **submit a gender assessment for the funding proposals**, as well as reporting on results, including the generation and use of sex-disaggregated and qualitative data, indicators and targets.

Furthermore, the GCF will require entities to take the necessary measures to ensure **gender-responsive approaches in stakeholder consultation**, ensure that in stakeholder engagement processes men and women participate in developing measures to mitigate risks, and ensure that the project contributes to achieve gender equality.

V. Information on other relevant Green Climate Fund policies

Policy on the protection of whistleblowers and witnesses

Through Board decision B.BM-2018/21, the GCF adopted the Policy on the Protection of Whistleblowers and Witnesses. The purpose of this policy is to empower anyone covered by its provisions to report suspicions of wrongdoing in good faith and without fear of retaliation so that the GCF can effectively protect its interests, resources, and mission by detecting and mitigating financial and reputational risks as early as possible.

The GCF acknowledges the critical role of whistleblowers and witnesses in exposing prohibited practices and other acts of wrongdoing in order to enable it to effectively prevent, detect, and mitigate such malfeasance and to safeguard the resources entrusted to its care. The policy is an expression of the Fund's zero-tolerance of fraud and corruption and is intended to provide clear avenues for exposing fraud and integrity violations. In this sense, the GCF counterparts⁴² Sexual exploitation and sexual abuse violate human dignity and universally recognized international legal norms and standards. The policy sets out obligations expressing the GCF's commitment to prevent and respond to SEAH effectively in Fund-related activities, and to ensure that covered individuals, regardless of position, power, or seniority, who engage in SEAH, will be subject to proportionate sanctions, disciplinary or remedial measures. GCF counterparties, which includes AEs, shall have policies or procedures, or be subject to laws, setting out principles and standards of protection substantively equivalent to those set out in the GCF's policy on SEAH.

The GCF Whistleblower Policy (GCF, 2018c) is available at:
www.greenclimate.fund/document/policy-protection-whistleblowers-and-witnesses

The GCF Indigenous Peoples policy

Through Board decision GCF/B.19/11, the Fund adopted the GCF Indigenous Peoples policy. The overall objective of this policy is to provide a structure for ensuring that activities of the GCF are developed and implemented in such a way that fosters full respect, promotion, and safeguarding of indigenous peoples so that they: (a) benefit from GCF activities and projects in a culturally appropriate manner; and (b) do not suffer harm or adverse effects from the design and implementation of GCF-financed activities.

Furthermore, this policy recognizes that indigenous peoples often have identities and aspirations that are distinct from mainstream groups in national societies and are disadvantaged by traditional models of mitigation, adaptation and development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. They do not receive equitable access to project benefits, or benefits are not devised or delivered in a form that is culturally appropriate, and they are not always adequately consulted about the design or implementation of activities that would profoundly affect their lives or communities.

⁴² Fund-related activities: refers to any activity which is financed, administered, or supported by the Fund, either with its own resources or those of others, or any activity that materially affects or may affect or otherwise be relevant to the Fund.

Indigenous peoples policy (GCF, 2018d), available at:
www.greenclimate.fund/documents/indigenous-peoples-policy

Policy on prohibited practices

Through Board decision GCF/B.22/13, GCF adopted the Policy on Prohibited Practices on February 2019, which replaces the Interim policy on Prohibited practices adopted by the Board through decision B.12/31. The purpose of the policy is to establish the specific conduct and activities which are prohibited by the GCF, the obligations of covered individuals and counterparties to uphold the highest standards of integrity and to refrain from prohibited practices, and the actions which the GCF may take when prohibited practices are alleged to have occurred in Fund-related activities. Candidate DAEs as well as AEs are expected to develop and implement their own prohibited practices policies and procedures regarding Fund-related activities.

Policy on prohibited practices (GCF, 2019g), available at:
www.greenclimate.fund/document/policy-prohibited-practices

Prevention and protection of sexual exploitation, sexual abuse and sexual harassment

Through Board decision GCF/B.23/16, the GCF adopted the policy on Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH). The GCF has zero tolerance for all forms of sexual wrongdoing including SEAH in all Fund-related activities.⁴³

Policy on Prevention and Protection of Sexual Exploitation, Sexual Abuse and Sexual Harassment (GCF, 109h), available at:
www.greenclimate.fund/sites/default/files/document/policy-seah.pdf

Ethics and conflict of interest

The GCF Board has adopted a number of integrity policies and guidelines on ethics and conflict of interest:

- ▶ GCF/B.23/08: Adoption of the policy on ethics and conflict of interest for active observers and conforming amendments to the policy on prohibited practices.
- ▶ GCF/B.13/27: Adoption of policy on Ethics and Conflicts of Interest for Board-Appointed Officials.
- ▶ GCF/B.10/13: Adoption of policy on Ethics and Conflicts of Interest for External Members of the GCF Panels and Groups and for the Executive Director of the GCF.
- ▶ GCF/B.09/03: Adoption of the policy on ethics and conflict of interest for the Board.

⁴³ Fund-related activities: refers to any activity which is financed, administered, or supported by the Fund, either with its own resources or those of others, or any activity that materially affects or may affect or otherwise be relevant to the Fund.

VI. Tips and recommendations for candidate Direct Access Entities interested in starting the accreditation process

- ▶ **Priority and commitment for accreditation has to be at all levels of the institution**, from the Board of Directors and Senior Management, and the rest of the staff must be aligned with this commitment.
- ▶ Have a dedicated team working on the accreditation process
 - Establish an ***in-house* accreditation team** composed of at least two or three persons to exclusively work on matters related to the accreditation process. Additionally, this team should have the **technical support and inputs from senior experts of various units or department**, that have profound knowledge and experience on how the entity operates or manages specific issues, e.g.: ESS, gender, procurement processes, AML and CFT, accountability process, among others.
 - Team members should be preferably employees with deep institutional knowledge and **proficient reading and writing abilities in the English language**.
 - **Alternatively**, the institution could employ at least two junior (English abilities) staff to conduct the core of the accreditation application form, with the support of senior staff members.
- ▶ **Include a budget or provisions for dealing with expenses related to the GCF accreditation process:** establishing an *in-house* working team; translation of supporting documents into English; paying the required accreditation fees; seeking additional external support to complete accreditation stages (e.g. accreditation specialists, peer reviews, etc.), revising or updating specific policies, among others.
- ▶ Maintain **institutional flexibility**, as the GCF could require applicant entities to incorporate a new policy, guideline or procedure; or to update/modify an existent institutional document to close identified gaps and meet GCF requirements.
- ▶ The accreditation application form must be submitted in **English**, as well as relevant supporting documentation. **Not all documents, policies and procedures have to be translated to English**. Entities can **prepare briefs or concept notes** that summarize important aspects of the entities policies and procedures and submit them with the original documents. Additional tips for translation:
 - Ensure that the translator is familiarized with the technical language of the documents.
 - For quality control, conduct English proofreading of the translated documents, ensuring that the technically concepts are consistent with the entity's language, names, acronyms, etc.
- ▶ Make sure to **identify and adequately label the documents that the applicant entity considers as CONFIDENTIAL**.
- ▶ **Be organized and resourceful when referencing the supporting documents**, one same document (policy, procedure, guideline, brief, etc.) can serve as supporting document for one or more stages of the GCF application form. Applicants must **reference all**

supporting documentation and signal page numbers where relevant information can be found.

- ▶ At some point of the accreditation stage, AEs would have to **seek additional external support** from other accreditation specialists and/or entities that have already been accredited by GCF; peer learning is an important tool for sharing knowledge and lessons learned.
- ▶ It is important that **potential DAEs engage with the country's NDA from an early stage** to enhance country ownership and develop projects and programmes that are in line with the GCF Country Programme and national priorities and plans.

NOTE: The accreditation is barely the “*tip of the iceberg*”, **the goal is to access the GCF resources to undertake climate change project/programmes** and to support the country's climate change actions.

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ANNEX 1. Nomination letter template for accreditation

[Government letterhead]

Mr. Yannick Glemarec
Executive Director
Secretariat of the Green Climate Fund
175 Art Center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea

Date:
Reference:
Page:

Subject: Expression of nomination for the application for accreditation to the Green Climate Fund

Dear Mr. Glemarec,

Pursuant to paragraph 47 of the Governing Instrument for the Green Climate Fund, [in my capacity as representative of the National Designated Authority] OR [in my capacity as focal point] for [country name], duly designated pursuant to the letter from [government ministry/authority] to the Fund dated [date], I hereby nominate the entity below for accreditation by the Green Climate Fund:

[Legal name of the applicant entity]
[Contact person: name]
[Contact details: telephone, address, email address]

[The NDA/focal point may wish to include information on how the entity being nominated can contribute to the country's programming priorities with the GCF]

Sincerely,

[Name of the contact point of NDA or focal point]
[Position/Title in Government]
[Division/Office]
[Ministry/Agency]

PLEASE DELETE THIS PAGE FOR SIGNED NOMINATION LETTER

Note: Please use the table below when you send the scanned copy of signed nomination letter by email. Please fill out the table, copy and paste the table in your email text.

NDA/Focal Point full name	
NDA/Focal Point Surname (surname to be addressed in the acknowledgement letter)	
NDA Address	
Date of letter sent	
Reference no. of letter (if there is any)	
Name of the entity nominated	
Name of the contact person	
Contact details of the contact person (address, telephone number, email)	

ANNEX 2. Request for a GCF Online Accreditation System account



Request for a Green Climate Fund Online Accreditation System account

from

[Entity]

INTRODUCTION

Given the urgency and seriousness of climate change, the purpose of the Green Climate Fund (the GCF) is to make a significant and ambitious contributions to the global efforts towards attaining the goals set by the international community to combat climate change. The Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change. In the context of sustainable development, the Fund will promote the paradigm shift towards low emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of the developing countries particularly vulnerable to the adverse effects of climate change.⁴⁴

The [Green Climate Fund Accreditation Self-Assessment Tool](#) developed by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) and the World Resources Institute (WRI) in collaboration with the GCF, provides a basic overview of the requirements that an entity would need to meet in order to be accredited to access GCF's resources. It includes ten key questions about the entity considering applying for accreditation and guides the entity through the GCF's accreditation requirements in a step-wise manner.

Prior to applying for accreditation, entities are encouraged to review the [Green Climate Fund Accreditation Application Form](#), which includes examples of supporting documents.

Entities that are not accredited by the GCF may still submit funding proposals through the GCF's AEs.

⁴⁴ For more details, you may refer to the Governing Instrument for the Green Climate Fund available at www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf



REQUEST FORM

INSTRUCTIONS

Please submit this form, as a Microsoft Word document, and supporting documentation in English, supplemented with summarized English translations where original documents are not in English, via email to accreditation@gcfund.org with the subject line “**OAS Account Request form [Name of Legal Entity]**”.

Information required to be included in the official letter from an entity requesting an account to the Green Climate Fund’s OAS	Information provided	Supporting documents
Legal name of entity (Entity)	<p>[Legal name of Entity]</p> <p>NB: The supporting document provided should ascertain that the Entity is legally established with its own legal personality.</p>	<p>[Name of document(s)/file(s)]</p> <p>Examples: articles of incorporation, governing instrument, certificate of incorporation, certificate of business registration etc.]</p>
Name and title of head of entity/head of section authorized on behalf of the Entity to designate certain person(s) to access the Entity’s OAS account and login information, and to complete and submit the application via the OAS on behalf of the Entity	<p>[Name, title]</p> <p>NB: An official letter signed by the above-mentioned person designating the person(s) to access the Entity’s OAS account and login information should accompany this request for an OAS account. Additionally, a supporting document should be provided to ascertain that the person who signed the official letter requesting OAS access as the title of head of entity/head of section within the Entity is authorized to be a legal representative, signatory or to manage/execute the affairs of the Entity, and therefore authorized on behalf of the Entity to designate certain person/(s) to access the Entity’s OAS account and login information.</p>	<p>[Name of document(s)/file(s)]</p> <p>Examples: articles of association, resolution of the Entity’s Board of Directors, delegation of authority relating to signing authorities etc.]</p>

<p>Name(s) and contact information of the person(s) to whom the OAS account and login information will be released to. The person(s) will also be authorized to complete and submit the application via the OAS on behalf of the Entity.</p>	<p>[Person 1: Name Title Email Telephone Address]</p> <p>[Person x: Name Title Email Telephone Address]</p> <p>NB: The person/(s) listed here should be the person/(s) to whom the OAS account and login information should be released to.</p>	<p>[Name of document(s)/file(s)]</p> <p>Examples: scanned colour copy of valid passport of the specified person(s).]</p>
<p>If the Entity is applying under the direct access modality, please provide the nomination from your NDA or Focal Point (FP)(s) (refer to the template nomination letter).</p>	<p>[Name of country/countries and NDA(s)/FP(s) providing the nomination for the accreditation application of the Entity applying under direct access]</p>	<p>[Name of document(s)/file(s)]</p> <p>Template: refer to the template nomination letter to be signed by the relevant NDA(s)/FP(s).]</p>
<p>OAS account username</p>	<p>[Preferred username. One username is issued per entity between 6 to 20 characters; special characters . (dot), _ (underscore) and - (dash) may be included. The username may be shared between multiple persons who are designated OAS access by the entity, as above. Actual username issued may differ from the requested name due to availability.]</p>	<p>N/A</p>



Please limit your responses to a half page only for each question.

1. Does your entity undertake activities related to climate change mitigation and/or adaptation? If yes, please provide information on the type, size and financial volume of your overall portfolio and indication of the largest single intervention managed within the last five years.

[Complete this section.]

2. In which developing countries does your entity operate⁴⁵?

[Complete this section.]

Africa:

Asia and the Pacific:

Eastern Europe:

Latin America and the Caribbean:

Least Developed Countries (LDCs):

Small Island Developing States (SIDS):

Africa:

Asia and the Pacific:

Eastern Europe:

Latin America and the Caribbean:

Least Developed Countries (LDCs):

Small Island Developing States (SIDS):

⁴⁵ For more details, you may refer to the Governing Instrument for the Green Climate Fund available at www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf



3. What is the accreditation criteria you intend to apply for under the [GCF fit-for-purpose approach to accreditation](#)? Note that the criteria that you intend to apply for would be assessed in the accreditation process against your track record/experience.

[Complete this section.]

Size of projects (total projected costs, including co-financing, for an individual project or individual activity within a programme):

- Micro
- Small
- Medium
- Large

Fiduciary functions:⁴⁶

- Basic fiduciary standards (note that all entities seeking accreditation must meet these standards)
- Specialized fiduciary standard for project management⁴⁷
- Specialized fiduciary standard for grant award and/or funding allocation mechanisms⁴⁸
- Specialized fiduciary standard for on-lending and/or blending (for loans, equity or guarantees)⁴⁹

Environmental and social risk level of intended activities:⁵⁰

- Category A/Intermediation 1
- Category B/Intermediation 2
- Category C/Intermediation 3

⁴⁶ Refer to the GCF fiduciary standards available at www.greenclimate.fund/document/initial-fiduciary-principles-and-standards-fund.

⁴⁷ Project management underlying principles are: ability to identify, formulate and appraise projects or programmes; competency to manage or oversee the execution of approved funding proposals, including the ability to manage executing entities or project sponsors and to support project delivery and implementation; and capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal.

⁴⁸ Specific capacities for grant award and funding allocation mechanisms of grants in the context of programmes require transparent eligibility criteria and an evaluation process, a grant award decision and procedures, public access to information on beneficiaries and results, transparent allocation and implementation of financial resources, and a good standing with regard to multilateral funding.

⁴⁹ Additional specialized criteria for on-lending and blending will apply for intermediaries and implementing entities that wish to use financial instruments other than grants with the Green Climate Fund's resources.

⁵⁰ The accreditation review of the entity against the GCF's environmental and social safeguards will focus on the applicant's institutional environmental and social management system (ESMS). An ESMS is a set of management processes and procedures that allow an organization to identify, analyse, control and reduce the adverse environmental and social impacts of its activities and maximize any potential environmental and social benefits in a consistent way and to improve the environmental and social standing of the organization and its activities over time. For more information on the environmental and social risk categories, refer to decision B.07/02, annex I available at www.greenclimate.fund/document/gcf-b07-11



4. What activities does your entity intend to undertake, if accredited to the Green Climate Fund?

[Complete this section.]

5. How does your entity intend to contribute to the [objectives of the Green Climate Fund](#)?

[Complete this section.]



6. For international access entities only: how does your entity intend to strengthen capacities of or otherwise support potential subnational, national and regional implementing entities and intermediaries in order to meet, at the earliest opportunity, the accreditation requirements of the Green Climate Fund?

[Complete this section.]

ANNEX 3. Samples of supporting documentation

This annex contains an **indicative** list of samples of supporting documentation that can be presented to the GCF as part of the accreditation process, to give potential DAEs an idea of the type of documents that need to be gathered/ compiled/ translated during the process.

1. Background and contact information

Scanned copy or extract of the relevant Act, Decree, document (highlight relevant sections);

Document outlines powers of the Head of the Entity and other key/relevant authorities (highlights relevant sections of the document or reference the section or page number);

Certificate of incorporation/registration;

Vision and/or mission statement of the Entity;

Business permit and license to operate;

Constitutive agreement;

Letter designating the Entity's focal point (GCF template);

List of senior staff count (employees);

Climate change portfolio of projects/programmes undertaken in the past three years (project pipeline);

Project agreements and/or appraisals or completion reports that demonstrate track record with financial instruments and ESSs.

2. Ways in which the institution will contribute to achieve GCF objectives

Statement of the Entity's contribution to meet GCF goals.

3. Intend of scope of projects

Summary of the Entity's project pipeline;

Technical briefs of main climate change projects implemented.

4.1 Key administrative and financial capacities

Organizational charts outlining reporting lines of divisions and committees;

Description of functions and responsibilities of Entity's organizational structure;

Terms of references or rule of procedures of the Entity's committees or oversight documents (e.g. Board committees as well as management committees, internal and external audit);

Copy of current annual, mid-term and long-term strategy or plan;

Annual or half-yearly reports containing periodic evaluations of achievements of organizational objectives and analysis expenditures;

Financial strategy or framework;

Financial statements for the past three years;

Brief details of the financial information system;

Internal audit plans and implementation reports;

Agenda and/or minutes of the past audit committee meeting;

External audit charter, policies and reports;

Financial management and control policy and procedures;

Financial disclosure policy;

Procurement policy/rules/regulations;

Procurement procedures including information on tender evaluation committees, guidelines of type of procurements (e.g. consultants, services, goods, supplies, others);

Examples of procurement oversight measures utilized;

Samples of procurement process;

Information of procurement complaints or disputes.

4.2 Transparency and accountability

Code of ethics and procedures;

Description of system for oversight of the 'ethics function';

Evidence of how the ethics policy is communicated with staff members and other parties/ counterparties;

Conflict of interests policy and resolution procedures;

Policy on financial mismanagement, fraud and malpractices

Evidence on how policy of financial mismanagement, and malpractices is communicated with staff and counterparties;

Outline of the avenues used to report fraud and financial mismanagement;

Evidence of organization's investigation function (process, procedures and reports);

Information on cases of violation of code of ethics, or cases of fraud and corruption that have been reported and investigated;

Whistleblower protection policies and procedures;

Anti-money laundering (AML) and anti-terrorist (AT) financing policy, methodologies and procedures;

"Know your customer (KYC)" due diligence procedures

Copy of reports on KYC due diligence;

Information on mechanism to trace/monitor electronic wiring and reports;

5.1 Project management

Project preparation and appraisal policy, procedure, guidelines/framework;

Description of Entity's project cycle: stages, procedures;

Project preparation and appraisal templates or formats;

Examples of project appraisals (preferable of climate change)

Information on project oversight or supervision;

Risk management framework (e.g. credit risk rating, project risk qualification) ;

Documentation of project expenditure and project budget

Operational manual/procedures covering preparation of project implementation plans, including project budgets, reporting guidelines and templates;

Project monitoring and evaluation: policy, methodology, procedures and reports;

Sample reports for monitoring and evaluation;

Credit regulation rules and procedures;

Procedures for project-at-risk system;

Sample of project problems addressed (demonstrate effectiveness of project at-risk).

5.2 Grant award and/or funding, allocation mechanism

Terms of reference for the grant award evaluation committee, including minutes and/or agendas of committee meetings;

Grant award evaluation system/process/procedures;

Samples of recent grant notices/calls for proposals;

Guidelines for providing information to the public regarding grant decisions;

Framework or guidelines for grant due diligences (e.g. eligibility criteria, responsibilities, formats/templates) ;

Evidence of publication of grant award results;

Policies and procedures (including formats) for undertaking monitoring and evaluation of grants;

Policies and procedures relating to suspension, reduction, termination and recovery of grant;

Policies relating to external audit of the Entity's grant award activities and audit reports;

Evidence of good standing with regard to multilateral funding in the form of evaluation/assessment/due diligence reports;

Public expenditure reviews, if any undertaken.

5.3 On-lending and/or blending

On-lending registration or license from a national or international regulator;

Data for the last three years in respect of funds for on-lending and blending received from different international and multilateral funding sources;

Project documents for three on-lending or blending projects;

Ratings from recognized international credit rating companies (e.g.: S&P, Fitch, Moody's, etc.);

Due diligences policies, process and procedures on Entity's on-lending and/or blending operations;

Due diligences reports (e.g. credit risk reports, investment portfolio report, credit quality, other);

Framework/procedures for evaluating an intermediary's lending portfolio;

Lending portfolio assessment/analysis reports;

On-lending and/or blending due diligence reports, including the software employed by the entity in analysing the credit quality of loan recipients;

Policies/guidelines for providing information to the public regarding its decisions on on-lending and/or blending operations;

Evidence of publication of the list of beneficiaries of its on-lending and/or blending operations;

Evidence of publication of information on beneficiaries and results (e.g. institutional annual reports);

Investment management policy;

Procedures/guidelines for managing the Entity's investment portfolio;

Financial risk management policy, internal control system

Description of major financial risk management strategies planned and implemented;

Samples of the minutes of recent meetings of the Entity's Asset and Liability Committee (ALCO) or other committee that manages the Entity's assets and liabilities;

Regulation of the organization and administration (internal structure segregation of duties between treasury function and operational side).

6. Environmental and social safeguards

E&S policy;

Evidence of communication of the E&S policy with staff and counterparties;

Climate change strategy;

Description of E&S management system and its integration in project cycle;

List or table of climate change projects including E&S categorization and actions plans;

Audit reports on E&S risk management system;

Organizational chart of E&S division or unit, with description of roles, responsibilities and reporting lines;

Job description of E&S staff and curriculum vitae;

Procedure for information sharing among the investment. Legal and credit office of the organization;

Description of training and development programmes on E&S issues;

Description of monitoring and review programmes, and previous years' indicators that resulted from the programme;

Samples of project M&E reports;

Description of the type of reports, which include E&S monitoring information, that are submitted to senior management, sample of project monitoring and evaluation reports prepared in the last three years;

Written process or procedures describing external communication systems;

Register of inquiries/complaints and responses from the past year.

7. Gender

Gender policy and procedure, gender disaggregated data and/or statistics;

Examples of activities (e.g. projects/programmes undertaken, on-granting, on-lending, etc.) that specifically target women among beneficiaries;

Evidence to show that the Entity's activities (e.g. projects/programmes undertaken, on-granting, on-lending, etc.) have non-discriminatory practices in terms of benefits and remuneration for both men and women employees.

ISBN 978-92-5-133962-6



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CB3306EN/1/02.21