



GCF Accreditation

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1. GCF / AF Accreditation

GCF/AF Accreditation Fundamental Differences



- Fit for Purpose
- Environmental and Social Safeguards
- Gender
- Application Fee



2. What is fit-for-purpose



Fit-for-purpose approach to accreditation

Aims to match **the nature, scale and risk of intended activities to the accreditation requirements.**

Entities will select :

- **Specialized fiduciary functions**
- **Size of project/program**
- **Environmental risk category**



Fundamental Differences: Specialized Fiduciary Criteria

Fiduciary criteria determine how the IE will operate using the Fund's resources

Project Management (* captured within the AF accreditation application)

Grant Award

- Grant award procedures.
- Transparent allocation of financial resources.
- Public access to information on beneficiaries and results.
- Demonstrated experience with multilateral funding.

On-lending and/or blending

- Financial instruments other than grants – i.e. concessional loans, equity, guarantees



Fit for Purpose:

Size of project/activity within a program

| | Total Projected Costs* |
|--------|--|
| Micro | Up to and including US\$10 million |
| Small | Above US\$ 10 million and up to and including US\$ 50 million |
| Medium | Above US\$ 50 million and up to and including US\$ 250 million |
| Large | above US\$ 250 million |

* At the time of application, irrespective of the portion that is funded by the Fund and, if applicable, other sources, for an individual project or activity within a programme.

Fit for Purpose

Environmental and social risk categories



| Risk level | Funding proposals | Intermediation* |
|---------------|---|---|
| High | Category A Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented | Intermediation 1 (I1) 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 (I2) When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented. |
| Low/No | Category C Activities with minimal or no adverse environmental and/or social risks and/or impacts | Intermediation 3 (I3) When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts. |

* Activities involving investments through financial intermediation functions or through delivery mechanisms involving financial intermediation.



Fit-for-Purpose Strategy

Applicant may consider opting for the fit-for-purpose that it most easily qualifies for with the goal to **upgrade its accreditation** in the future.

This can allow the applicant to pursue accreditation while it **gains capacity and track record** – after which it can more readily qualify to increase the scope of activities, project size and/or risk level.



3. Environmental and Social Safeguards

Fundamental Differences: ESS



AF

Included ESS during its Nov. 2013 application update.

For ESS, the AF requires evidence of:

- Top management's commitment to address E&S risk
- Complaint mechanism for reporting E&S harm.
- An ESMS for risk assessment and follow-up on implementation of ESMS as part of its monitoring procedures.

Fundamental Differences: ESS



GCF's ESS is focused on the ESMS.

It currently uses the E&S performance standards (PS) of the International Finance Corporation (IFC) until the Fund's own ESS are fully developed.

The ESS requirements will be tailored to the entity's fit for purpose risk selection.

It is common for applicants to find ESS to be one of the most challenging areas for accreditation – both in regards to familiarity with requirements and the how to implement them.

ESS standards are not required for non-GCF projects.



Fundamental Differences: Gender

Gender

The GCF has a clear mandate to enhance a **gender sensitive approach in its processes and operations**. It recognizes the importance of gender considerations in terms of impact and access to climate funding.

In the application:

- Gender must be included in the entity's operational policies or have a specific Gender Policy;
- Entity must have demonstrated experience with gender and climate change projects/programs.

*For additional information see Resources Slide.



4. Application Fees



Accreditation fees

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

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



5. Value added of accreditation

AF Accreditation : Value Added for GCF



- **Institutional strengthening** and increased understanding of the accreditation process leads to **better positioning for GCF** application.
- **Steep learning curve** of the AF accreditation promotes ease of **replicating** certain parallel requirements.
- **Top management** is well informed of costs and benefits of seeking accreditation and has been introduced to the need for **institutional flexibility**.
- **Lessons learned and best practices** provided by its **own past accreditation** as well as insights shares by **other accredited** institutions.



6. Before accreditation ask...



Prior to accreditation application, assess the following:

- Can the applicant meet the Basic and Specialized Fiduciary criteria?
- Can the applicant demonstrate with evidence (through documents, project example) its ability to meet these standards?
- Are there well documented appropriate policies and guidelines in place? And is there evidence that the policies are operational?



Prior to accreditation application, assess the following: continued.

- Do policies reflect the processes of how work flows within the entity?
- Do policies exist that elaborate the processes required to achieve this work?
- Is the entity able to demonstrate that it has experience and competency to do the work as defined in the processes and systems?



7. Pre-screen



Importance of pre-screen

- Thoroughly review GCF application; perform institutional self-assessment to identify obvious capacity gaps.
- Are the gaps areas in which the entity is willing and able to change?
- Determine fit-for-purpose conditions for success:
 - Define largest project implemented to date.
 - Define project/program risk level entity has experience with.
 - Identify the financial instruments used to date. Is there a grant award system in place? Does entity have project management experience?
- Is accreditation in line with the entity's strategic goals?
- Can entity differentiate itself by the way it intends to contribute to the objectives of the GCF and can it identify how it will provide value added.



8. Application Preparation



Preparation

- Verify the country has named a GCF NDA.
- Obtain top management's support to pursue GCF accreditation.
- Establish an accreditation team and group of translators.
- Divide the application assigning specific sections to the team members – include the participation of all relevant divisions.
- Review website to identify gaps – especially regarding investigation function.
- Project pipeline – begin the discussion of how to approach project pipeline development and ensure that it incorporates the national climate change strategies as well as works within the GCF investment criteria.



9. Lessons Learned



Lessons Learned

- Accreditation application process provided an opportunity to **establish clear and uniform procedures.**
- **Strengthen the monitoring system** impacted the value added of the evaluations.



Lessons Learned

- Institutional benefit of performing self-evaluation and comparison with international standards and best practices.
- Fit-for-purpose selection process can be strategic – with the option of future accreditation upgrade.
- Clear institutional sense of how and what capabilities are demonstrable with evidence will assist in fit-for-purpose selection.



Lessons Learned

- Maintaining on-going dialogue with the secretariat can provide invaluable guidance and direction during the accreditation process and provide clarifications in order to avoid delays.
- After new policies are established – they need to be made into an instrument and operationalized.
- All statements on the application must be backed with evidence demonstrating stated capabilities.



Lessons Learned

- The importance of using **project examples** to demonstrate experience and capacity is crucial – select project examples that have all required supporting documents to lend evidence (this is also a means of avoiding additional translations)
- Be responsive in a proactive way to every request from the Fund in order to avoid delays.
- Applicant will benefit from maintaining institutional flexibility – have the willingness to make adjustment and incorporate additional policies or procedures.

GiZ funded AF/GCF Systemization study



Funded by GiZ's Climate Finance Readiness Program I am currently conducting an AF/GCF Accreditation Systemization Study.

The study aims to lay out the lessons learned through the various stages of Profonanze's, a Peruvian Environmental Trust Fund, accreditation process to the AF and the GCF, while taking into consideration the strategies and actions utilized to overcome the challenges encountered.



Thank you

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Additional Resources

ESS

“GCF_B07_Decisions_Seventh_Meeting_fin_20140619.pdf”

- *Annex I Initial guiding framework for the Fund’s accreditation process*
- *Annex III Interim environmental and social safeguards of the Fund*
- *Annex VI Outline for the Fund’s environmental and social management system*

Gender

GCF/B.09/23, available at

http://www.gcfund.org/fileadmin/00_customer/documents/Operations/Gender_Policy_Action_Plan.pdf

- *Annex XIII Gender Policy for the Green Climate Fund*