



ADAPTATION FUND

AFB/B.32/5

13 September 2018

Adaptation Fund Board
Thirty-second meeting
Bonn, Germany, 11-12 October 2018

Agenda item 6

**ANALYSIS ON FAST-TRACK ACCREDITATION PROCESS
OF ENTITIES ACCREDITED WITH
THE GREEN CLIMATE FUND**

Background

1. In accordance with GCF Board decision B.08/03,¹ entities accredited by the Adaptation Fund that fully meet its accreditation requirements and are approved by the GCF Board to be included in the list of fast track eligible entities are allowed to apply for fast-track accreditation process for the GCF's basic fiduciary standards and specialized fiduciary standard for project management. Entities eligible for fast track accreditation are not required to complete the fast - tracked sections of the accreditation application.

2. The Adaptation Fund Board (the Board), at its twenty-eighth meeting, building on the above process, decided to:

- a) *Fast-track the re-accreditation of implementing entities accredited with the Green Climate Fund (GCF) within a period of four years prior to the submission of the accreditation application to the Adaptation Fund as described in document AFB/EFC.19/7/Rev.1;*

(...)

(Decision B.28/38)

3. The document *Effectiveness and efficiency of the accreditation process: assessment, including a gap analysis, of the Green Climate Fund's (GCF) fiduciary and environmental and social standards* (AFB/EFC.19/7/Rev.1) referred to in decision B.28/38 above had the following conclusions, in the context of re-accreditation:

- *The GCF accreditation Stage II (GCF Board decision on accreditation) of the applicant should have been completed within four years prior to the date of submission of the accreditation application to the Fund;*
- *The Fiduciary Standard related to the legal status needs to be reviewed by the Fund;*
- *Applicants that were not assessed against the GCF's Environmental and Social Safeguards would be reviewed for compliance with the Fund's Environmental and Social Policy;*
- *Applicants would have to provide a commitment statement to abide by the Environmental and Social Policy of the Fund;*
- *Applicants would have to demonstrate that they have a mechanism to deal with complaints on environmental and social harms caused by projects/programs;*

¹ Per decision B.08/03, paragraphs (e)–(g), and related decisions,³ entities that are accredited by GEF, AF and the Directorate-General for International Development and Cooperation of the European Commission (DG DEVCO), are in full compliance with those institutions' requirements, and have been approved by the Board to be included in the list of fast track eligible entities may seek to apply under the fast-track accreditation process.

- *Applicants that were not assessed against the GCF's gender policy would be reviewed for compliance with the Fund's Gender Policy;*
- *Applicants would have to provide a commitment statement to abide by the Gender Policy of the Fund; and*
- *Applicants would have to demonstrate that they have a mechanism to deal with complaints on Gender harms caused by projects/programs.*

4. Areas of collaboration between the Adaptation Fund (the Fund) and the Green Climate Fund (GCF) include linkages between the accreditation processes of the two Funds for more streamlined access to climate finance. The GCF document *Annual update on complementarity* (document GCF/B.20/05)² reports on its fast track accreditation of entities accredited by the Fund (GCF decision B.08/03) and its ongoing efforts to identify potential additional fast-track accreditation, including fast-tracking related to environmental and social policy and gender policy (GCF decision B.14/08, paragraph (e) (iii)³). Out of the 59 GCF accredited entities as at 30 April 2018, 28 entities of the Adaptation Fund were accredited with the GCF under its fast-track accreditation process.

5. Under the fast-track re-accreditation process of the Fund approved by the Board the Accreditation Panel's review focuses on: (i) the fiduciary standard related to the legal personality; (ii) commitment by the implementing entity to apply the Fund's Environmental and Social Policy (ESP) and Gender Policy (GP); and (iii) Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects and programmes.⁴

6. *Efficiency and Effectiveness of the Accreditation process: Report on the experience gained and lessons learned from the Accreditation Process* (document AFB/EFC.22/4) includes the assessment of the outcome for entities from the GCF fast-accreditation process and the Adaptation Fund's fast-track re-accreditation process as follows:

Following a gap analysis, the Fund reciprocated through its own fast-track re-accreditation process to increase the efficiency of the [Accreditation] Panel and reduce duplication of work between the funds and unnecessary administrative burden for applicant entities. This was in line with the effort by the Board to identify areas that foster complementarity with the GCF, including accreditation, as well as improve the effectiveness and efficiency of the accreditation process. Following a detailed gap analysis, it was decided to rely on the accreditation process of the GCF, except the demonstration of the legal personality which

²https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_05_-_Annual_update_on_complementarity_and_coherence.pdf/84166fc8-8d62-fda6-6605-6ff3fd73d98c.

³ The GCF Board, by its decision B.14/08, requested its Accreditation Panel, with the support of its Secretariat and under the guidance of the Accreditation Committee, to elaborate the following elements for decision by the Board: an assessment, including a gap analysis, of the AF environmental and social policy (ESP) and gender policy in line with the GCF interim environmental and social safeguards (ESS) and GCF Gender Policy with recommendations on their potential accreditation or fast tracking.

⁴ See Effectiveness and efficiency of the accreditation process: assessment, including a gap analysis, of the Green Climate Fund's (GCF) Fiduciary and Environmental and Social Standards (document AFB/EFC.19/7/Rev.1).

was considered too important; in the Environmental & Social Standards and Gender standards, where the Fund wanted to ensure that there was a clear commitment to these standards; and the complaints handling or grievance mechanism, in addition to an existing capacity in this regard.

7. Following review of and recommendations on the above document by the Ethics and Finance Committee of the Fund (EFC), the Board, at its thirty-first meeting, decided:

(. . .)

(a) *With respect to reviewing existing policies or establishing new policies for the accreditation process:*

(i) *To request the secretariat to prepare a document on a “fast-track” accreditation process for entities accredited with the Green Climate Fund and to present it to the Board at its thirty-second meeting;*

(. . .)

(Decision B.31/26)

8. In accordance with the Board decision B.31/26, the Accreditation Panel (the Panel) at its twenty-ninth meeting discussed the feasibility of entities accredited with the GCF to apply for a fast-track accreditation process of the Adaptation Fund.

The Accreditation Panel analysis

9. As basis for discussion at its twenty-ninth meeting, the Panel considered the gap analysis document *Effectiveness and efficiency of the accreditation process: assessment, including a gap analysis, of the Green Climate Fund’s (GCF) fiduciary and environmental and social standards* (document AFB/EFC.19/7/Rev.1), which was the background document for the Board decision to ‘fast-track’ re-accreditation of entities accredited with the GCF as described in decision B.28/38.

10. Following the discussion, the Panel concluded that the gap analysis document AFB/EFC.19/7/Rev.1 was a valid background document for the Board to also decide on the ‘fast-track’ accreditation of GCF entities to the Fund because of the following reasons:

- The GCF accreditation process had not changed since the gap analysis was done for the purposes of document AFB/EFC.19/7/Rev.1 in 2016.
- Through its experiences gained from reviewing re-accreditation applications under the fast-track re-accreditation process during the two years since the approval of decision B.28/38, the Panel agreed that the areas identified as gaps in document AFB/EFC.19/7/Rev.1 still held true.
- Since the approval of the Decision B.28/38 the fast-track re-accreditation process and relevant guidance contained in the gap analysis document (document

AFB/EFC.19/7/Rev.1) have consistently applied to eligible entities. As at 1 October 2018 two NIEs, one RIE, and one MIE have been re-accredited through the Fund's fast-track reaccreditation process. The experiences and knowledge gained by the entities that were fast-track re-accredited with the Adaptation Fund, could contribute to enhancing accreditation process of the GCF Accredited Entities that apply for accreditation with the Adaptation Fund.

11. Regardless of the Panel's conviction that the gap analysis continues to present a valid picture of the similarities and differences in the two Funds' accreditation criteria, taking into consideration the evolution of the processes in both Funds, the Accreditation Panel suggested that the gap analysis be revisited periodically, such as every two years.

12. The GCF Board decisions on accreditation include conditions. The Adaptation Fund does not grant accreditation or re-accreditation with conditions. In accordance with Board decision B.31/26 Accreditation Panel may consider the conditions attached to the GCF accreditation decision as relevant information in the fast-track accreditation review process.

Points to be considered related to the Fund's fast-track accreditation

14. Accredited Entities of the GCF vary according to their type, size, fiduciary standards and environmental and social risk categories. It is suggested that all GCF accredited entities are eligible for fast track accreditation of the Adaptation Fund. However, when considering accreditation application of an GCF accredited entity, it is important to take into account the following points:

- a) While the scope of financing of the Green Climate Fund includes financing for climate mitigation, the Fund shall finance only **concrete adaptation projects and programmes** in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change.⁵
- b) As per the Operational Policies and Guidelines of the Fund, only **one NIE** is allowed per eligible developing country. Developed country entities are not eligible.
- c) While the GCF operates several financing modalities, the Fund only provides **grant** finance for projects and programmes in developing countries.
- d) The accreditation of **MIEs** is limited to those that were **invited by the Adaptation Fund Board** to apply for accreditation.⁶

⁵ <https://www.adaptation-fund.org/wp-content/uploads/2017/08/OPG-amended-in-October-2017-1.pdf>

⁶ <https://www.adaptation-fund.org/generic/list-of-agencies-invited-to-serve-as-mie/>

Recommendation

The Board may want to consider the overall analysis of the Accreditation Panel contained in the document AFB/B.32/5 and decide to:

- a) Take note of the analysis of the Accreditation Panel (the Panel) that the Green Climate Fund (GCF) accreditation process is consistent with that of the Adaptation Fund (the Fund), and that it can be relied upon subject to the review by the Panel in line with document AFB/EFC.19/7/Rev.1;
- b) Approve fast-track accreditation process of the Fund for potential national, regional and multilateral implementing entities that were accredited with the GCF within a period of four years prior to the submission of the accreditation application to the Fund, and that meet the eligibility criteria contained in paragraphs 24-32 of the Operational Policies and Guidelines of the Fund; and
- c) Request the secretariat to carry out an assessment, including a gap analysis, of the GCF accreditation standards in 2020 and present it to the Board at its thirty-sixth meeting.