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INDEPENDENT SYNTHESIS OF THE GREEN CLIMATE FUND'S ACCREDITATION FUNCTION

Final Report

June 2020

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent synthesis of the Green Climate Fund's accreditation function

FINAL REPORT

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175, Art center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea
Tel. (+82) 032-458-6450
Email: ieu@gcfund.org
<https://ieu.greenclimate.fund>

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Credits

Head of the GCF Independent Evaluation Unit: Dr. Jyotsna Puri (Jo)

Task manager: Dr. Archi Rastogi, Evaluation Specialist, Independent Evaluation Unit

Editors: Beverley Mitchell, Greg Clough

Layout and design: Giang Pham

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FOREWORD



I write this narrative in the midst of welcoming my team back to the office after four months. In January 2020, the world was a different place. With the COVID-19 crisis, we have had to be nimble and creative to meet our goal of producing this report in a way that is timely and useful.

The Green Climate Fund (GCF) has a one-of-a-kind approach to accessing GCF resources that relies on national, regional and international implementing entities first being accredited by the Fund. The GCF model is unique in this regard as it has no ceiling on the number of agencies and prioritizes direct access. In theory, any agency from across the world can access the GCF provided a nationally designated authority nominates it and it meets GCF standards. This is a thrilling mandate.

My team and I used this context to do an independent synthesis of the GCF's accreditation function (hereafter, Synthesis Study). The Synthesis Study is a desk-based review that reviews **all** documents related to accreditation and **critically examines** them. We reviewed hundreds of documents, interviewed more than 50 people and used data and analysis provided by the Independent Evaluation Unit DataLab.

Overall, we find that the accreditation function has become overburdened with a large number of goals and, unfortunately, has been criticized for many things, including long processing times, low private sector engagement and uneven access across countries. However, it may not be entirely fair to hold accreditation responsible for all these shortcomings.

The Synthesis Study makes four critical recommendations across four key question areas. We recommend, **first**, that the Fund should clarify accreditation's role in the GCF and clearly indicate the overall outcomes that **accreditation** is expected to achieve. It should also strengthen governance and translate well-considered Board-approved terms of reference of the Accreditation Committee and Accreditation Panel into practice. **Second**, the GCF should address key barriers regarding speed, capacity-building, due diligence and risk management. Simultaneously, it should also incentivize capacity-building activities within direct access entities and examine if and how accredited entities are aligned with the GCF's overall paradigm-shifting climate goal. **Third**, the choice of entities and overall mix of entities should be based on a strategy and pre- and post-accreditation support. **Lastly**, we recommend that GCF-1 should use the realistic and strategic role of accreditation and clarify the role and limitations of the project-specific accreditation approach before piloting it.

The Synthesis Study was undertaken by a team led by the Independent Evaluation Unit, consisting of staff, consultants and interns. We are grateful to our GCF partners for their assistance with the Synthesis Study and the comprehensive support and encouragement provided by the GCF Board, the Secretariat and the other independent units, GCF accredited entities and representatives from civil society and private sector organizations.

I owe an enormous thanks to the Synthesis Study team for sharing my belief that we, together, can contribute to the GCF becoming smarter and more effective. The Synthesis Study makes recommendations that are pragmatic, constructive and timely as the Board considers the updated accreditation framework and the implementation arrangements and budget for the project-specific assessment approach.

Dr. Jyotsna Puri

A handwritten signature in dark ink, appearing to read 'Jyotsna Puri'.

Head, Independent Evaluation Unit

ACKNOWLEDGEMENTS

The independent synthesis of the GCF's accreditation function is an ambitious study undertaken in a short timespan by the Independent Evaluation Unit (IEU). Although the team was relatively small, the study was made possible through the contributions of several people.

The authors are grateful to the interviewees, including representatives from the GCF Board, the GCF Secretariat, the accountability units, accredited entities, civil society organizations, private sector organizations and others. Their inputs and insights were invaluable. The GCF Secretariat provided relevant and important data and insights. We are also grateful to members of the GCF Secretariat who reviewed the initial drafts and provided unique and rich insights. We are thankful to members of the Accreditation Panel, who were generous with their time and insights.

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Last but not least, we are grateful to all the respondents who attended various discussions about the evaluation and willingly shared their insights and experiences to enrich the report.

Dr. Jyotsna (Jo) Puri, Head of the IEU, provided overall technical leadership, oversight and guidance to the study. Dr. Archi Rastogi was the task manager. Dr. Ansgar Eussner supported the synthesis study in his capacity as senior external consultant. Mr. David Huang was the IEU DataLab focal person for the study and led the extraction and analysis of data. Mr. Temurbek Zokirov undertook administrative and analytical tasks for the study, particularly the analysis of portfolios. Ms. Asha Warsame was the knowledge broker for the study and also reviewed all relevant legal documents.

LIST OF AUTHORS

The authors of the independent synthesis of GCF's accreditation function are as follows (in alphabetical order by last name).

FULL NAME	AFFILIATION
Ansgar Eussner	Independent Consultant
David Huang	Independent Evaluation Unit
Jo (Jyotsna) Puri	Independent Evaluation Unit
Archi Rastogi	Independent Evaluation Unit
Asha Warsame	Independent Evaluation Unit
Temurbek Zokirov	Independent Evaluation Unit

GUIDE FOR BUSY READERS

The IEU recognizes that its evaluation reports are distributed to a wide range of stakeholders with different objectives and time frames for reading them.

The IEU makes the following suggestions on how you might read this independent synthesis of the GCF's accreditation function:

- If you have **15** minutes: Please read the Executive Summary.
- If you have **30** minutes: The Executive Summary and chapter II.
- If you have **45** minutes: The Executive Summary and chapters II, III and X.
- If you have **60** minutes: The Executive Summary, the first pages of chapters IV–IX and chapters II, III and X in full.
- If you have **90** minutes: The Executive Summary, the first page of chapters II–IX, chapters II, III, VI, IX and X in full.
- If you have **two hours**, read the full report.

ABBREVIATIONS

AC	Accreditation Committee
ADB	Asian Development Bank
AE	Accredited Entity
AF	Adaptation Fund
AFD	<i>Agence Française de Développement</i>
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
AMA	Accreditation Master Agreement
AP	Accreditation Panel
APRs	Annual Performance Reports
B.[20]	[Twentieth] meeting of the Board
CCCCC	Caribbean Community Climate Change Centre
CCM	Country Coordinating Mechanism
CIF	Climate Investment Funds
CO₂	Carbon Dioxide
COA	Country Ownership Approach
COP	Conference of the Parties
CSO	Civil Society Organization
DAE	Direct Access Entity
DCP	Division of Country Programming
DG DEVCO	Directorate-General for International Cooperation and Development of the European Commission
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ESMS	Environmental and Social Management System
ESS	Environmental and Social Safeguards
EWP	Entity Work Programme
FAA	Funded Activity Agreement
FAO	Food and Agriculture Organization of the United Nations
FP	Funding Proposal
FPR	Forward-looking Performance Review
GA	Grant Agent
GCF / (the) Fund	Green Climate Fund ¹

¹ “GCF” and “the Fund” are used interchangeably in this synthesis.

GEF	Global Environment Facility
GHG	Greenhouse Gas
GI	Governing Instrument
Global Fund	The Global Fund to Fight AIDS, Tuberculosis and Malaria
GPE	Global Partnership for Education
GWP	Global Warming Potential
IAE	International Accredited Entity
IDB	Inter-American Development Bank
IEU	Independent Evaluation Unit
IFC	International Finance Corporation
ILO	International Labour Organization
iPMS	integrated Portfolio Management System
IRM	Initial Resource Mobilization
KPIs	Key Performance Indicators
LDC	Least Developed Country
LFA	Local Fund Agent
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MLF	Multilateral Fund for the Implementation of the Montreal Protocol
NDA	National Designated Authority
NDC	Nationally Determined Contribution
NIE	National Implementing Entity
OAS	Online Accreditation System
OECD	Organization for Economic Cooperation and Development
OGC	Office of the General Council
OIA	Office of Internal Audit
PPF	Project Preparation Facility
PSAA	Project-Specific Assessment Approach
PSAG	Private Sector Advisory Group
PSO	Private Sector Organization
RMF	Results Management Framework
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified Approval Process
SIDS	Small Island Developing States
TOR	Terms of Reference

UAF	Updated Accreditation Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
USD	United States dollar

EXECUTIVE SUMMARY

A. INTRODUCTION

CONTEXT

The Board of the Green Climate Fund (GCF) approved the 2020 workplan of the Independent Evaluation Unit (IEU) through decision B.24/06, which includes an independent synthesis of the GCF's accreditation function (hereafter, Synthesis Study).²

OBJECTIVES AND METHODS

The Synthesis Study was a **desk study** and examined existing evidence on accreditation. It systematically and objectively synthesized key findings and made recommendations for the GCF's accreditation strategy. The aims of this study were to (a) **collect all** relevant documents produced by the GCF Secretariat, IEU and external stakeholders; (b) **critically appraise** those documents; and (c) **synthesize** high-quality evidence into knowledge and lessons learned.

This study is not an evaluation but a **synthesis** of existing reviews, evaluations and analysis prepared by the IEU and other GCF Secretariat divisions or by consultants on their behalf. We critically appraised the evidence in the literature and synthesized it into a narrative. The study was supported by more than 50 interviews and data provided by the IEU DataLab.

REPORT STRUCTURE

This report contains 10 chapters. **Chapter I** introduces the study's objectives, scope and methodology. **Chapter II** provides the context for governance of the accreditation function in the GCF. **Chapter III** provides

the policy context of accreditation.

Assessments on benchmarking with other international agencies are included in

Chapter IV. The accreditation process is analysed in **Chapter V**. **Chapter VI** assesses the accreditation portfolio. **Chapter VII** analyses the relationship between accreditation and country ownership. **Chapter VIII** assesses the GCF results, risks and compliance. **Chapter IX** assesses accreditation in GCF-1. **Chapter X** provides conclusions and recommendations.

B. ACCREDITATION IN THE GCF – BACKGROUND AND CONTEXT

ACCREDITATION IN THE GOVERNING INSTRUMENT AND BUSINESS MODEL

Paragraph 45 in the GCF's Governing Instrument stipulates that "Access to Fund resources will be through national, regional and international implementing entities accredited by the Board." It also states that "Recipient countries will determine the mode of access and both modalities may be used simultaneously." Further, in paragraph 49 the Governing Instrument states: "The Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards."

In decision B.07/02, paragraph (a), the Board adopted the "*initial guiding framework*" for the GCF accreditation process,³ stated that "*the accreditation framework will be an evolving process*" and stipulated that a review of the guiding framework should be done to reflect the experience gained by the Fund.⁴

² See GCF/B.24/12/Rev.01.

<https://www.greenclimate.fund/document/gcf-b24-12-rev01>

³ See decision B.07/02, in GCF. (2020). *GCF Handbook*, p. 313 ff.

<https://www.greenclimate.fund/sites/default/files/document/gcf-handbook.pdf>.

⁴ Review of the guiding framework (see decision B.07/02, annex I, paragraphs 59–61).

In the initial guiding framework (B.07/02), the Board established that the following will support the governance of accreditation: the Board, the Accreditation Committee (AC) and the Accreditation Panel (AP), along with the Secretariat and external technical experts/consultants.

Through decisions B.08/02 and B.08/06, the Board adopted guidelines to operationalize a “*fit-for-purpose accreditation approach*.”

These guidelines state that “*the accreditation process will take into account the scale of funding that the entity intends to access, its track record in undertaking climate-related projects and activities, as well as the nature of its intended activities*.”⁵ These guidelines also state that “*It is expected that the accreditation process will generally be completed within **six months** after submission of all the required documentation. The Fund will work on continuously improving its efficiency in order to reduce this timeframe....*” (bold for emphasis).⁶

Entities approaching the GCF to seek accreditation follow a three-stage standard process. The Stage I “completeness check” is carried out by the Secretariat and consists of an assessment of the application for completeness. Stage II is executed by the AP, which performs a review and assessment of the application by checking fiduciary criteria, specialized fiduciary criteria, environmental and social safeguards (ESS), gender standards and whether the applicant agency has these policies, and if they are compatible with those of the GCF. After Stage I and Stage II, the entity’s application is submitted to the GCF

Board for accreditation, including conditions recommended by the AP. Following Board recommendation, Stage III consists of negotiating legal arrangements for an accreditation master agreement.

C. OVERALL

RECOMMENDATIONS OF THE SYNTHESIS

POLICY FRAMEWORK AND GOVERNANCE

Overall recommendation 1. Strengthen the governance structure for accreditation, clarify the strategic role of accreditation in the GCF, and critically address the mission overload.

Recommended actions for the GCF Board:

Recommendation 1a. Reinforce the terms of reference of the AC to become more effective. The terms of reference of the AC indicate its role in providing policy and strategic guidance to the AP as well as facilitating the Board’s interaction with recipient countries. This needs to be realized and revitalized.

Recommendation 1b. The role of accreditation should be re-examined within the GCF, given that the GCF has evolved since this function was first conceived. In this re-examination, the GCF should utilize the experiences of other global funding institutions, acknowledging the unique mandate of the GCF.

Paragraph 59. “The accreditation framework will be an evolving process intended to ensure continuous improvement and alignment with international good practices and to reflect the experience gained by the Fund.”

Paragraph 60. “The Secretariat will be responsible for proposing to the Board, in collaboration with the Accreditation Committee and Panel, the terms of reference for a comprehensive review of the guiding framework of the Fund’s accreditation process once the Fund has built up a track record of experience and lessons learned.”

Paragraph 61. “The Secretariat, the Accreditation Committee, and the Accreditation Panel may also propose to the Board a focused review of specific elements of the guiding framework of the accreditation process, including the Fund’s initial fiduciary standards and initial environmental and social safeguards, as deemed necessary and in the context of the development of the Fund’s additional specialized fiduciary standards, its ESS, and its environmental and social management system.”

⁵ Decision B.08/02, annex I, paragraph 5.

⁶ Decision B.08/02, annex I, paragraph 7.

Recommendation 1c. Develop a strategy on accreditation that resolves the mission overload that the function currently witnesses. A strategy on accreditation must clarify how accreditation fits within the overall GCF vision and primary outcomes. This will prevent accreditation from being looked at critically, by various members of the GCF ecosystem. The strategy should clarify which outcomes are key for accreditation to realize and which ones are secondary.

Recommendation 1d. The AP needs to be strengthened. The interaction of the AP with the Board and the AC needs to improve qualitatively and in frequency. (So far, the AP has not interacted much with the Board.) The capacity of the AP to understand the strategic thrust of the GCF needs to be strengthened.

PROCESS OF ACCREDITATION

Overall recommendation 2. Assess and incentivize capacity-building and alignment with the GCF mandate, within the accreditation function.

Recommended actions for the GCF Secretariat:

Recommendation 2a. Accreditation and re-accreditation reviews should examine institutional performance, project results and portfolio alignment of chosen accredited entities (AEs). To that end, the monitoring and reporting by AEs in terms of performance, results and alignment with the GCF's mandate need to improve.

Recommendation 2b. Re-accreditation should include an assessment of the alignment of an AE's portfolio with the GCF mandate. This assessment should be based on clear, transparent and predictable criteria that are communicated to applicants and potential AEs.

Recommendation 2c. International accredited entities (IAEs) should be assessed for their contributions to building capacities of direct access entities (DAEs).

This assessment needs to be based on clear criteria and communicated to candidates.

Recommendation 2d. The efficiency of the accreditation process needs to improve.

Currently, it takes a median of 506 days for entities to be approved for accreditation by the Board from the time their application is approved on the online accreditation system. Turnaround times and processing times need to be established by the Secretariat and communicated to the GCF partnership.

- **Design the accreditation process to avoid overlaps.** Avoid overlaps between Stages I and II; avoid overlaps between accreditation and the funding proposal (FP) process.
- **Establish and announce turnaround times.** Additional support may be elicited from regional advisers.
- **Improve the capacity of entities with existing resources and strengthen their ability to interact with the Fund.** Funds from the Readiness and Preparatory Support Programme (RPSP) should be utilized, especially for post-accreditation support. In order to ensure strategic alignment, the Secretariat should take on an explicit role in soliciting potential AEs.
- **Reduce the time taken for legal negotiations.** For the group of 59 entities that have effective accreditation master agreements (i.e. can now receive FP funds from the GCF), it took a median of 638 days from Board approval to becoming effective. There is clearly a need to build capacities all round on policy sufficiency and legal negotiations, including within the Secretariat and for AEs.

PORTFOLIO OF ACCREDITED ENTITIES

Overall recommendation 3. The selection of AEs and composition of the AE portfolio should be based on an overall strategy that

indicates how these entities will help support the GCF's mandate.

Recommended actions for the *Secretariat*:

Recommendation 3a. The GCF should support countries and NDAs so they can be strategic in nominating entities for direct access. Country programmes and/or country climate finance strategies should drive the decision on the type and number of entities nominated. Currently, it is unclear if entities are chosen so they can support the GCF mandate or because they have the ability to process GCF funds (i.e. can undertake project management) or both.

Recommendation 3b. Pre-accreditation support, including the RPSP, should be strengthened for building capacities of candidate entities. This support will also reduce processing times and provide an overall strong suite of AEs.

Recommendation 3c. Post-accreditation support for DAEs is essential and needs to be strengthened. Some of the ways in which this support can be provided are as follows:

- Requiring that proposals from IAEs be made **with** the appropriate involvement of DAEs. Co-development, co-implementation and co-reporting will help incentivize capacity-building and transfer of knowledge between IAEs and DAEs.
- Explicitly devoting resources to building the capacities of new AEs to propose FPs to the GCF. In this context, the role of the RPSP and Project Preparation Facility should be strengthened.

Recommended actions for the *Board*:

Recommendation 3d. Although on paper the portfolios of all AEs need to be examined, the ongoing efforts to establish portfolio baselines for re-accreditation should be expedited and include both DAEs and IAEs. Results should be taken into account for the re-accreditation assessments.

Recommendation 3e. The (new)

accreditation strategy should clarify the target portfolio mix of AEs for the GCF.

Such a strategy should also discuss how AEs will be engaged with, their key outcomes, the GCF's overall FP pipeline and countries that are not able to access the GCF.

PROJECTIONS AND GCF-1

Overall recommendation 4. The GCF should clarify the aim and limitations of the project-specific assessment approach (PSAA) before piloting; GCF-1 strategic planning should include targets and plans.

Recommended actions for the *Board*:

Recommendation 4a. The GCF should articulate the main aims of the PSAA and clearly articulate how accreditation will fit into its overall outcomes. This will help clarify the objectives of the PSAA, against which it will be evaluated at the end of the pilot.

Recommendation 4b. The design and implementation of the PSAA should consider lessons from other funds and be cautious about possible risks that the PSAA may introduce. A pilot phase that explicitly incorporates an independent evaluation at the end will help the Fund to learn and prevent possible pitfalls, going forward.

Recommended actions for the *Secretariat*:

Recommendation 4c. Overall, the focus of the AEs' reporting should be on alignment as well as mitigation and adaptation results that they have planned and achieved.

Currently, self-assessment and midterm reports are checklist exercises indicating whether there have been material changes in their underlying policies that may affect accreditation. These reports should be expanded to include reports on AE climate portfolios (non-GCF/GCF) and progress on mitigation and adaptation results across the AE portfolio.

Recommendation 4d. If the GCF is keen to increase its overall allocation to DAEs in the updated strategy of the GCF for 2020–23 (i.e. GCF-1), focus must be explicitly paid to increasing the role of DAEs.

Currently, although 56 national/regional entities have been accredited, only 18 DAEs have FPs with the GCF. Some steps to

increase the funding portfolio of DAEs may include recruiting additional DAEs, providing post-accreditation support, increasing capacities, increasing the scope of DAEs, and prioritizing in the FP pipeline, among others. It is essential to set a realistic target supported by an implementable plan.

MAIN REPORT

Chapter I. INTRODUCTION AND OBJECTIVES

1. This report is an independent synthesis (hereafter, Synthesis Study) of the Green Climate Fund's (GCF) accreditation function and process. The study was undertaken by the Independent Evaluation Unit (IEU). At its twenty-fourth meeting, the Board of the GCF requested the IEU to undertake this Synthesis Study as part of the IEU's 2020 Work Plan and Budget (decision B.24/06).
2. This Synthesis Study is a desk study; it examines and synthesizes existing evidence on accreditation. It aims to systematically and objectively synthesize key findings and make recommendations on how the GCF's accreditation strategy may be improved. The Synthesis Study has three aims:
 - a) Collecting **all** relevant documents produced by the GCF Secretariat, the IEU and external stakeholders.
 - b) **Critically appraising** evidence contained in these documents. A critical appraisal considers the credibility of documents and considers gaps in the evidence and its potential for bias, coverage, sufficiency and relevance to decisions.
 - c) **Synthesizing** evidence that is credible.
3. Although there is no universal definition of what credible evidence is,⁷ for the purpose of this synthesis two related dimensions were considered important: (a) transparency, and (b) rigour. Transparency in data collection, analysis and methods enables the evidence to support empirical claims.⁸ Rigour in collection of data and analysis helps to consider bias, reliability and validity.⁹
4. This synthesis is based primarily on an exhaustive review of documents, including Board decisions, Secretariat reviews and IEU evaluations. It is also supplemented in a limited way by data and analysis produced by the IEU DataLab. Additionally, the IEU interviewed a total of 58 respondents for this synthesis (annex 1). Further details of the methodology are provided in annex 3.

⁷ Donaldson, S. I., Christie, C. A., & Mark, M. M. (2009). *What counts as credible evidence in applied research and evaluation practice?* Los Angeles: SAGE.

⁸ Moravcsik, A. (2014). Transparency: The revolution in qualitative research. *PS: Political Science & Politics*, 47(1), 48–53.

⁹ Seale, C., & Silverman, D. (1997). Ensuring rigour in qualitative research. *The European Journal of Public Health*, 7(4), 379–384.

Chapter II. GOVERNANCE OF ACCREDITATION

KEY RECOMMENDATIONS

- To improve governance of accreditation, the **Accreditation Committee's (AC)** Board-approved institutional role needs to be enforced and its terms of reference (TOR) should move from paper to practice. Specifically, the role of the AC in policy and providing strategic guidance to the Accreditation Panel (AP) should be facilitated and strengthened.
- The **AP** should be able to directly engage with the GCF Board and specifically the AC. Simultaneously, the Panel should be able to consult with different parts of the GCF system so that their own understanding of the Secretariat's strategy and changing priorities is strengthened.
- **The Accreditation and Entity Relations team of the Secretariat** should be expanded and strengthened so that Stage I reviews and general management may be speeded up. This will also help improve their role in capacity-building among applicant entities; reviewing and following up on accredited entities' (AEs) monitoring and reporting; preparing re-accreditation reviews; and assessing the alignment of applicant entities with the GCF's mandate. This will also help improve their capacity to deal with the increased burden that is likely to occur once the project-specific assessment approach (PSAA) is operationalized.
- What does it mean to be "aligned with the Fund"? What role do AEs and the overall portfolio **mix** have in how the Fund is able to achieve its objectives? A deep discussion of assumptions and priorities for different types of entities is required within the Fund. This may be informed by a strategy and a subsequent independent evaluation of accreditation.

KEY FINDINGS

- The Governing Instrument requests the Board to develop, manage and oversee the accreditation process, based on criteria that reflect the Fund's fiduciary principles and standards, environmental and social safeguards and gender policy. Accreditation is operationalized in the GCF business model through AEs who are responsible for delivering GCF resources to developing countries and for designing, delivering, managing, implementing, supervising, and providing oversight and evaluations, while meeting GCF standards and safeguards. The GCF Secretariat is expected to provide a "second level of due diligence". Through accreditation master agreements (AMAs), the Secretariat articulates and enforces conditions and standards that entities commit to meet. Entities are formally accredited by the GCF Board. Funding proposals can be submitted for Board approval once AMAs are signed or within 120 days of Board approval to be accredited.
- The AC established by the Board has not been able to deliver on its overall mandate for a variety of reasons. This means that so far there is little guidance or examination of critical issues related to the mix and distribution of AEs in the GCF. The alignment and effectiveness of the accreditation process, its function and its evolution require that such an oversight body is able to function properly.
- The AP interacts primarily with the Secretariat and has little interaction with the Board. Its TOR indicate the AP's role entails technical reviews of applications, but in reality, the AP does not review AEs' alignment with GCF strategic priorities.
- The Accreditation and Entity Relations team is responsible for managing and executing the accreditation process and function. This important function is delivered by two full-time equivalent employees, who are currently stretched. The team's 2020 workplan does not explicitly mention the PSAA or its role in assessing the alignment of AEs with the GCF's mandate.

A. INTRODUCTION

1. This chapter examines the mandate of accreditation in the GCF. It looks at the guidance provided by the Governing Instrument (GI) and considers the institutional apparatus available for accreditation to the GCF. Specifically, it asks the following questions:
 - a) What is guidance provided by the GI? How is accreditation implemented in the GCF's business model?
 - b) How is accreditation governed in the GCF?
 - c) What are priorities for accreditation? How are they established?

B. BACKGROUND AND CONTEXT

1. ACCREDITATION IN THE GOVERNING INSTRUMENT AND BUSINESS MODEL

2. Paragraph 45 in the GCF's GI¹⁰ stipulates that "Access to Fund resources will be through national, regional and international implementing entities accredited by the Board." It also states that "Recipient countries will determine the mode of access and both modalities may be used simultaneously".
3. The GI further provides for direct access in paragraph 47, stating that "Recipient countries will nominate competent subnational, national and regional implementing entities for accreditation to receive funding." Further, in paragraph 49 the GI states: "**The Board will develop, manage and oversee an accreditation process** for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards."
4. The guidance provided by the GI has been operationalized through key Board decisions and documents, including the following:
 - Document GCF/B.04/05 Business Model Framework: Access Modalities
 - Decision B.04/06: Access to funding
 - Decision B.07/02, Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards
 - Decision B.08/02: Approval of the guidelines for the fit-for-purpose accreditation approach
 - Decision B.08/03: Fast-track Accreditation Programme
 - Decision B.08/06: Applications for accreditation to the GCF, the Board approved the contents of the application documents for submissions of applications for accreditation to the Green Climate Fund
5. In decision B.07/02, paragraph (a), the Board adopted the "*initial guiding framework*" for the GCF accreditation process.¹¹ With paragraphs (b) and (c), the Board further adopted "*on an interim basis, the Performance Standards of the International Finance Corporation (IFC)*", and aimed "*to complete the process of developing the Fund's own environmental and social safeguards (ESS)*,

¹⁰ The Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) approved the Governing Instrument for the Green Climate Fund at its seventeenth session by decision 3/CP.17 (UNFCCC document FCCC/CP/2011/9/Add.1 of 15 March 2012). <https://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf>.

¹¹ See decision B.07/02, in GCF. (2020). *GCF Handbook*, p. 313 ff.
<https://www.greenclimate.fund/sites/default/files/document/gcf-handbook.pdf>.

which will build on evolving best practices, within a period of three years after the Fund becomes operational". In paragraph (i) of the adopted decision, the Board agreed to develop *"a fit-for-purpose accreditation approach that matches the nature, scale and risks of proposed activities to the application of the initial fiduciary standards and interim ESS"*. The initial guiding framework in annex I of the same document defined the guiding principles for the accreditation process of the Fund: it commits that GCF standards will align with international best practices and provides for a continuous update; it discusses accountability, transparency, fairness and professionalism; and envisions it as *"a dynamic process that is reliable, credible and flexible"* while providing for *"coherence and integration with other relevant provisions of the Fund"* and links it with readiness and the need to ensure its *"effectiveness"*.

6. Through decisions B.08/02 and B.08/06, the Board adopted guidelines to operationalize a *"fit-for-purpose accreditation approach"*. These guidelines state that *"the accreditation process will take into account the scale of funding that the entity intends to access, its track record in undertaking climate-related projects and activities, as well as the nature of its intended activities."*¹² These guidelines also state that ***"It is expected that the accreditation process will generally be completed within six months after submission of all the required documentation. The Fund will work on continuously improving its efficiency in order to reduce this timeframe"***.¹³

2. GOVERNANCE OF ACCREDITATION

7. In the initial guiding framework (B.07/02), the Board established that the following actors will be included in the governance of accreditation: the Board, the AC and the AP, along with the Secretariat and external technical experts/consultants.
8. **Accreditation Committee.** Through decision B.07/02, the Board established the AC *"to provide policy guidance to the Board"*. The Board identifies the following responsibilities, among others, for this Committee:

(a) Providing guidance on the development of policies and procedures for the Fund's guiding framework for the accreditation process;

(b) Facilitating the Board's interaction with recipient countries with regard to disseminating information to them and familiarizing them with the accreditation process; and

*(c) Providing policy guidance to the Accreditation Panel to facilitate the accreditation process without interfering with the technical assessments of the Panel.*¹⁴

Through decision B.10/06 the Board decided that the AC will be composed of three developing country and three developed country Board members or alternate members.

9. **Accreditation Panel.** The AP is designed as an *"independent technical panel of the Fund to advise the Board"*.¹⁵ The AP is expected to provide the Board with advice on fiduciary principles, ESS, and good practices in accreditation procedures and systems, among other things. Decision B.07/02 identifies the following role and mandate: *"The Accreditation Panel will function as an independent review body accountable to the Board and [be] under its authority"*.¹⁶ The Board identified additional responsibilities for the AP, including accreditation review, independent advice to the Board on applications for accreditation, and providing expert inputs for further development of the Fund's fiduciary standards, ESS and environmental and social management system (ESMS).

¹² Decision B.08/02, annex I, paragraph 5.

¹³ Decision B.08/02, annex I, paragraph 7.

¹⁴ Detailed terms of reference are contained in annex IV to decision B.07/02.

¹⁵ Detailed terms of reference are contained in annex V to decision B.07/02.

¹⁶ Decision B.07/02, annex I, paragraph 51.

10. **GCF Secretariat.** The Initial Guiding Framework also states that “*Applicant entities will submit their application in accordance with operational procedures to be developed by the Secretariat in consultation with the Accreditation Committee and Panel.*” The core functions of the Secretariat include operationalization of the accreditation process of the Fund, and the execution of all necessary and related activities. The following role and mandate are further identified: “*The Secretariat will support the systems, processes and procedures of the accreditation process*”. As stated in decision B.10/06, paragraphs (e) and (p), the Secretariat communicates the assessment of the AP to the Board.¹⁷

3. ACCREDITATION PRIORITIES

11. Through decision B.08/03, the Board approved the “fast-track process” for accreditation. Under this decision, specific categories of entities are eligible to apply and certain documentation is waived; fast-track accreditation for fiduciary and/or ESS standards applies to entities if they have been accredited by and comply with requirements of other climate funds (the Adaptation Fund (AF) and the Global Environment Facility (GEF)), as well as the Directorate-General for International Cooperation and Development of the European Commission (DG [DEVCO](#)). Additional categories of entities were declared eligible for fast-track accreditation in subsequent decisions (decisions B.10/06, B.12/30, B.14/09, B.15/09, B.17/13 B.18/05 and B.19/14). These decisions reflected the urgency within the Board and the Secretariat to get a number of reputed and established entities accredited without delay, so that they would be ready to prepare acceptable FPs for approval by the Board.
12. The Board recognized that direct access entities (DAEs) in some regions were slow in advancing through accreditation. In decision B.14/08 the following prioritization of entities was approved by the GCF Board:
- 1) National DAEs
 - 2) Entities in the Asia-Pacific and Eastern European regions
 - 3) Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decisions B.09/07, para. (g) and decision B.10/06, para. (h)
 - 4) Entities responding to requests for proposals issued by the GCF – for example, including a pilot phase for enhancing direct access; a pilot programme to support micro-, small-, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation
 - 5) Entities seeking fulfilment of conditions for accreditation
 - 6) Entities requesting upgrades

¹⁷ Through decision B.10/06, the Board:

“(e) Requests the Secretariat to track and report on the fulfilment of conditions of accreditation on a regular basis;”

“(p) Decides that, in accordance with the disclosure policies of the Fund:

(i) The Secretariat will submit a document on the consideration of accreditation proposals, including the AP’s assessment and recommendations on accreditation and names of the entities, to the Board at least 21 days before the start of the Board meeting;

(ii) Board members may provide questions about the entities being recommended for accreditation, in writing, to the Secretariat within one week of the AP’s recommendations being circulated to the Board;

(iii) The Secretariat shall compile questions provided by the Board, and circulate the compilation of questions, verbatim, to the AP and all Board members; and

(iv) The AP shall respond to all questions and provide a compilation of those responses to the Board at the latest one week before the Board meeting. The AP will have sole authority to decide whether or not to make changes to its recommendation in response to feedback from the Board.”

C. FINDINGS AND ANALYSIS

1. ACCREDITATION IN THE GOVERNING INSTRUMENT AND THE BUSINESS MODEL

13. As espoused in the GI, **accreditation is an important part of the GCF's mandate**. The GI specifies two modalities for accreditation: direct access (national and regional) and international access. The GI also specifies that countries determine the mode of access and that the Board will manage and oversee the process of accreditation.
14. To understand the context of these decisions, the IEU conducted interviews and reviewed early documents. They show **that guidance in the GI drew upon then-available and documented experiences of other multilateral agencies**. For instance, a 2011 discussion of the Transitional Committee on accessing finance is based on the experience of climate and development finance agencies.¹⁸ A background note on direct access, produced later for the Transitional Committee, draws upon the experience of the AF, the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund), and the Global Alliance for Vaccines and Immunization (Gavi, the Vaccine Alliance). Of note, this report highlights two issues that are relevant to the business model of the GCF and implementing the direct access modality. Firstly, the document notes that Country Coordinating Mechanisms were responsible for oversight in the Global Fund, and their abilities needed to be strengthened. Second, the document noted the limited capacities of national entities to meet AF standards and the need for in-country capacity support.¹⁹ Early discussions at the GCF Board were also based upon the experience of the GEF and the Climate Investment Funds.²⁰ The key elements of the accreditation process and function reflect this experience and learning. Specifically, the need for providing support for capacity-building, the development of the GCF's own access modalities with best-practice fiduciary principles, and ESS, all reflect international best practices and learning at the time.²¹
15. Drawing upon this experience, in the GCF's current business model, **AEs are responsible for delivering climate finance to developing countries**, along with designing, delivering, managing, implementing, supervising, overseeing, and evaluating progress and impacts, while also meeting GCF standards and safeguards. In summary, in its current business, once entities are accredited, the GCF relies on the entities for due diligence and risk assessment of its investments.²²
16. **The initial guiding framework for accreditation (B.07/02) is still in use** at the GCF. This framework describes in detail the stages of the accreditation process. Annex II of this framework document lists the basic and specialized fiduciary criteria of the Fund, and annex III presents the interim ESS modelled after the Performance Standards of the IFC (with the note that these will be

¹⁸ UNFCCC Transitional Committee. (2011). *Workstream III: Operational Modalities, Sub-workstream III.3: Accessing Finance, Scoping paper: Financial instruments and access modalities*. TC-2/WSIII/2. https://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_ws3_2_290611.pdf. On direct access, the paper highlights the following issues (edited for clarity and brevity): "First, consideration should be given to expanding the range of institutions that can participate in direct access... Second, the need to move from only project-based direct access to programmatic and sectoral scales... Third, sound fiduciary management and the presence of functioning, robust institutions are essential to the integrity of a direct access modality... Fourth, and more broadly, the need to ensure coherence with direct access provisions under other climate change funds was highlighted."

¹⁹ UNFCCC Transitional Committee. (2011). *Workstream II: Governance and Institutional Arrangements, Workstream III: Operational Modalities, Revised background note: Direct Access*. . https://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_ws3_5_290611.pdf.

²⁰ Document GCF/B.04/05, "Business Model Framework: Access Modalities".

²¹ Decision B.04/06.

²² Annex II to document B.14/09.

revised soon).²³ Apart from these standards adopted as part of the initial guiding framework, additional policies were subsequently adopted and affect accreditation.²⁴

2. GOVERNANCE OF ACCREDITATION

17. **The Accreditation Committee:** In a limited-distribution report, Board subcommittees were assessed for their effectiveness, efficiency and suitability. Among these, the AC was ranked by Board members and other respondents as lower than other committees on effectiveness, efficiency and suitability. Interviews and documentation underscore this perception: at the time of writing, the AC did not have a sixth member and had been unable to elect a Chair between January and April 2020. Like other subcommittees of the GCF Board, the AC makes proposals to the Board that the Board is meant to discuss and decide upon. In practice, however, all topics are re-opened in the full Board. Interviewees cited this lack of delegation to the AC as one reason for the AC's low effectiveness; respondents cited the example of the AF and the Multilateral Fund for the Implementation of the Montreal Protocol, where subcommittees are able to take decisions that are subsequently not opened or discussed again in plenary (and are only formally approved). Although this is an important concern, it should be noted that no other GCF Board subcommittee has this delegated authority or responsibility either.
18. Detailed TOR for the AC are contained in decision B.07/02, annex IV: Terms of reference of the Accreditation Committee, and responsibilities of the AC are also reiterated in the initial guiding framework. Overall, the AC is to perform three functions: provide guidance on the development of policies and processes for accreditation, provide policy guidance to the AP to facilitate the process, and facilitate the Board's interaction with recipient countries on the accreditation process. It was not within the scope of this Synthesis Study to assess the effectiveness of the AC. However, there is limited evidence related to the latter two functions. We did not find evidence that there was general awareness of the AC's TOR. Further, **these responsibilities do not include providing strategic guidance, especially on alignment of applicants with the goals of the GCF.**
19. **The Accreditation Panel:** In theory, the AP is an independent panel reporting to the Board. The mandate of the AP is to make in-depth assessments of accreditation applications. The AP assesses applications against fiduciary standards, ESS and gender policies, using a checklist developed by the GCF Secretariat and placed on the online accreditation system website for accreditation applications. **The AP has limited interaction with the Board**, and only meets with the AC (if and when it does) on the sidelines of Board meetings. The Synthesis Study team also found that **the AP does not review entities' applications with respect to their alignment with GCF strategic objectives**. AP members are also not kept informed of emerging priorities for the GCF or of key areas of focus, nor are they provided with guidance or customized information on this. Other than through information that they may get from publicly available documents, most AP members were unaware of changing areas of focus for the GCF. Therefore, this is not part of their appraisal process. In theory, the AP can make a recommendation to the Board on "*whether the applicant entity should be accredited or not.*"²⁵ In practice, it has come to be expected that any candidates moving from Stage I (after the completeness check undertaken by Secretariat) to Stage II (technical

²³ GCF. (2020). *GCF Handbook*, p. 331 ff.

²⁴ Interim Policy on Prohibited Practices (Exhibit A of the accreditation master agreement considered in decision B.12/31); Anti-Money Laundering and Countering the Financing of Terrorism Policy (decision B.18/10); Policy on the protection of whistleblowers and witnesses (decision B.BM-2018/21); Environmental and social management system: Environmental and Social Policy (decision B.19/10); Comprehensive information disclosure policy of the Fund (decision B.12/35) regarding the disclosure of E&S information; Gender Policy and action plan (decision B.09/11); and Updated Gender Policy and Gender Action Plan 2020–2023 (decision B.24/12).

²⁵ Annex I to decision B.07/02.

review; the stage where the AP assessment is undertaken) is to be accredited, unless the entity finds itself unable to meet the standards or withdraws. The Synthesis Study did not come across any cases where the AP had made a recommendation not to accredit an entity. Some members of the AP also expressed dissatisfaction with the time-consuming accreditation processes and, separately, about the pressure to propose/clear certain candidates for Board approval.

20. **Detailed TOR of the AP** are contained decision B.07/02, annex V: Terms of reference of the Fund's Accreditation Panel. According to this and the initial guiding framework, the AP advises the Board on matters such as results of assessment of accreditation applications, expertise in fiduciary standards, expertise in ESS and ESMS, and expertise in accreditation procedures.²⁶ Currently, the assessments are undertaken by the AP with the support of external consultants or firms. In the proposed updated accreditation framework (UAF), the role of AP members is reduced, and the framework indicates that assessments will be conducted by external consultants/firms under the guidance of the AP.²⁷ The Synthesis Study team is unable to assess the implications of this change. However, it will be important to continue to draw on AP expertise for any review of the standards for GCF accreditation.
21. **Accreditation and Entity Relations team:** Within the Secretariat, the Accreditation and Entity Relations team was moved to the Office of the Executive Director after B.24 (end of 2019). The team is responsible for executing and managing any accreditation policies and for operationalizing the vision, while also building an accreditation strategy. It also supports the AP and AC, coordinates the overall engagement with AEs, and manages strategic engagement with IAEs in close coordination with other divisions and units of the Secretariat. Within the team, the process of accreditation is undertaken by two full-time-equivalent employees, which can be considered relatively low human resources for an important and multi-faceted GCF function. In decision B.07/02, the Board requested "*the Accreditation Panel, in collaboration with the Accreditation Committee and the Secretariat, to report annually to the Board on the status of applications for accreditation, identifying and analyzing barriers faced by applicants in meeting the requirements*". The portfolio is presented to the Board annually. However, the Synthesis Study team found that analyses of barriers to the Board were occasional but not systematic. The proposed UAF does not contain a provision for this either.
22. **Targets for 2020:** The Secretariat workplan for 2020 specifies targets that include several accreditation-related items. Targets for accreditation include the number of AMAs signed; strengthened accreditation partnerships and processes (including increased representation of DAEs in the AE portfolio); the development of an accreditation strategy; the launch of a re-accreditation process; and the establishment of multi-annual entity work programmes. These targets seem to align

²⁶ Annex V to decision B.07/02:

"1. The Accreditation Panel (the Panel) will be an independent technical panel of the Fund to advise the Board on matters relating to:

- (a) Independent technical advice to the Board on the results of the in-depth assessment and review of individual applications for accreditation;
- (b) Expertise in good-practice fiduciary principles and standards, financial intermediation functions, intermediation regulations and oversight;
- (c) Expertise in environmental and social safeguards, as well as in evaluating environmental and social management systems in order to ensure that applicant entities have the capacity to implement and oversee the Fund's interim and subsequent ESS;
- (d) Expertise in international and recognized good practices in accreditation procedures and systems;
- (e) Expert policy advice on developing countries' special circumstances, including sustainability and climate-related issues;
- (f) Members of the Panel will have a three-year term, with the possibility of renewal for a maximum of another consecutive term."

²⁷ Document GCF/B.23/05: "54. The Accreditation Panel will conduct the accreditation review process by providing oversight and guidance to a panel of external service providers who will undertake accreditation review assessments."

with the emerging needs on accreditation, but **do not explicitly mention the PSAA (see Chapter IX), capacity needs of AEs (see Chapter VI)**, review of entity self-assessments (required annually to be undertaken by AEs) and alignment of AEs with the GCF (see Chapter VI). Paragraph 53 of annex II to decision B.07/02 describes the responsibilities of the Secretariat.²⁸ The roles and mandate of the Secretariat are related to executing and operationalizing the accreditation process. These roles do not explicitly describe the role the Secretariat in curating a portfolio of AEs.

3. ACCREDITATION PRIORITIES

23. The prioritization of entities for accreditation was established at B.14 and continued intermittently until B.25.²⁹ It has lapsed now. This prioritization was proposed by the draft strategy on accreditation (document GCF/B.14/09), where a section on stocktaking and lessons learned was based on portfolio data and other lessons. We summarize the groups of entities that are prioritized in this document in Table II-I. Various GCF documents provide the rationale and assumptions in support of this prioritization (see, for example, the draft strategy on accreditation). We list these assumptions and/or rationale and discuss the evidence alongside.

²⁸ 53. “The Secretariat will support the systems, processes and procedures of the accreditation process and will be responsible for the following core functions:

(a) Ongoing development, in consultation with the Accreditation Panel, of the Fund’s fiduciary standards, environmental and social safeguards and criteria for the accreditation of subnational, national, regional and international intermediaries and IEs to the Fund, for adoption by the Board;

(b) Operationalization of the procedures supporting the accreditation process of the Fund, and the execution of all necessary and related activities, including the implementation, management and maintenance of its supporting systems;

(c) Overall responsibility for conducting the no-objection and readiness assessment and the general management of stage 1 of the Fund’s accreditation process;

(d) Presentation of the outcomes of the no-objection and readiness assessment to the Accreditation Panel for its consideration during the accreditation review;

(e) Implementation, operation and execution of any other functions and/or activities necessary to effectively carry out its responsibilities in the accreditation process.”

²⁹ Prioritization decision B.14/08, paragraph (d) (i) ended at the end of B.20 (4 July 2018), as per decision B.19/13, paragraph (c). Prioritization decision B.21/16, paragraph (e) came into force from 20 October 2018 onwards and ended at the end of B.25 (12 March 2020), as per decision B.24/11, paragraph (e).

Table II-1. Prioritization of entities for accreditation and the IEU's assessment

PRIORITY GIVEN TO		RATIONALE/ASSUMPTIONS (SOURCE)	IEU ASSESSMENT (SOURCE)
DAEs (prioritized between B.14-B.20 and B.21- B.25)	DAEs in general	DAEs are important for country ownership. ³⁰ This assumption is highlighted in many key documents, including the draft strategy on accreditation.	This assumption is supported by evidence, but the relationship between DAEs and country ownership is not one-on-one. DAEs are perceived to be strongly correlated with greater country ownership (access to resources, capacity-building, reduced AE fee, understanding the local policy and context), but DAEs do not directly translate into access to the GCF or high country ownership (see IEU evaluations of the country ownership approach (COA) and Readiness and Preparatory Support Programme (RPSP), Chapter V of this report).
	Higher number of DAEs	National DAEs result in easier and more direct access to resources by the country. ³¹	Most DAEs are accredited only for micro-level and low-risk projects, and country ownership depends on many additional factors. Furthermore, although the number of DAEs is higher than IAEs, fewer DAEs are actually able to subsequently access GCF resources, and when they do, it is for small amounts (see IEU evaluations of COA and RPSP and the FPR, Chapter V of this report).
	DAEs over IAEs	In the GCF, it is assumed that developing countries prefer DAEs over IAEs for FPs. ³²	This is not true for all countries, particularly for some that apparently prefer access through IAEs or regional AEs instead of trying to get accreditation approved for local institutions (see Chapter VI).
	Regional entities over IAEs	Based on the guidance provided by the GI, regional AEs are considered direct access along with national entities, in contrast to IAEs.	In practice, regional AEs are active in many countries in the region where they operate, resembling IAEs more than DAEs. For small countries such as the small island developing States, regional AEs also present the (potential) opportunity to aggregate resources and benefit from economies of scale (see Chapter VI).
	Several DAEs in one country	Several DAEs in one country are better than only one. This is inferred from the fact that there is no	The IEU evaluation of the GCF's COA found that when there are several DAEs in a country, the choices are driven by the interests of the applying institutions and their

³⁰ According to GCF/B.20/17: "In particular, direct access entities (DAEs) are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways."

According to the draft strategy on accreditation (Document GCF/B.13/12) "Direct access entities are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways."

³¹ In section IV, Strategic priorities for 2020–23, paragraph 16 (c) of the Updated Strategic Plan for the Green Climate Fund: 2020–23 (GCF/B.25/09) aims to support "national and regional DAEs to play a more prominent role in GCF programming and channel significantly more GCF funding."

³² In decisions B.13/20, B.13/21 and B.14/07, the Board has prioritized enhanced access to DAEs through specific support programmes. The COP, in UNFCCC decision 10/CP.22, "requests the Board to facilitate an increase in the amount of direct access proposals in the pipeline and to report to the Conference of the Parties on progress made in this regard".

PRIORITY GIVEN TO		RATIONALE/ASSUMPTIONS (SOURCE)	IEU ASSESSMENT (SOURCE)
		<p>limit on the number of DAEs in a country. Discussions with Board members indicate that this is important so that there is a potential for the following:</p> <ul style="list-style-type: none"> • Creating healthy competition among DAEs within a country, while promoting learning • Different DAEs can play to different comparative advantages (and therefore strengthen the GCF)³³ 	<p>supporters in the administration rather than by strategic decisions made nationally or by countrywide coordination. Of the five case studies examined in the COA evaluation, only one (Colombia) showed the likelihood that nominated entities were guided by strategic considerations.</p>
Private sector entities (prioritized between B.14–B.20 and B.21–B.25)		<p>Accrediting more private sector entities will result in higher engagement of the private sector.</p> <p>Private sector entities are interested in getting accredited by the GCF.</p>	<p>This assumption has not been borne out by the pipeline. Of the 95 entities accredited so far, there are 21 AEs that self-identify as private sector entities. Of these, only six entities have accessed GCF resources for a total of USD 365 million and 10 projects (data as of 12 March 2020).</p>
Entities from specific regions (prioritized between B.14–B.20 and B.21–B.25)		<p>Accrediting entities in Asia-Pacific and Eastern Europe will result in a stronger pipeline of FPs.</p>	<p>It is not demonstrated if this prioritization indeed increased the number of DAEs or FPs. Many AEs do not subsequently propose any FPs (see Chapter VI). While there are 25 DAEs from Asia-Pacific, there is one DAE from Eastern Europe.</p>

24. The decisions on the prioritization of applicants reflect the **intentions of the Board to increase the numbers of DAEs and private sector AEs and to achieve a more spread-out geographical distribution**, allowing all countries a choice among international, regional and national entities to prepare and implement their projects. Chapter VI below discusses to what extent this policy has been successful.

D. KEY FINDINGS AND RECOMMENDATIONS

- a) What is the guidance provided by the Governing Instrument? How is this implemented in the GCF business model?
25. The GI of the GCF mandates **that access to GCF resources will be through entities accredited by the Board**, while the mode of access (direct access or international access) will be determined by recipient countries. It also states that the **Board will develop, manage and oversee accreditation**. However, currently there is no guidance to countries on how to select these entities. Consequently, there is no common understanding at the country level of who to nominate and why.

³³ According to the draft accreditation strategy (document GCF/B.13/12), “Together with international and regional entities, AEs can provide additional choices of partners.”

26. The guidance of the GI was operationalized in the design of the GCF, based upon the experience of other multilateral organizations. In the GCF business model, **AEs are responsible for delivering GCF resources to developing countries in accordance with country priorities and policies.** AEs are also responsible for designing, delivering, managing, implementing, overseeing and evaluating these resources, while also meeting GCF standards and safeguards. The initial guiding framework for the GCF accreditation process adopted by the Board in B.07 continues to be used.

Recommendations

27. The accreditation process was designed based on the experience of other multilateral agencies. The initial guiding framework is still in use. This indicates that a fit-for-purpose strategy for accreditation that is based on learning over the past five years and an evaluation is required. An evaluation should also examine the relevance and utility of the current accreditation function and process.

b) How is accreditation governed in the GCF?

28. In the GCF, overall governance of the accreditation function and process is the responsibility of the AC and AP. At the time of analysis, the **AC was not fully functional and was rated low in its effectiveness.** The AP is supposed to be an independent expert panel reporting to the Board but so far, in practice, it has had limited interaction with the Board. Neither body oversees the overall entity portfolio mix or the alignment of entities with the GCF's strategic priorities (even though, on paper, their TOR include this role).
29. The GCF Secretariat is responsible for devising, managing and executing the accreditation process and function. It has not been given an explicit responsibility to identify and prioritize entities on the basis of strategic alignment with the GCF.

Recommendations

30. The TOR of the AC identify several responsibilities. Many of these exist on paper and have not been realized. These include facilitating the interaction of the Board with recipient countries and providing policy guidance to the AP. For the AC to contribute effectively to the governance of accreditation, its Board-approved TOR need to be operationalized and need to move from paper to practice. There may be some opportunity to support awareness building among Board members on the role of accreditation as well as their fundamental role in providing **policy and strategic guidance to the AP.**
31. The AP should consult with the Executive Director on strategy issues and with the relevant Secretariat units on the development of policy standards of relevance for accreditation. Its direct communication with the AC and Board needs to strengthen. The AP should engage far more closely with the AC and the Secretariat, especially in relation to its role in developing policy standards.
32. The Secretariat should be strengthened and its overall capacity expanded to ensure speed and greater due diligence, including its ability to follow-up self-assessment reports and entity work programmes, prepare re-accreditation reviews, assess the portfolio alignment of AEs with the GCF, and anticipate the burden of the PSAA. Its targets should not only be quantitative but also qualitative (for instance, making AEs aligned with GCF goals or incentivizing capacity-building).

c) What are priorities for accreditation?

33. The Board has established priorities for accreditation, with an emphasis on specific regions and types of entities. However, these are based on **assumptions, some of which are not verified.** **Critical among these has been the assumption that a large number of DAEs will be helpful for countries and for the GCF, and that private sector entities will be interested in accessing GCF resources.** Previous evidence finds that the relationship between DAEs and country ownership is

not one-on-one. Likewise, accreditation of private sector entities does not automatically result in the mobilization of the private sector.

Recommendations

34. Prioritizing certain types of entities for accreditation assumes that conditions are being fulfilled. This relates especially to the focus on DAEs and mobilizing the private sector, among others. In reality, many other conditions need to be fulfilled before DAEs and the private sector can fully participate in the Fund. These need to be examined and focused on, going forward.
35. It is important for the GCF to identify who is responsible for assessing the strategic alignment and capacity development of AEs, while also strengthening the Secretariat in this context.

Chapter III. POLICY CONTEXT OF ACCREDITATION

KEY RECOMMENDATIONS

- The AC of the Board and the Secretariat, in cooperation with the AP, should develop and approve an **accreditation strategy**, that includes a vision statement, portfolio targets, performance indicators and milestones. It should also specify the overall main (and secondary) aims of accreditation besides laying out business standards, a theory of change and timelines. It should identify the role of an AE and the AE **mix**, within the GCF.
- In the short run (while the strategy gets approved), the Board should approve the **UAF** to operationalize important updates to the accreditation process and to increase its efficiency.
- **Re-accreditation** requirements should include the following assessments: entity's portfolio and strategic alignment with GCF objectives; entity performance in delivering mitigation and adaptation results and impact; entity contributions to country ownership and paradigm shift; and for IAEs, contributions to building the capacities of DAEs. The re-accreditation template should include such assessments, and criteria should be communicated to applicants and AEs in advance.

KEY FINDINGS

- So far, the GCF does not have a **strategy** for accreditation. A draft strategy was discussed at B.14 and not adopted. (The B.14 draft stops short of providing a strategic vision, business standards and outcomes, and identifying a suitable portfolio of AEs.)
- The accreditation function has become overburdened with a large number of goals, many of which may not be feasible or internally consistent. These include goals related to the alignment of the resulting portfolio with the GCF, speed, standards of policies, risk management and due diligence, project management capacities, country ownership, scale of impact and others. There is a need to resolve this “mission overload” while articulating the specific role of accreditation and AEs (whether they are simply delivery channels or partners of the GCF that have a key role in delivering the climate mandate).

A. INTRODUCTION

1. In this chapter, the Synthesis Study considers the policy context of accreditation and assesses whether these are based on evidence. More specifically, the Synthesis Study asks the following questions:
 - a) What is the current strategy for accreditation? Does it provide sufficient guidance to the Secretariat, the AEs and the GCF ecosystem overall?
 - b) What is the status of the accreditation framework? Does it provide sufficient strategic guidance on accreditation?

B. BACKGROUND AND CONTEXT

1. ACCREDITATION STRATEGY

2. At B.10, the Board requested the AC to prepare, with the support of the Secretariat, an accreditation strategy that will “*examine issues including efficiency, fairness and transparency of the accreditation process, as well as the extent to which current and future accredited entities enable the Fund to fulfil its mandate*”.³⁴
3. The draft strategy was on the agenda for B.13 (document GCF/B.13/12) and was discussed at B.14. This draft provided the following general description of the responsibilities of the GCF and the AEs:
 7. *The GCF and its network of AEs will be responsible for the delivery of financing to developing countries in order to meet internationally agreed climate goals at scale, while also meeting GCF standards and safeguards. Accreditation of entities is central to the GCF business model and is a means to an end, which is delivering on GCF objectives.*
 8. *The GCF relies on the due diligence and the risk assessment performed by AEs. They will be responsible for the overall management, implementation and supervision of activities financed by the GCF and are expected to administer funds disbursed with at least the same degree of care as they use in the administration of their own funds.*
 9. *Direct access entities are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways.*
 10. *AEs will engage with international and national private sector entities, particularly in developing countries, to support GCF objectives, including the promotion of the paradigm shift towards low-emission and climate-resilient development pathways. Together with international and regional entities, AEs can provide additional choices of partners.*
 11. *The GCF is responsible for fostering meaningful relationships, collaborations, and knowledge exchange among AEs. Therefore, the GCF will support the network of AEs to foster the sharing of lessons learned, institution-building and continuous learning.*
 12. *AEs must demonstrate a commitment to climate change and sustainable development through a track record of implementing high social and environmental standards, transparency, internationally competitive and open procurement, untied aid, and low-carbon investments.*³⁵

³⁴ Decision B.10/06, paragraph (r).

³⁵ Annex II to document B.14/09, p. 6.

4. The draft strategy then presents general priorities of the GCF such as paradigm shift, country ownership, diversity, efficiency and fit-for-purpose, as well as the need for accountability, fairness and transparency. The draft also included the following lessons learned:
 - a) Rationalize the review work by avoiding duplication between the independent Technical Advisory Panel and the AP
 - b) Incorporate third-party evidence
 - c) Refine the prioritization process
 - d) Get guidance from the AC on how to assess the fitness of DAEs and the verification of country ownership
 - e) Review the information submitted by AEs to address and close their conditions of accreditation
 - f) Expand the eligibility for fast-track accreditation

Although the evidence and analysis for these lessons are not specifically identified, the lessons are presumably based on an analysis of portfolio and stakeholder discussions identified in the document. From the document itself, it is not clear who is required to take these lessons into account.

5. Further to this, the Board requested the “*Secretariat, in consultation with the AC and AP, to consider how to refine the method and criteria for prioritization for consideration of the Board at the sixteenth meeting of the Board.*”³⁶ The document was on the agenda at B.16 and B.17³⁷ and is assessed below.

2. ACCREDITATION FRAMEWORK

6. In decision B.07/02, paragraph (a), the Board adopted the “*initial guiding framework*” for the GCF accreditation process,³⁸ stated that “*the accreditation framework will be an evolving process*” and stipulated that a review of the guiding framework should be done to reflect the experience gained by the Fund.³⁹ Subsequently, in decision B.18/04, paragraph (a), the Board decided to commence the review of the accreditation framework. In paragraph (b) of the same decision, the Board requested the Secretariat to present a proposal for the revision of the accreditation framework that includes other modalities for institutions to work with the GCF, as early as the nineteenth meeting of the Board (B.19).
7. At B.19, the Secretariat presented the document GCF/B.19/28, which included a progress report on the review of the accreditation framework.⁴⁰ The Board noted the progress report as well as the PSAA and expected the full report at B.20.⁴¹

³⁶ Decision B.14/08. “Matters relating to accreditation: Strategy and policy on accreditation.”

³⁷ GCF/B.17/Inf.10. “Matters related to accreditation framework and policy: Report of the Accreditation Committee.”

³⁸ See decision B.07/02, in GCG. (2020). *GCF Handbook*, p. 313 ff.

<https://www.greenclimate.fund/sites/default/files/document/gcf-handbook.pdf>.

³⁹ Review of the guiding framework (see decision B.07/02, annex I, paragraphs 59–61).

Paragraph 59. “The accreditation framework will be an evolving process intended to ensure continuous improvement and alignment with international good practices and to reflect the experience gained by the Fund.”

Paragraph 60. “The Secretariat will be responsible for proposing to the Board, in collaboration with the Accreditation Committee and Panel, the terms of reference for a comprehensive review of the guiding framework of the Fund’s accreditation process once the Fund has built up a track record of experience and lessons learned.”

Paragraph 61. “The Secretariat, the Accreditation Committee, and the Accreditation Panel may also propose to the Board a focused review of specific elements of the guiding framework of the accreditation process, including the Fund’s initial fiduciary standards and initial environmental and social safeguards, as deemed necessary and in the context of the development of the Fund’s additional specialized fiduciary standards, its ESS, and its environmental and social management system.”

⁴⁰ See annex XIV to GCF/B.19/43, p. 113 ff.

⁴¹ Decision B.19/13, in document GCF/B.19/43.

8. In document GCF/B.20/17, the Secretariat submitted an analysis of the accreditation framework and recommendations to improve it. Annex IV of this document includes the “Review of the Green Climate Fund’s Accreditation Process and its Operationalisation”, conducted by a consultant company (hereafter referred to as the Moore Stephens Report; this report is reviewed in detail in Chapter V with the various IEU studies).

C. FINDINGS AND ANALYSIS

1. ACCREDITATION STRATEGY

9. With decision B.14/08, the Board noted the draft accreditation strategy, and requested the AC in consultation with the Secretariat, the AP and national designated authorities (NDAs) to continue working on it and to present it again at B.15. However, a draft strategy has neither been presented nor discussed at any Board meeting since.⁴² Currently, the **Fund has no strategy for accreditation.**⁴³ There is no Board-provided guidance on targets (for the entities planned for accreditation) by number, type and geographical spread. In the absence of a vision for accreditation, its overall goals and objectives and specific targets, it is unclear what the GCF’s medium- and long-term AE portfolio should be, including its size and distribution/mix.
10. Several documents have recommended developing a strategy on accreditation. Indeed, a primary recommendation of the Forward-looking Performance Review (FPR) and the Moore Stephens Report was for the Board to define an accreditation strategy, with targets, actions, timelines, business standards and clear goals. The FPR clearly identified this need and recommended that the GCF “Develop a strategy for accreditation that will bring in institutions that have capacities and strategies commensurate with those of the GCF, as it will help achieve its mandate and strategic plan. **The strategy should include annual targets for accreditation and specifically for DAEs, in order to create a portfolio of entities that mirror the Fund’s new strategy and priorities.**”⁴⁴ The Moore Stephens Report stated, “In the absence of strategic accreditation KPIs [key performance indicators], it is difficult to comment precisely on whether or not the current portfolio and pipeline is in line with a Board mandated strategy and therefore to measure the Secretariat’s effectiveness in accrediting the right number and type of entities.”⁴⁵ Without a strategy, it will not be possible to define an optimum portfolio. While the GCF has made efforts to determine the appropriate balance in the portfolio and the effectiveness of accreditation, **in the absence of a vision, goals and standards for accreditation and a discussion on how accreditation will help in achieving the**

⁴² Decision B.14/08: “The Board, having considered document GCF/B.14/09 titled ‘Strategy on accreditation’ (a) Takes note of the draft strategy on accreditation contained in annex II; (b) Requests the Accreditation Committee in consultation with the Secretariat, the Accreditation Panel and national designated authorities, and taking into consideration previous Decisions of the Board, in particular Decision B.08/10 on country ownership and Decision B.12/20 on the strategic plan for the GCF, to continue to elaborate on the draft strategy for its further consideration at the fifteenth meeting of the Board.”

⁴³ Select strategic elements are identified in the *Updated Strategic Plan for the Green Climate Fund: 2020–23 Draft by the Co-Chairs*, document GCF/B.25/09. However, this has not been adopted at the time of writing, and therefore cannot be considered as the GCF strategy on accreditation.

⁴⁴ IEU. (2019). *Forward-Looking Performance Review of the Green Climate Fund (FPR), Final report*. Document GCF/B.23/20, p. 75.

⁴⁵ “R1: Accreditation Strategy and Prioritisation. The Board should work with the Secretariat to design and operationalise an accreditation strategy, containing clear targets, actions, timelines and performance indicators to facilitate the size and mixture of accredited entities that the GCF requires to fulfil its mandate. In accordance with GCF’s commitment to pursue a country driven approach, this should be driven by Country Work Programmes, and in light of the limited number of CWP’s finalised thus far, we would recommend that the GCF ensures that development of such strategies are given strategic priority, through the allocation of adequate resources (either through readiness support, or via direct outreach from the Secretariat).”

objectives of the overall GCF strategy, it is difficult to assess the appropriateness of this portfolio and balance. This absence of strategy has also led to mission overload for accreditation and an unfair burden on the overall accreditation function, in that many shortcomings within the Fund are blamed on the accreditation process and function. Without a clear, well-understood and commonly understood role for accreditation, the fear is that this inclination to criticize accreditation for bottlenecks will continue.

11. According to the literature from business studies and management sciences, a strategy document should provide a clear vision for the longer-term, specify roles, have time-bound objectives and include performance indicators, which will all help operationalize the strategy.⁴⁶ The GCF draft accreditation strategy does not include these elements. Additionally, **it does not include an efficiency analysis or targets for the future**. The draft does include indications and ambitions for process improvements, which are drawn from an analysis of experiences and lessons learned in preceding years. Importantly, the draft does not consider challenges of post-accreditation negotiations or indeed the amount of time and effort spent doing this. Further, there has been a proliferation of GCF policies to which AEs are required to adhere. The process of accreditation does not consider such policies before Board approval for accreditation, but these are to be dealt with after Board approval. A summary assessment of this draft strategy on accreditation is presented in Table III-1.

Table III-1. Summary of the IEU's assessment of the draft strategy presented in document GCF/B.14/09

KEY ELEMENTS OF THE DRAFT STRATEGY ON ACCREDITATION	RELEVANT EXTRACT FROM THE DRAFT STRATEGY	IEU ASSESSMENT AND RECOMMENDATIONS
Parts of a standard strategy document		
1. Principles for accreditation	<ul style="list-style-type: none"> a) Ability to contribute to the GCF mandate of supporting a paradigm shift b) Promotion of country ownership c) Balance and diversity [in the accreditation portfolio] d) Efficiency in terms of cost, time and resources e) Fairness, effectiveness and transparency through its activities 	The principles for accreditation are sound. The ability of entities (and, in subsequent sections, how this will be gauged) to contribute to GCF result areas is, however, not mentioned and should be added.
2. Long-term objectives and vision	The document states that it intends to set "objectives and principles that will guide the continuous improvement of the accreditation process " (emphasis ours).	The document is focused on the process and does not articulate a vision on accreditation nor its place in the overall GCF strategy and what it will help the GCF achieve (and how) in terms of the GCF's overall mandate. These should be added.

⁴⁶ See, for example, Porter, M. E. (1996). What is a strategy? *Harvard Business Review*, 74(6), 61–78; Hambrick, D. C., & Fredrickson, J. W. (2005). Are you sure you have a strategy? *Academy of Management Perspectives*, 19(4), 51–62; Islam, S. (2018). A practitioner's guide to the design of strategy map frameworks. *Pacific Accounting Review*, 30(3), 334–351, <https://doi.org/10.1108/PAR-05-2017-0038>.

KEY ELEMENTS OF THE DRAFT STRATEGY ON ACCREDITATION	RELEVANT EXTRACT FROM THE DRAFT STRATEGY	IEU ASSESSMENT AND RECOMMENDATIONS
3. Targets/outcomes	In the draft, the AC makes recommendations to improve the efficiency of the process. A “baseline for the whole portfolio of AEs”. The draft also includes recommendations by the AC for prioritizing entities based on geographies and sizes, etc.	<ul style="list-style-type: none"> • Targets are not defined in any areas, including for efficiency gains. The focus is solely on the accreditation process and sets qualitative aims. • There is also currently no discussion of the underlying evidence or rationale for recommendations that would help to further refine targets as subsequent evidence appears. Indeed, this is well-accepted good practice for evidence-based strategies. • There are also no targets for number, size and distribution of entities according to geography, etc. These should be added.
4. Business standards/ Key performance indicators	Not defined.	These need to be defined and added.
5. Evidence collected for the development of the strategy	“The strategy is the result of extensive consultations and discussions at the Board level, and inputs received from stakeholders following a public call that was launched on 18 April 2016. It also incorporates stocktaking, lessons learned and recommendations from the AC, the AP and the Secretariat.”	The document is based on a review of the portfolio at the time, as well as consultations. It does not provide projections, further analysis or data that may then be used to revise some of the strategic decisions taken, as more evidence emerges. This should be redressed.
Specific areas of draft strategy on accreditation GCF/B.14/09		
6. Role of AEs	Accreditation “is a means to an end, which is delivering on GCF objectives.” “GCF and its network of AEs will be responsible for the delivery of financing to developing countries in order to meet internationally agreed climate goals at scale, while also meeting GCF standards and safeguards.”	Accreditation is expected to serve the overall climate goal and the GCF goal. It is important to indicate which goals of the GCF accreditation primarily serves (i.e. what the primary objectives of accreditation are) and what it is expected to contribute to in a more marginal way (its secondary objectives). This will also help to operationalize the strategy and prioritize the myriad objectives that accreditation seems to have currently.
	“AEs will engage with international and national private sector entities, particularly in developing countries, to support GCF objectives, including the promotion of the paradigm shift towards low-emission and climate-resilient development pathways.”	What are the incentives for AEs to engage with international and national private sector entities? Why will AEs do this? How will engagement be undertaken, reported and ensured?
	“AEs must demonstrate a commitment to climate change	How will this commitment by AEs be demonstrated, reported and verified? What are

KEY ELEMENTS OF THE DRAFT STRATEGY ON ACCREDITATION	RELEVANT EXTRACT FROM THE DRAFT STRATEGY	IEU ASSESSMENT AND RECOMMENDATIONS
	and sustainable development through a track record of... low-carbon investments.”	the incentives for AEs to commit to these objectives? The accreditation strategy needs to discuss these.
7. Process recommendations	“Further develop communication...”, “Review relevant procedures and decisions...”, “Review the fast-track process...” etc.	Although necessary, recommendations about process improvements are not sufficient in a strategy document. It is recommended that actions such as “review” of process / development of guidelines have timelines associated with them. It is also recommended that the strategy propose specific actions such as establishing processing times, maximum time for various stages of accreditation, means of engagement with entities, etc., with indicators and targets that are specific, measurable, achievable, relevant and time-bound (aka SMART).
8. Reporting recommendations	Alignment of the portfolio will be tracked through indicators: “the types of entities applying to the GCF, the climate financing they undertake and the standards they apply.”	It is recommended that targets are established for these. In the absence of targets, it will be difficult to assess and analyse what tracking data are communicating and whether there is alignment.

12. Following on from the discussion of the strategy at B.14, the report of the AC was on the agenda at B.16 and B.17.⁴⁷ This report covers the accreditation framework and policy, and is based on meetings and lessons learned by the AP and the Secretariat, as well as Board discussions. The report provides an account of diverse views (but not evidence) on areas such as types of entities eligible for accreditation, access modalities, and post-accreditation and upgrading. This report of the AC is meant to simply provide insights into the nature of discussions. **In the assessment of this Synthesis Study, this report requires credible and rigorous evidence to support its conclusions/recommendations.** Interestingly though, this document identifies areas where additional policy guidance is needed, including how balance and diversity in the portfolio of AEs should be defined; ways to strengthen openness, transparency and the role of observers in the work of the AC; a fit-for-purpose strategy and approach; and other areas. This document did not lead to a decision by itself; however, based on the discussions, at B.18 the Board requested a review of the accreditation framework.⁴⁸

2. ACCREDITATION FRAMEWORK

13. While a strategy for accreditation has not yet been approved, guiding principles included in the draft and other parts were used for updating the accreditation framework, which has been discussed by the Board (the latest version of the UAF is GCF/B.23/05). This document was not adopted, but decision B.23/11 deferred it to B.24. This UAF is identical in many respects to the draft strategy on accreditation (Strategy on accreditation, GCF/B.14/09). For instance, it repeats the guiding principle, and other sections. Like the strategy, this framework is based on “feedback received from

⁴⁷ GCF/B.17/Inf.10. “Matters related to accreditation framework and Policy Report of the Accreditation Committee.”

⁴⁸ Decision B.18/04. “Matters related to accreditation: Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal.”

the Board, AEs and NDAs/focal points”. However, it does not demonstrate how this feedback was incorporated and does not present other evidence. This is a missed opportunity, since including such an analysis would provide the Secretariat and the Board with the ability to make the strategy evidence-driven and, almost as importantly, build a future-fit strategy, since new emerging evidence will then be easily employed to tweak the strategy depending on the new information obtained.

14. **COP guidance:** In its latest guidance to the GCF, the Conference of the Parties (COP) requested the GCF Board to “complete its work on...addressing the review of the accreditation framework as soon as possible so as not to disrupt the project and programme approval cycle during the first formal replenishment” (UNFCCC decision -/CP.251).⁴⁹ The review was commenced at B.18 and was an agenda item at five Board meetings (B.19–B.24) but is yet to conclude and be adopted by the Board.

Table III-2. Summary of critical appraisal of updated accreditation framework

SECTION	EXTRACT FROM UPDATED ACCREDITATION FRAMEWORK	IEU ASSESSMENT AND RECOMMENDATIONS
1. Objectives	The accreditation framework “allows the GCF to drive a broader institutional shift towards low-carbon, climate-resilient approaches and best practices regarding gender, and environmental and social safeguarding standards.”	An institutional shift of the AEs needs to be clearly operationalized in the document. Currently only operational and administrative responsibilities of AEs are described in the framework. The draft does not identify how the institutional shift is incentivized, reported and assessed. This should be redressed.
2. Roles and responsibilities of AEs	“DAEs are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways.”	A complete discussion of DAEs is required in the ecosystem. The statement in the draft strategy is true but does not provide a complete account. As the IEU COA study points out, there are other simultaneous requirements to ensure country ownership, including those related to government commitment, a strong NDA, support by other key ministries, engagement of civil society, media, academics, national climate policies and other enabling conditions.
	“With GCF financing, private sector entities can help in de-risking the delivery of private capital and scaling up private sector investment flows for low-carbon and climate-resilient development.”	Incentives for private sector entities to engage with the GCF need to be addressed in an upfront way. The document assumes that private sector entities have sufficient incentives to scale up and engage with other private sector entities. It also assumes that GCF finance is supporting innovative and risky investments. The IEU’s FPR shows that private sector support by the GCF tends to be risk averse and tends to follow rather than lead. “Equity, guarantees and results-based payments are only utilised in nine projects...The risk-averse stance of the Fund in practice and internal legal constraints has caused an under-utilisation of these instruments.”*
	AEs “are expected to administer funds disbursed with the same degree of care as they use in the administration of their own funds.”	There needs to be an examination of the conflicts of interest that may be inherent in the current due diligence of the Fund. The current equivalency between the Fund’s overall requirement for due diligence and delegating this to AEs needs to be examined. The Second-Level Due Diligence

⁴⁹ Document GCF/B.25/06.

SECTION	EXTRACT FROM UPDATED ACCREDITATION FRAMEWORK	IEU ASSESSMENT AND RECOMMENDATIONS
		Report finds that accreditation does not always ensure strong alignment between an AE's policies and GCF policies.**
3. Scope of review for re-accreditation	Re-accreditation will require the following documents: “(i) Reports relating to the performance of the AE over the previous five years, including reports on the GCF-funded activities; (ii) Risk flags incurred by the projects, AE or country over the previous five years; (iii) For international access AEs, reports on their support to DAEs to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of GCF in order to enhance country ownership; and (iv) The Secretariat and Accreditation Panel's assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by the GCF has evolved during the accreditation period, in order to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development”.	The review of AE performance, risks, capacity support to DAEs and alignment with the GCF is required. It (currently does not include and) should contain the following: <ul style="list-style-type: none"> • Ways in which performance against these criteria will be measured, and how good performance will be incentivized. • Make the entity work programmes and the annual self-assessment reports useful. While the entity work programmes and annual self-assessment reports include questions on alignment and capacity, the responses are perfunctory (see Chapter VIII), and there are no explicit means/incentives to promote good performance in these areas. • Operationalize a strong re-accreditation process urgently. The re-accreditation process is expected to use the initial guiding framework of decision B.07/02, and it is not clear how alignment and capacity-building efforts will be incentivized and used to gauge worthiness for accreditation and re-accreditation.
4. Governance	Retains prevalent governance structure with Board, AC, AP and Secretariat.	Discuss governance issues in an upfront way. Currently governance issues are not dealt with (see Chapter II of this report).
	“The Accreditation Panel will conduct the accreditation review process by providing oversight and guidance to a panel of external service providers who will undertake accreditation review assessments.”	Address the role of the AP so that the current TOR are reinforced. The role of the AP is narrowed down to work through the Stage II checklist, analyse AE documents and prepare recommendations and conditions, and supervise (not undertake) assessment of applications.
5. PSAA	Proposes PSAA	PSAA operational guidelines need to address issues of AE capacity, the supply-side nature of the Fund's portfolio, backlogs in the accreditation pipeline, risk management and compliance, and potential for misuse (refer to Chapter IX of this report). These issues are not currently addressed.

Notes: *IEU. (2019). *Forward-Looking Performance Review of the Green Climate Fund (FPR)*, Final report, GCF/B.23/20, p. 134; **Oliver Wyman. (2019). *Second-level due diligence report on climate rationale and impact potential*.

Source: Document GCF/B.23/05

15. Neither the proposed framework nor the existent framework clarifies the pathway for what should happen when an entity is interested in accreditation but does not meet the requirements. For instance, an entity may not meet the requirement on alignment with GCF priorities. However, it is not clear whether and how such an entity will be assessed on such criteria and whether it will not be accredited. The responsibility for this is also not clarified.
16. **Re-accreditation:** At B.24, the Board adopted “*the re-accreditation process set out in annex XXVI, applying mutatis mutandis the initial guiding framework for the GCF accreditation process as contained in decision B.07/02, expecting not to create a disproportionate burden for the accredited entities.*”⁵⁰ This means that for re-accreditation, for which the first cases will become due in the second half of 2020 (five years after the AMA was signed, as per decision B.23/11 (a)), the same rules and processes will be applied as those that had been used for the original accreditation in line with decision B.07/02. Whether this will indeed be possible without causing significant burdens for the applying AEs remains to be seen. Further, the document identifies the following scope of review: performance reports; risk flags; report on participatory monitoring and review; for IAEs, the report on capacity-building support to DAEs; and shift in portfolio of AE to align with GCF goals. It is not clear how such AEs will be assessed and how the process will be operationalized.⁵¹

D. KEY FINDINGS AND RECOMMENDATIONS

- a) What is the accreditation strategy of the Fund? Does it provide sufficient guidance to the Secretariat, the AEs and the GCF ecosystem overall?

17. **The GCF does not have an accreditation strategy. There is currently no strategic guidance on the role of accreditation in the GCF nor its primary (or secondary) objectives, priorities and expected outcomes.** Decisions on the accreditation strategy and framework have been ad hoc so far. These have progressed in an incremental way: for instance, by temporarily prioritizing groups of candidates, and adopting a re-accreditation process based on the initial guiding framework.
18. **Without a strategy, vision, goals and standards, it is not possible to determine the effectiveness and suitability of the AE portfolio.** A strategy can help in understanding where accreditation fits into the GCF’s overall theory of change and what it is expected to achieve (and how). Currently, the accreditation function is overloaded with goals. Because of its various formal and informal goals, different parts of the GCF (dis)credit it for not achieving its goals in terms of speed, scale of impact, due diligence, portfolio alignment, risk management and policy assessment. There is a need to resolve this “mission overload” while articulating the specific role of accreditation and AEs (whether they are simply channels of delivery or inextricable partners of the GCF).

Recommendations

19. The AC and Secretariat, in cooperation with the AP, should make a new attempt to develop an accreditation strategy, including a vision statement, portfolio targets, performance indicators and

⁵⁰ Decision B.24/13.

⁵¹ Annex XXVI to document GCF/B.24/17. This document identifies the following scope of review for re-accreditation: “(i) Reports relating to the performance of the AE over the previous five years, including whether concept notes and funding proposals were submitted and reports on the GCF-funded activities; (ii) Risk flags incurred by the projects, AE or country over the previous five years; (iii) Report on participatory monitoring and review submitted by the national designated authority or focal point, if available, related to the GCF-funded projects/programmes undertaken by the AE within the country; (iv) For international access entities, reports on their support to direct access entities to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of GCF in order to enhance country ownership; and (v) The Secretariat and Accreditation Panel’s assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development”.

milestones. This strategy should lay out the vision and the overall main (and secondary) aims of accreditation, besides laying out business standards, a theory of change and timelines.

b) **What is the status of the accreditation framework? Does it provide sufficient strategic guidance on accreditation?**

20. The accreditation framework has been discussed repeatedly by the Board and contains strategic elements but **does not provide a vision for accreditation**.
21. Although it has not been formally adopted yet, the draft UAF suggests that AEs would align their portfolio with the GCF's mandate and IAEs would undertake capacity-building measures to support national and subnational DAEs. However, the UAF does not discuss structures for assessing and incentivizing such measures.

Recommendations

22. In the immediate short term, the Board should approve the UAF in order to increase the efficiency of the accreditation process.
23. The Secretariat should prepare a plan for enhancing the project preparation capacities of DAEs, using the Readiness and Preparatory Support Programme (RPSP) and the Project Preparation Facility (PPF), while also enlisting the IAEs with sufficient incentives and laying out arrangements for co-development, co-preparation, co-implementation and co-reporting by IAEs and DAEs. This will help to incentivize knowledge transfer and capacity strengthening.
24. The Board-approved TOR of the AC and AP are very good. However, there is a difference between what has been laid out on paper and what has been realized in practice. It is important to reinforce the TOR of the AC and the AP, and in particular to seek policy guidance from the AC to close this gap. The approach for re-accreditation already proposes an assessment of entities with respect to their alignment with the GCF and their capacity-building efforts. These assessments should be based on clear and specific criteria that are available to candidates and AEs. The strategic fit of the PSAA in the GCF needs further clarity.

Chapter IV. BENCHMARKING WITH OTHER MULTILATERAL AGENCIES

KEY RECOMMENDATIONS

- The role of accreditation in the GCF has clearly evolved since the initial framework was approved (at B.07). Nonetheless, the initial framework continues to be used. A **new updated framework** is required but this should be based on an **independent evaluation** that contains **strategic simulations** of possible scenarios with different pathways for accreditation. It should also consider the use of additional modalities for accreditation in its simulation scenarios. It should use parameters from previous experiences of the GCF but should also consider the evolution of the Fund, especially with respect to geographic presence, oversight, speed and different possibilities of business models.

KEY FINDINGS

- The mandate and business model of the GCF are unique with regard to accreditation. The GCF is one of two climate funds that support DAEs as part of its mandate, and the GCF has no limits on the number of AEs. Among multilateral climate institutions it has the greatest ability to use the widest range of financial instruments.
- Of potential interest to the GCF (and especially to the PSAA) is that the Global Fund and the Global Partnership for Education (GPE) use models where national committees choose projects and the implementing agency. In these agencies, oversight is performed at the national level by the national committees and agencies themselves, supported by locally based specialized organizations. The large number of partners on their national committee provides legitimacy as well as oversight. Neither agency has a separate accreditation process but select implementing agencies depending on the projects.
- In the case of the Global Fund, local fund agencies are the “eyes and ears” of the Fund in the country; they are usually international accounting firms and cannot apply for funds themselves but oversee the principal recipients in countries. In the case of the GPE, in-country grant agents work closely with local education groups to select, administer and deliver grants.

A. INTRODUCTION

1. In this chapter, the Synthesis Study reviews accreditation from the perspective of other notable multilateral comparators and asks the following question:
 - a) How does accreditation in the GCF compare with other multilateral organizations?

B. BACKGROUND AND CONTEXT

2. **Adaptation Fund.** The AF is one of the two multilateral climate funds established more recently (along with the GCF itself) that provide for direct access through accreditation. In 2014, the AF adopted a streamlined accreditation process specifically to help smaller-capacity national implementing entities (NIEs) get accredited. According to a report from the AF, accreditation efficiency for NIEs and regional implementing entities in the AF has generally been improving and is better than for multilateral implementing entities. At the AF, accreditation takes an average of 19 months from the first submission to the decision of the Board of the AF.⁵²
3. **Global Environment Facility.** The GEF expanded the GEF Partnership to 18 agencies, adding 8 agencies between 2013 to 2015 to the previous 10. These included five national and regional agencies. In 2017, the GEF Council decided to not expand accreditation beyond the 18 agencies.
4. **Global Fund to Fight AIDS, Tuberculosis and Malaria.** The Global Fund does not have offices in the countries it supports. All Global Fund staff are based at the Secretariat in Geneva, Switzerland, and grants are sought at the country level by Country Coordinating Mechanisms (CCMs), which include representatives from the government, development partners and other stakeholders. The CCMs recruit and nominate a principal recipient as the implementer. The Fund's "eyes and ears on the ground" are independent organizations in each country, known as local fund agents (LFAs). The LFAs work closely with the country team at the Secretariat to evaluate and monitor activities before, during and after the implementation of a grant. LFAs are competitively procured by the Global Fund. Current LFAs include PricewaterhouseCoopers, KPMG, Swiss TPH and UNOPS, among others. According to the independent evaluation of the GCF's country ownership approach (hereafter, the IEU's evaluation of COA):

The Global Fund does not limit access to certain implementing entities, but neither does it offer an open-ended window [of opportunity] for accreditation. Instead, the Global Fund requires its CCMs (the equivalent of an implementing entity) to competitively procure the PR [Principal Recipients] for each grant, and these organizations are assessed for each grant by the local fund agents of the Global Fund on a case-by-case basis.⁵³

The CCMs were highlighted by members of the Transitional Committee for the GCF as an in-country coordination mechanism that helps to ensure coherence at the national level among multiple implementing institutions and "to ensure that appropriate institutions are utilised for specific types of activities (e.g. performance-based activities)".⁵⁴

⁵² Adaptation Fund. (2018). *Efficiency and effectiveness of the accreditation process: Report on the experience gained and lessons learned from the accreditation process*. AFB/EFC.22/4 12. https://www.adaptation-fund.org/wp-content/uploads/2018/03/Final_AFB.EFC_22.4_Efficiency-and-effectiveness-of-the-accreditation-process_12March2018.pdf.

⁵³ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*, GCF/B.24/13, p. 62; see there also the overview table reproduced below with key features of accreditation and direct access for the different climate funds.

⁵⁴ UNFCCC. (2011). *Workstream III: Operational Modalities, Sub-workstream III.3: Accessing Finance, Scoping paper: Financial instruments and access modalities*. TC-2/WSIII/2, p. 4, paragraph 17 (a). https://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_ws3_2_290611.pdf

5. **Multilateral Fund for the Implementation of the Montreal Protocol (MLF).** The MLF has individual agreements with four international implementing agencies (the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO) and the World Bank), dating from 1991 and 1992. UNEP also functions as a treasurer of the MLF. There was no formal accreditation of these agencies before they were admitted by the Executive Committee, which is composed of representatives of member states. This setting has been stable over the last nearly 30 years and has proven to be effective, so there is no discussion about adding any further agencies. The agencies prepare projects, which are reviewed by the Secretariat of the MLF and then presented to the Executive Committee for approval.
6. **The Global Partnership for Education.** The GPE Secretariat provides day-to-day administrative and operational support to its Board and countries. At the national level, partners come together through coordination groups called local education groups to support the government to improve education systems and results. Typically, these include representatives of government, development partners and various stakeholders. The local education group leads the planning process, as well as the process for selecting a grant agent, who becomes the channel for implementation. The grant agent supports the government in developing, implementing and monitoring grants. The agent enters into a financial procedure agreement with the GPE trustee, which defines fiduciary and reporting responsibilities for the grant. The grant agent generally disburses GPE funds to implementing partners and provides fiduciary and technical oversight in line with the specific purpose of the grant. The grant agent is also responsible for reporting grant progress to the Secretariat and for conducting an evaluation upon grant closing.⁵⁵

C. FINDINGS AND ANALYSIS

7. The experience of various agencies has been different and offers a variety of lessons. **Comparator agencies have also faced challenges in their respective accreditation processes.**
 - 1) For instance, the expansion of the GEF partnership has been challenging. The increased number of agencies, the predictability of the allocation system, and the small scale of resources allocated to many countries have contributed to **increased competition among implementing agencies for resources**. In 2017, the GEF Independent Evaluation Office found that the situation has benefited UNDP and some other United Nations agencies at the expense of the multilateral development banks (MDBs), for whom the approach of “first-in programming” works less well.⁵⁶ In the GEF, expanding access to additional project agencies resulted in modest gains in terms of enhanced country ownership, since only three countries gained access through this route. In those three countries, the GEF operational focal points perceived accreditation of the national agencies as an instrument to build capacities of these and other national institutions, and to facilitate better alignment of GEF activities with national priorities.⁵⁷
 - a) In its first decade, the Global Fund struggled, in many ways, with its approach to accrediting on an individual grant basis. Performance of the LFAs, which are responsible for external accountability and risk assurance services, including assessing capacities of PRs, was uneven,

⁵⁵ Global Partnership for Education. (2020). *Country-level guide. Recommended education sector and GPE grants processes*. <https://www.globalpartnership.org/sites/default/files/document/file/2020-02-GPE-country-level-guide.pdf>

⁵⁶ Global Environment Facility, Independent Evaluation Office. (2018). *Evaluation of the GEF's System for Transparent Allocation of Resources* (Evaluation Report No. 130).

⁵⁷ Global Environment Facility, Independent Evaluation Office. (2018). *Evaluation of the Expansion of the GEF Partnership* (Evaluation Report No. 131).

while the budget for the LFA modality represented about a quarter of the organization's total operating budget. Significant reforms were launched to improve the effectiveness and efficiency of the LFAs, although these have not gone through an independent evaluation.⁵⁸ Therefore, the experience of LFAs can be considered useful in case of a modality where accreditation applications are assessed by external firms, with hands-on guidance provided by the Secretariat.

8. While the GCF shares some **features of accreditation with other multilateral organizations, its mandate is also different from each comparator in different ways.**
 - 1) The Climate Investment Funds (CIF) has six MDBs as implementing agencies: the Asian Development Bank (ADB), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the IFC and the World Bank. As with the MLF, these MDBs do not require re-accreditation. The CIF has no DAEs.
 - 2) In the AF, accreditation is conducted for one agency per country. The direct access modality in the AF and the use of NIEs also reinforces the use of country systems, including "national project management, monitoring and financial systems" as well as country leadership.⁵⁹ As the IEU evaluation of COA pointed out,

a key difference between the Adaptation Fund and the GCF approach to direct access is that the Adaptation Fund limits countries' nominations to one NIE, whereas no limit has been established on the number of DAEs that can be nominated by a country in the GCF. This difference reflects the diverse level of resources available to countries from the two funds; the GCF is able to allocate more resources per country and funds a greater variety of result areas per country. Another key difference is that the Adaptation Fund accredits (...) a single type of entity [i.e. with a cap of USD 10 million for each country funded for support and in adaptation]; there is no differentiation for different project size categories, risk levels or financial instruments, as there is in the GCF.⁶⁰
 - 3) The GEF has only 18 agencies, and its partnership is not open to expansions.
9. There is therefore no direct comparator among the multilateral climate organizations to the scale and scope of accreditation currently practised in the GCF. **The GCF is the only organization with three specific features: direct access as a mandate, no limit on the number of AEs and the use of delivery partners.** The variety of financial instruments in the GCF is also comparable to or higher than other funds and development financing institutions. Only the GCF and the AF provide readiness support for the preparation of DAEs' accreditation applications.⁶¹ The RPSP of the GCF can provide, among other things, capacity-building support for nominated or accredited DAEs.
10. The GCF is the only fund that allows entities to serve as delivery partners for projects under the RPSP, without necessitating accreditation. While the delivery partner is not an AE, the GCF requires that the delivery partner passes a Financial Management Capacity Assessment and supplies supporting documents to demonstrate its capacity for legal, fiduciary and project management to effectively implement readiness grants. The GCF has also reached framework agreements with eight

⁵⁸ Office of the Inspector General. (2009). *Report on the Review of Local Fund Agent Tendering Process*. Global Fund.

⁵⁹ TANGO International. (2018). *Overall evaluation of the Adaptation Fund. July 2017 – June 2018. Final report*.

⁶⁰ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 61.

⁶¹ See IEU. (2018). *Report on the independent evaluation of the Readiness and Preparatory Support Programme*. Document GCF/B.21/28, p. 18.

specific international and regional organizations⁶² – some accredited and some not – that serve as delivery partners in multiple countries to facilitate more efficient implementation – by streamlining legal processing, monitoring/reporting – and disbursements.

⁶² UNDP, UNEP, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), UNIDO, the Food and Agriculture Organization of the United Nations (FAO), the Global Green Growth Institute, the Development Bank of Latin America, and the Caribbean Community Climate Change Centre.

Table IV-1. Key features of accreditation and direct access

GLOBAL INSTITUTION	KEY FEATURES OF ACCREDITATION AND DIRECT ACCESS		
	Implementing entities	Accreditation process	Direct access modalities
GCF	43 national DAEs, 13 regional DAEs and 39 IAEs are accredited*	NDAs can nominate national and regional DAEs. Applications are screened by the Secretariat; reviewed by the AP; and the Board takes the final decision. Then an AMA is signed and subsequent to conditions being fulfilled it is made “effective”. Entities need to be re-accredited after five years.	Direct access refers to accessing the GCF through a national or regional DAE. DAEs take on implementing agency functions (e.g. financial oversight, supervision, monitoring and evaluation) and contract and oversee executing agencies. An enhanced direct access option is also being piloted.
AF	29 NIEs are accredited; along with six regional implementing entities and 12 multilateral implementing entities	Designated authorities can nominate one national implementing entity. Applications are screened by the Secretariat, reviewed by the AP and the Board takes the final decision. A streamlined process is available for smaller entities executing projects up to USD 1 million, with fewer than 25 professional staff. Accreditation is valid for five years with the possibility of renewal.	Direct access refers to accessing the AF through a national implementing entity. National implementing entities take on implementing agency functions (e.g. financial oversight, supervision, monitoring and evaluation) and contract executing agencies. An enhanced direct access option is also being piloted.
CIF	Six MDBs: ADB, AfDB, EBRD, IDB, IFC and World Bank	No DAEs.	No
GEF	For full-size and medium-size projects, 18 institutions act as GEF agencies. These include five MDBs, four United Nations agencies, four international NGOs and five regional/national agencies.	Applicants must have an endorsement letter from a GEF country operational focal point that also identifies the initial project for which the applicant is being endorsed. Applications are first reviewed by the Secretariat in stage 1 and then by an AP in stage 2. The process concludes with a memorandum of understanding and Financial Procedures Agreement. Accreditation does not expire.	GEF recipient country governments can directly access GEF funds for enabling activities (e.g. preparation of reports to conventions) up to USD 500,000. A window for civil society organizations (CSOs) is available through the GEF Small Grants Programme, which is administered by UNDP.
Global Fund	Competitively procured by the CCM; no restrictions on the type of organization;	Entities are assessed by the LFA in each country for financial, managerial and programmatic capacities, and accredited by the Global Fund on a grant-by-grant	Any entity can access the Global Fund directly, if they are selected by the CCM to implement a grant.

GLOBAL INSTITUTION	KEY FEATURES OF ACCREDITATION AND DIRECT ACCESS		
	Implementing entities	Accreditation process	Direct access modalities
	government departments or agencies, CSOs, academic or international organizations are all eligible to apply. The majority tend to be government departments or agencies.	basis. Once assessed and approved as PR, future assessment of the entity will focus only on current performance and the additional requirements it will face under the newly approved grant.	
MLF	Four agencies: UNDP, UNEP, UNIDO and World Bank, plus some bilateral agencies	No formal accreditation process, but rather a political negotiation process.	No

Notes: *Figures as of 12 March 2020; text has been edited for clarity.

Source: IEU. (2019). *Independent Evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 62 ff, data updated on 12 March 2020

11. **The evidence from the scientific literature on accrediting institutions is inconclusive.** The majority of the literature on accreditation is based in the health sciences and examines the results of accreditation of health care organizations.⁶³ The purpose of accreditation programmes among health care organizations is to monitor and promote, via self- and external assessment, organizational performance against predetermined standards that are based on science and are meant to be optimal. This literature presents complex and heterogeneous evidence without establishing conclusive relationships between accreditation and the performance of organizations.⁶⁴ Further insights are provided in annex 4.
12. **Other access modalities:** While discussing the design of the GCF, the Transitional Committee⁶⁵ reviewed modalities such as direct budget support. Direct budget support was also considered by other agencies,⁶⁶ along with other modalities such as sector budget support and sector-wide approaches. It is important to recall that the design and scale of the GCF have evolved considerably since its inception. A future evaluation of accreditation could consider additional modalities. The models provided by the Global Fund and GPE may be useful for future considerations of the business model, in order to enable the GCF to meet its multi-faceted mandate that includes country ownership, direct access and the predictability of funds. A simulation of other modalities that allow ownership and decision-making by countries, such as those aimed at budget support instruments, may also be useful. A future evaluation of accreditation may also consider GPE and the Global Fund as comparators.

Table IV-2. Comparison of attributes of accreditation in the GCF, Global Fund and Global Partnership for Education

	GLOBAL FUND	GLOBAL PARTNERSHIP FOR EDUCATION	GCF
Country-level coordination	CCM	Local education group (LEG)	NDA / focal point in government
Equivalent of AE	Principal recipient	Grant agent (GA)	AE
Entities recruited by	CCM	LEG	Self-identified. National and regional entities require NDA nominations.
Number of entities per country	One per grant	One	No limit
Entity profiles	Ten types, ranging from government to multilateral to faith-based organizations	The World Bank is the GA for the majority of grants.	Direct, regional and international
Responsibility for due diligence	Global Fund, supported by local fund agent	GA/LEG	AE and GCF
Oversight provided by	CCM	LEG	AE

⁶³ Greenfield, D., & Braithwaite, J. (2008). Health sector accreditation research: a systematic review. *International Journal for Quality in Health Care*, 20(3), 172–183.

⁶⁴ Saut, A. M., Berssaneti, F. T., & Moreno, M. C. (2017). Evaluating the impact of accreditation on Brazilian healthcare organizations: A quantitative study. *International Journal for Quality in Health Care*, 29(5), 713–721.

⁶⁵ UNFCCC. (2011). *Workstream II: Governance and Institutional Arrangements, Workstream III: Operational Modalities, Revised background note: Direct Access*. TC-2/WSII/4.

⁶⁶ Puri, J., Uitto, J., & Tokle, S. (2006). *A review of other aid delivery modalities: What can GEF find relevant?* (Global Environment Facility Technical Paper No. 3). World Bank.
<http://documents.worldbank.org/curated/en/161881468329950826/A-review-of-other-aid-delivery-modalities-what-can-GEF-find-relevant>.

	GLOBAL FUND	GLOBAL PARTNERSHIP FOR EDUCATION	GCF
Country ownership	CCM consists of national level stakeholders, and it develops plans, recruits implementers and provides oversight. The Global Fund has directed the membership and governance of the CCMs; as part of this process, it has devolved considerable authority to CCMs.	The LEG consists of national level stakeholders, and it develops plans, recruits implementers and provides oversight.	An NDA may nominate a DAE. NDAs provide no-objection letter for FPs.
Means of direct access	National entities may be Principal Recipient.	National entities may be GA	DAEs are nominated and have to go through accreditation
Predictability of resources	Predictable stream (Indicative Funding) is allocated.	Results-based allocation of funding	No allocation system for countries in terms of funding proposals but all GCF-eligible countries can access USD 3 million for national adaptation plan development (no recurrence) and USD 1 million/year of readiness grants (can be repeated).
Risk management responsibility	Primary responsibility for risk management rests with the Executive Director, and partners have varying responsibilities.*	The Board has overall responsibility for risk oversight within the Global Partnership, it delegates responsibility for overseeing and managing some specific risks to Board committees.**	AEs and GCF Secretariat

Notes: *Global Fund. (2014). *The Global Fund Risk Management Policy*.

https://www.theglobalfund.org/media/6018/core_riskmanagement_policy_en.pdf;

**Global Partnership for Education. (2014). *The Global Partnership for Education Risk Management Policy*. <https://www.globalpartnership.org/sites/default/files/2015-01-gpe-risk-management-policy.pdf>.

D. KEY FINDINGS AND RECOMMENDATIONS

a) How does accreditation in the GCF compare with other multilateral organizations?

- Different agencies take different approaches to accreditation, based upon their mandates. Among agencies that use accreditation, the AF has only one entity per country, and the GEF has only 18 agencies overall.
- The mandate and business model of the GCF are unique regarding accreditation. **The GCF is the only fund with direct access as a mandate and no limits on the number of AEs.** As a result, no direct comparator is available.

15. Of potential interest to the GCF is that **the Global Fund and the GPE use models where national committees determine the projects, recruit an implementing agency and provide oversight.** However, neither agency has an accreditation process. In the Global Fund, agencies can be of 10 types, ranging from government to multilateral organizations and faith-based organizations. But in the GPE, most of the grants are provided by the World Bank. A future full evaluation of accreditation could learn from such organizations.

Recommendations

16. A future **full evaluation of accreditation in the GCF should examine the experiences of other global funding institutions**, including – in addition to the climate funding agencies – the Global Fund and the GPE, which may provide relevant lessons for oversight through local funding agents, national committees and national implementing agencies.
17. For implementing a PSAA, the GCF could learn from the experience of the Global Fund, where the responsibility for assessment of applications, as well as institutional and project risk assessment, is undertaken by an external agency under the overall guidance of the Secretariat. The GPE provides another example where a national committee chooses projects and selects implementing agencies.
18. The initial accreditation framework (adopted at B.07) drew on the contemporaneous experience of other multilateral agencies. However, there are two considerations: (a) there are no direct comparators for the mandate of the GCF, and (b) the GCF has also evolved over time in terms of its own strategy, comparative advantages and policies. **A new updated framework is clearly required but this should be based on an independent assessment that is forward-looking and that contains strategic simulations of possible future scenarios.** The strategic simulation scenarios could consider different possible visions and pathways involving additional modalities or other forms of accreditation (or even its absence). Such strategic simulations would use parameters from the previous experiences of the GCF but should also consider the evolution of the Fund, especially with respect to geographic presence, oversight, speed and different possibilities of business models.

Chapter V. THE ACCREDITATION PROCESS

KEY RECOMMENDATIONS

- **Accreditation and re-accreditation reviews** should consider compliance with GCF policies and standards and examine entity performance, project results and portfolio alignment. To do this, the monitoring and reporting by AEs in terms of performance, results and alignment requires improvement.
- The **baseline tool** being developed by the AP should be expedited.
- **Re-accreditation** should also assess IAEs for support provided to building the capacity of DAEs. This assessment should be based on clear, transparent and predictable criteria that are communicated to applicants and potential AEs.
- For accreditation, the Secretariat needs to establish and adhere to **standard processing and turnaround times**. These need to be communicated to the GCF partnership.
- Other key recommendations are as follows:

Design of the accreditation process: The GCF should reduce the burden of compliance risk during accreditation if this is also being done during the FP review. It should provide external support for reviewing accreditation applicants, especially after Board approval. It should consider merging stages I and II as suggested in the proposed UAF. Additionally, there should be a review of policy sufficiency beforehand, to reduce the length of time taken from post-Board approval until AMA effectiveness.

Execution of accreditation process: The Secretariat and AP, with support from external reviewers, should visit accreditation and re-accreditation candidate agencies in their locations. This may need resources. The regional advisers may get usefully involved in this work.

Capacities of entities: The GCF should continue support for accreditation of DAEs through the RPSP. It should increase the speed at which this is provided, while also increasing awareness about PPF resources and eligibility. To ensure that candidates have suitable “strategic alignment with the GCF”, the Secretariat should explicitly solicit potential AEs.

Legal negotiations: Stage III of accreditation, which currently deals with post-Board-approval AMA legal negotiations, needs to be expedited. This stage can benefit from increased post-approval capacity-building support. There is also a need to build capacities on legal negotiations, including within the Secretariat and for AEs.

KEY FINDINGS

- The GCF undertakes accreditation through a three-stage process that includes reviews by the Secretariat, AP and Board, and an examination of legal arrangements. The GCF has extensive experience in the process, the capacities of the AP and Secretariat are generally valued by key stakeholders, and accreditation standards seem to be useful.
- The accreditation process is widely perceived as being long. The median number of days from submission of application (in the online accreditation system) to Board approval for accreditation was 506 days (as of March 2020). Accreditation takes longer for international entities and entities with high risk levels.
- Accreditation by the Board is not the end of the process. The average time from Board approval to an AMA’s effectiveness increased from 564 days in February 2019 (43 AMA-effective AEs) to 638 days in March 2020 (59 AMA-effective AEs).

- Of the 95 entities that have been approved by the Board to be accredited so far (March 2020), 36 are still waiting for their AMAs to be signed or become effective. Currently, USD 1.7 billion are awaiting AMA or funded activity agreement (FAA) effectiveness (as of March 2020).

A. INTRODUCTION

1. This chapter describes the accreditation process. It asks the following questions:
 - a) What is the accreditation process in the GCF?
 - b) Is the accreditation process efficient?
 - c) What are some of the challenges in the accreditation process? Are there any entities that face particular challenges?

B. BACKGROUND AND CONTEXT

1. DESCRIPTION OF THE PROCESS

2. Entities approaching the GCF to seek accreditation follow a standard process. All applications are processed through the three stages laid out in Figure V-1. So far, there are no formal business standards about how long each stage should take or how many applications can be effectively attended to and when. All applications are simultaneously processed on a rolling basis, except for periods when certain groups of applicants are prioritized by the Board.
3. During the accreditation process, the GCF is expected to assess an applicant's policies and procedures, its track record of implemented climate projects, and its demonstrated capacity to undertake projects or programmes with different financial instruments and in environmental and social risk categories while respecting the standards of the GCF.

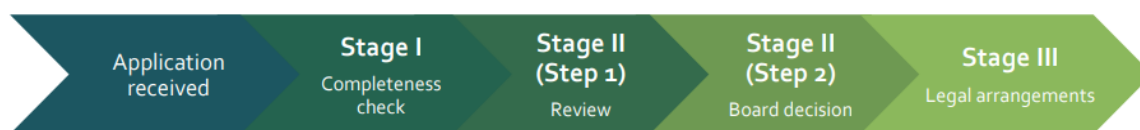


Figure V-1. Stages of accreditation in the GCF

Source: Document GCF/B.20/17, annex IV: “Review of the Green Climate Fund’s Accreditation Process and its Operationalisation”

4. The accreditation process begins when an applicant entity submits a request to the GCF Secretariat for an online accreditation system (OAS) account. National and regional applicants must first obtain a nomination letter from their respective NDA(s). National applicants must be nominated by the country where they are registered, while regional entities must obtain nominations from two or more countries in which they intend to operate. International entities are not required to get nomination letters.
5. After an applicant entity receives an OAS account, they may begin filling out the online accreditation application form. This form is essentially a checklist of items that assesses the entity against GCF standards and policies. It consists of the following sections:
 - 1) Background and contact information of applicant entity
 - 2) Information on ways in which the institution and its projects will further the objectives of the GCF
 - 3) Information on the scope of the applicant’s intended projects/programmes

- 4) Basic fiduciary criteria⁶⁷
 - 5) Specialized fiduciary criteria⁶⁸
 - 6) ESS⁶⁹
 - 7) Gender⁷⁰
6. Entities that are already accredited with the AF, GEF or DG DEVCO are eligible to apply for fast-track accreditation. Fast-track entities are exempt from certain checklist items, depending on the status of their accreditation by these organizations.
 7. After the application form is filled out and submitted in the OAS, entities must pay the accreditation fee. As per decision B.08/04, depending on the entity's type, intended fiduciary functions and the size of planned financing for projects or programmes, the accreditation fee varies between USD 500 and USD 46,000 (see Table V-I).⁷¹

⁶⁷ To illustrate, the following information is requested under basic fiduciary criteria: (1) key administrative and financial capacities, and (2) transparency and accountability. Under the key administrative and financial capacities criteria, the following items are requested: general management and administrative capacities, financial management and accounting, internal and external audit, control frameworks and procurement. Under transparency and accountability, information is sought on the following: code of ethics, disclosure of conflicts of interest, preventing financial mismanagement, investigations, and anti-money-laundering and countering the financing of terrorism policies.

⁶⁸ Specialized fiduciary criteria refer to institutional capacities that qualify the applicant to undertake specialized activities, depending on the nature and scope of the mandate sought. Under this section, applicants are asked to provide information on their project management, grant award and/or funding allocation mechanisms, on-lending and/or blending.

⁶⁹ ESS criteria have three categories: Category A/I-1, Category B/I-2 and Category C/I-3. Under all these three categories the following information is requested: an environmental and social policy, identification of risks and impacts, management programme, organizational capacity and competency, monitoring and review, and external communications.

⁷⁰ The candidate is requested to demonstrate the following under basic gender criteria: (1) competencies, policies and procedures to implement the GCF's Gender Policy, and (2) experience with gender and climate change, including a track record of lending to both men and women.

⁷¹ The high fee level would apply for accreditation in the "large" financial capacity category, with three specialized fiduciary standards. For instance:

Fee level related to basic fiduciary standards and ESS, financial capacity category = USD 25,000

Fee for undertaking activities related to each specialized fiduciary standard (USD 7,000 x 3 specialized standards) = USD 21,000

Total = USD 46,000

Table V-1. Structure of fees for accreditation of the Fund (reflecting decision B.08/04)

FINANCIAL CAPACITY CATEGORY	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	Subnational and national entities in developing countries including small island developing States (SIDS) and least developed countries (LDCs): no fee All other entities: USD 1,000	USD 500 each	Other fees may apply if the application is reviewed by the Secretariat or Accreditation Panel more than twice. The amount of the fee is to be determined on a case-by-case approach by the Secretariat.
Small	SIDS and LDCs: no fee Subnational and national entities in developing countries other than SIDS and LDCs: USD 3,000 All other entities: USD 5,000	USD 1,000 each	
Medium	USD 10,000	USD 3,000 each	
Large	USD 25,000	USD 7,000 each	

Notes: ^A Specialized fiduciary standards refer to (1) project management; (2) grant award and/or allocation mechanisms; and (3) on-lending and/or blending.

Source: Adapted from Table 1: Structure of fees for accreditation of the Fund, in annex VI to decision B.08/04, in document GCF/B.08/45, p. 64

8. Once an entity has submitted its application through the OAS (and paid fees), Stage I begins. The Stage I “completeness check” is carried out by the Secretariat and consists of an assessment of the application for completeness – that is, whether all the documents required have been submitted and provide sufficient information about the applying entity. Once the Secretariat verifies that the applicant’s completeness requirements are sufficiently met, the applicant is passed on to the Stage II review. This stage is carried out by the AP, which performs a review and assessment of the application – checking fiduciary criteria, specialized fiduciary criteria, and ESS and gender criteria – and checks not just whether the applicant has these policies but also whether these are compatible with those of the GCF. For instance, this may include an assessment of whether the procurement procedure of the candidate aligns with the standards established by the GCF. Stage I does the basic checks on all items, while Stage II analyses in detail items 4 to 7 of the list above.
9. During Stage I and Stage II Step 1, the Secretariat and AP flag as “pending” items any checklist items that were answered incorrectly or that are incomplete. These items are sent back to the applicant to address and respond to. From Stage I to Stage II Step 1, if the applicant does not have a policy, a procedure or track record evidence under an item, the item is marked “open”, to be flagged for the attention of the AP. From Stage II Step 1 to Stage II Step 2, if an item is marked as “open”, this is then supplemented by the AP, who insert this as one of the “conditions” of accreditation, for the Board’s consideration.
10. After an applicant entity has successfully passed through Stage I completeness and Stage II review, its application is submitted to the GCF Board for approval, including conditions recommended by the AP. This is referred to as Stage II, Step 2, Board decision. After Board approval for accreditation, Stage III consists of negotiating legal arrangements for an AMA, which is a legally binding framework between the GCF and the AE and governs the relationship between them during the entire term of the accreditation. While an AE may have to meet certain conditions before the

AMA is made effective, often AMAs also include other conditions, which may relate to other stages such as FPs or disbursements. As stated in the preamble to the AMA, the Board has authorized the Executive Director of the GCF (or their designee) to negotiate and agree on the terms and conditions of the AMA. The AMA becomes effective when the legal requirements are complete, and the Fund dispatches the notice of its acceptance to the AE. This starts the term of accreditation. As stated in decision B.17/09, the Secretariat will submit to the Board only those FPs for which the AEs have signed an AMA.⁷²

11. Entities are accredited to undertake activities or projects of a maximum size (micro, small, medium, or large) and maximum category of ESS risk (Category A/Intermediation 1, Category B/Intermediation 2, Category C/Intermediation 3). In addition, entities can be accredited for specialized fiduciary standards: project management, grants and/or funding allocation mechanisms and/or on-lending and/or blending (for loans, equity and/or guarantees). The accreditation term for an AE is five years.
12. **Re-accreditation.** Five years after the effectiveness of the AMA, AEs need to seek re-accreditation and are required to submit their application six months prior to the end of the accreditation period in order to maintain their AE status. The scope of re-accreditation recommended by the AP covers three possibilities:⁷³
 - a) No change (same accreditation categories the AE was originally accredited for)
 - b) Upgrade (new accreditation categories compared to those the AE was originally accredited for)
 - c) Downgrade (lower accreditation category than the AE was originally accredited for)

C. FINDINGS AND ANALYSIS

1. ACCREDITATION DURATION

13. Although initial Board documents expected accreditation to take six months from the submission of all the required documentation to the Board decision,⁷⁴ in practice this process takes far longer. Analysis by the IEU DataLab shows that **the median time for all entities from submission of application to approval by the Board is 506 days** (not including AMA effectiveness; this is addressed separately in this chapter). Often, being fast tracked does not result in shorter accreditation times for entities.

⁷² This changed at B.17, before which entities could submit FPs earlier. Until B.17, the project review cycle in force (annex VII to decision B.07/03) did not specify a stage of accreditation required for FPs to be reviewed by the Board.

⁷³ Decision B.24/13, annex XXVI, paragraph 16 (h).

⁷⁴ Decision B.08/02, annex I, point 7.

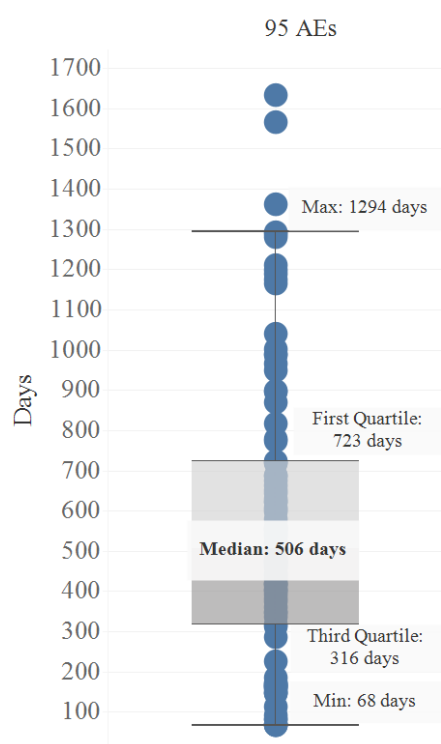


Figure V-2. *Box plot for duration of Board approval for accreditation for 95 accredited entities*

Notes: Duration of each stage: Stage I – Submission of accreditation application to close of Stage I; Stage II – Close of Stage I to close of Stage II (including Steps 1 and 2).

Source: Accreditation applications data, as of 12 March 2020, analysed by the IEU DataLab

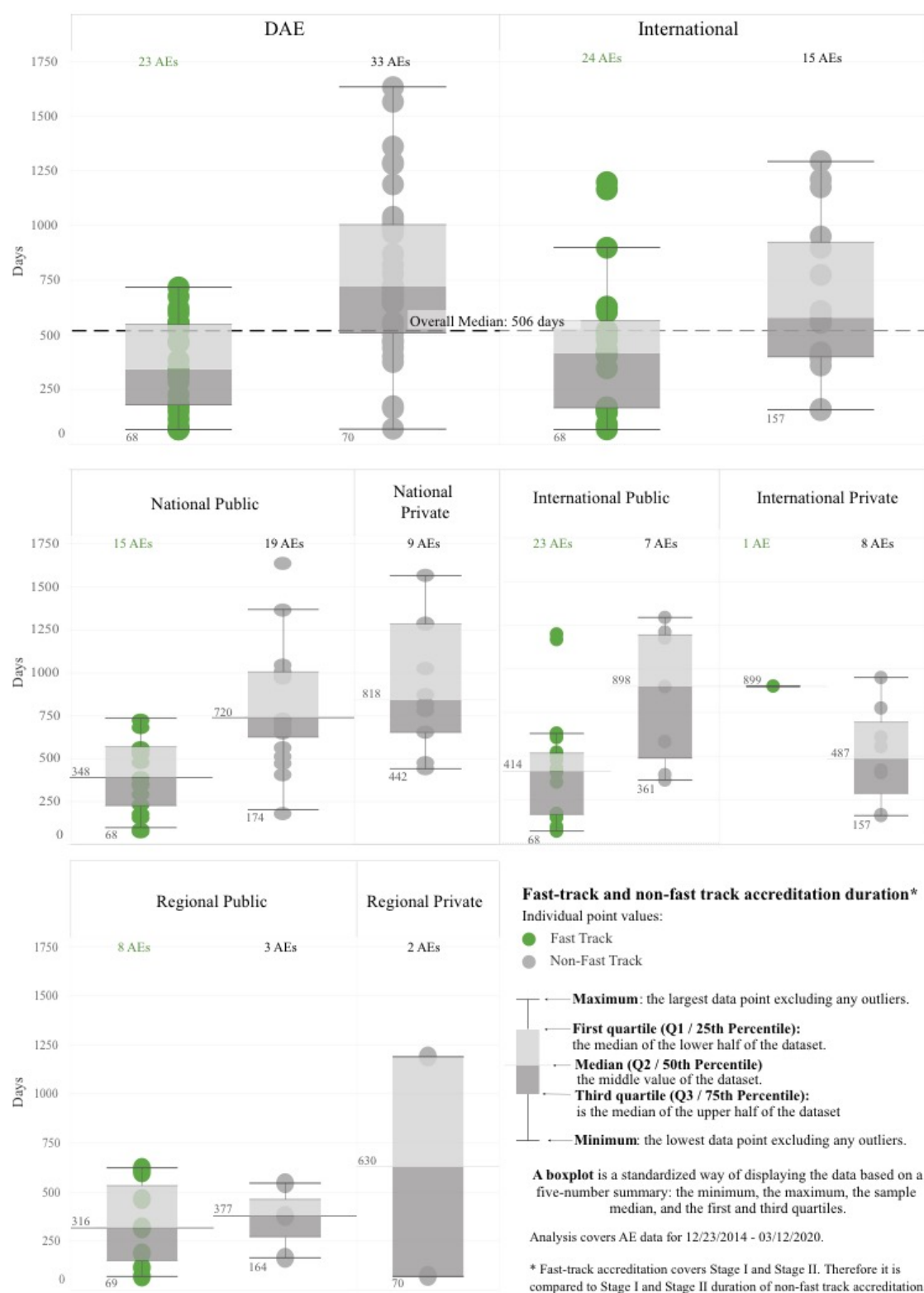


Figure V-3. Boxplot that show median duration taken by different entities from submission of application to Board approval for accreditation

Notes: Duration of each stage: Stage I – Submission of accreditation application to close of Stage I; Stage II – Close of Stage I to close of Stage II (including Steps 1 and 2).

Source: Accreditation applications data, as of 12 March 2020, analysed by the IEU DataLab

14. The median time taken by entities from submission of application to receiving Board approval has increased over time (see Figure V-4). While the median duration for Board approval for accreditation at B.09 was 70 days, at B.25 the median duration was 898 days. This trend has generally increased over the years.

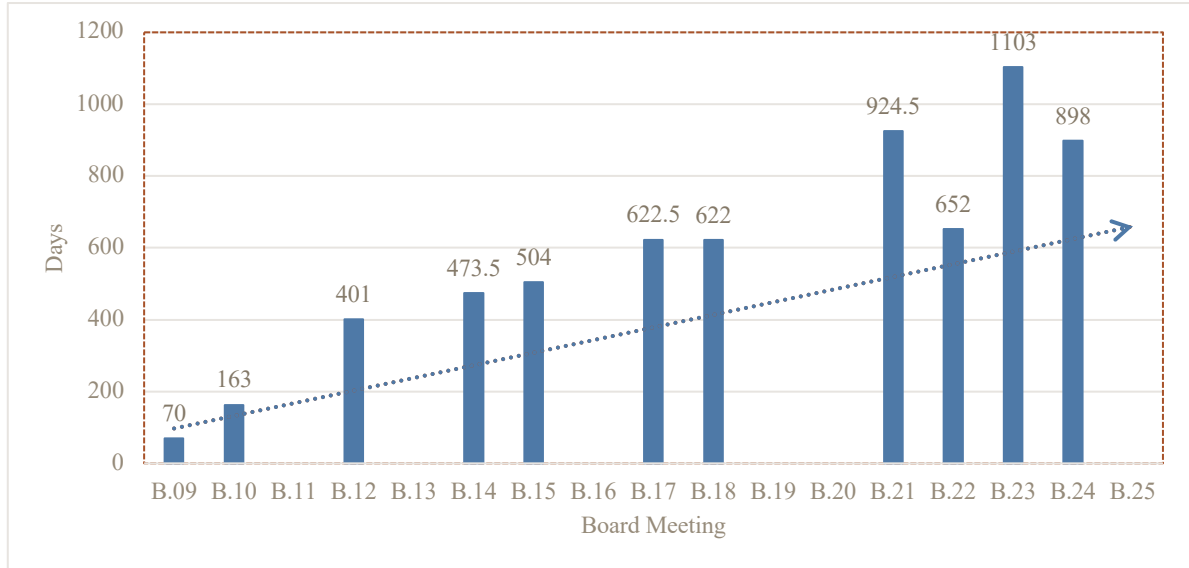


Figure V-4. Bar chart of median duration for Board approval for accreditation from B.09 to B.25

Notes: Duration of each stage: Stage I – Submission of accreditation application to close of Stage I; Stage II – Close of Stage I to close of Stage II (including Steps 1 and 2).

Source: Accreditation applications data, as of 12 March 2020, analysed by the IEU DataLab

15. The duration for both Stage I and Stage II has increased over time (Figure V-5) for DAEs and IAEs. Interview respondents explained that entities whose policies were already aligned with GCF standards are already accredited; the newer candidates are expected to take longer. A discussion on Stage III (AMA execution and effectiveness) is undertaken separately in this chapter.

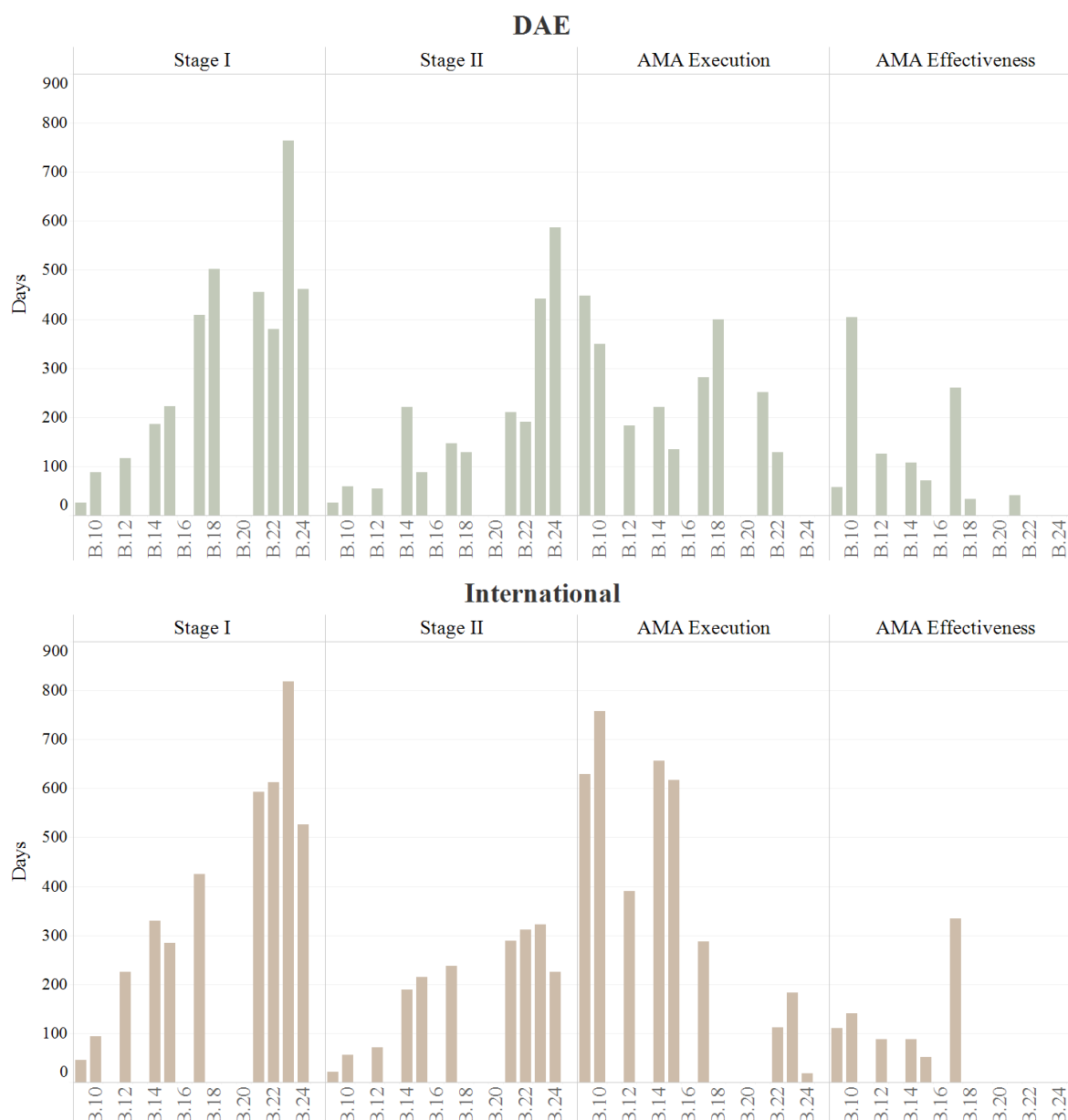


Figure V-5. Median duration taken by AEs to complete each of the four main accreditation steps

Notes: Entities are grouped by Board meeting at which they were accredited. All 95 Board-accredited entities are included. The duration of each stage is as follows:
 Stage I – Submission of accreditation application to close of Stage I
 Stage II – Close of Stage I to close of Stage II (including Steps 1 and 2)
 AMA executed – Board approval to AMA executed
 AMA effectiveness – AMA executed to AMA effectiveness

Source: Accreditation applications data, as of 12 March 2020, analysed by the IEU DataLab

2. FACTORS AFFECTING THE DURATION OF THE ACCREDITATION PROCESS

16. Several recent studies and documents submitted to the Board have analysed the accreditation process and pointed to the length of reviews at the different stages. The main reports include the

report by Moore Stephens⁷⁵ and the IEU evaluations of the RPSP (2018), FPR (2019), results management framework (2018), COA (2020) and ESS/ESMS (2020), all of which include chapters on accreditation.⁷⁶ These are analysed and compared in the following text. Additionally, there are several reports by the Secretariat, such as the annual portfolio report 2018 and reports on the reform of the accreditation framework. The following reports were considered for the analysis: GCF/B.16/Inf.08, GCF/B.17/Inf.10, GCF/B.19/14/Rev.01, GCF/B.19/28, GCF/B.23/05, GCF/B.24/17.⁷⁷

17. By and large, the reviewed evidence suggests there are four categories of **factors that contribute to delays in accreditation: (a) design of accreditation process, (b) execution of accreditation process, (c) capacities of AEs, and (d) legal negotiations.**

Table V-2. Factors of delay as reported by various sources

	MOORE STEPHENS (2018)	FPR (2019)	IEU EVALUATION OF RPSP (2018)	IEU EVALUATION OF ESS (2019)	IEU EVALUATION OF COA (2019)	RMF EVALUATION (2018)	PSAG (2018)	SECRETARIAT	
Factors of delay									IEU assessment of evidence
DESIGN OF PROCESSES									
All communication in English only	X		X		X				Credible evidence
Very long accreditation questionnaire	X								Credible evidence
IT application (OAS) cumbersome	X			X		X			Based on survey of AEs; credible
Large amounts of documentation required	X		X		X	X			Credible evidence
Duplication of review between Stages I and II	X		X				X	X	Credible evidence

⁷⁵ See document GCF/B.20/17, which includes as annex IV the extensive “Review of the Green Climate Fund’s Accreditation Process and its Operationalisation” by Moore Stephens, a consultant company.

⁷⁶ *Report on the independent evaluation of the RPSP*, GCF/B.21/28; *Forward-Looking Performance Review of the Green Climate Fund (FPR)*, Final report, GCF/B.23/20; *Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework Final Report*, GCF/B.22/07; *Independent evaluation of the GCF’s country ownership approach*, Final report, GCF/B.24/13 and again GCF/B.25.03; *Independent Assessment of the GCF’s Environmental and Social Safeguards (ESS) and the Environmental and Social Management System (ESMS)*, (GCF/B.25/07).

⁷⁷ Document GCF/B.16/Inf.08, “Facilitating an increase in proposals from direct access entities”; Document GCF/B.17/Inf.10, “Matters related to accreditation framework and policy: Report of the Accreditation Committee”; Document GCF/B.19/14/Rev.01, “Status of accreditation matters”; Document GCF/B.19/28: “Further development of the accreditation framework”; Document GCF/B.23/05, “Updated accreditation framework”; Document GCF/B.24/06, “Matters related to the accreditation framework”.

	MOORE STEPHENS (2018)	FPR (2019)	IEU EVALUATION OF RPSP (2018)	IEU EVALUATION OF ESS (2019)	IEU EVALUATION OF COA (2019)	RMF EVALUATION (2018)	PSAG (2018)	SECRETARIAT	
Duplication of review between accreditation and projects	X								Credible evidence, PSAA proposed
Process is not differentiated enough by type of applicant AE		X		X			X	X	Credible, based on evidence
Introduction of ever-new GCF policies			X	X					Credible evidence
IMPLEMENTATION OF PROCESS									
Slow and unclear communication from the Secretariat	X	X	X	X	X		X	X	Credible evidence
Insufficient guidelines from the Secretariat	X	X	X	X	X				Credible evidence
Inflexibility of Secretariat	X			X	X				Credible evidence
Inflexibility of AP	X			X	X				Credible evidence
On-site visits by the Secretariat and the AP are too rare		X		X					Credible evidence
New reviewers discuss issues that were previously settled		X	X					X	Credible evidence
Shortage of Secretariat capacities	X			X					Evidence maybe ESS specific or outdated
Shortage of AP capacities	X							X	Evidence may be outdated
CAPACITIES OF APPLICANT									
Misunderstandings by applicants	X		X		X				Credible evidence
Slow and unclear communication from applicants	X		X	X					Credible evidence
Difficulties of AEs to align with GCF policies			X	X	X				Credible evidence

	MOORE STEPHENS (2018)	FPR (2019)	IEU EVALUATION OF RPSP (2018)	IEU EVALUATION OF ESS (2019)	IEU EVALUATION OF COA (2019)	RMF EVALUATION (2018)	PSAG (2018)	SECRETARIAT	
Difficulties of AEs to apply GCF standards			X	X	X				Credible evidence
Shortage of applicants' capacities	X		X	X	X		X	X	Credible evidence
Lack of candidates in SIDS and LDC			X						Credible evidence
Some AEs are not legally independent	X								Credible evidence
Consultations with other government departments needed			X						Credible evidence
NEGOTIATIONS									
Some AEs delay fulfilling conditions				X					Credible evidence
Some AEs refuse to adapt their rules			X						Credible evidence
Lack of ex-ante clarity about AMA requirements			X						Credible evidence
Recommendations									IEU assessment of actions
DESIGN OF PROCESS									
Establish standard processing times	X	X	X				X	X	Not done
Simplify questionnaire	X	X					X	X	Efforts ongoing to combine Stages I and II
Revise OAS	X	X						X	Efforts ongoing
Avoid review overlaps	X	X	X				X	X	Efforts ongoing
Review OAS checklist for ESS		X	X	X				X	Efforts ongoing
EXECUTION OF PROCESS									
Improve guidelines	X	X	X	X					Efforts ongoing
Strengthen AP	X	X							Additional resources sought

	MOORE STEPHENS (2018)	FPR (2019)	IEU EVALUATION OF RPSP (2018)	IEU EVALUATION OF ESS (2019)	IEU EVALUATION OF COA (2019)	RMF EVALUATION (2018)	PSAG (2018)	SECRETARIAT	
CAPACITIES OF APPLICANTS									
Introduce PSAA	X	X						X	Expected to begin
Use PPF more frequently and reform it				X				X	Not done yet
Use more enhanced direct access and a simplified approval process (SAP) for DAEs, in particular for micro and small and medium enterprises								X	See SAP evaluation
Involve RPSP more in pre- and post-accreditation capacity	X	X	X	X	X			X	Evidence of change not available
NEGOTIATIONS									
Coordinate better with FAA negotiations		X							Project negotiation will be simultaneous under PSAA
Involve AEs in AMAs before Board approval		X							AMA templates are shared early
STRATEGIC									
Set annual targets for accrediting DAEs		X							Updated strategic plan identified targets
Provide more options for different tracks		X		X	X		X	X	PSAA proposed
Clear pipeline backlog from non-active AEs		X						X	Expected to take place passively through re-accreditation
Align AE portfolio with GCF priorities		X		X				X	Currently not being assessed or incentivized

	MOORE STEPHENS (2018)	FPR (2019)	IEU EVALUATION OF RPSP (2018)	IEU EVALUATION OF ESS (2019)	IEU EVALUATION OF COA (2019)	RMF EVALUATION (2018)	PSAG (2018)	SECRETARIAT	
Clarify priorities for accreditation		X	X	X	X		X	X	No action yet
Twinning of DAEs with IAEs		X	X	X	X				No strategic action
IEU to evaluate accreditation		X				X			Yet to happen

Notes: For factors of delay, the IEU assessed the credibility of evidence. For recommended actions, the IEU assessed any follow-up action.

Source: IEU assessment based on IEU evaluations, Moore Stephens Report, and Secretariat reviews (GCF/B.16/Inf.08, GCF/B.17/Inf.10, GCF/B.19/14/Rev.01, GCF/B.19/28, GCF/B.23/05, GCF/B.24/17) as of 12 March 2020, analysed by the IEU Synthesis Study team

18. The Moore Stephens report commissioned by the Secretariat drew conclusions on economy and efficiency and summarized, “**The general opinion is that an optimal length for the accreditation process should be between 6 and 12 months, whereas the average actual time taken is 28 months.** The skills and expertise of the Secretariat and Panel were widely endorsed – but the capacity was criticized, as levels of responsiveness appear to have been adversely impacted by a shortage of resource” (emphasis ours).⁷⁸ This Synthesis Study concludes that the Moore Stephens report includes credible and relevant information, although strategic issues like the optimization of the AE portfolio and the results achieved so far in terms of project preparation and implementation by the AEs were not analysed. This report was largely endorsed by the FPR (with two exceptions: one related to the absence of discussion of a vision around accreditation and the other related to the inadequate downward due diligence around AEs⁷⁹), as well as by the Secretariat. In the document GCF/B.20/17, the Secretariat stated, “The Consultant’s findings have reaffirmed concerns that stakeholders find the accreditation process cumbersome and time-consuming even if it is also rewarding in helping them truly introspect and improve as institutions.”⁸⁰ The FPR concluded that **accreditation, in its present form, is not fit-for-purpose and that differentiated accreditation tracks are helpful, and indeed there is an opportunity to further embrace distinct, fit-for-purpose tracks for different types of entities that aim towards different types of interventions.** A comparison of these reports shows that the studies are consistent in their diagnosis of the accreditation process. While some reports focus on specific parts more than others, they align in their conclusions that a **reform is needed not only in the process and its execution, but also in**

⁷⁸ Annex IV to document GCF/B.20/17, pp. 40 f.

⁷⁹ IEU. (2019). *Forward-Looking Performance Review of the Green Climate Fund (FPR), Final report*. Document GCF/B.23/20, annex II, p. 84: “The FPR has identified two important gaps in the report. The first is that the analysis largely pertains to the accreditation team itself, rather than fully exploring accreditation within the GCF’s overall aims and operations. The second gap concerns transparency and downward accountability to entities within the pipeline. The website and other public materials tend to present key information in aspirational and/or promotional tones, and official communications between the accreditation team and entities are formal, infrequent and often cryptic. There are complaints from multiple entities that these are paired with inappropriate informal communications from the accreditation team.”

⁸⁰ Document GCF/B.20/17, paragraphs 35 and 36, p. 12.

the improved targeting, due diligence and capacity assessment/building of entities, along with strategic guidance on accreditation.

Delays during Stage III legal negotiations

19. Stage III of accreditation warrants a separate discussion because of duration. The FPR reports that “another major bottleneck of the accreditation process is Stage 3. The 43 entities that have negotiated, signed and fulfilled the legal effectiveness conditions of their AMAs, took an average of 564 days from their Board approval for accreditation to conclude this stage.”⁸¹ This average time from Board approval to AMA effectiveness increased from 564 days in February 2019 (43 AEs that have effective AMAs) to 638 days in March 2020 (59 AEs that have effective AMAs).
20. The data further suggest that IAEs take significantly longer periods to complete legal negotiations, a median of 27 months, compared to national and regional entities, with a median of 12 months and 15 months respectively; this is especially true for international entities with the highest risk category, which take a median of 31 months for legal negotiations. Across all modality types, **a lower risk category appears to result in shorter overall accreditation durations** (Figure V-3). Therefore, **the processing time takes longer for IAEs and AEs with higher risk categories.**

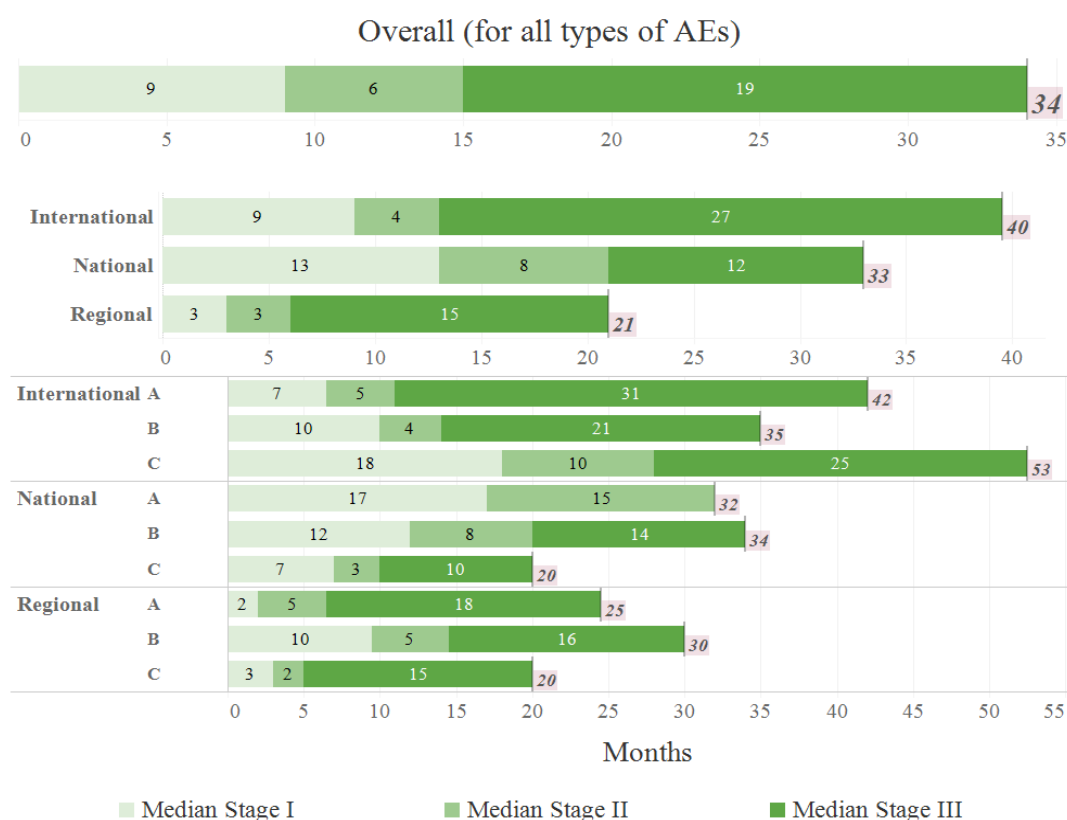


Figure V-6. Median duration in months for accreditation stages I–III, by entity modality and ESS categories

Notes: The duration of each stage is as follows:

Stage I – Submission of accreditation application to close of Stage I

Stage II – Close of Stage I to close of Stage II (including Steps 1 and 2)

Stage III – Board approval for accreditation to AMA effectiveness

Source: Accreditation applications data, as of 12 March 2020, analysed by the IEU DataLab

⁸¹ Document GCF/B.20/17, p. 79.

21. Following the proposal approval process adopted at B.17,⁸² the Board now only considers FPs for which AEs have signed AMAs. However, it is possible for the Secretariat to submit FPs to the Board “provided that such submission to the Secretariat occurs no later than 120 days from the date of the decision by the Board to accredit the relevant entity”, as per decision B.17/09, paragraph (d) iii.
22. The FPR (2019) reported that 11 per cent of GCF commitments, worth USD 542 million, were awaiting AMA effectiveness in February 2019, at the end of B.22. Encouragingly, the Synthesis Study found that this amount had reduced to USD 20 million, with only two FPs awaiting AMA effectiveness as of March 2020. However, USD 1.7 billion of the USD 5.6 billion portfolio of the GCF is still under legal negotiation (including AMA and FAA negotiation). Of the total 132 FAAs, 41 FAAs are awaiting legal effectiveness.⁸³ Therefore, **while the portion of the GCF portfolio held up by AMA effectiveness has reduced, a large part of it continues to await legal effectiveness through FAA effectiveness.**



Figure V-7. Distribution of GCF financing committed to approved projects (N=129) in USD million in nominal terms

Source: Tableau server iPMS data, as of 12 March 2020, analysed by the IEU DataLab

23. Of the 95 entities that have been approved by the Board for accreditation (March 2020), 36 are still waiting for their AMAs to be signed or become effective. In the Tableau server data (updated 31

⁸² Decision B.17/09. “Review of the initial proposal approval process.”

⁸³ There are 132 FAAs because FP026, SAP004 and FP078 have two FAAs each.

March 2020), most outstanding AMA conditions were related to fiduciary items,⁸⁴ followed by ESS and then gender. While some conditions are to be fulfilled for accreditation, others need to be met before project approval or first disbursement.

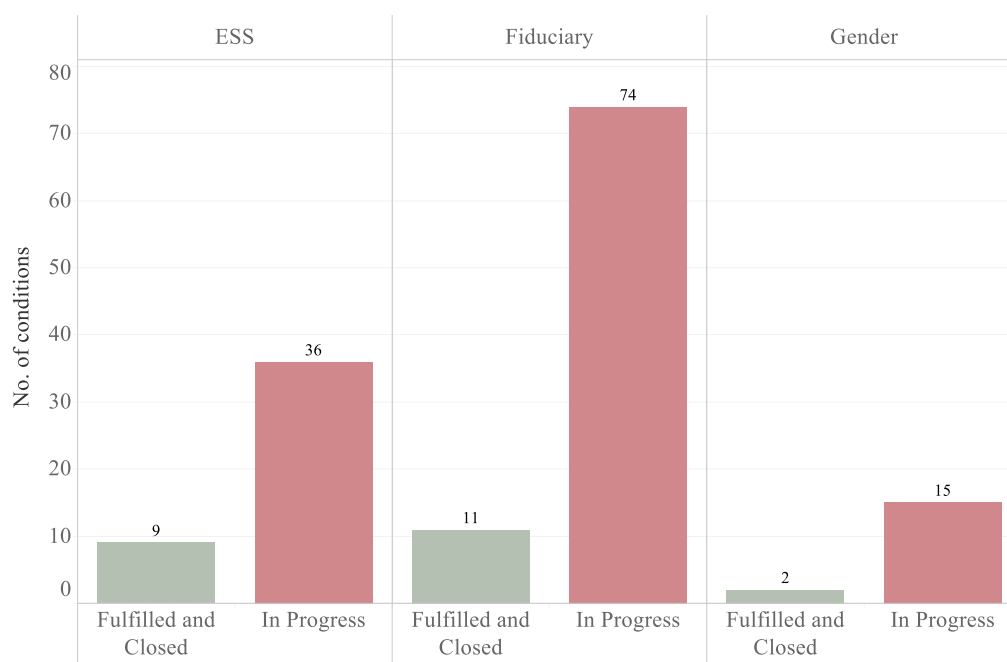


Figure V-8. Count of AMA conditions by type and status, for 34 AEs without AMA effectiveness

Notes: Data are from 31 March 2020 and include 34 AEs. There were 36 entities without AMA effectiveness as of 12 March 2020.

Source: Tableau server iPMS data, as of 31 March 2020, analysed by the IEU DataLab

24. Some examples of delays at Stage III were brought up during interviews. A reason that was often repeated was **the frequency of new GCF policies and standards that are introduced with immediate effect, requiring repeated adjustments**, often during advanced accreditation reviews and negotiations. The following are a few illustrative examples:
 - Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment: entities may not have policies that go beyond declarations of intent.⁸⁵
 - Definition of prohibited practices: Required by the GCF, but many agencies often do not include this in their policies and instead tend to deal with such cases ad hoc.
 - Anti-money-laundering or countering the financing of terrorism: The GCF requires AEs to terminate all relationships with counterparts involved in malpractices. Some AEs have resisted this clause because this can jeopardize binding contracts with their own partners.
 - Policy on Restructuring and Cancellation: The GCF requires FPs to be clear and delineate what activities the GCF expects to finance. It also gives the Board a lot of power on how to manage changes proposed to a project.
25. Our interview respondents further referenced other situations that can increase the duration of the accreditation process, including the following:

⁸⁴ Examples include internal audit standards like absence of a charter and independence, as well as absent or non-accessible audit reports.

⁸⁵ It should be noted that provisions of this policy do not currently apply to accreditation. Nonetheless, this policy was cited by interview respondents.

- While it is possible that AEs take a long time to adapt their policies to the GCF, respondents recalled cases where AEs did not sign the AMA or did not make it effective until the FAA was ready.
- After Board approval for accreditation, a different staff team within the AE became responsible for GCF liaison. These staff members had previously not been involved in the process and were then surprised by all the different policy requirements.
- Some candidate DAEs, both public and private, are not independent legal entities with the authority to enter into international agreements. For some agencies this becomes clear only after negotiations have gone on for a while.

D. KEY FINDINGS AND RECOMMENDATIONS

a) What is the process for GCF accreditation?

26. The GCF has a three-stage process for accreditation, involving the Secretariat, AP and the Board. Standard processing times have not yet been established for accreditation.
27. During the accreditation process, the GCF is expected to assess an applicant's policies and procedures, track record of implemented climate projects, and demonstrated capacity to undertake projects or programmes with different financial instruments and in environmental and social risk categories while respecting the standards of the GCF.
28. Entities already accredited with the AF, GEF or DG DEVCO are eligible to apply for fast-track accreditation. Fast-track entities are exempt from certain checklist items depending on the status of their accreditation.
29. Entities are accredited to undertake activities or projects of a maximum size (micro, small, medium, or large) and maximum category of ESS risk (Category A/Intermediation 1, Category B/Intermediation 2, Category C/Intermediation 3). In addition, entities can be accredited for specialized fiduciary standards: project management, grants and/as funding allocation mechanisms and/or on-lending and/or blending (for loans, equity and/or guarantees). The accreditation term for an AE is five years.

Recommendations

30. Accreditation and re-accreditation reviews should not only consider compliance with GCF policies and standards but also look at entity performance, project results and portfolio alignment. To be able to do that, the monitoring and reporting by AEs in terms of performance, results and alignment needs to be improved. The development of the GCF indicator tool by the AP should conclude rapidly, leading to a baseline analysis of the project portfolio of all AEs.
31. Fit-for-purpose accreditation at the project level or PSAA, as agreed by the Board at B.23, should be piloted rapidly, with an evaluation after three years.

b) Is the accreditation process efficient?

32. The accreditation process is widely perceived as being long. The median number of days that 95 entities took from submission of application to Board approval for accreditation was 506 days (as of March 2020). Accreditation takes longer in the case of entities with high risk levels and for international entities.
33. The process is getting longer over time, with Board approval for accreditation taking increasingly longer. Interviewees explained that this was on account of "ready" candidates being accredited already and those with low capacities taking longer.

34. Approval by the Board is not the end of the process. The average time from Board approval for accreditation to AMAs effectiveness increased from 564 days in February 2019 (43 AMA-effective AEs) to 638 days in March 2020 (59 AMA-effective AEs). It takes a median of 34 months from submission of application to AMA effectiveness. Encouragingly, the GCF portfolio awaiting AMA effectiveness has reduced. Yet, of the 95 entities that have been accredited so far (March 2020), 36 entities are still waiting for their AMAs to become effective.

Recommendations

35. There is an urgent need to establish business standards for the accreditation process.
36. Following their respective TOR, strategic guidance from the AC and advice from the AP on standards and process need to be reinforced. More specific recommendations are under the following section.
- c) What are some of the challenges in the accreditation process? Are there any entities, in particular, that face challenges?
37. Challenges in accreditation are attributed to a variety of reasons: design of the process, implementation of the accreditation process, capacities of entities and negotiations. Legal negotiations are particularly lengthy and cause extensive delay in AMAs coming into effect.
38. There is evidence that DAEs face difficulties in providing all documentation in English and in complying with all standards, which often requires them to develop and/or redraft policies – for example, policies on gender.
39. IAEs often have established standards and policies that are not simple to change, resulting in lengthy negotiations. As a result, IAEs take significantly longer periods to complete legal negotiations compared to DAEs; this is especially true for international entities in the highest risk category. Across all modality types, AEs with a lower risk category take less time to go through accreditation.
40. The recent revisions to the OAS checklist will make it easier to complete as it has more guidance integrated and specific sections for private funds. The website is to be updated accordingly.

Recommendations

41. **Design of accreditation process:** The GCF should reduce the burden of risk compliance at accreditation (if this is to be done during FP review). It should provide external support for the review of accreditation applicants, especially after Board approval. It should consider merging the Stage I and Stage II reviews, as suggested in the proposed UAF. Additionally, there should be a review of policy sufficiency beforehand to reduce the length of time taken from post-Board approval until AMA effectiveness.
42. **Due diligence of applicants:** The Secretariat and AP, with support from external reviewers, should visit accreditation and re-accreditation candidate agencies in their locations. Additional support may be elicited by regional advisers.
43. **Capacities of entities:** The GCF should continue to provide capacity support for the accreditation of DAEs through the RPSP and increase the speed at which this is provided while also increasing awareness about PPF resources and eligibility. To ensure that candidates have suitable “strategic alignment with the GCF”, the Secretariat should take an explicit role in soliciting potential AEs.
44. **Legal negotiations:** Stage III of accreditation, which is post-Board-approval legal negotiations for the AMA, needs to be expedited. This can benefit from increased post-approval capacity-building support. There is a need to build capacities all round: on legal negotiations within the Secretariat and on clarity of GCF policy expectations for AEs.

Chapter VI. PORTFOLIO OF ACCREDITED ENTITIES

KEY RECOMMENDATIONS

- **The strategy on accreditation** should clarify the target portfolio mix of AEs for the GCF. Such a strategy should also specifically discuss engagement with those AEs and countries that have not been active with the GCF.
- **Going forward, capacity development for DAEs must be a focus.** Several pathways are discussed. One way is to support arrangements between DAEs and IAEs, and require that IAEs and DAEs co-develop, co-propose and co-implement/report FPs. Another way is to offer pre- and post-accreditation support for AEs. The roles of the RPSP and PPF should be strengthened in providing this support.
- **Portfolio baselines for re-accreditation** should also include IAEs. Portfolio baselines (and advances) should be considered during re-accreditation reviews. Re-accreditation considerations must also include an assessment of capacity support provided by IAEs to DAEs and the overall alignment of AE investment portfolios with the GCF's climate mandate.

KEY FINDINGS

- The GCF has a diverse pool of AEs, covering all results areas, and several categories and sizes of projects. This pool of AEs has a variety of capacities that the GCF should treat as an important opportunity.
- The GCF project portfolio is skewed in favour of IAEs: IAEs account for 86 per cent of the GCF committed USD portfolio. This is despite the fact that more than half (59 per cent) of the AEs are DAEs. Part of this is accounted for by the fact that DAEs are accredited for smaller funding levels. However, 38 of 56 accredited DAEs do **not** have any FPs.
- The IEU found important instances where accreditation has helped to build the (institutional) capacities of entities. However, this evidence is anecdotal at best. So far, the accreditation process also does not adequately assess or incentivize IAEs to support capacity-building of DAEs.
- Accreditation was expected to yield a set of AEs whose portfolios would align closely with the mandate of the GCF. However, there is no clear trend in the climate finance portfolio of AEs so far. So far, the process of accreditation does not seem to assess or incentivize a shift in an AE's own portfolio.

A. INTRODUCTION

1. In this chapter, the Synthesis Study examines the following questions:
 - a) What is the current status of the portfolio of AEs in the GCF?
 - b) Have AE capacities increased as a result of accreditation?
 - c) Are AEs' own portfolios aligned with the GCF's mandate (as is required by the accreditation process)?

B. BACKGROUND AND CONTEXT

1. PORTFOLIO OF ACCREDITED ENTITIES

2. The GI identifies direct access as a key modality for access to GCF resources. Direct access was identified as a priority in the Initial Strategic Plan as well as the draft Updated Strategic Plan 2020–2023 (version March 2020). Through decisions B.13/20, B.13/21 and B.14/07, the Board has requested the Secretariat to facilitate and enhance access to DAEs using various channels, including, among others, the simplified approval process and the RPSP.
3. The UNFCCC COP, through decision 10/CP.22, “requests the Board to facilitate an increase in the amount of direct access proposals in the pipeline and to report to the Conference of the Parties on progress made in this regard”.

2. CAPACITY DEVELOPMENT OF DIRECT ACCESS ENTITIES

4. While approving the guidelines for a fit-for-purpose accreditation approach, the GCF Board stressed “*the fundamental importance for the accreditation process to contribute to building the capacities of entities in developing countries*”.⁸⁶ Later, in decision B.10/06, the Board decided that “***all international entities as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership and that they report annually on these actions***” (bold added for emphasis).⁸⁷ Later still, the draft accreditation strategy stated that “*the GCF will support the network of AEs to foster the sharing of lessons learned, institution-building and continuous learning.*”⁸⁸ Overall, there continues to be an emphasis on the accreditation process and function to increase the capacities of AEs, particularly DAEs.

3. ALIGNMENT OF THE AEs WITH GCF OBJECTIVES

5. The Board has deliberated on the alignment of GCF projects with overall national priorities. In decision B.22/15, the Board decided as part of the investment criteria indicators that

Project proposals should clearly describe how the proposed activities align with the country's NDC [nationally determined contribution] and other relevant national plans, and how the funding proposal will help to achieve the NDC or these plans by making progress against specific targets defined in national climate policies and strategies, such as nationally appropriate mitigation actions and national adaptation plans. The proposals should also outline

⁸⁶ Decision B.08/02.

⁸⁷ Decision B.10/06.

⁸⁸ Annex II to decision B.14/08.

*how the project will help to achieve national development goals and/or climate change policies.*⁸⁹

6. The Board has emphasized the need to assess the alignment between AEs and the mandate of the GCF. At B.14 the Board decided that *“In order to monitor and evaluate the alignment of the portfolio of AEs with the GCF mandate, the Secretariat will use the indicators that the Board considers necessary to track: the **types of entities applying to the GCF, the climate financing they undertake and the standards they apply**”* (bold added for emphasis).⁹⁰
7. This is also related to the GCF monitoring and accountability framework, adopted at B.11, which states that re-accreditation will take into account an assessment of the extent to which the AE’s **overall portfolio of activities beyond those funded by the GCF has evolved** during the accreditation period.⁹¹
8. In decision B.12/30, paragraph (d), the Board requested the AP to establish a baseline on the overall portfolio of AEs. In decision B.14/08, paragraph (g), the Board requested that the AP report at the fifteenth meeting of the Board on progress made towards establishing a baseline. Currently, the tool is under development (for DAEs), and the AP provided a progress report contained in annex I of its report to the Board at B.15 (document B.15/Inf.05).
9. The AP prepared a document titled “Baseline on the overall portfolio of accredited entities” (GCF/B.21/Inf.13) for presentation at the twenty-first meeting of the Board. Due to time constraints, the agenda item was deferred to consideration at the twenty-second meeting of the Board. This document (GCF/B.22/Inf.15) presents information on the AP’s work towards establishing such a baseline, including updates since the previous iteration (GCF/B.21/Inf.13). It also includes an annex I: Report on methodology options to establish a baseline on the overall portfolio of AEs, prepared by *Perspectives Climate Group* GmbH, of Freiburg, Germany.⁹² This document presents methodologies to review and assess an AE’s baseline, including indicators for greenhouse gas (GHG) emissions as well as for climate resiliency. The work is expected to be essentially completed by the end of 2020, before the majority of AEs need to submit such information, as required six months prior to their re-accreditation.

C. FINDINGS AND ANALYSIS

1. PROJECT PORTFOLIO BY ACCREDITED ENTITIES

10. As of B.25, the GCF has a suite of 95 AEs, including 43 national and 13 regional entities from across the public and private sectors. This pool of **entities covers all GCF result areas and various categories and sizes of projects**. There are many more entities in the pipeline, and this suite of AEs is likely to expand through GCF-1.

⁸⁹ Decision B.22/15: Adoption of Investment Criteria Indicators for a pilot period, section 2.5 Country Ownership, paragraph 10, in GCF. (2020). *GCF Handbook*, p. 35.

⁹⁰ Decision B.14/08: Strategy on Accreditation and Prioritization of Entity Application Review, section 3.2 Reporting recommendations, paragraph 35, in GCF. (2020). *GCF Handbook*, p. 292.

⁹¹ Decision B.11/10 and document GCF/B.11/05.

⁹² Annex I to document GCF/B.22/Inf.15.

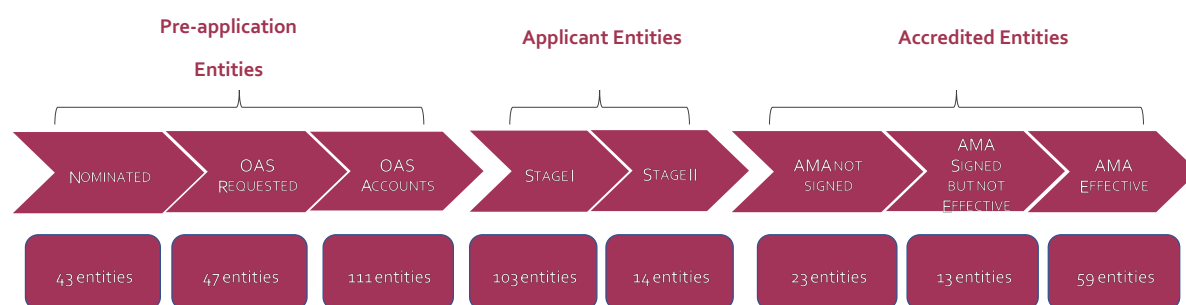


Figure VI-1. Overview of entities across all stages of the accreditation process

Source: Accreditation application data, as of 12 March 2020, analysed by the IEU DataLab

Table VI-1. Accredited entities of the GCF

ENTITY TYPE	No.	FP APPROVED	USD GCF COMMITTED	AMA EFFECTIVE		FAA EXECUTED		FAA EFFECTIVE	
				FP	USD	FP	USD	FP	USD
International	39	102	4826.4	101	4816.5	80	3696.8	66	3242.2
Private	9	5	274.9	4	265.0	1	60.0	1	60.0
Public	30	97	4551.5	97	4551.5	79	3636.8	65	3182.3
National	43	17	381.3	16	371.3	17	361.7	17	361.7
Private	9	3	38.7	3	38.7	5	38.7	5	38.7
Public	34	14	342.7	13	332.7	12	323	12	323.0
Regional	13	10	405.2	10	405.2	11	405.2	9	306.8
Private	2	2	51.0	2	51.0	3	51.0	3	51.0
Public	11	8	354.2	8	354.2	8	354.2	6	255.8
Total	95	129	5,612.9	127	5,593.0	108	4,463.6	92	3,910.8

Notes: According to iPMS data, on 12 March 2020, four FPs have two FAAs: FP026 (Equity; Grants), FP028 (Senior Loans; Grants), FP078 (Equity; Grants) and SAP004 (Senior Loans; Grants).

Source: Tableau server iPMS data, as of 12 March 2020, analysed by the IEU DataLab

- At the close of B.25, the GCF had committed USD 5.613 billion to 129 FPs. About USD 4.826 billion (86 per cent) of the FP portfolio was committed to projects by IAEs, while USD 0.786 billion (14 per cent) of the FP portfolio was committed to DAEs. The count of approved FPs is also skewed in favour of IAEs, and DAEs account for a 21 per cent share of 129 projects (as of B.25). This is partially explained by the fact that IAEs are much more likely to be accredited for larger projects, a larger variety of financial instruments and higher risk levels, which enables them to request and implement larger projects. By contrast, many national and regional entities are only eligible for smaller projects. Among DAEs, 61 per cent are accredited for small or micro FPs, compared to 23 per cent of IAEs being accredited for small or micro project funding. Indeed, a Secretariat report submitted at B.22 states:

The current portfolio of entities is imbalanced and particularly unrepresentative of direct access and private sector entities, and it has a suboptimal geographical distribution. **The**

accreditation and FP processes have not resulted in a project portfolio that is in line with the objectives of the GCF, neither in terms of overall size nor by some of the key metrics by which GCF is measuring its performance – country ownership, private sector involvement and supporting the needs of developing countries, particularly least developed countries, small island developing States and African countries (bold added for emphasis).⁹³

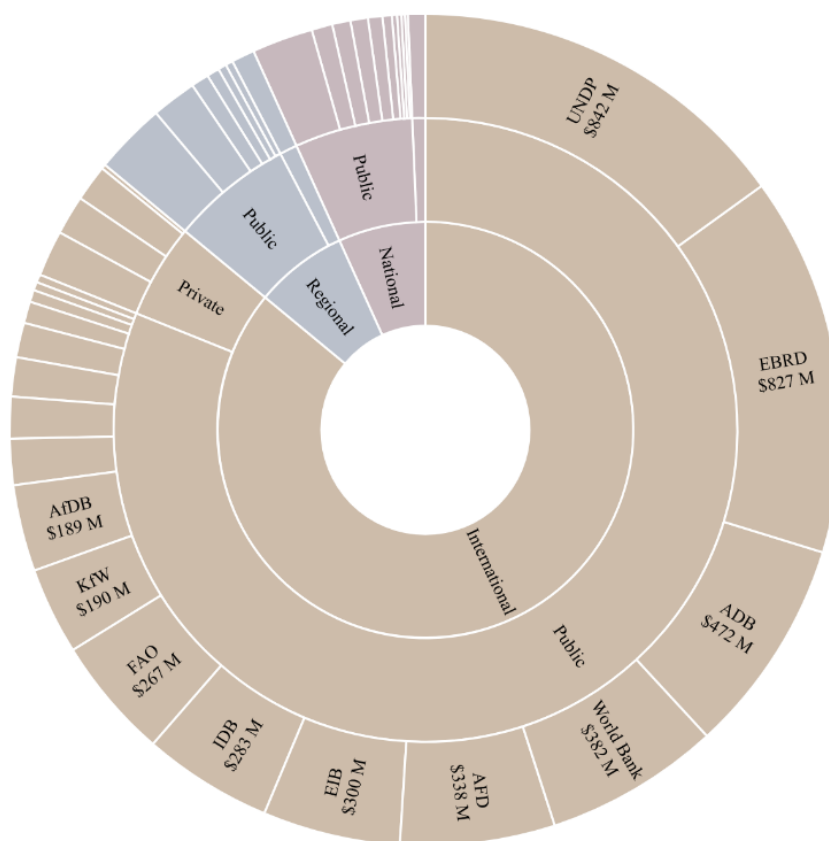


Figure VI-2. GCF project commitments by types of entity

Notes: GCF FP commitments are depicted by sector of entity, which are divided into public and private. It should be noted that the type of instrument utilized by entities may vary and can be used to finance private sector actors.

Source: Tableau server iPMS data, as of 12 March 2020, analysed by the IEU DataLab

12. **Of the FP portfolio, about USD 4.09 billion, or 73 per cent of the total, is committed to 10 AEs, all of which are international and public sector. UNDP has both the highest share of committed funding and the highest count of projects approved (26 projects). This disparity has only increased over time; of the FPs approved over B.23–B.25, USD 825 million was committed to IAEs, while USD 20 million was committed to DAEs (see Figure VI-2).**

⁹³ GCF/B.22/14, paragraph 22 (a), p. 7.

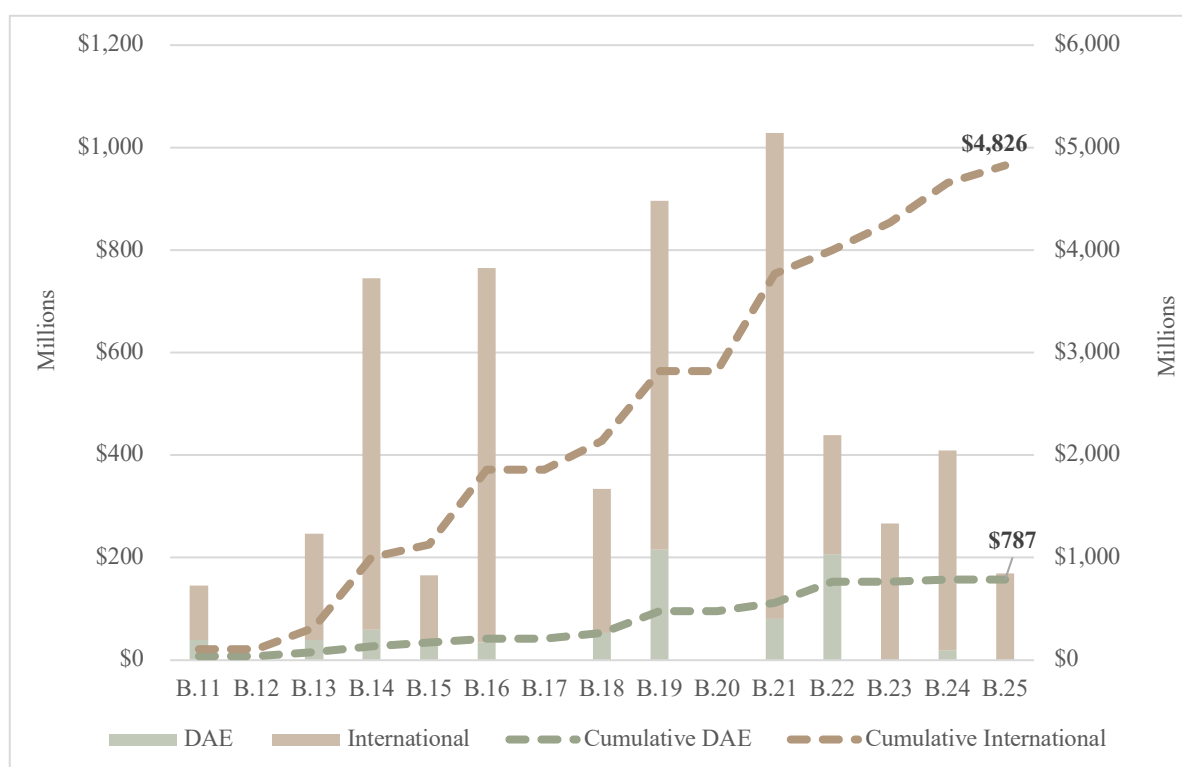


Figure VI-3. Committed project funding across Board meetings by modality

Source: Tableau server iPMS data, as of 12 March, 2020, analysed by the IEU DataLab

- Out of the AEs in the current portfolio, 42 per cent have had an FP successfully approved. Of the 95 AEs, 18 of them, or **19 per cent, have not engaged in any stage of the project development process**. This includes having approved FPs, concept notes in the pipeline, project ideas in the pipeline and withdrawn projects. Interview respondents offered two potential explanations for the motivations of these entities to get accredited: (a) being accredited to the GCF is a reputational advantage for entities, and (b) such entities may be interested in climate finance and may undertake climate finance outside of the GCF portfolio. It should be noted that AEs can propose concept notes and project ideas even before the AMA is made effective.

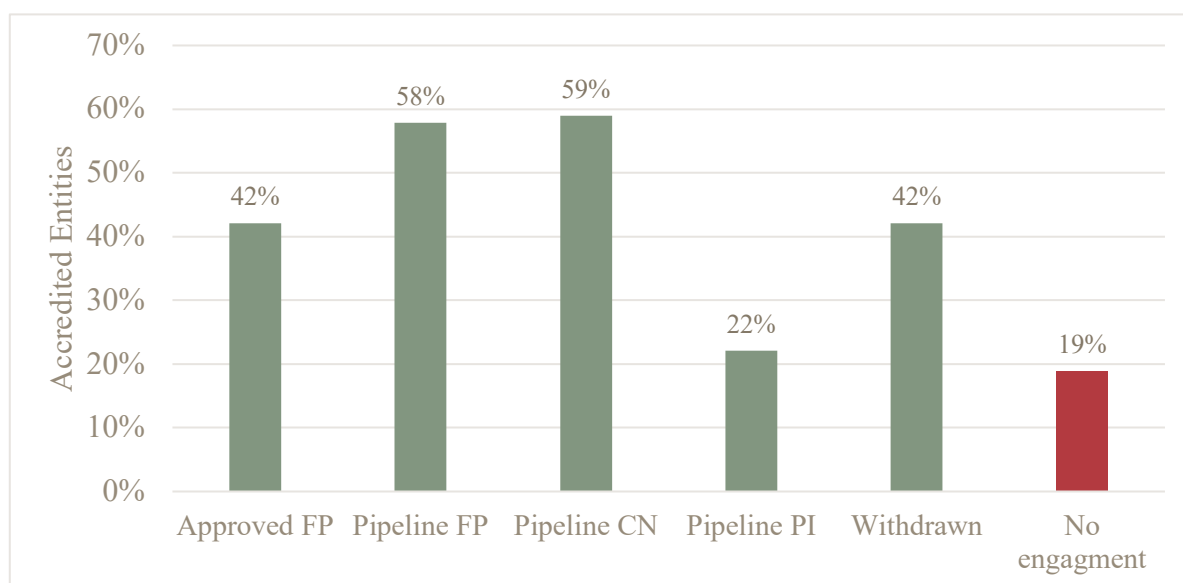


Figure VI-4. Percentage of AEs engaged in different stages of project development life cycle

Notes: The stages of the project development life cycle are mutually exclusive, although the entity populations are not mutually exclusive between them. The stages are defined as follows:

Pipeline FP refers to AEs that have one or more funding proposals currently being processed; this includes funding proposals that were brought to the Board and not approved, and funding proposals that are undergoing major revisions. This does not include approved funding proposals.

Pipeline CN refers to AEs that have one or more concept notes currently being processed; this does not include concept notes that subsequently became an FP or an approved FP.

Pipeline PI refers to AEs that have one or more project ideas currently being processed; this does not include project ideas that subsequently became a concept note, FP or approved FP.

Withdrawn refers to AEs with one or more projects formally withdrawn.

No engagement refers to AEs that are not engaged in any stage of the project development.

Source: Tableau server iPMS data, as of 12 March 2020, analysed by the IEU DataLab

2. CAPACITY-BUILDING OF DIRECT ACCESS ENTITIES

14. The IEU's Evaluability Study⁹⁴ reviewed the 93 approved FPs up until B.21 and assessed them on their risk of not performing against a series of relevant project-level criteria (such as designing a high-quality theory of change or identifying causal pathways) and provided a rating of High risk / Medium risk / Low risk / Unclear. For example, if an FP was rated as "high risk" for quality of theory of change, this implied that the FP did not present a good theory of change in the proposal and that this may pose a risk to the project moving forward. Further analysis of these data suggests that **national entities perform less well compared to IAEs and regional AEs on quality of entry for the GCF**, including quality of theory of change, baseline data collection, and identification of causal pathways (Figure VI-4). These data demonstrate that the GCF has a **suite of AEs with different capacities to design and deliver GCF projects**.

⁹⁴ Fiala, N., Puri, J., & Mwandiri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*, IEU Working Paper No.1. Green Climate Fund. <https://ieu.greenclimate.fund/resources/working-papers>

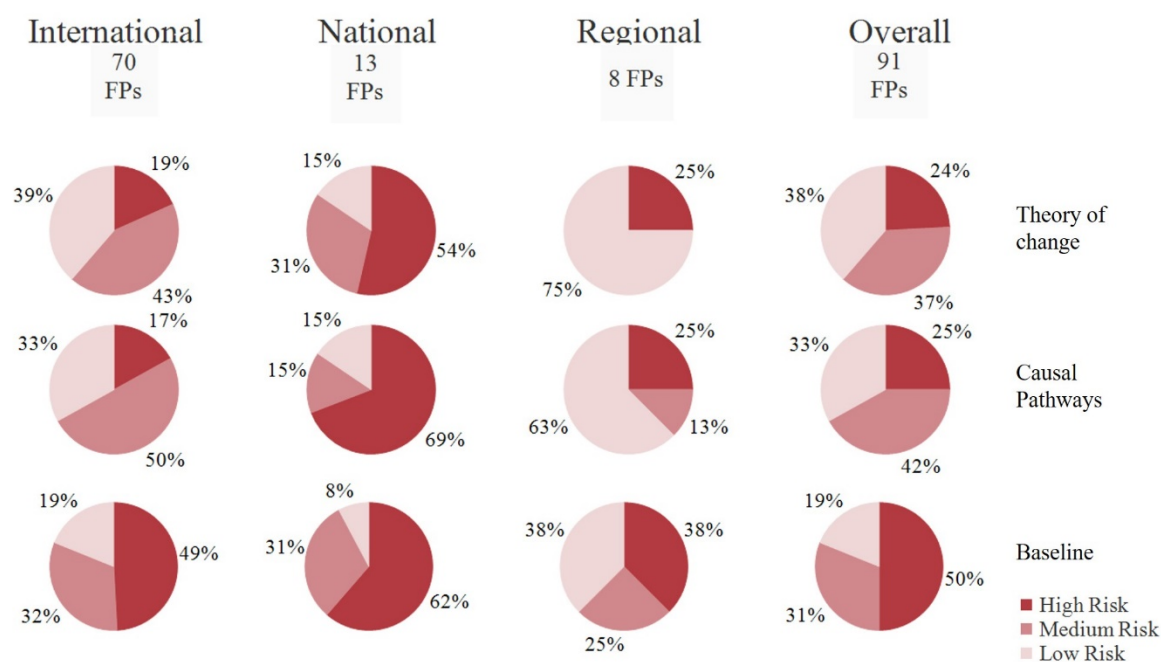


Figure VI-5. Results of IEU Evaluability Study of 93 FPs in 2019

Notes: DAEs do not perform as well as IAEs.

Source: Fiala, N., Puri, J., & Mwandiri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*, IEU Working Paper No.1. Green Climate Fund; data as of 20 October 2018 analysed by the IEU DataLab

15. Given the explicit aim of building capacities, such a variability in initial capacities of AEs is expected – and even welcome. In the vision and operationalization of accreditation there is an explicit expectation that both the process itself⁹⁵ and IAEs⁹⁶ will contribute to building the capacities of AEs, particularly DAEs.
16. **Effectiveness of accreditation to assess or build capacities.** The second-level due diligence report found that while the accreditation process should determine an AE’s capacities before an FP is submitted, there were specific challenges because of which AEs’ capacities are difficult to detect and analyse comprehensively. The report attributed this to two specific issues. First, **the accreditation process cannot assess capacity issues specific to a project in a specific sector and geography**. Second, it may also not be able **to address specific capacity challenges with such a wide range of AEs across the world**. For instance, consideration of “climate rationale” does not come naturally to most AEs (and is also a relatively new topic in the international arena) and is specific to the GCF. Additionally, the report found that ESS and gender capacities within AEs are not as strong as the GCF expects them to be, especially in AEs with a strong commercial nature or with a regional focus.⁹⁷ Concurring with this, the IEU’s ESS evaluation found that “while accreditation includes an assessment of AEs’ ESS policies, standards, and institutional processes, it remains a desk review exercise without an assessment of the AEs’ capacity to implement ESS

⁹⁵ Decision B.08/02, paragraph (b): The Board “Stresses the fundamental importance for the accreditation process to contribute to building the capacities of entities in developing countries”.

⁹⁶ Decision B.10/06, the Board decided that “all international entities, as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership and that they report annually on these actions.”

⁹⁷ Oliver Wyman. (2019). *The second-level due diligence framework of the Green Climate Fund*.

policies and monitor ESS considerations for compliance and impact.”⁹⁸ The FPR provided a summary conclusion for this assessment: “There is inconclusive evidence to determine if AEs are generally benefiting from or being disrupted by the demands of the accreditation process of the GCF....Qualitative evidence suggests that the accreditation process has improved the capacity of some AEs.” Therefore, there is inconclusive evidence to determine whether **accreditation is effective in assessing AE capacities or systemically increasing AE capacities.**⁹⁹

17. For some entities, when the desk review of the presented documents appears to be insufficient for drafting a recommendation, the AP undertakes a site visit to the entity’s premises to work with the applicant’s team and find more evidence for specific requirements. Site visits are reported to be useful and to have helped both the AP and the entity to make significant progress in accreditation. During site visits, the AP is able to provide guidance and help raise the capacity of DAEs.
18. **Support by IAEs to DAEs. The reporting undertaken by AEs on capacity-building is not sufficient.** The current template for self-assessment reports only includes one item on capacity development and refers only to RPSP support received. As noted in Chapter VIII of this report, this is a tool for AE-level compliance and not for reporting on performance. Entity work programmes (EWPs) do not include sufficient information on planned capacity-building.¹⁰⁰ In the available EWPs, few IAEs reported on assistance planned to be provided to DAEs, and if they did, they did so in vague terms (please see Chapter VIII). On the receiving end, most DAEs also did not provide concrete information about the support they expected to receive for capacity development. The IEU DataLab’s analysis of available EWPs found the following:
 - Out of the 61 entities, 15 indicated in their EWPs their plans for giving/receiving capacity-building.
 - Three regional AEs and four national AEs expect to receiving capacity-building support from IAEs.
 - Eight IAEs mentioned conducting capacity-building for DAEs.
19. According to the GCF Annual Portfolio Performance Report (2018), **IAE support to DAEs is the exception, because there is no financial compensation available in the GCF architecture for the IAEs to provide it.**¹⁰¹ In addition, interviewed respondents from an IAE recalled an experience where they wanted to propose a project to develop the capacities of many DAEs, but could not find

⁹⁸ IEU. (2020). *Independent evaluation of the Green Climate Fund’s Environmental and Social Safeguards (ESS) and the Environmental and Social Management System (ESMS)*, p. 44.

⁹⁹ IEU. (2019). *Forward-Looking Performance Review of the Green Climate Fund (FPR), Final report*. Document GCF/B.23/20, annex II, page 87. On page 85, the FPR states: “accreditation has not consistently led to increased capacity. There is a subset of entities that indicate that GCF accreditation has in fact compromised certain aspects of their operations. These entities typically have mature systems whose details meet the spirit of a GCF requirement but diverge from the specific requirement. In other cases, GCF expectations are incompatible with the entity’s policies or other arrangements, and this has become a significant stumbling block. This causes frustration and creates objections about inappropriate and unnecessary donor interference. Indeed, there is evidence that in some cases, GCF’s ‘inflexible’ details undermine rather than enhance mature existent systems. Reviewing internal audit reports is one example”.

¹⁰⁰ The new form for EWP is more detailed and comprehensive than the former one. The following sections 3–7 are new: (3) Strengthening institutional capacity and (4) Partnership with and/or support received from IAEs, are for DAEs only to answer. (5) Delivering on GCF readiness support is for AEs who are also Readiness Delivery Partners, while (6) Supporting DAEs is for IAEs only to answer. However, the information provided is generally vague and not comparable across different AEs.

¹⁰¹ See document GCF/24/Inf.04, paragraph 54, p. 24: “As per the AMA requirement for IAEs to self-report on support to DAEs, many reported minimal engagement due to lack of financial arrangement with GCF on the type of support to be provided. Other than these, none of the AEs that submitted the reports for the reporting year reported a change or modification to their institutional systems, policies or procedures originally reviewed in accreditation or those in place during the previous reporting year that negatively impacted the status of their accreditation and obligations as per the AMA. This largely implies that the AEs are still applying GCF acceptable standards in the implementation of GCF-approved projects. However, going forward, there might be a need for the Secretariat to engage IAEs on the financing arrangement modality for effective support to the DAEs.”

a specific funding window within the GCF where a potential project on capacity development could be undertaken. Similarly, the IEU's **evaluation of COA did not find any conclusive evidence for systematic support by IAEs to DAEs**. Some IAEs were found to support country ownership in different ways, including through working with DAEs on their accreditations, through training and through sharing of technical and specialized expertise with country partners to help develop an independent project pipeline. But this is not done systematically, and where it is done, it is often not related to the GCF. According to this report, IAEs sometimes do not have the necessary resources in countries to provide technical assistance to local institutions, unless explicitly included in project funding.¹⁰² It may be possible for the GCF to set up incentives at the level of the AEs as well as for the Secretariat to promote the building of capacities. For instance, IAEs may be incentivized during re-accreditation to contribute to building the capacities of DAEs and to be provided opportunities for twinning with DAEs. The Secretariat may have to include the assessment and promotion of capacity-building efforts in its accreditation-related KPIs.

3. ALIGNMENT WITH THE GCF'S MANDATE

20. At the time of writing this report, the accreditation process was not designed to assess the portfolio alignment of AEs with GCF objectives. In section 2.1 of the accreditation checklist, a statement is requested by the applicant, detailing how the applicant will contribute to advancing the objectives of the GCF to drive a paradigm shift in climate change mitigation, adaptation and cross-cutting activities. There is no detailed instruction, however, on what information to provide exactly and how to define the baseline to measure a paradigm shift.¹⁰³ It is also not clear whether an entity is incentivized for better performance under this criterion.
21. A recent report on second-level due diligence¹⁰⁴ noted the following:
 - Most of the GCF's AEs are not climate focused (rather, they have a broader development focus / commercial focus).
 - **Accreditation does not check the ability of an AE to assess alignment with GCF objectives.**
 - The GCF invests in a range of sectors, and experience in every sector (especially locally) is not tested at the accreditation stage.
22. In the GCF, an **indicator tool is being developed (not yet adopted) as a functional and user-friendly interface that would aggregate the information presented by each AE** about its mitigation, adaptation and carbon-intensive projects to selected final indicators at a portfolio level. This is an Excel-based tool and can potentially be developed into a web-based tool. The results sheets of the tool aggregate the results for each indicator across all projects of the same type (adaptation, mitigation or carbon-intensive). A number of indicators are suggested in the tool for each type of project.¹⁰⁵

¹⁰² IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, pp.145 f.

¹⁰³ Green Climate Fund Accreditation Application Form, Guidance and Review Checklist, section 2.1 asks the following: "1. Provide detailed information and a list of potential projects/programmes that the applicant intends to propose to the GCF in the context of the role of an Accredited Entity. Note that the Accredited Entity has the role of oversight, management and supervision of the implementation of the project, to be executed by other organizations. Table 1 may be used as sample format. 2. Provide details on how the applicant's intended projects/programmes, if accredited to the GCF, will drive a paradigm shift and differ from current business practices and climate finance activities. Where specific examples can be provided on projects to be proposed to the GCF, provide this information as a response to this item"

¹⁰⁴ Oliver Wyman. (2019). *Second-level due diligence report on climate rationale and impact potential*, p. 11.

¹⁰⁵ See *Report on methodology options to establish a baseline on the overall portfolio of accredited entities*, prepared by Perspectives Climate Group GmbH, Freiburg, Germany, in annex I to document GCF/B.22/Inf.15, pp. 18 f., 22 ff.

23. It is out of the scope of the present Synthesis Study to undertake an expert-level review of the tool. The report on the development of the tool includes references to consultations with AEs as well as a review of international approaches; the proof of its utility and appropriateness can only be tested when it is applied. **A shortcoming in the discussions about the GCF indicator tool is that carbon emission projects requested to be included in the reporting are limited to fossil fuel projects.** On the other hand, cooling equipment run with hydrochlorofluorocarbon (HCFC) and hydrofluorocarbon (HFC), agricultural projects implying deforestation, and installing livestock can also result in substantial GHG emissions, given the very high global warming potentials (GWPs) of refrigerants (the GWP of HCFC-22 is 1,760 times higher than that of CO₂, and the GWP of HFC-134 is 1,300 times that of CO₂) and methane (GWP of 25). These non-CO₂ emissions are not included, and, overall, other sources of anthropogenic climate change are ignored.
24. **The question of alignment is of particular relevance for the upcoming re-accreditation of numerous AEs**, which are to be re-accredited starting in mid-2020. The accreditation framework stated that re-accreditation will take into account the evolution of the portfolio of an AE beyond activities funded by the GCF. The framework stated:

This assessment would be supported by information on the extent to which AEs have reduced investments in and the implementation of carbon-intensive projects and/or increased investments in and the implementation of mitigation and adaptation projects during the period they are accredited to GCF, as well as by the estimate of the change in GHG emissions across the AEs' overall portfolio of projects/programmes and climate resilience of adaptation activities during the same period.¹⁰⁶

The re-accreditation process identified so far does mention an assessment of “the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development”.¹⁰⁷ In the view of the Synthesis Study, the re-accreditation process should further have to clarify how such assessment will take place (through clear, transparent, objective criteria communicated to AEs and candidates) and should further include an assessment of reduction of carbon-intensive projects. Therefore, **it is not clear how re-accreditation will assess or promote the alignment of an AE with the GCF mandate.**¹⁰⁸
25. The Synthesis Study reviewed the annual reports and other publicly available reports of AEs accredited in 2015, to assess whether the share of climate finance was indeed shifting in the portfolios after accreditation. Only some IAEs identified climate finance in their publicly available documents. According to these data, **there is no clear trend in the climate finance portfolio of AEs**: for some IAEs the share of climate finance in the overall portfolio has decreased (ADB, EBRD), while for others it has increased (World Bank, IDB, Agence Française de Développement (AFD), AfDB) over the given period. Specifically, among these agencies, only IDB and the World Bank have a noticeable increase in the portion of climate finance within their overall portfolio (see Figure VI-5).

¹⁰⁶ Document GCF/B.22/Inf.15, paragraph 6 (c), p. 2.

¹⁰⁷ Decision B.24/13, annex XXVI, paragraph 16 (f) (v).

¹⁰⁸ Document GCF/B.22/Inf.15, p. 6.

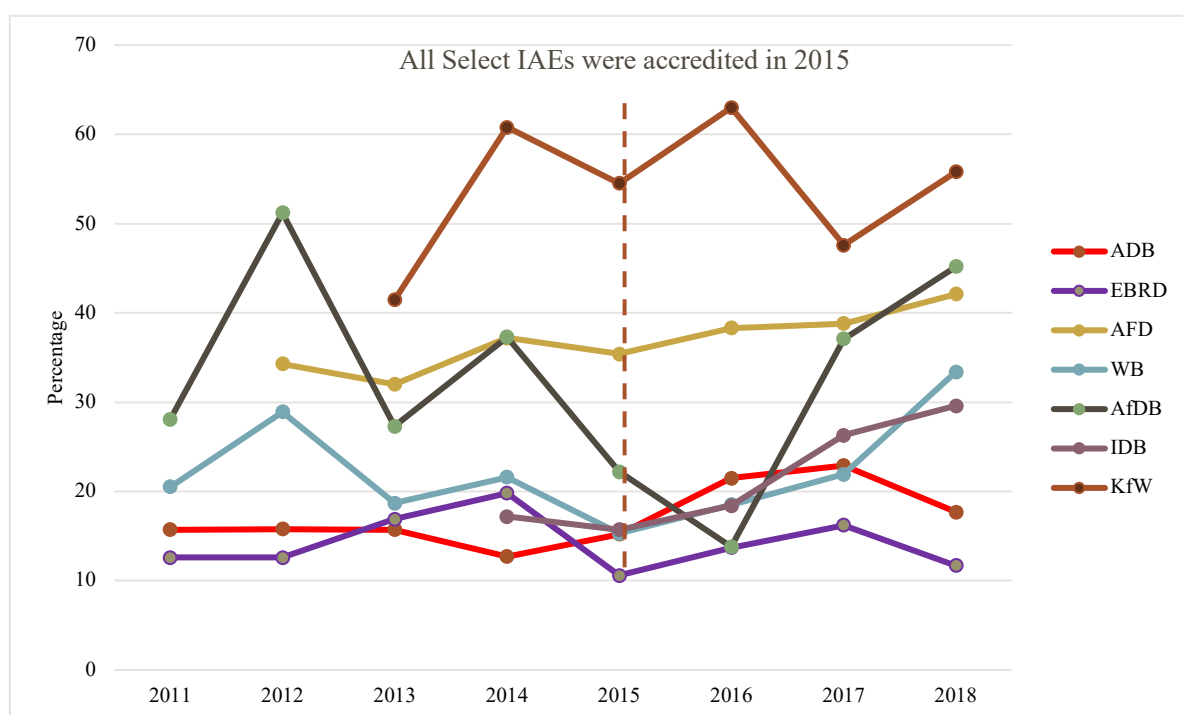


Figure VI-6. Climate finance as a percentage of the overall portfolio of IAEs accredited in 2015

Source: Data from publicly available resources of IAEs, as of 12 March 2020, analysed by the IEU DataLab

26. While many international agencies (including many GCF AEs) are making a collective effort to reconcile the definition of climate finance, **there does not exist yet a fully harmonized approach to account for climate finance.** This is also an area where the GCF can show leadership.

D. KEY FINDINGS AND RECOMMENDATIONS

a) What is the current status of the portfolio of AEs in the GCF?

27. The GCF has accredited a diverse suite of 95 entities, which cover a range of modalities, capacities, coverage and mandates. This diversity creates an opportunity to build capacities and engage with a wide variety of partners.
28. The GCF project portfolio continues to be skewed in favour of 22 IAEs, who account for 86 per cent of the GCF committed portfolio of funded projects (in USD), although more than half of all AEs are DAEs (59 per cent or 56 entities as of March 2020). This is partly because DAEs are accredited for smaller funding levels. However, 68 per cent of DAEs (or 38 of the 56 entities) do not have any funding proposals.
29. Just under a fifth (19 per cent) of the AEs have not engaged in any stage of the project development process. Of the 56 DAEs, 12 have not submitted anything for consideration to the GCF.

Recommendations

30. The GCF (the AC and Secretariat) should develop strategic priorities to clarify the target portfolio mix of AEs for the GCF. These priorities should be based on a strategic view of accreditation in the GCF, undertaking strategic simulation of its trajectory.
31. Such a strategy should also define the means to reach out to those AEs that have not yet actively engaged in FPs and concept notes, and also to those countries that still do not benefit from the GCF.

b) Has accreditation increased the capacities of AEs?

32. There is evidence to suggest that many DAEs have weaker capacities compared to IAEs. **Accreditation is intended to result in increased capacities, but it has not proven to be a route for systemically and significantly increasing DAE capacities.** The current suite of AEs has uneven capacities in terms of their ability to design and deliver GCF projects.
33. The IEU evaluation of the GCF COA did not find any conclusive evidence for systematic support by IAEs to DAEs, although such support is foreseen in the AMAs. The reporting undertaken by AEs on planned and actual capacity development is not sufficient from IAEs or DAEs.

Recommendations

34. Capacity development is urgently required for DAEs to enhance their ability to propose concept notes for the GCF. Post-accreditation support is critical, and the RPSP and PPF should be reinforced.
35. One promising way would be to support twinning arrangements between DAEs and IAEs for the development and implementation of GCF projects. This will enable DAEs to gain valuable experience in the GCF pipeline.
36. In order to encourage IAEs to invest time and resources in capacity development for DAEs, appropriate incentives must be provided – for example, through the RPSP. It is also important to build these structures at the level of the Secretariat and its KPIs.
37. If IAEs are expected to contribute to building DAE capacities, this assessment should be made during accreditation and re-accreditation. It is important to develop clear, consistent and objective criteria for this assessment and communicate these to IAEs.

c) Are AEs' own portfolios aligned with the GCF's mandate (as is required by the accreditation process)?

38. **Accreditation by itself does not assess or incentivize the AEs to shift their portfolio to align with the GCF's mandate.** An assessment of several IAEs accredited in 2015 reveals that there is no clear trend in the share of climate finance in the total portfolio of these entities.

Recommendations

39. In order to incentivize AEs to align their portfolio with the GCF's mandate, incentives need to be built. It is expected that accreditation and re-accreditation assess this alignment. Clear and transparent criteria must be developed for such an assessment, and must also be communicated to applicants and to AEs.
40. The GCF should show more initiative in the group discussions among MDBs for the development of joint definitions and methodologies to report on their portfolios of climate funding projects.

Chapter VII. ACCREDITATION AND COUNTRY OWNERSHIP

KEY RECOMMENDATIONS

- The GCF should encourage and incentivize **countries and NDAs to take a more strategic approach when nominating DAEs**. Country programmes and/or country climate finance strategies should drive the decision on the type and number of entities nominated. It may be useful to develop criteria to determine if some countries need more than one DAE to pursue their climate objectives.
- **Pre- and post-accreditation support** should be made available to all potential candidates recommended by NDAs. This will aid AEs in building pipelines of country-owned FPs. Post-accreditation support is necessary to ensure that AEs propose FPs that are based on principles of country ownership and result in a country-owned pipeline of GCF projects.

KEY FINDINGS

- The GCF does not define country ownership. While DAEs play an important role in direct access, they are not the only means to ensure a country-owned pipeline of GCF projects. A large number of countries have nominated entities, but a smaller proportion have been **successfully** accredited them.
- Country ownership is the result of complex and mainly political and governance factors. DAEs are likely to be more effective, especially if in-country stakeholders work together with clear and agreed objectives and strong political leadership.

A. INTRODUCTION

1. In this section, the Synthesis Study addresses the relationship between accreditation and the related concepts of direct access and country ownership. The Synthesis Study asks the following questions:
 - a) How many national entities are accredited in the GCF?
 - b) What is the role of DAEs in enabling country ownership?

B. BACKGROUND AND CONTEXT

2. The GI provides that direct access is a means of ensuring country ownership. On “direct access” the GI states, “*Recipient countries will nominate competent subnational, national and regional implementing entities for accreditation to receive funding. The Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes.*”
3. As a result, direct access is considered as one of the ways in which country ownership is envisioned in the GCF architecture. It is implied in the Guidelines for Enhanced Country Ownership and Country Drivenness that accreditation of DAEs and their continued engagement with the NDAs are important for country ownership.¹⁰⁹ The current guidance also emphasizes the need for flexibility and states, “Recognizing that country ownership is an underlying principle and an ongoing process, and that country ownership may mean different things in different contexts, quantitative measurement alone of country ownership is unlikely to provide meaningful results.”¹¹⁰

C. FINDINGS AND ANALYSIS

1. COVERAGE OF NATIONAL AND REGIONAL ENTITIES IN THE GCF

4. While **the GCF does not directly define country ownership**, the GCF has stated a clear preference for accrediting more DAEs than IAEs, promoting an unlimited number of DAEs to be accredited and, in contrast to the AF, not limiting the number of DAEs per country. **More than 60 per cent of GCF-eligible countries have nominated at least one national or regional entity for accreditation.** These distributions can be seen in the figures below. Few countries have nominated four or more national DAEs.

¹⁰⁹ Document GCF B.17/14.

¹¹⁰ Document GCF B.17/14, paragraph 17.

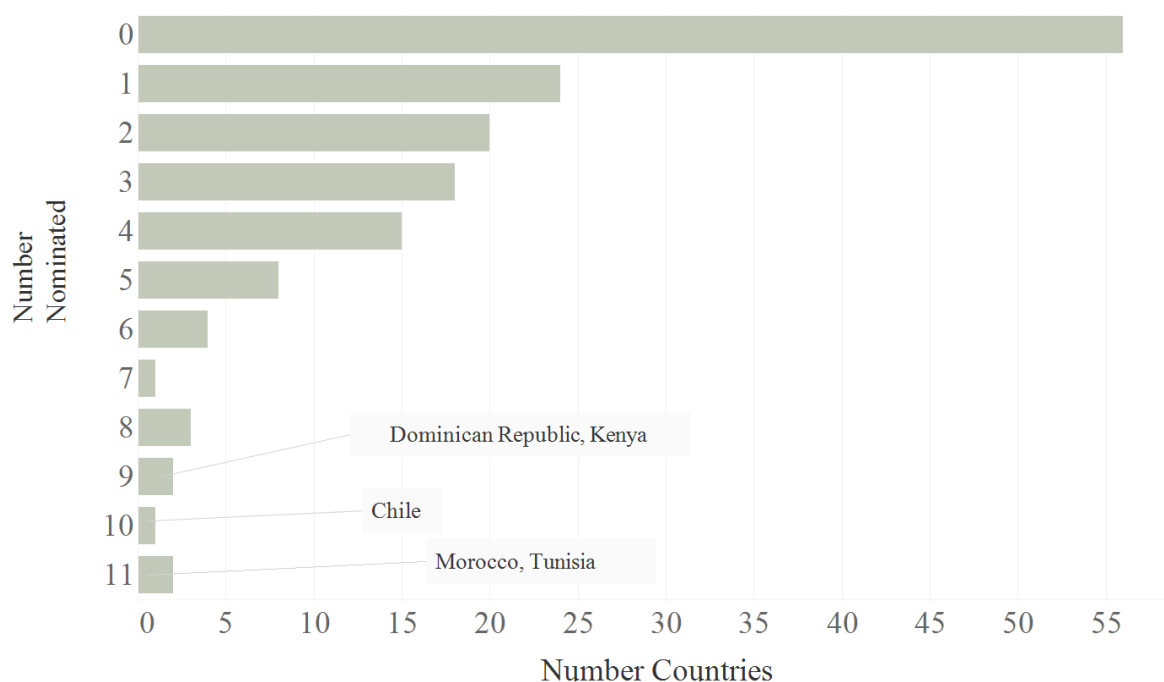


Figure VII-1. Count of countries by NDA nominations of national/regional entities

Source: Accreditation application data, as of 12 March 2020, analysed by the IEU DataLab

5. The FPR found evidence related to the choice of countries to nominate DAEs. It stated:

countries are far more interested in securing any funding at all than in obtaining any particular institutional arrangement or access modality of funding...Direct access presents obvious benefits, but the chief demand is for smooth, predictable and efficient funding cycles. By and large, countries are happy to work through intermediaries if that is easier. Indeed, the fact that the GCF is perceived as a “difficult donor” actually increases demand for IAEs. These points are compounded when one considers the lack of creditable entities within especially vulnerable locations, including LDCs and SIDS. NDAs and other stakeholders in these locations often voice more demand for a diverse suite of accessible IAEs, precisely due to the lack of viable alternatives.¹¹¹

The tendency to nominate multiple DAEs is based on the assumption that the presence of more than one DAE enhances country ownership. While this may be so in some cases, there is no evidence that it will necessarily happen in all cases, and there are several arguments for and against multiple DAEs per country.¹¹² The case studies of the IEU evaluation of COA found that in (all except one) country case studies where several DAEs have been accredited, **the choice of DAEs was more driven by the interests of the applying institutions and their supporters in the administration** than by a countrywide perspective coordinated by the NDA in line with the country programme.¹¹³ However, **only a third of countries have been successful in having one of their nominated entities accredited.**

¹¹¹ IEU. (2019). *Forward-Looking Performance Review of the Green Climate Fund (FPR), Final report*. Document GCF/B.23/20, annex II, p.86.

¹¹² IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 128 f.

¹¹³ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 126 f.

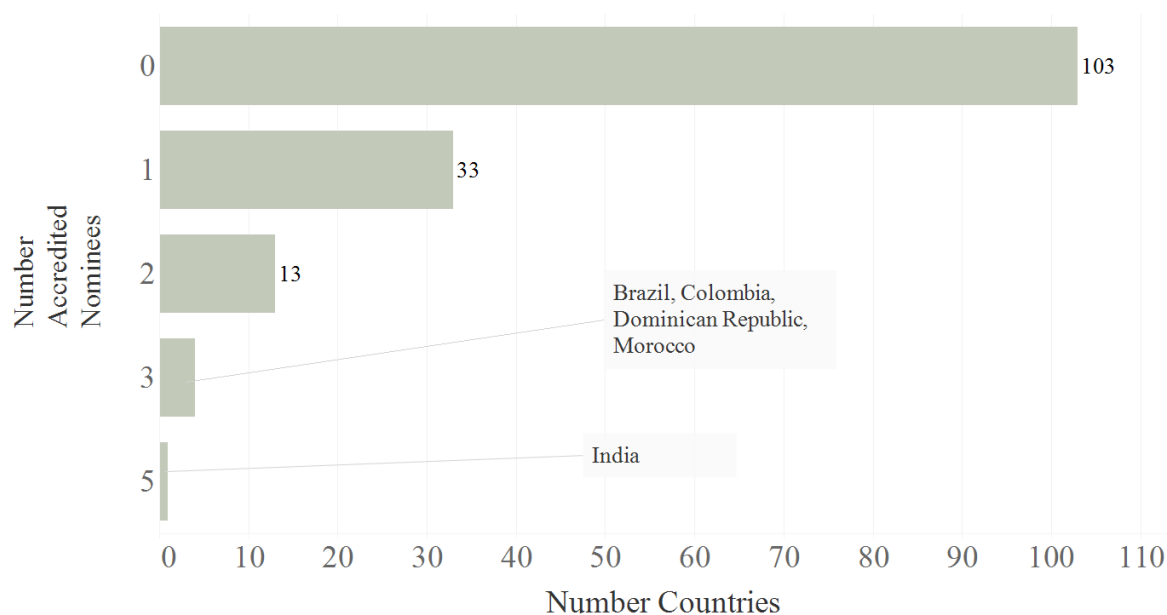


Figure VII-2. Count of countries by successfully accredited NDA nominations of national/regional entities

Source: Accreditation application data, as of 12 March 2020, analysed by the IEU DataLab

6. It is seen from the pipeline of applicant entities that both current and potential direct access to national AEs is particularly low for small island developing States (SIDS). **At 10 per cent of current coverage, national access for SIDS is twice as low as that for least developed countries (LDCs), African States and all GCF-eligible countries.** While SIDS are better covered by regional AEs, the coverage of LDCs by regional AEs is still only 57 per cent. The IEU evaluation of COA states, “High coverage of particularly vulnerable countries by regional DAEs is explained by the availability of continent-wide regional entities in Latin America and Africa and a number of regional DAEs serving the Caribbean and Pacific islands.”¹¹⁴

¹¹⁴ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p.122.

Table VII-1. Percentage of countries with access to national and regional coverage, and count of their approved FPs

		GCF-ELIGIBLE COUNTRIES (154 COUNTRIES)		AFRICAN STATES (54)		LDCs (47)		SIDS (39)	
		% countries	FP	% countries	FP	% countries	FP	% countries	FP
National coverage	Current	21%	17	20%	8	19%	4	10%	1
	Potential	35%		37%		36%		18%	
Regional coverage	Current	58%	10	75%	6	57%	6	82%	4
	Potential	81%		100%		98%		95%	

Notes: Current coverage consists of countries with at least one accredited national/regional entity as of B.25. Potential coverage considers countries with at least one accredited national/regional entity, and/or have at least one national/regional entity with an accreditation application pending. African States, LDCs and SIDS are not mutually exclusive categories.
The table should be interpreted as follows: there are 27 approved FPs by DAEs (national + regional AEs) across all GCF-eligible countries. National AEs have 17 approved FPs in total, and regional AEs have 10 approved FPs in total. Of the 17 approved FPs for national AEs, 8 FPs are being implemented in at least one African State. Further, 20 per cent of African States are currently covered by national AEs, and these AEs have 8 FPs approved.

Source: Accreditation application data, OAS data, as of 12 March 2020, analysed by the IEU DataLab

7. Further, **25 GCF-eligible countries do not have access to DAEs in the short term, as they lack both accredited national and regional coverage** and have no DAEs in the accreditation pipeline.¹¹⁵ It should be noted that six out of these 25 countries do not have an NDA. However, some of the other 19 countries have projects approved with IAEs. Tajikistan has several multi-country projects, while Bosnia and Herzegovina as well as Bahrain have one single-country project each. Therefore, while **nomination of DAEs does not necessarily result in access, there are countries not covered by current or future DAEs but with active FPs**. This contradicts some of the implicit assumptions in the logic model of accreditation (see Chapter X).
8. Of the USD 5.613 billion committed by the GCF, USD 0.786 billion (14 per cent) goes through DAEs. Of the 56 Board-accredited DAEs, only 18 have approved FPs (this is discussed further in Chapter VI).

2. EFFECTIVENESS OF DAEs IN COUNTRY OWNERSHIP

9. The IEU evaluations of the RPSP and COA have made an effort to exposit country ownership.¹¹⁶ The IEU evaluation of COA stated that GCF stakeholders identified three attributes of country ownership as commonly identified by GCF stakeholders: “(1) alignment of GCF investments and policies with national policies and priorities; (2) meaningful engagement with non-state actors; and (3) having a (greater) say in the use of climate finance, including through national identification of

¹¹⁵ Countries without current and potential coverage are Albania, Andorra*, United Arab Emirates*, Bahrain, Bosnia and Herzegovina, Brunei Darussalam*, Iran (Islamic Republic of), Israel*, Kuwait, Lebanon, Moldova, Maldives, North Macedonia, Montenegro, Malaysia, Oman, Democratic People’s Republic of Korea (the), Qatar*, Saudi Arabia, Singapore, San Marino*, Serbia, Syrian Arab Republic, Tajikistan, and Turkmenistan. Names with an asterisk (*) indicate countries without NDAs identified. Source: Accreditation application data, Online Accreditation System data, as of 12 March 2020, analysed by the IEU DataLab.

¹¹⁶ IEU. (2019). *Independent evaluation of the GCF’s country ownership approach, Final report*. Document GCF/B.24/13, p. 35.

project concepts and direct access.”¹¹⁷ This report found that the role of direct access was perceived differently by stakeholders.

The IAEs and delivery partners generally believed that country ownership may benefit from but does not depend on direct access; **they also made a distinction between country ownership via DAE and country control over project decisions.** The predominant view among governments was that country ownership meant that countries would have the final say in project-related decisions [quote edited for clarity].¹¹⁸

In other words, **while DAEs play an important role in direct access, they are not the only means to ensure a country-owned pipeline of GCF projects.** The role of DAEs relates to the ability of countries to make project-related decisions.

10. With regard to the question on how effective direct access is in developing a country-owned project pipeline, the IEU evaluation of COA explains:

National DAE capacity to deliver concept notes and FPs is not in line with country and GCF expectations. SIDS and, to a lesser extent LDCs have a particular disadvantage in this area. Helpful factors for DAE pipeline development include DAE size and past project experience with climate change projects, previous and ongoing projects for the GCF, and the interaction and support from the GCF Secretariat and other partners.

Over the past year, RPSP grants have started to address capacity bottlenecks and assist in pipeline development. Evidence on its effectiveness is still meagre. PPF resources are another conduit for tailored capacity-building on FPs, but so far there have been relatively few PPFs.¹¹⁹

11. Regarding the question of how effectively IAEs do or could support country ownership and DAEs, the IEU evaluation of COA says:

IAEs themselves commonly describe country ownership in the GCF programming cycle as business as usual. They point to extensive interactive country programming protocols that in their view are based on strong policy alignment and country demand, support for multi-stakeholder consultations and capacity-building of local entities. IAEs have different business models, objectives, presence and delegation of authority in countries. This affects their country ownership performance.

IAE motivations and preferences for supporting country ownership are often viewed with scepticism by country stakeholders and are perceived as deliberately or inadvertently promoting agendas shaped by their own IAE priorities. IAEs are sometimes perceived by national stakeholders to have asymmetric information and knowledge about GCF programming due to their global linkages that may give them advantages compared with DAEs.¹²⁰

12. More **than DAEs, inter-agency coordination is found to be a larger factor in country ownership.** The IEU Evaluation of the RPSP found in nine country case studies that there were

¹¹⁷ IEU. (2019). Independent evaluation of the GCF's country ownership approach, Final report. Document GCF/B.24/13, p. xxvii f.

¹¹⁸ IEU. (2019). Independent evaluation of the GCF's country ownership approach, Final report. Document GCF/B.24/13, p. 21 f.

¹¹⁹ IEU. (2019). Independent evaluation of the GCF's country ownership approach, Final report. Document GCF/B.24/13, p.145.

¹²⁰ IEU. (2019). Independent evaluation of the GCF's country ownership approach, Final report. Document GCF/B.24/13, p.145 f.

varying degrees of coordination among the agencies in implementing climate projects.¹²¹ The AEs generally expressed a strong desire to work with the government, with each other, and with other development partners and sources of climate finance, to help each country mitigate and adapt to its major climate risks. In the countries where there was good coordination and complementarity of efforts, the AEs and other donors attributed this mostly to strong country ownership of the climate action agenda, based on well-thought-out priorities and strategies. In the absence of such strong country ownership, the report found that AEs acknowledged the tendency for each agency to pursue its own agenda in a largely uncoordinated fashion, due to the pressure on managers to bring in projects with high volume. This confirms the importance of country ownership but also that country ownership in the sense of a strong commitment by the highest levels of the government and by robust NDA management is the precondition for a coordinated country programme approach rather than the consequence of allowing multiple DAEs and IAEs to work in the country.

13. This statement made by the FPR coincides with the findings and conclusions of the IEU evaluations of the COA and the RPSP presented above. **Country ownership is the result of a complex set of mainly political and governance factors in which the accreditation of one or several DAEs have an important role to play; DAEs will be the more effective if all stakeholders work together in a coordinated way with clear and agreed objectives and strong political leadership.**
14. One key opportunity is to ask “mature” IAEs to co-develop and/or co-implement GCF investments jointly with nominated DAEs.¹²² The IEU evaluation of COA recommends that such twinning efforts would require the GCF to create structures that incentivize IAEs to partner with DAEs when submitting FPs.

D. KEY FINDINGS AND RECOMMENDATIONS

a) How many national entities are accredited in the GCF?

15. A majority of eligible countries have nominated DAEs, but only a third of the countries have been successful in getting accreditation for their nominated entities. It is also seen that the choice of AE at the country level is determined more by access to funds than a strategic choice of partners.
16. National entities that have been accredited remain low. This is especially true for the SIDS. Additionally, 25 countries are not expected to have DAEs, but many do have active FPs. This means that **there is no linear relationship between direct access and country ownership.**
17. The FPR found that:

countries are far more interested in securing any funding at all than in obtaining any particular institutional arrangement or access modality of funding...Direct access presents obvious benefits, but the chief demand is for smooth, predictable and efficient funding cycles. By and large, countries are happy to work through intermediaries if that is easier. Indeed, the fact that the GCF is perceived as a “difficult donor” actually increases demand for IAEs.¹²³

Recommendations

18. The RPSP should continue to fund measures assisting accreditation candidates to prepare for accreditation. Post-accreditation support is necessary to ensure that AEs are able to propose FPs that

¹²¹ IEU. (2018). Independent evaluation of the Readiness and Preparatory Support Programme. Document GCF/B.21/28, p. 23.

¹²² IEU. (2019). Independent evaluation of the GCF’s country ownership approach, Final report. Document GCF/B.24/13, p. 174.

¹²³ IEU. (2019). Forward-looking Performance Review of the Green Climate Fund (FPR), Final report. Document GCF/B.23/20, annex II, p. 86.

are based on principles of country ownership and result in a country-owned pipeline of GCF projects.

b) **What is the role of DAEs in enabling country ownership?**

19. DAEs play an important role in country ownership, but country ownership is the result of complex political and government processes. DAEs are effective in enhancing country ownership when stakeholders work together in a coordinated way, with clear objectives and under strong leadership.

Recommendations

20. The GCF should **encourage and incentivize countries and DAEs to take a more strategic approach to nominating** entities for direct access for the medium- and longer-term future. Country programmes and/or country climate finance strategies should drive the decision on the type and number of entities nominated.¹²⁴
21. Criteria **should be developed to determine if some countries need several DAEs to pursue their objectives.** If so, pre-accreditation support should be made available to all potential candidates recommended by NDAs / focal points.¹²⁵

¹²⁴ IEU. (2019). Independent evaluation of the GCF's country ownership approach, Final report. Document GCF/B.24/13, page 174.

¹²⁵ IEU. (2018). Report of the Independent evaluation of the Readiness and Preparatory Support Programme. Document GCF/B.21/18, p. 90.

Chapter VIII. RESULTS, RISKS AND COMPLIANCE

KEY RECOMMENDATIONS

- The Secretariat should consider **revising the reporting and information requirements for AEs**. Overall, the focus of AEs' reporting should be on mitigation and adaptation results planned and achieved by them.
- AEs should be required to **report on the alignment** of their project portfolios with GCF objectives, as well as on risk levels and management at both the institutional and project levels. EWPs may be improved by including expected results / result indicators for mitigation and adaptation projects, performance risks and management actions to mitigate them, portfolio alignment, and expected net emission balances. These target data should be compared with earlier data to see trends.
- It should be possible to **reduce the burden of risk assessment during accreditation**, especially if such an assessment is done again at the FP stage. The Secretariat may examine this possibility. In addition, the Secretariat should explore roles for civil society organization (CSO) observers and the Office of Risk Management and Compliance in institutional risk assessment during accreditation.

KEY FINDINGS

- The 2018 annual portfolio report of the Secretariat substantially improved the aggregated reporting of mitigation and adaptation results of the Fund. However, AEs apply inconsistent methodologies because the GCF has not clarified the **definition or the protocol for measurement and reporting its impact and outcome indicators**. As a result, many GCF projects have not made sufficient provisions to ensure credible reporting of results, which has important implications for the GCF's reputation and credibility.
- The annual self-assessment reports by AEs currently focus on compliance with GCF standards. However, they do not report on aggregate project results in terms of mitigation and adaptation. Information on alignment is absent in the annual portfolio reports prepared by the Secretariat, which means it is not currently possible to compare the performance among AEs.
- The new EWP form is an improvement, but it does not collect data on planned disbursements and results for mitigation and adaptation, expected performance risks and management actions to mitigate them, or data on planned portfolio alignment.
- Annual performance reports (APRs) for projects under implementation are not publicly released, and as per current rules and procedures, AEs are not obligated to share their APRs with the NDA / focal point, creating a challenge for country ownership, on-ground monitoring and accountability.
- There is a risk that the accreditation reviews do not sufficiently capture the ability of an AE to check anti-money-laundering / countering the financing of terrorism (AML/CFT) abilities.
- In part because of the long accreditation process, accreditation checks are frequently based on outdated documents.

A. INTRODUCTION

1. Once accredited, AEs become the vehicles through which the GCF carries out its mandate. In this section, the Synthesis Study addresses the following questions:
 - a) How do AEs report on project results and portfolios? How useful is this AE reporting on results?
 - b) Are AE risks adequately accounted for during accreditation? How can this be improved?

B. BACKGROUND AND CONTEXT

2. AEs are required to report to the GCF on two levels: (a) the FP level, and (b) the level of the AE through annual self-assessment reports, supplemented by midterm review reports. The requirement for this reporting is included in the monitoring and accountability framework for AEs as per decision B.11/10, annex I, which states:

“7. During the five-year accreditation term, the GCF will monitor the compliance of the AE with the standards of the GCF and its obligations, as follows:

 - (a) On an annual basis, AEs should provide a self-assessment of their compliance with the GCF fiduciary standards, environmental and social safeguards (ESS) and gender policy. For international entities, the self-assessment should also include a report on the support provided to direct access entities for accreditation or to build their capacity, as requested by the Board (decision B.10/06, paragraph (i)). The Secretariat will develop a standard template for such reports, adequately taking into account the nature of the entities and their capacities;*
 - (b) At the midpoint of the accreditation period, the Secretariat will undertake a light-touch mid-term review of the compliance performance of the AE. The Secretariat will develop standard terms of reference for the mid-term reviews; and*
 - (c) If needed, the GCF will initiate additional ad hoc compliance reviews.*

8. The Secretariat will be responsible for programming mid-term reviews and any ad hoc reviews, in coordination with the AE, and for producing the relevant reports.”¹²⁶

C. FINDINGS AND ANALYSIS

1. REPORTING OF PLANNED AND ACTUAL RESULTS

3. In 2018, the IEU presented an evaluation of the results management framework (RMF), which was presented to the GCF Board at B.21 as document B.21/20 and again at B.22 as document B.22/07.¹²⁷ Overall, the evaluation found that the **RMF is rarely used, and if used at all, then in inconsistent ways**. “This has resulted in AEs having to meet different standards and requirements, depending on the division or unit in the Secretariat they are dealing with.” Finally, the evaluation finds that “**a large proportion of GCF projects reviewed have not made sufficient provisions to ensure credible reporting of results with important implications for GCF’s reputation and credibility.**”¹²⁸

¹²⁶ Annex I to decision B.11/10, p. 1 f.

¹²⁷ IEU. (2018). Results management framework: Independent Evaluation Unit recommendations to improve the RMF, Final report. Document GCF/B.22/07, p. v.

¹²⁸ IEU. (2018). Results management framework: Independent Evaluation Unit recommendations to improve the RMF, Final report. Document GCF/B.22/07, p. vi f.

4. The IEU evaluation of the RMF recommended that “the Secretariat should **update the RMF and PMF [performance measurement framework], address deficiencies and develop protocols that provide guidance on what, who, when, how indicators can and should be measured and how they should be aggregated.**” Furthermore, “the Secretariat should clarify roles and responsibilities internally and ensure that during project preparation, sufficient attention is paid to the design and budgets for project M&E [monitoring and evaluation] system prior to project proposal approval.”¹²⁹
5. This was followed up by document GCF/B.25/05, “Addressing gaps in the current portfolio for measurement”, which was prepared by the Secretariat with the goal of improving the reporting on results and was scheduled for discussion at B.25. This document presents an approach to remedy M&E gaps related to measurement and to improve the capacity of the GCF for credible results reporting. The document was scheduled for discussion at B.25; however, it was not opened.
6. In 2019, in the Annual Portfolio Performance Report (2018), the Secretariat provided figures for results related to the “mitigation” and “adaptation” portfolios for the first time. This presentation summarized the expected results of 40 projects under implementation, but they were not disaggregated by AEs.¹³⁰ According to this report, 96 per cent of the GCF mitigation effects are attributable to IAEs, and DAE FPs account for 82 per cent of the total beneficiaries. However, the report explains:

While both “Cost per tCO₂eq [tonnes of carbon dioxide equivalent] decreased for all GCF-funded mitigation projects/programmes” and “Volume of finance leveraged by GCF funding” are mitigation core indicators adopted at the seventh meeting of the Board, **there is no guidance on the definition or the protocol for measurement and reporting of the indicators, which has led to inconsistent methodologies applied by different AEs.** More robust definitions as well as measurement and reporting protocols, are planned to be developed as part of the updated RMF towards the first half of 2020.¹³¹
7. Clearly, results have been reported so far on the basis of inconsistent methodologies. This was additionally highlighted by the IEU evaluation of the RMF. To date, no further development has occurred on developing this guidance or protocols.
8. The Annual Portfolio Performance Report (2018) also discussed implementation challenges and reasons for delays. The section on challenges distinguishes between IAEs and DAEs and shows that private sector (and mostly mitigation) projects are implemented faster than others. The report also highlights the work of the Secretariat and its engagement with AEs to overcome emerging implementation challenges.¹³² Overall, however, the report does not provide data disaggregated by AEs, which would allow for a more thorough assessment of their performance, as outlined in the MAF: “On an annual basis, the Secretariat will report to the Board on the performance of the AEs in relation to their GCF-funded activities.”¹³³
9. **Self-assessment reports.** The Annual Portfolio Performance Report (2018) further states: “All AEs with signed and effective AMAs provided the annual self-assessments for the reporting period. On the basis of the GCF fiduciary standards, ESS and gender policy assessed during accreditation, all AEs reported continued to adherence to GCF accreditation standards.”¹³⁴ According to the Secretariat’s report, none of the 36 annual AE self-assessment reports received in 2018 reported any

¹²⁹ IEU. (2018). Results management framework: Independent Evaluation Unit recommendations to improve the RMF, Final Report. Document GCF/B.22/07, p. ix f.

¹³⁰ See GCF. (2019). *Annual Portfolio Performance Report (2018)*. Document GCF/24/Inf.04, p. 7ff.

¹³¹ GCF. (2019). *Annual Portfolio Performance Report (2018)*. Document GCF/24/Inf.04, p. 15.

¹³² GCF. (2019). *Annual Portfolio Performance Report (2018)*. Document GCF/24/Inf.04, pp. 10 f.

¹³³ Decision B.11/10, annex I, paragraph (a), p. 2.

¹³⁴ GCF. (2019). *Annual Portfolio Performance Report (2018)*. Document GCF/24/Inf.04, paragraph 53, p. 24.

required adjustment or any compliance concerns. Several AEs reported organizational changes and policy changes to facilitate better cooperation with the GCF. Some of these will qualify as “alignment”, especially in cases where AEs have developed new policies on gender or social standards, for example. However, the **self-assessment reports do not provide information on implementation progress/results, portfolio alignment or issues/problems/lessons related to cooperation with the GCF.**

10. **Entity work programmes.** EWPs provide three kinds of information: (a) the AE’s active GCF project portfolio, (b) proposed projects and concept notes (some of which may be in the GCF pipeline), and (c) information on capacity-building. The Synthesis Study team concluded that EWPs can be improved in the following ways:
 - The information on the active portfolio should report on overall emissions reduced and total beneficiaries, with or without GCF funding. Currently, the information provided is input oriented, in particular related to intended funding.
 - The information on the proposed pipeline is potentially useful, especially to assess strategic alignment. It could request specific information on result indicators and impact planned. Currently, sufficient detail is not requested, and it is not known how this information is further used by the GCF.
 - The EWP could request additional information on capacity-building. This information is currently brief, without specifics and cannot be verified or tested (results on this are reported in Chapter VI).
11. Overall, the new EWP form (in use since 2019) is an improvement and provides more information. It could be further improved by including data on disbursements, result indicators for mitigation and adaptation projects, performance risks and management actions to mitigate these performance risks, data on other projects using the new GCF portfolio alignment indicator tool, and the net emission balance of the AE. This would turn the EWP into a more complete AE profile for rapid reading by Board members and other stakeholders.

(A) Area of competence	(B) Specific capacity	(C) How changes occurred since accreditation?	(D) Please describe the nature of any changes/modifications. Please provide a list of revised or new policies and attach supporting documents where possible.	(E) Please indicate how each change/modification listed in Column D impacts the AE's status of accreditation and obligations of the AE as per the AMA. Please indicate if the change(s) result from addressing accreditation conditions(s) imposed by the GCF.
5.3.5 Financial resource management, including analysis of the lending portfolio of the intermediary	Control procedures to analyse the lending portfolio, including: <ul style="list-style-type: none"> policy with respect to management of financial resources framework/procedures for evaluating an intermediary's lending portfolio 	No		
5.3.6 Public access to information on beneficiaries and results	Systems and provisions for the general public to access information about beneficiaries and results of projects funded by the AE	No		
5.3.7 Investment management, policies and systems, including in relation to portfolio management	Systems to ensure sound investment management, including: <ul style="list-style-type: none"> Investment management policy 	No		



GCF Entity Work Programme | 7

3. Strengthening Institutional Capacity¹² (For Direct Access Accredited Entities only)

4. Partnership with and/or Support Received from International Access Entities¹³

(For Direct Access Accredited Entities only)

5. Delivering on GCF Readiness Support¹⁴ (For AEs who are also Readiness Delivery Partners)

6. Supporting Direct Access Entities¹⁵ (For International Access Accredited Entities only)

██████████ is developing the ██████████ in partnership with Direct Access Entities in the ██████████. For instance, the parametric climate insurance is being developed in partnership with the ██████████, with the aim of ██████████ developing similar investments for ██████████ countries that are not ██████████ members.

7. Annexes

Figure VIII-1. Illustrative examples of completed self-assessment reports (top) and entity work programmes (bottom)

Note: For reasons of confidentiality the details are redacted.

- The IEU evaluation of COA provides some insight into monitoring and reporting by AEs. It concludes that communication between the AEs and NDAs is not consistent and says,
 - The lack of transparency in AE reporting during project implementation (i.e. through APRs) limits NDAs' ability to monitor their countries' GCF portfolio. **APRs are not publicly released, and as per current rules and procedures, AEs are not obligated to share their**

APRs with the NDA / focal point. This means that presently NDAs / focal points only hear of the progress on implementation if the AE keeps them informed.¹³⁵

2. RISKS AND COMPLIANCE

13. During accreditation, risks are assessed on four levels: first, the risks related to compliance of the candidate with ESS standards are analysed, which will determine to which risk level the candidate might be accredited and later receive project funding. Second, the institutional risk management is examined as part of the entity's internal control system. Third, the accreditation process examines, among other issues, whether and to what extent the internal audit plan is risk-based (meaning that the highest risk areas are audited as a priority). And fourth, the process examines whether the procurement policy appropriately addresses any risks related to it.
14. The overall risk assessment model at the GCF is that the AE is the first line that gauges and manages the risks faced by GCF investments. The GCF does second-level due diligence, first through the review by the AP and then through occasional audits and evaluations, which may take place to analyse various issues, including on a sample of projects.
15. Overall, **the GCF RMF is oriented towards FPs rather than institutional risks.** The second-level due diligence report¹³⁶ found that AEs may have insufficient capacities in the area of compliance investigation. The report stated: "GCF's contribution agreement requires the Fund to conduct strong AML/CFT checks. However, several AEs, especially those that are not financial institutions, do not bring these capabilities. **Checks at the accreditation stage for these capabilities are not able to capture the requirements in sufficient detail.**"¹³⁷ It is also likely that due to delays in the accreditation process, risk assessments are based on documents that are no longer current. If indeed the GCF risk assessment is redone at the FP stage, it is possible to reduce the burden of assessment of risk during accreditation.

D. KEY FINDINGS AND RECOMMENDATIONS

a) How do AEs report on project results and portfolios? How useful is this reporting?

16. In the absence of clear GCF guidance, **AEs use a variety of methods for reporting GCF results.** Overall, the IEU evaluation of the RMF as well as the IEU evaluability study find that there are insufficient provisions to ensure credible reporting of project-level results, with important implications for the GCF's reputation and credibility.
17. AEs are asked to provide annual self-assessment reports, which are currently a checklist that marks compliance (or not) with GCF standards. None of the 39 self-assessment reports reviewed reported any lack of compliance. In addition to self-assessment reports, AEs provide input for midterm report reviews, and these could provide information on implementation progress/results, portfolio alignment or lessons learned. As a consequence of lack of reporting on results, information comparing AE performance and alignment is also missing in the annual portfolio reports prepared by the Secretariat. APRs of FPs are not publicly disseminated.
18. The new EWP form is an improvement and provides more information, but it could include data on planned disbursements and results for mitigation and adaptation, expected performance risks and management actions to mitigate them, or data on any planned portfolio alignment.

¹³⁵ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 99 f.

¹³⁶ Oliver Wyman. (2019). *Second-level due diligence report on climate rationale and impact potential*.

¹³⁷ Oliver Wyman. (2019). *Second-level due diligence report on climate rationale and impact potential*, p. 11.

Recommendations

19. There is an urgent need for the **GCF to define its RMF and provide guidance to AEs for consistent and mutually coherent reporting of results on GCF projects**. AEs should make their APRs accessible to the NDAs concerned. Secretariat-provided figures for results can be disaggregated by AEs. The GCF should urgently finalize the indicator tool under development by the AP and complete the ongoing baseline analysis of the project portfolio of all AEs, in particular for those applying for re-accreditation. The assessment of alignment should be based on clear and transparent criteria.
 20. The annual self-assessment reports by the AEs, which focus on compliance with the AMA, could be replaced by a more timely and substantive midterm review report, to be checked and followed up on by the Secretariat and the AP. This should report on results, through consistent and clear indicators. In addition, AEs should integrate information on portfolio alignment with GCF objectives into their self-assessment reports and the information provided for midterm reviews.
 21. The annual EWPs should be further improved by including data on planned disbursements, result indicators for planned mitigation and adaptation projects, performance risks and management actions to mitigate them, and portfolio information.
- b) Are AE risks adequately accounted for during accreditation? How can this be improved?
22. **The risk management framework of the GCF is oriented towards FPs rather than identifying institutional risks of candidate entities**. The second-level due diligence report found that AEs may have insufficient capacities in the areas of AML/CFT risk prevention and compliance investigation.
 23. It is also likely that due to delays in the accreditation process, risk assessments are based on documents that are no longer current.

Recommendations

24. AEs individually, and the Secretariat on an aggregate, should report on performance risk assessments and risk management on the institutional and project levels.
25. The Secretariat in consultation with the AP should examine whether the Office of Risk Management and Compliance could be usefully involved for institutional risk assessments of candidate entities. If indeed the GCF risk assessment is redone at the FP stage, it is possible to reduce the burden of institutional risk assessment.
26. The CSO observers should get the information on proposed accreditation candidates at the latest four weeks before the Board meeting. The AP should be allowed to consult with them during their review, in order to get a more up-to-date and complete view of institutional risks.

Chapter IX. LOOKING AHEAD: ACCREDITATION STRATEGY AND THE PSAA

KEY RECOMMENDATIONS

- **The GCF should start implementing the PSAA on a pilot basis** (as approved in principle by the Board at its twenty-third meeting). An **evaluation after three years of implementation** will help to course correct. The added value and limitations of PSAA should be clarified early on.
- While implementing PSAA, the Secretariat should pay **attention to lessons learned by other agencies** for similar programmes.
- The **strategic priority to increase funding allocation to DAEs** should be clarified using clear plans and pathways, which may include steps such as increases in capacities, increasing the size of projects or increasing the numbers of DAEs.

KEY FINDINGS

- The current version of the draft Updated Strategic Plan 2020–2023 describes priorities on accreditation (e.g. streamlining the process, increasing AE coverage). It does not provide a vision statement for accreditation, planned outcomes for GCF-1 or a plan for building a strategy for accreditation. The plan includes reference to the proposed UAF, which focuses on improvements to the accreditation process.
- The Updated Strategic Plan proposes two scenarios to increase funding commitment to DAEs. According to projections by the IEU, if the GCF doubles or significantly increases resources committed to DAEs, by the end of 2023 DAEs will account for 25 per cent to 37 per cent of the overall USD value of the GCF funding portfolio.
- The Board has agreed in principle to using the PSAA in a complementary way to institutional accreditation. However, the PSAA does not address existing bottlenecks, such as English-language communication, lengthy legal negotiations, lack of clarity in communications, slow responses, and the limited capacities of AEs and the GCF for project preparation and review. Its strategic added value is not yet described.

A. INTRODUCTION

1. An important consideration for the Synthesis Study was to provide information relevant to the next strategic phase of the GCF, or GCF-1. In this chapter, the Synthesis Study asks two questions:
 - a) What is the strategic view of accreditation in GCF-1?
 - b) What are the projections of commitments to DAEs for GCF-1?

B. BACKGROUND AND CONTEXT

1. STRATEGIC PLAN 2020–2023

2. Through decision B.22/06, the Board requested the Secretariat, under the guidance of the Co-Chairs, to present an update to the Initial Strategic Plan for consideration by the Board at its twenty-fourth meeting. After an initial discussion at B.24, the Strategic Plan was discussed at an informal Board meeting in Liberia in early February 2020, before being brought back to B.25 as document GCF/B.25/09.¹³⁸ According to the Updated Strategic Plan, key actions in this area of the GCF business model will include the following:
 - (a) *Adopting a more strategic approach to accreditation*
 - (i) *Focus on selection of AEs that match the programming and project delivery capabilities needed to implement countries' programming priorities*
 - (ii) *Seek to increase the share of DAEs above the current level*
 - (iii) *Strive for sufficient coverage across regions, access modalities, accreditation sizes, risk categories and financial instruments*
 - (iv) *Accredit institutions which are ready to meet GCF standards or can work through required conditions needed to finalize their accreditation*
 - (b) *Streamlining the accreditation process and developing alternative accreditation modalities, including a project-specific assessment approach (PSAA)*
 - (c) *Fostering climate mainstreaming across the GCF partnership network*¹³⁹

2. PROJECT-SPECIFIC ASSESSMENT APPROACH

3. At B.22, a proposal to institutionalize the PSAA was discussed, which would “simultaneously assess an organization’s ability to implement or undertake the proposed project/programme as well as the proposed project/programme itself. This would broaden access to GCF for organizations for which the existing accreditation process imposes significant transaction costs not justified if their intention is to bring only a single project forward.”¹⁴⁰ At B.24, the Chair of the AC presented the figure below that compares the standard way to approve projects and the newly proposed PSAA modality. The PSAA outlines a process through which projects may be approved after an initial due diligence review of the institutional capacity of the proposing agency. According to the latest available draft

¹³⁸ GCF. (2020). *Updated Strategic Plan for the Green Climate Fund: 2020–23, Draft by the Co-Chairs*. Document GCF/B.25/09.

¹³⁹ GCF. (2020). *Updated Strategic Plan for the Green Climate Fund: 2020–23, Draft by the Co-Chairs*. Document GCF/B.25/09, paragraph 26, p. 10 f.

¹⁴⁰ GCF. (2019). *Matters related to accreditation, including the framework review, and matters related to the baseline of accredited entities: Accreditation framework review*. Document GCF/B.22/14, paragraph 51.

of the UAF, the PSAA applies only to FPs in category C/intermediation 3 or category B/intermediation 2.¹⁴¹

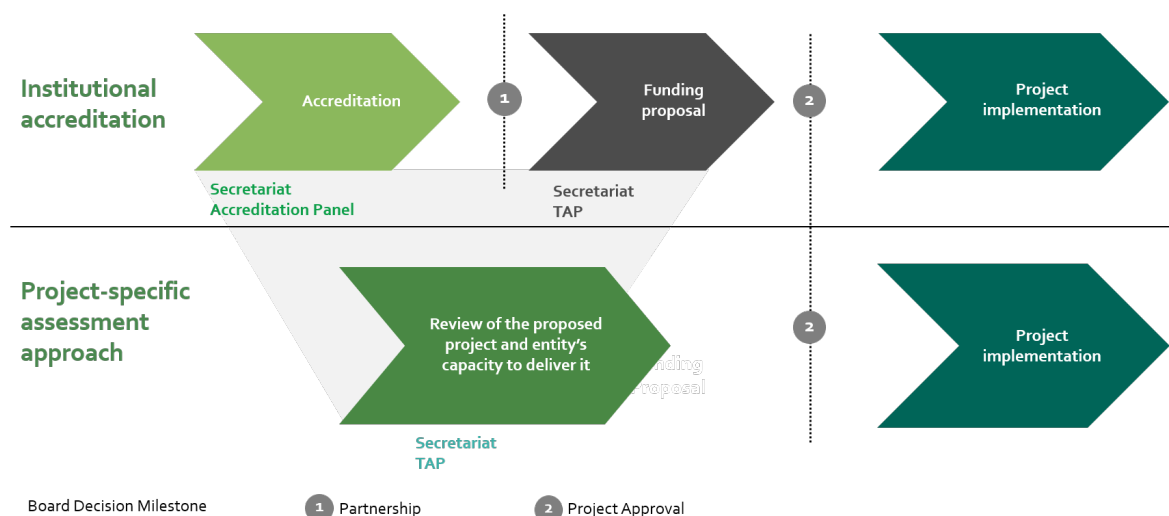


Figure IX-1. Overview of the proposed project-specific assessment approach

Source: Presentation by AC Chair, Agenda Item 17: Matters related to the accreditation framework, twenty-fourth meeting of the Board, 2019

3. UPDATED ACCREDITATION FRAMEWORK

- While a strategy for accreditation has not yet been approved, guiding principles included in the draft and other parts have been discussed by the Board (latest version of the UAF is GCF/B.23/05).¹⁴² This UAF is identical in many respects to the draft strategy on accreditation (Strategy on accreditation, GCF/B.14/09).¹⁴³

C. FINDINGS AND ANALYSIS

1. STRATEGIC PLAN

- The Updated Strategic Plan¹⁴⁴ provides some direction for accreditation in GCF-1. Some of these include scaled-up pre- and post-accreditation support for DAEs (including training programmes, technical expertise, and collaboration between IAEs and DAEs) and using country programmes to inform accreditation.¹⁴⁵ The plan proposes continued work to build AE networks, filling gaps in coverage relative to countries' programming priorities, and ensuring re-accreditation takes into account overall portfolio performance.
- More specifically, in paragraph 26, the plan identifies three key actions, which can be summarized as follows:

¹⁴¹ In a previous draft, the PSAA would be open only to the simplified approval process and three requests for proposals.

¹⁴² This document was not adopted, but decision B.23/11 deferred it to B.24.

¹⁴³ For more details and an assessment of the framework see Chapter III above.

¹⁴⁴ GCF/B.25/09.

¹⁴⁵ The Updated Strategic Plan states that country programmes "will also be actively used by the Secretariat to inform development of the GCF pipeline and guide project review, as well as inform the accreditation process". Specific steps are not identified.

- a) Adopting a more strategic approach to accreditation (under this action the GCF will undertake an analysis of the AE portfolio and propose a revised accreditation framework)
 - b) Streamlining the accreditation process and developing alternative modalities including the PSAA
 - c) Fostering climate mainstreaming across the GCF partnership network
7. In the assessment of the Synthesis Study, the above three actions are useful but not sufficient. First, **the GCF should adopt the framework**. The review of the framework was commenced at B.18 and is not yet adopted. Second, the PSAA modality is already under way and is discussed below. Third, while the mainstreaming of climate considerations across AEs' own portfolios is a much-needed step, there is currently no clarity on how AEs will be incentivized for a shift in their portfolio or how this assessment will take place through transparent and clear criteria.
8. It may be useful to provide directions in the Updated Strategic Plan and include specific targets, going beyond proposing that the PSAA would be approved. While the section on accreditation does not mention the private sector, the mention of an accreditation strategy is provided in the section on the private sector ("successful execution of the private sector strategy will require a staged development of modalities, starting with an accreditation strategy and readiness for private sector engagement"). **This draft could additionally identify the specific role of accreditation in the GCF and the means with which accreditation timelines will be reduced.** It does not establish business standards on accreditation nor specify portfolio targets. Discussion on reform of the accreditation framework was scheduled for B.25 but did not take place and was postponed to B.26 and B.27.

2. PROJECTING FOR GCF-1

9. The Updated Strategic Plan (GCF/B.25/09) includes a strategic objective on direct access, aiming to "Double/significantly increase funding" channelled through DAEs relative to the initial resource mobilization (IRM) period. This is intended to remedy the project portfolio, which was not evenly divided between DAEs and IAEs during the IRM period. The Synthesis Study constructed a portfolio projection model¹⁴⁶ in order to ascertain the FP portfolio during 2020–2023. According to IEU projections, **if the funding allocated to DAEs is doubled, DAEs would have a 25 per cent share of the GCF funding portfolio by 2023.** Alternatively, if the DAE funding allocation is significantly increased – assuming a 50 per cent increased commitment for DAEs in GCF-1 – DAEs would occupy a 37 per cent share of the overall GCF funding portfolio by 2023. The adequacy of these increases can be considered in establishing strategic targets for accreditation. As demonstrated

¹⁴⁶ The draft Updated Strategic Plan 2020–2023 provides the following objectives regarding the allocation of GCF resources:

- Paragraph 28 (a): "Program 40 per cent of available resources by end 2021 and 95 per cent by end 2023"
- Paragraph 13 (c) ii: "Double/Significantly increase funding channeled through direct access entities (DAEs) relative to the IRM"

These two statements are used to draw up assumptions upon which the model's projections will be based. In the former statement, "available resources" was assumed to reference the USD 9.8 billion received in pledges from the GCF's first replenishment period (B.25/Inf.04/I.2). As a result, USD 3.92 billion (40 per cent) is projected to be committed by the GCF by end of 2021, B.30, and USD 9.31 billion (95 per cent) by end of 2023, B.36. Accordingly, the committed funding for each Board Meeting was calculated to be USD 0.75 billion for B.26–B.30 (end 2021), and USD 0.98 billion for B.31–B.36 (end 2023).

The second statement suggests that funding allocated to DAEs will be doubled compared to the IRM period or will undergo a significant increase. During the IRM, 16 per cent of project funding at each Board meeting was allocated to DAEs. Therefore, in this projection, we assumed that the funding allocation to DAEs during GCF-1 will be either 32 per cent (double the IRM rate) or 50 per cent (an arbitrary figure chosen to indicate a "significant increase"). This was added cumulatively to the GCF portfolio during the IRM to calculate change in share of DAEs in the overall GCF FP portfolio.

in Chapter VI, the funding allocation to DAEs is far lower and not increasing at the same rate as IAEs. This reality needs to be taken into account in devising plans for GCF-1.

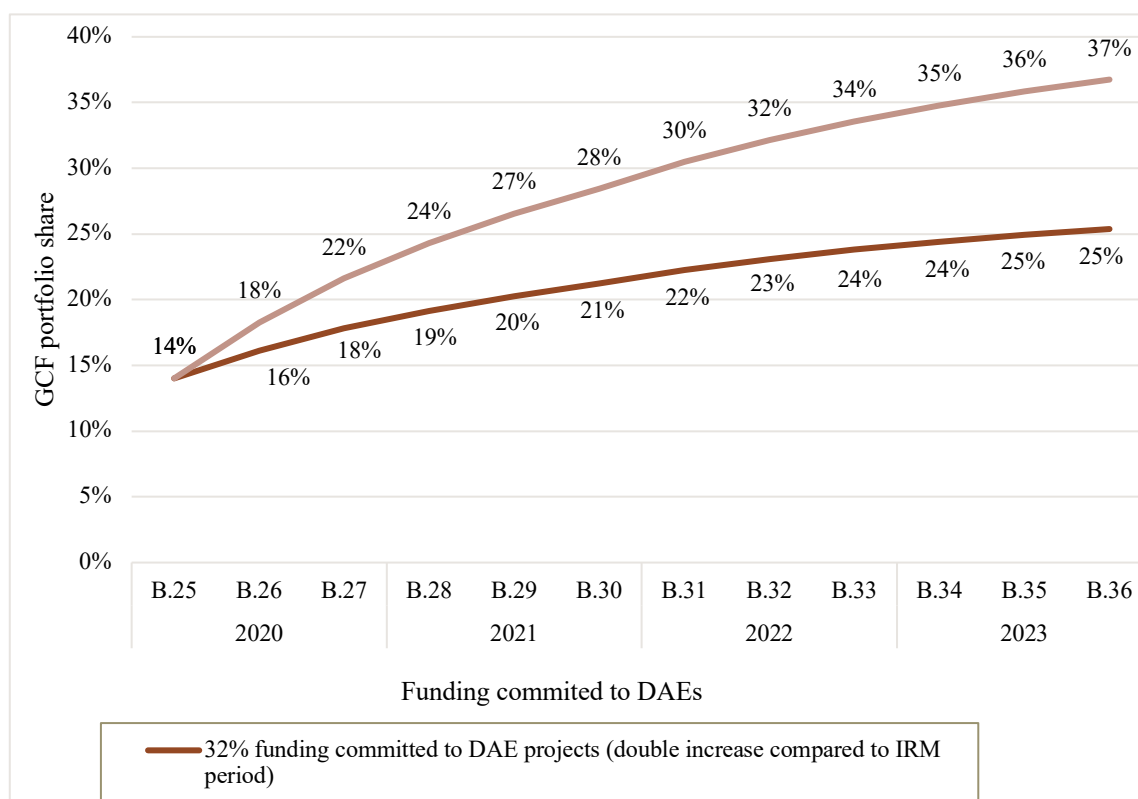


Figure IX-2. Projected share of DAE funding in overall GCF portfolio

Source: Tableau server iPMS data and GCF/B.25/09 (Updated Strategic Plan for the Green Climate Fund: 2020–23), as of 12 March 2020, analysed by the IEU DataLab

3. THE UPDATED ACCREDITATION FRAMEWORK

10. As explained in Chapter III above, the UAF has been discussed several times by the Board and contains elements of a strategy, but these do not provide an overall strategy for accreditation. While its adoption is pending, the draft UAF suggests that AEs would align their portfolio with the GCF. As part of the prevalent accreditation framework,¹⁴⁷ as well as the UAF, IAEs are expected to build and enhance the capacities of national and subnational DAEs. As stated above, the initial guiding framework does not provide specific ways in which capacity-building and alignment would be assessed or incentivized.

4. PROJECT-SPECIFIC ASSESSMENT APPROACH

11. The proposal for the PSAA (proposed in the document GCF/B.24/06, “Matters related to the accreditation framework”) demonstrates efforts to simplify GCF funding, while ensuring that fiduciary, ESS and gender standards and policies are applied and used. Interviewed respondents indicated that the PSAA is an opportunity for the GCF to use tried and tested traditional models of development finance.

¹⁴⁷ The initial guiding framework for the Fund’s accreditation process identifies the following in principles of accreditation: “A dynamic accreditation process will aim at enabling potential entities to increase their scope of activities as their capacity increases over time”.

12. The current proposal for the PSAA has the following attributes:
- Its general objective is to streamline the assessment processes for accreditation and second-level due diligence (of funding proposals) into a single assessment. The focus of the assessment will be on the entity's ability to meet GCF standards in implementing the proposed project/programme – not on the institution-wide systems, policies and procedures or general track record as are assessed in the institutional accreditation process.
 - The PSAA process will be based on two main stages: (a) Stage I: project-specific assessment of the entity and consideration of the FP, and (b) Stage II: final arrangements.
 - The draft Updated Strategic Plan (presented at B.24) discusses different possibilities for the eligibility for the PSAA: opening it to the GCF FP process widely or restricting this to the simplified approval process and three requests for proposals. It also reports that the AC was not able to reach consensus on the eligibility for the PSAA.
13. Comments from the IEU are as follows:
- It will be useful to reconcile the backlog of candidates in the institutional accreditation track (see annex IV) and determine whether these would be admitted to the PSAA.
 - The current PSAA assumes that entities are interested and able to bring to the GCF a pipeline of projects to fulfil its mandate.
 - **Many bottlenecks in the existing accreditation process relate to institutional challenges: English-language communication, legal negotiations, lack of clarity in communications, slow responses, and the low capacities of AEs and the GCF. It will be useful to see how the PSAA addresses these challenges and what the risks are that it does not.**
 - Accreditation has diverse mandates. Potentially, many of these will be fulfilled by the PSAA (private sector, direct access, etc.). However, other goals of accreditation will potentially not be addressed (e.g. enhancing the capacity of partners and AEs, alignment of AEs' own portfolios with the GCF) (see Chapter X). It will be good for the PSAA to recognize these and indicate how these mandates and challenges will be dealt with.
 - The current approach does not provide business standards or processing times. This needs to be remedied.
14. **Current status:** The Board, at its twenty-third meeting, agreed to the principle of the PSAA approach and “to defer its consideration of the UAF and the implementation arrangements and budget for the project-specific assessment approach until the twenty-fourth meeting of the Board.”¹⁴⁸ The PSAA was agreed in principle with decision B.23/11 (c) and, after further discussion at B.24, decision B.24/13 deferred the detailed discussion of implementation modalities to B.25.

¹⁴⁸ Decision B.23/11, the Board:

“(c) Agrees the principle of the project-specific assessment approach, as contained in section VII in annex II to document GCF/B.23/05, that combines assessments undertaken during the existing accreditation and proposal approval processes in a fit-for-purpose manner; and
(d) Decides to defer its consideration of the updated accreditation framework and the implementation arrangements and budget for the project-specific assessment approach until the twenty-fourth meeting of the Board.”

D. KEY FINDINGS AND RECOMMENDATIONS

a) What is the strategic view of accreditation in GCF-1?

15. The draft Updated Strategic Plan of the GCF identifies established priorities. It does not provide a specific role for accreditation, nor the means with which the accreditation process will be simplified. **As a result, the role of accreditation is not strategically identified.**
16. The PSAA proposes a complementary model in which the process will be simpler while maintaining GCF standards. However, the current proposal does not clearly identify ways in which existing challenges will be addressed. There is no evidence that the PSAA may be suitable for achieving the diverse mandates that have come to be expected of institutional accreditation. Nevertheless, the PSAA might provide an opportunity for some entities to present and obtain approval for an FP much faster. Additionally, the strategic value added of the PSAA may be important to identify.

Recommendations

17. In the Updated Strategic Plan, accreditation should go beyond updating the framework and identify how accreditation will help achieve the goals of the GCF. The Secretariat, in cooperation with the AP, should make a new attempt to develop an accreditation strategy, including a vision statement, portfolio targets, performance indicators and milestones.
18. The Secretariat should move ahead with implementing the PSAA on a trial basis, as approved by the Board, including an evaluation at the latest after three years of implementing this approach. However, it may be crucial to define the strategic purpose of the PSAA, so that its value added to the GCF can be guided and monitored.
19. During the implementation of the PSAA, the Secretariat should pay attention to avoiding delays similar to those experienced during institutional accreditation.

b) What are the projections of commitments to DAEs for GCF-1?

20. According to IEU projections, even if the GCF **doubles** the amount of resources being allocated to DAEs in GCF-1, overall DAEs will only occupy 25 per cent of the GCF FP portfolio. If the allocation to DAEs is 50 per cent (a significant increase), DAEs will have 37 per cent of the GCF funding portfolio at the end of GCF-1. However, without a GCF strategic vision on direct access, it is not possible to determine if this is sufficient.

Recommendations

21. The Secretariat should prepare a plan for enhancing the project preparation capacities of DAEs, using the RPSP, Private Sector Facility and PPF, while also enlisting the IAEs with incentives for twinning arrangements with interested DAEs.
22. Depending on the strategic priorities of the GCF, road maps to achieve goals must be established. For instance, if indeed the goal is to double funding or significantly increase the funding commitment to DAEs, the GCF needs a clear road map that identifies how the capacities of DAEs will be increased, whether DAEs will be supported to undertake larger projects, and how they will be prioritized in the pipeline. Such a plan also needs to be based on evidence and should include clear indicators of success.

Chapter X. CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

1. This chapter presents the overall conclusions from the Synthesis Study, including an implicit overall logic of accreditation. Additionally, this chapter presents findings outlined in Chapter II to Chapter IX, as well as recommendations of the study.

A. THE LOGIC OF ACCREDITATION

2. An implicit logic model for accreditation (drawn from the business model and UAF) can be summarized as follows:¹⁴⁹

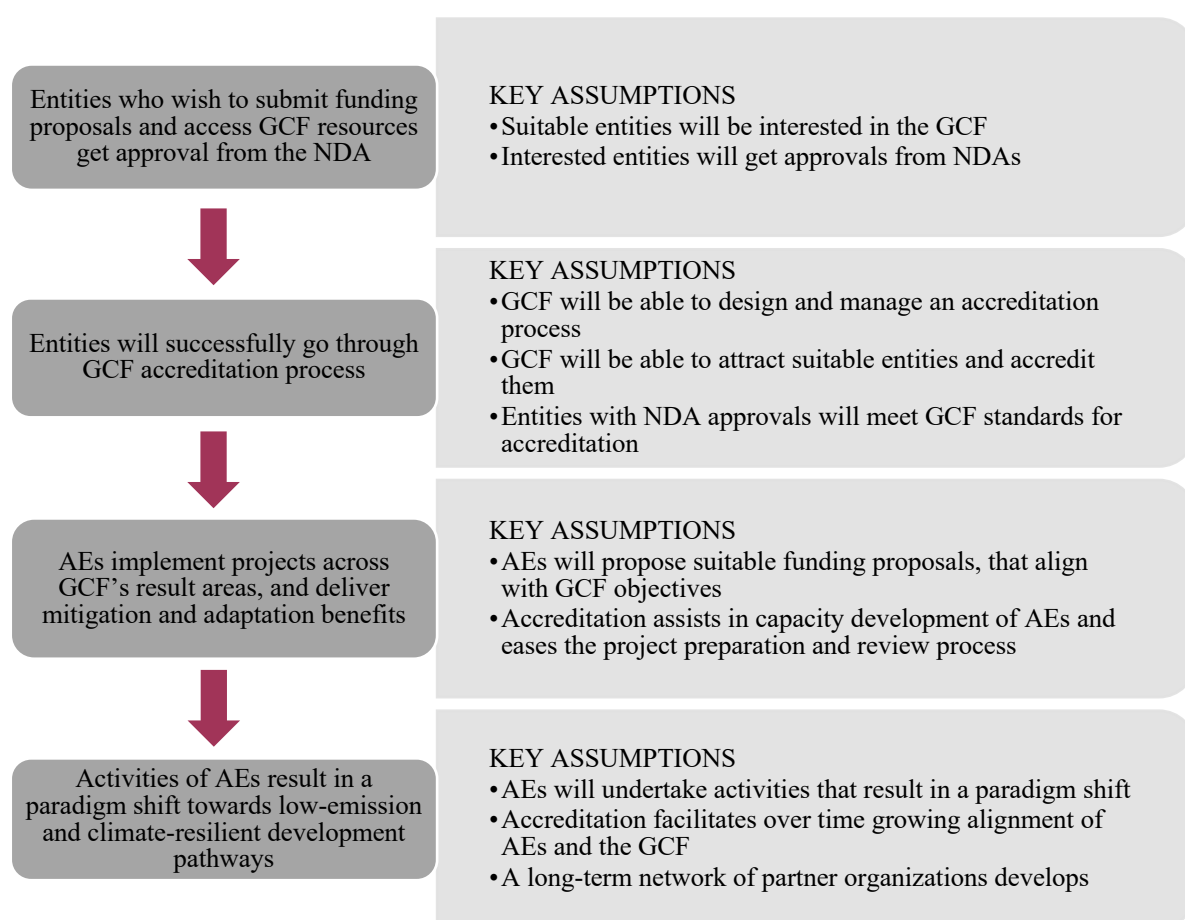


Figure X-1. An implicit logic model for accreditation

3. Besides the above, there are several assumptions implicit in the GCF approach to accreditation. Although this Synthesis Study did not collect empirical data, evidence is emerging to contradict or question some of these key assumptions. Some key assumptions with missing or unclear evidence are listed below.

¹⁴⁹ See *Dalberg Report*, in Structure and staffing of the Secretariat, annex III to document GCF/B.18/10, p. 9.

a) Assumption: A still larger and unlimited number of IAEs and DAEs is needed to reach out to all potential countries, sectors and clients.¹⁵⁰

An analysis of the pipeline indicates that concept notes and project proposals are slow in coming from most DAEs.¹⁵¹ While accreditation remains a bottleneck, there is no evidence that an unlimited number of entities will enable the GCF to reach all countries and cover all priority sectors.

b) Assumption: DAEs are preferred to IAEs in order to promote country ownership.

The Updated Strategic Plan 2020–2023, presented at B.25, calls for increasing the share of DAEs above the reported level of 59 per cent.¹⁵² However, DAEs are usually only accredited for low-volume and low-risk funding and are not sufficient by themselves for country ownership.

c) Assumption: Accreditation of DAEs will result in a pipeline where GCF resources are channelled primarily through DAEs.

The GCF portfolio has continued to be heavily skewed in favour of IAEs and will continue to be so under current scenarios of FPs and strategy for GCF-1. According to IEU projections, even with a doubling or yet more significant increase promised by GCF-1, the share of DAEs in the overall FP portfolio will only increase to 25 per cent or 34 per cent. Although DAEs outnumber IAEs, DAEs are accredited for smaller projects and require extensive post-accreditation support.

d) Assumption: IAEs are requested, willing and able to support the capacity development of DAEs.

This does not happen systematically, partly because of the additional cost and effort, which is not paid for by the GCF.¹⁵³ According to IEU evaluation of COA,

Some IAEs were found to support country ownership in different ways, including through working with DAEs on their accreditations, through training, and through sharing of technical and specialized expertise with country partners to help develop an independent project pipeline. But this is not done systematically, and where it is done, often not related to the GCF. Reportedly, IAEs sometimes do not have the necessary resources in countries to provide technical assistance to local institutions, unless explicitly included in project funding.¹⁵⁴

e) Assumption: Regional AEs are to be considered “direct access”.

Regional AEs have more in common with IAEs than they do with DAEs, in the sense that they can undertake projects in any country eligible for GCF funding, just like IAEs. A key difference between regional AEs and IAEs is that if entities choose to apply for accreditation as an IAE, they are requested to provide capacity-building to DAEs. Candidates applying for regional AE accreditation are obligated to get at least two or more NDA nominations from countries.

f) Assumption: Having more than one DAE in each country is useful/needed.

The NDA criteria for proposing several DAEs are not clear, and their accreditation proposals are often not assessed in a countrywide perspective.¹⁵⁵

¹⁵⁰ GCF. (2020). *Updated Strategic Plan for the Green Climate Fund: 2020–23, Draft by the Co-Chairs*. Document GCF/B.25/08, p. 10.

¹⁵¹ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 145.

¹⁵² GCF. (2020). *Updated Strategic Plan for the Green Climate Fund: 2020–23, Draft by the Co-Chairs*. Document GCF/B.25/08, p. 10.

¹⁵³ GCF. (2019). *Annual Portfolio Performance Report (2018)*. Document GCF/B.24/Inf.04, p. 24.

¹⁵⁴ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 146.

¹⁵⁵ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 126 ff.

g) Assumption: Support for DAEs in the priority groups of African States, LDCs and SIDS is required.¹⁵⁶

Sometimes countries prefer faster implementation through IAEs rather than waiting for a DAE to become accredited and operational.¹⁵⁷ This is particularly valid for sectors in which IAEs have long experience, such as infrastructure or agriculture, and for large and riskier projects, for which DAEs have trouble getting accredited.

h) Assumption: Private sector DAEs are better able to reach out to the private sector.

Not enough evidence has been provided so far for this claim; moreover, as entities self-identify as being either “public” or “private” during the accreditation application, the difference to public or semi-public entities is sometimes not obvious.¹⁵⁸ Of the “private sector entities”, only six have approved FPs in the GCF.

i) Assumption: The accreditation exercise is needed and sufficient to identify all relevant risks.

There seems to be no follow-up and reporting on risk-mitigating actions taken by the AEs. Nevertheless, compliance with conditions made as part of approvals are followed up by the AP and reported to the Board.

B. TENSIONS IN THE MANDATE

4. In the GI, accreditation is a means to achieve the GCF goals of paradigm shift and direct access. However, accreditation has also become the means for a diversity of other goals: private sector mobilization, capacity-building, building of partnerships, rapid delivery of climate finance, country ownership and a suite of aligned entities, among others. In our review of documents, we found the following diverse (and non-exhaustive) list of goals assigned to accreditation and AEs:
 - 1) Contributing to a paradigm shift towards climate-resilient and low-carbon development pathways¹⁵⁹
 - 2) Ensuring the alignment of entities with the overall GCF mandate¹⁶⁰
 - 3) Ensuring country ownership¹⁶¹
 - 4) Creating partners for financing climate initiatives¹⁶²
 - 5) Developing AEs as funding channels for the delivery of climate finance¹⁶³
 - 6) Private sector involvement¹⁶⁴

¹⁵⁶ See decisions 14/08 and 18/04 and the review of the subsequent adjustment by Moore Stephens.

¹⁵⁷ IEU. (2019). *Forward-looking Performance Review of the Green Climate Fund (FPR), Final report*. Document GCF/B.23/20, p. 86.

¹⁵⁸ IEU. (2019). *Independent evaluation of the GCF's country ownership approach, Final report*. Document GCF/B.24/13, p. 145.

¹⁵⁹ Governing Instrument, paragraph 2.

Decision B.07/04.

Decision B.12/30, paragraph 35.

Annex II to decision B.12/21, noting the progress of the AC's strategy development.

¹⁶⁰ Accreditation checklist section 2.1.

Decision B.12/30, paragraph d.

Decision B.14/08.

Decision B.22/15.

¹⁶¹ Updated Accreditation Framework as per document GCF/B.23.05, annex II, paragraph 5, p. 9; paragraph 14 (e), p. 12; paragraph 66 (c), p. 24.

¹⁶² Updated Accreditation Framework as per document GCF/B.23.05 paragraphs 36 and 38, p.17.

¹⁶³ Updated Accreditation Framework as per document GCF/B.23.05, paragraph 6, p. 9.

¹⁶⁴ Governing Instrument, section V C 2.

- 7) Developing the capacities of DAEs and countries¹⁶⁵
 - 8) Due diligence of project implementation structures and processes¹⁶⁶
 - 9) Ensuring high fiduciary, ESS and gender standards¹⁶⁷
 - 10) Flexibility for special circumstances of some applicants¹⁶⁸
5. The evidence available to this Synthesis Study suggests that the role of accreditation in achieving these goals is not straightforward. This begs the question: what can, and should, accreditation achieve? Considering that the *raison d'être* for the GCF (and therefore for accreditation) is to promote a paradigm shift, this Synthesis Study is agnostic about other goals of accreditation. In setting the goals for accreditation, it is important to consider that the GCF has finite resources and is still a relatively modest actor in the global climate finance landscape (so there is still limited interest from countries and agencies). With the limitations on its resources and considering that **accreditation may not be able to deliver on all dimensions there should be a list of key priorities that accreditation is expected to achieve.**
6. Currently, there is no strategic assessment or discussion of trade-offs between the various dimensions of the mandate. However, several IEU evaluations and other studies have considered dimensions of accreditation. For instance, an accreditation process designed to promote a paradigm shift is strongly aligned with a process for delivery of climate finance and with a process that seeks AEs with aligned portfolios. However, this requires urgency in the process, which may counter the mandate to build capacities of other institutions. Similarly, while accreditation is meant to be flexible, it is also expected to be a process with high and rigorous standards.
7. The far-reaching and complex mandates of accreditation resemble the concept of a “wicked problem” – an issue that is difficult or impossible to solve because of incomplete, contradictory and changing requirements that are often difficult to recognize.¹⁶⁹ **In other words, with inherently contradictory mandates, even if accreditation were to result in the achievement of one goal, it will likely fail on another goal.** If high standards are required, speed is compromised. If accreditation may be directed by the imperative of climate finance delivery, capacity-building may not be a suitable mandate. This “wicked nature” is further compounded because the scope of accreditation is not sufficiently defined and because it is universally applied to all GCF-eligible countries. Resolving such wicked problems often requires a combination of approaches, such as involving stakeholders, documenting opinions and communicating; defining the corporate identity; focusing on action; and adopting a “feed-forward” orientation.¹⁷⁰ **In other words, for accreditation not to be framed as the main barrier to accessing GCF funding, it needs clarity, leadership and action.**

C. OVERALL FINDINGS OF THE SYNTHESIS

Key Question Area I: What is the policy framework for accreditation? How is accreditation governed and operationalized, and what assumptions is this based on?

¹⁶⁵ Updated Accreditation Framework as per document GCF/B.23.05 paragraph 14 (e), p. 12; paragraphs 12 and 121, p. 38.

¹⁶⁶ GCF Business Model.

¹⁶⁷ GCF Business Model.

¹⁶⁸ Updated Accreditation Framework as per document GCF/B.23.05, paragraph 14 (c), p. 12.

¹⁶⁹ Rittel, H. W. & Webber, M. M. (1973). Dilemmas in a general theory of planning. *Policy sciences*, 4(2), 155–169.

¹⁷⁰ Camillus, J. C. (2008). Strategy as a wicked problem. *Harvard Business Review*, 86(5), 98.

8. **Finding 1a. The mandate for accreditation is provided in the GI of the GCF.** The GI requests the Board to develop, manage and oversee the accreditation process, based on criteria that reflect the Fund's fiduciary principles and standards, and ESS.
9. **Finding 1b. Entities are accredited by the Board and are important in the business model.** Accreditation is operationalized in the GCF business model as follows: AEs are responsible for delivering financial resources to developing countries, along with support for design, delivery, management, implementation, supervision, oversight and evaluation, while meeting GCF standards and safeguards. The GCF Secretariat is the line of second-level due diligence. Through AMAs, the Secretariat articulates and enforces conditions and standards that entities commit to meet. Entities are formally accredited by the GCF Board.
10. **Finding 1c. The AC established by the Board has not been fully functional.** The AC has not been very effective so far due to a variety of causes. This limitation has meant that effectively there is no Board oversight body that can examine critical issues related to the mix of entities getting accredited to the Fund, alignment and effectiveness of the accreditation process, the overall accreditation function or the need for learning and evolution. Although there are Board-approved TOR for the AC, the Committee has been unable to deliver on several parts of these TOR, especially as they relate to providing policy guidance to the AP and engaging with recipient countries.
11. **Finding 1d. The AP interacts primarily with the Secretariat and has little interaction with the Board.** It does not review the alignment of applicants with GCF strategic priorities and does not have any line of sight to entity annual self-reports or the overall entity portfolio mix and size. Although it has the ability and the capacity to provide insights and advice to the GCF Board, this capacity has been used infrequently.
12. **Finding 1e. The Office of Executive Director of the Secretariat is responsible for managing and executing the accreditation process and function.** The accreditation process is undertaken by two full-time-equivalent employees, which can be regarded as very high performance even with limited human resources. Its 2020 workplan does not explicitly mention the PSAA or its role in reviewing entity self-assessments and their alignment with the GCF.
13. **Finding 1f. Although the design and implementation of accreditation was based on the experience of other multilateral agencies, the GCF's accreditation model is unique.** The GCF is the only fund with direct access as a mandate and currently has no limits on the number of entities it may accredit. Of all the climate funds, it has the ability to use the widest range of financial instruments. Nonetheless, experiences from the GPE and the Global Fund are important to inform the GCF's overall experience and have the potential to inform the PSAA going forward.
14. **Finding 1g. The GCF does not have a strategy for accreditation.** A draft strategy was discussed at B.14 and not adopted. The draft does not contain a strategic vision for accreditation, business standards or outcomes. It does not outline the aspirational portfolio of AEs. In the absence of such a policy, accreditation has suffered from mission creep and has encountered widespread criticism on its inability to meet the (very diverse) set of aims that are attached to it.
15. **Finding 1h. Many assumptions in the implementation of the accreditation function are unsupported.** Emerging evidence has not warranted the overall assumptions made in the accreditation function so far. These include the following: that AEs will move towards aligning their portfolios with the GCF's mandate; that more AEs will mean a greater diversity of entities applying for and receiving resources from the GCF; and that DAEs and the private sector will be encouraged to work with the GCF.

Key Question Area II. What is the process of accreditation and how long does it take? What are some of the challenges in the process?

16. **Finding 2a. The GCF undertakes accreditation through a three-stage process**, which includes reviews by the Secretariat, AP and Board and an examination of legal arrangements. The process includes a review of the fiduciary, ESS and gender standards of the applicant. The capacities of the AP and the Secretariat are endorsed by previous reviews, along with the standards established for accreditation.
17. **Finding 2b. The accreditation process is widely perceived to be protracted and inefficient.** The median number of days that entities took from submission to Board approval for accreditation was 506 days (as of March 2020). Accreditation takes longer for entities with high risk levels and for international entities.
18. **Finding 2c. Accreditation by the Board does not mean entities may submit applications for FPs or that they are ready to receive GCF resources.** The median time for AMA effectiveness for 59 entities was 592 days in March 2020. Of the 95 entities that have been accredited so far (March 2020), 36 do not have effective AMAs. **Encouragingly, the GCF resources awaiting AMA effectiveness have reduced to USD 20 million.**
19. **Finding 2d. There is no single factor that lengthens the process of accreditation.** Reviews of the accreditation process suggest that delays are caused by four factors: design of the accreditation process, implementation, AE capacities and legal negotiations.
20. **Finding 2e.** Currently, checks during Stages 1 and II are not able to sufficiently examine the ability of an AE to deal with the GCF's AML/CFT policies. Further, because of the long accreditation process, it may be possible that accreditation checks are based on outdated documents submitted by AEs.
21. **Finding 2f. IAEs and DAEs face different kinds of challenges during accreditation.** There is evidence that DAEs face difficulties in providing documentation in English and in complying with standards such as gender, which often requires them to develop and/or redraft policies. On the other hand, IAEs usually have established standards and policies that are not simple to change, which results in lengthy negotiations.

Key Question Area III. What is the current AE portfolio? Does accreditation build capacity and align an AE's own portfolio with the GCF?

22. **Finding 3a. The GCF Board has accredited 95 entities, which include a vast variety of DAEs and IAEs, covering all GCF results areas, and a wide variety of scope.** This has enabled the Fund to support 129 FPs in adaptation and mitigation. This provides an opportunity to engage with a variety of institutions to deliver the mandate of the GCF.
23. **Finding 3b. The GCF project portfolio is skewed in favour of IAEs.** IAEs account for 86 per cent of the GCF's committed USD portfolio. This is despite the fact that more than half (59 per cent) of the AEs are DAEs. This is partly accounted for by the fact that DAEs are accredited for smaller funding levels. However, 52 per cent of DAEs do not have any FPs in the pipeline.
24. **Finding 3c. Close to a fifth (19 per cent) of the AEs have not engaged in any stage of the project development process (concept notes or FPs).** There are 56 Board-accredited DAEs, of whom 12 have not submitted anything for consideration to the GCF.
25. **Finding 3d. SIDS do not use the national direct access modality.** The FPR found that "ultimately, countries are far more interested in securing any funding at all than in obtaining any particular

institutional arrangement or access modality of funding. ... Direct access presents obvious benefits, but the chief demand is for smooth, predictable and efficient funding cycles.”¹⁷¹

26. **Finding 3e. There is currently no assessment of how well the project portfolios of AEs are aligned with the mandate and objectives of the GCF, even though this has been requested by the Board.** There is no clear trend (negative or positive) in the climate finance portfolio of AEs assessed. The process of accreditation does not assess or incentivize the shift in an AE's own portfolio.
27. **Finding 3f. Although the Board has requested that accreditation should build the capacities of AEs (particularly of DAEs), this is not incentivized.** The IEU found instances of where accreditation has increased the capacities of DAEs. However, this evidence is not systematic and consistent across the portfolio. So far, the process also does not adequately assess (nor incentivize) IAEs to support capacity-building of DAEs.
28. **Finding 3g. The GCF does not directly define country ownership. While DAEs play an important role in direct access, they are not the only means to ensure a country-owned pipeline of GCF projects.** Many countries have nominated entities, but a small proportion of these have entities that have been accredited. The choice of nominated entities at the country level is not always determined in a strategic or countrywide perspective but is the result of the interests of the applying institutions and their supporters in the administration.

Key Question Area IV. How do AEs report on project results and portfolios? What is the proposed strategic view of accreditation for GCF-1?

29. **Finding 4a. The PSAA may provide additional access, but its strategic view is unclear.** The Board has agreed in principle on the PSAA as a complementary approach to institutional accreditation. However, the PSAA does not address existing bottlenecks, such as English-language communication, lengthy legal negotiations, lack of clarity in communications, slow responses, and the limited capacities of AEs and the GCF for project preparation and review, or the supply-driven nature of the GCF's accreditation/FP portfolio.
30. **Finding 4b. AEs apply inconsistent methodologies in reporting of GCF results.** As a result, many GCF projects have not made sufficient provisions to ensure credible reporting of results, which has important implications for the GCF's reputation and credibility.
31. **Finding 4c.** The current version of the draft Updated Strategic Plan 2020–2023 describes priorities on accreditation (e.g. streamlining of the process, increased AE coverage). In our view, the proposed actions can be made more ambitious and strategic.
32. **Finding 4d.** The Updated Strategic Plan proposes two scenarios to increase funding commitments to DAEs. According to projections by the IEU, even if during GCF-1 DAEs get twice the resources that were committed to them during the IRM period, the GCF will have committed only 25 per cent of its resources to DAEs overall.

D. RECOMMENDATIONS

1. POLICY FRAMEWORK AND GOVERNANCE

Overall recommendation 1. Strengthen the governance structure for accreditation, clarify the strategic role of accreditation in the GCF and critically address the mission overload.

¹⁷¹ IEU. (2019). *Forward-looking Performance Review of the Green Climate Fund (FPR), Final report*. Document GCF/B.23/20, annex II, p.86.

Recommended action for the *GCF Board*:

Recommendation 1a. Reinforce the TOR of the AC to become more effective. The TOR of the AC indicate its role in providing policy and strategic guidance to the AP as well as facilitating the Board's interaction with recipient countries. This needs to be realized and revitalized.

Recommendation 1b. The role of accreditation should be re-examined within the GCF, given that the GCF has evolved since this function was first conceived. In this re-examination, the GCF should utilize the experiences of other global funding institutions, acknowledging the unique mandate of the GCF.

Recommendation 1c. Develop a strategy on accreditation that resolves the mission overload that the function currently witnesses. A strategy on accreditation must clarify how accreditation fits within the overall GCF vision, and its primary outcomes. This will prevent accreditation from being looked at critically by various members of the GCF ecosystem. The vision should clarify which outcomes are key for accreditation to realize and which ones are secondary.

Recommendation 1d. The AP needs to be strengthened. The interaction of the AP with the Board and the AC needs to improve qualitatively and in frequency. (So far, the AP does not interact much with the Board.) The capacity of the AP to understand the strategic thrust of the GCF needs to be strengthened.

2. PROCESS OF ACCREDITATION

Overall recommendation 2. Assess and incentivize capacity-building and alignment with the GCF mandate, within the accreditation function.

Recommended actions for the *GCF Secretariat*:

Recommendation 2a. Accreditation and re-accreditation reviews should examine institutional performance, project results and portfolio alignment of chosen AEs. To that end, the monitoring and reporting by AEs in terms of performance, results and alignment with the GCF's mandate need to improve.

Recommendation 2b. Re-accreditation should include an assessment of the alignment of an AE's portfolio with the GCF mandate. This assessment should be based on clear, transparent and predictable criteria that are communicated to applicants and potential AEs.

Recommendation 2c. IAEs should be assessed for their contributions to building capacities of DAEs. This assessment needs to be based on clear criteria and communicated to candidates.

Recommendation 2d. Efficiency of the accreditation process needs to improve. Currently, it takes a median of 506 days for entities to be approved for accreditation by the Board, from the time their application is approved on the OAS. Turnaround times and processing times need to be established by the Secretariat and communicated to the GCF partnership.

- **Design the accreditation process to avoid overlaps.** Avoid overlaps between Stages I and II; avoid overlaps between accreditation and the FP process.
- **Establish and announce turnaround times.** Additional support may be elicited from regional advisers.
- **Improve the capacity of entities with existing resources and strengthen their ability to interact with the Fund.** RPSP funds should be utilized especially for post-accreditation support. In order to ensure strategic alignment, the Secretariat should take on an explicit role in soliciting potential AEs.

- **Reduce the time taken for legal negotiations.** For the group of 59 entities that have *effective* AMAs (i.e. can now receive FP funds from the GCF), it took a median of 638 days from Board approval to becoming effective. There is clearly a need to build capacities all round on policy sufficiency and legal negotiations, including within the Secretariat and for AEs.

3. PORTFOLIO OF AEs

Overall recommendation 3. The selection of AEs and composition of the AE portfolio should be based on an overall strategy that indicates how these entities will help support the GCF's mandate.

Recommended actions for the *GCF Secretariat*:

Recommendation 3a. The GCF should support countries and NDAs so they can be strategic in nominating entities for direct access. Country programmes and/or country climate finance strategies should drive the decision on the type and number of entities nominated. Currently, it is unclear if entities are chosen so they can support the GCF mandate or because they have the ability to process GCF funds (i.e. can undertake project management) or both.

Recommendation 3b. Pre-accreditation support, including the RPSP, should be strengthened for building capacities of candidate entities. This support will also reduce processing times and provide an overall strong suite of AEs.

Recommendation 3c. Post-accreditation support for DAEs is essential and needs to be strengthened. Some of the ways in which this support can be provided are as follows:

- Requiring that proposals from IAEs be made **with** the appropriate involvement of DAEs. Co-development, co-implementation and co-reporting will help incentivize capacity-building and transfer of knowledge between IAEs and DAEs.
- Explicitly devoting resources to building the capacities of new AEs to propose FPs to the GCF. In this context, the role of the RPSP and PPF in this space should be strengthened.

Recommended actions for the *GCF Board*:

Recommendation 3d. Although on paper the portfolios of **all** AEs need to be examined, the ongoing efforts to establish portfolio baselines for re-accreditation should be expedited and include both DAEs and IAEs. Results should be taken into account for the re-accreditation assessments.

Recommendation 3e. The (new) accreditation strategy should clarify the target portfolio mix of AEs for the GCF. Such a strategy should also discuss the how AEs will be engaged with, their key outcomes and the GCF's overall GCF FP pipeline and countries that are not able to access the GCF.

4. PROJECTIONS AND GCF-1

Overall recommendation 4. The GCF should clarify the aim and limitations of the PSAA before piloting; GCF-1 strategic planning should include targets and plans.

Recommended actions for the *GCF Board*:

Recommendation 4a. The GCF should articulate the main aims of the PSAA and clearly articulate how accreditation will fit into its overall outcomes. This will help clarify the objectives of the PSAA, against which it will be evaluated at the end of the pilot.

Recommendation 4b. The design and implementation of the PSAA should consider lessons from other funds and be cautious about possible risks that the PSAA may introduce. A pilot

phase that explicitly incorporates an independent evaluation at the end will help the Fund to learn and prevent possible pitfalls, going forward.

Recommended actions for the *GCF Secretariat*:

Recommendation 4c. Overall, the focus of the AEs' reporting should be on alignment and the mitigation and adaptation results that they have planned and achieved. Currently self-assessment and midterm reports are checklist exercises indicating whether there have been material changes in their underlying policies that may affect accreditation. These reports should be expanded to include reports on AE climate portfolios (non-GCF/GCF) and progress on mitigation and adaptation results across the AE portfolio.

Recommendation 4d. If the GCF is keen to increase its overall allocation to DAEs in the updated strategy of the GCF for 2020–23 (i.e. GCF-1), focus must be explicitly paid to increasing the role of DAEs. Currently, although 56 national/regional entities have been accredited, only 18 DAEs have FPs with the GCF. Some steps to increase the funding portfolio of DAEs may include recruiting additional DAEs, providing post-accreditation support, increasing capacities, increasing the scope of DAEs and prioritizing DAEs in the FP pipeline, among others. It is essential to set a realistic target supported by an implementable plan.

REFERENCES

GCF decisions and relevant documents

- DECISION B.07/02: Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards.
- DECISION B.07/02: Annex I. Initial guiding framework for the Fund's accreditation process.
- DECISION B.07/02: Annex II. Initial fiduciary principles and standards of the Fund.
- DECISION B.07/02: Annex III. Interim environmental and social safeguards of the Fund.
- DECISION B.07/02: Annex IV. Terms of reference of the Accreditation Committee.
- DECISION B.07/02: Annex V. Terms of reference of the Fund's Accreditation Panel.
- DECISION B.07/02: Annex VI. Outline for the Fund's environmental and social management system.
- DECISION B.07/04: Initial Results Management Framework of the Fund.
- DECISION B.08/02: Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards: Guidelines for the operationalization of the fit-for-purpose accreditation approach.
- DECISION B.08/02: Annex I. Guidelines for the operationalization of the fit -for-purpose accreditation approach.
- DECISION B.08/07: Further Development of the Initial Results Management Framework.
- DECISION B.08/10: Country Ownership: Best-practice options for country coordination and multi-stakeholder engagement.
- DECISION B.10/06: Consideration of Accreditation Proposals.
- DECISION B.11/10: Initial monitoring and accountability framework for accredited entities.
- DECISION B.11/10: Annex I. Monitoring and accountability framework for accredited entities.
- DECISION B.12/20: Strategic Plan for the GCF.
- DECISION B.12/21: Strategy on Accreditation.
- DECISION B.12/21: Annex II. Report of the Accreditation Committee on progress on developing a strategy on accreditation.
- DECISION B.12/30: Consideration of Accreditation Proposals.
- DECISION B.14/08: Matters relating to accreditation: Strategy and policy on Accreditation. The Board.
- DECISION B.14/08: Annex II: Strategy on accreditation.
- DECISION B.19/13: Matters related to accreditation.
- DECISION B.21/16: Consideration of accreditation proposals.
- DECISION B.22/12: Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework, including the Secretariat management response.
- DECISION B.22/13: Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework, including the Secretariat management response.

- DECISION B.22/15: Matters related to the approval of funding proposals: Investment criteria indicators.
- DECISION B.22/15: Matters to the approval of funding proposals: Investment criteria indicators.
- DECISION B.22/16: Matters related to accreditation, including the framework review, and matters related to the baseline of the accredited entities.
- DECISION B.23/11: Updated accreditation framework.
- DECISION B.24/01: Performance review of the GCF.
- DECISION B.24/03: Strategic planning for 2020 – 2023: Update to the Strategic Plan of the GCF.
- DECISION B.24/13: Independent Evaluation of the Green Climate Fund's Country Ownership Approach.
- Document GCF/B.14/09: Strategy on accreditation.
- Document GCF/B.14/09: Annex II. Strategy on accreditation.
- Document GCF/B.17/14: Guidelines for enhanced country ownership and country drivenness.
- Document GCF/B.18/10: Structure and staffing of the Secretariat.
- Document GCF/B.18/10: Annex III. Dalberg Report: Accelerating the capacity building of the GCF Secretariat.
- Document GCF/B.19/30: PSAG recommendations on the development of a private sector outreach plan.
- Document GCF/B.19/43: Decisions of the Board – nineteenth meeting of the Board, 26 February – 1 March 2018.
- Document GCF/B.19/43: Annex XIV. Progress report on the review of the accreditation framework.
- Document GCF/B.20/04: Strategy to increase funding proposals from direct access entities.
- Document GCF/B.20/17: Accreditation framework review, including the project specific framework approach.
- Document GCF/B.20/17: Annex IV. Report on the review of the accreditation framework. "Review of the Green Climate Fund's Accreditation Process and its Operationalisation" by Moore Stephens.
- Document GCF/B.21/08: Accreditation framework review.
- Document GCF/B.21/08: Annex IV. Report on the review of the accreditation framework.
- Document GCF/B.21/28: Report of the independent evaluation of the Readiness and Preparatory Support Programme.
- Document GCF/B.22/14: Matters related to accreditation, including the framework review, and matters related to the baseline of accredited entities: Accreditation framework review.
- Document GCF/B.22/Inf.15: Annex I. Matters related to accreditation, including the framework review, and matters related to the baseline of accredited entities: Baseline on the overall portfolio of accredited entities.
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ANNEXES

Annex 1. LIST OF INTERVIEWEES

ACTIVE OBSERVERS/CSOs/PSOs/OTHERS		
Name	Position	Affiliation
Akira Otaka	Director	MUFG Bank, Ltd
Daan Robben	Climate finance policy advisor	BothENDS
David Eckstein	Policy Advisor - Climate Finance and Investments	Germanwatch
Deepanjali Sapkota	Associate Specialist	Global Fund to Fight AIDS, Tuberculosis and Malaria
Dirk Forrister	President & CEO	International Emissions Trading Association
Erika Lennon	Active Observer for CSOs - Developed countries constituency	Center for International Environmental Law
Eve Tamme	Senior Advisor	International Climate Change Policy
Helen Magata	Communication Officer	Tebtebba Foundation
Rajesh Eralil	Programme Officer	The South Centre
Sejal Patel	Researcher, Climate Change	International Institute for Environment and Development
Susanne Kern	Vice-President	Alternatives – Sustainable Investments Europe
Wanum Permpibil	Current active observer for developing countries	Climate Water Thailand

AEs		
Name	Position	Affiliation
Alessandro Bellelli	Resource Mobilization and Business Development Officer	FAO
Alexander L. Jones	Director	FAO
Ari A. Perdana	Evaluation Specialist	ADB
Caren Joy S. Mongcopa	Associate Evaluation Officer	ADB
Christian Ellerman	Senior Climate Change Specialist	ADB
David Anthony Raitzer	Economist	ADB
Ermira Fida	Senior Programme Manager	UNEP
Giulia Ubaldelli	Partner Liaison and Resource Mobilization Specialist	FAO
Hemini Vrontamitis	Specialist at Corporate Services Division	UNEP
Itamar Orlandi	Climate Finance Specialist (Consultant)	ADB
Khaled Eltaweel	Coordinator Emerging Partners and IFIs	FAO
Lawrence Nelson C. Guevara	Evaluation Officer	ADB
Marvin Taylor Dormond	Director General of the IED	ADB
Maya Vijaraghavan	Principal Evaluation Specialist	ADB

AEs		
Nadine Valat	Team Leader	FAO
Nathan Subramaniam	Director, Sector and Project Division	ADB
Rana Hasan	Director, Economic Analysis and Operational Support Division	ADB
Shimako Takahashi	Evaluation Specialist	ADB
Susanne Kern	Vice-President	Deutsche Bank/DWS
Tomoo Ueda	Principal Evaluation Specialist	ADB

ACCREDITATION PANEL		
Name	Position	Affiliation
Anastasia Northland	Chair	AP
Mark Alloway	Member	AP
Max Contag	Member	AP
Peter Maertens	Member	AP
Yogesh Vyas	Member	AP

BOARD MEMBERS		
Name	Position	Division
Hans Olav Ibrekk	Policy Director of Section for Energy and Climate	Ministry of Foreign Affairs (Norway)
Lars Roth	Deputy Director, Division for Climate, Energy and Environment	Ministry of Foreign Affairs (Sweden)
Paola Pettinari	Senior Advisor	Ministry of Economy and Finance (Italy)
Paul Oquist	Minister-Private Secretary	National Policies Presidency of the Republic of Nicaragua
Richard Muyungi	Director	Vice-President's Office (United Republic of Tanzania)

GCF STAFF		
Name	Position	Division
Christine Reddell	Registrar and Case Officer	IRMU
Clifford Polycarp	Deputy Director and Head of Programming	DCP
Douglas Leys	General Counsel	OGC
Francesco Giuliano	Associate General Counsel – Operations	OGC
Javier Manzanares	Deputy Executive Director	OED

GCF STAFF		
Karina Pereira	Legal Counsel	OGC
Lalanath de Silva	Head	IRMU
Mark Jerome	Head	OIA
Mitch Carpen	Head	RMC
Olena Borysova	Accredited Entities Specialist	DCP
Paco Gimenez-Salinas	Compliance and Dispute Resolution Specialist	IRMU
Paul Horwitz	Strategic Planning Consultant	OED
Sohail Malik	Head	OPM
Solongo Khurelbaatar	AP-Entity Relations	OED
Stephanie Kwan	Senior Accredited Entities Specialist	OED
Tony Clamp	Director	PSF

Annex 2. TIMELINE OF MEETINGS AND ENGAGEMENT

Bilateral meetings with GCF Secretariat

WHEN	WHAT	WHOM
10 January 2020	Share terms of reference, introductions and launch discussion	Secretariat staff member
2 February 2020	Discussion on history of accreditation, sharing of approach paper	Senior staff member
12 February 2020	Discussion on accreditation strategy and process	Secretariat staff members
9 March 2020	Key informant interviews on the margins of B.25	Secretariat staff members
10 March 2020	Key informant interviews on the margins of B.25	Secretariat staff members
11 March 2020	Key informant interviews on the margins of B.25	Secretariat staff members
12 March 2020	Key informant interviews on the margins of B.25	Secretariat staff members
30 March 2020	Key informant interview	Secretariat staff members
2 April 2020	Key informant interview	GCF staff members
15 April 2020	Discussion on data and emerging areas of findings	Secretariat staff members
6 May 2020	Sharing of preliminary findings and emerging recommendations	Senior Secretariat Staff
7 May 2020	Clarificatory discussion on findings	Secretariat staff member
13 May 2020	Clarificatory discussion on findings	Secretariat staff member
3 June 2020	Clarificatory discussion on findings	Secretariat staff member
9 June 2020	Clarificatory discussion on findings	Secretariat staff member

Other engagement

WHEN	WHAT	WHOM
15 May 2020	Sharing of factual draft for comments	GCF Secretariat, AP
19 May 2020	Webinar on emerging findings	GCF Board members/Alternate Board members/Advisers
21 May 2020	Webinar on emerging findings	AP
28 May 2020	Webinar on emerging findings	Accredited observers, civil society organizations, private sector organizations
1 June 2020	Recording of webinar on emerging findings	Shared with attendees and made publicly available

Annex 3. METHODOLOGY

The Synthesis Study is a desk study and examines existing evidence on accreditation. It systematically and objectively synthesizes key findings and make recommendations for the GCF's accreditation strategy. This study has the following aims:

- a) Collect all relevant documents produced by the GCF Secretariat, the IEU and external stakeholders.
- b) Critically appraise evidence contained in these documents. A critical appraisal considers the credibility of documents and considers gaps in evidence, potential for bias, coverage, sufficiency and the relevance of the evidence to decisions.
- c) Synthesize evidence that is credible.

A. CRITICAL REVIEW AND QUALITATIVE SYSTEMATIC REVIEW

This study is not an evaluation but a synthesis review of reviews, evaluations and analyses already prepared by the IEU and other GCF Secretariat divisions or by consultants on their behalf. Therefore, this study did not use traditional evaluation methods and did not collect primary data. Instead, it used a combination of critical review and qualitative meta-analyses methods.¹⁷² This approach is pragmatic and flexible, but also inductive, and asks questions about what we know and what we do not. It involves rigour while accommodating the sensitive nature of the issues under discussion and the needs of an IEU synthesis on accreditation.

Critical review: A critical review aims to demonstrate that the writer has extensively researched the literature and critically evaluated its quality. It goes beyond the description of identified articles and includes a degree of analysis and the development of innovative narratives. It is based on both an ex-ante protocol that indicates criteria and the inclusion and exclusion criteria that indicate which literature or sources of information are included and which are not. A critical review provides an opportunity to “take stock” and assess the value from the previous body of work based on a pre-developed (and piloted) protocol.¹⁷³

Qualitative systematic review: A qualitative systematic review is a method for integrating or comparing the findings from qualitative studies. The accumulated knowledge resulting from this process may lead to the development of a new theory, an overarching “narrative”, a wider generalization or an “interpretative translation”. It looks for “themes” or “constructs” that lie in or across individual qualitative studies.¹⁷⁴

B. CRITICAL APPRAISAL CRITERIA

Informed by such a systematic review, a critical appraisal has been used to assess the information provided in the various reviews and documents. The information found was screened using four criteria:

¹⁷² For an overview and discussion of 14 different review methods see Grant, M. J., & Booth, A. (2009). A typology of reviews: an analysis of 14 review types and associated methodologies. *Health Information and Libraries Journal*, 26(2), 91–108. doi: 10.1111/j.1471-1842.2009.00848.x.

¹⁷³ Grant, M. J., & Booth, A. (2009). A typology of reviews: an analysis of 14 review types and associated methodologies. *Health Information and Libraries Journal*, 26(2), 93. doi: 10.1111/j.1471-1842.2009.00848.x.

¹⁷⁴ Grant, M. J., & Booth, A. (2009). A typology of reviews: an analysis of 14 review types and associated methodologies. *Health Information and Libraries Journal*, 26(2), 99. doi: 10.1111/j.1471-1842.2009.00848.x.

- **Relevance:** Is the current form of the accreditation framework and process relevant to the objectives laid out for accreditation? How relevant is the evidence that exists so far to answer these questions and to inform actions/decision-making? And what else is required?
- **Sufficiency/completeness:** Is the information available and the evidence that has been produced sufficient to show if the objectives of the accreditation framework and strategy are being reached? Have decision makers used the right kind of information to inform their actions and strategies for accreditation? Is the information contained in reviews and documents sufficient to inform these actions?
- **Reliability/risk of bias:** Are the data collected in the documents produced and interpreted in an objective way? Is there any risk of bias in the way data were produced, analysed and used? Was there any conflict of interest?
- **Complementarity/coherence:** Is the GCF accreditation process aligned with good practices in other multilateral climate finance organizations? Is other management literature available that can inform this – for example, from operational research and management practice?

In addition to the analysis of documents, several interviews were held with members of the AC and AP, staff of the GCF Secretariat and a small number of other stakeholders. The IEU DataLab provided data on the portfolio of AEs and other analyses to support the findings of this synthesis.

C. SEMI-STRUCTURED INTERVIEWS

The Synthesis Study also includes interviews with internal GCF stakeholders and external stakeholders to provide insights related to evidence and gaps. Forty-four interviews were undertaken opportunistically and purposively. Interviews helped to highlight patterns of evidence, lessons learned, gaps in evidence and bias in GCF documents. Interviews also helped to validate emerging findings and identify other sources of relevant information.

D. LIMITATIONS

In following a primarily qualitative mode of inquiry, this study is subject to the limitations and challenges of validity. For instance, a qualitative study may not be completely replicable, statistically representative or generalizable to the portfolio of AEs or across the GCF. Further, the study was undertaken in a short timeline. Also, as in all evaluations, there is a risk of bias – in particular, of confirmation bias – that means the evaluator might seek to confirm pre-conceived hypotheses.

The Synthesis Study counters these challenges through the following measures:

- Data are collected through several steps, with each step informing the results of the others.
- The sample for the primarily qualitative approach is comprehensive.
- The study includes consultations with experts and other stakeholders, including to validate the emerging findings and discover unseen data.
- The reviewers are trained in social sciences methods and are familiar with the GCF.
- The study is prepared under the direct ownership of the IEU, to inform the process as well as the substantive elements of the study.
- The majority of documents synthesized are previous evaluations prepared by the IEU with independent experts.

- The quality, completeness and reliability of the data sources are assessed for each of the areas analysed, and these assessments are documented.

By using these steps, concerns of validity were satisfactorily addressed to suit the purposes and scope of the study.

Annex 4. DATA AND STATISTICS

A. EXTRACTS FROM KEY PEER-REVIEWED PAPERS RELATED TO ACCREDITATION

The majority of the literature on accreditation is based in the health sciences and covers the results of accreditation of health care organizations. The purpose of accreditation programmes is to monitor and promote, via self- and external assessment, the performance of health care organizations against predetermined optimal standards. The literature presents complex and heterogenous evidence, without establishing conclusive relationships between accreditation and performance of organizations. Key references from this literature are presented below, with illustrative quotes from peer-reviewed literature.

- 1) Devkaran, S., & O'Farrell, P. N. (2015). The impact of hospital accreditation on quality measures: an interrupted time series analysis. *BMC Health Services Research*, 15(1), 137.
“Although there is a transient drop in performance immediately after the survey, this study shows that the improvement achieved from accreditation is maintained during the three-year accreditation cycle.”
- 2) Greenfield, D., & Braithwaite, J. (2008). Health sector accreditation research: a systematic review. *International Journal for Quality in Health Care*, 20(3), 172–183.
“Accreditation, quality and continuous improvement have become an intrinsic part of the discourse and activities of health services. Internationally, dating from 1970s, health care accreditation programmes and accrediting organizations emerged and developed.”
- 3) Greenfield, D., & Braithwaite, J. (2008). Health sector accreditation research: a systematic review. *International Journal for Quality in Health Care*, 20(3), 172–183.
“This review of health care accreditation research literature reveals a complex picture. There are mixed views and inconsistent findings. Only in two categories were consistent findings recorded: promote change and professional development. Inconsistent findings were identified in five categories: professions' attitudes to accreditation, organizational impact, financial impact, quality measures and program assessment. In the remaining three categories—consumer views or patient satisfaction, public disclosure and surveyor issues—we did not find sufficient studies to draw conclusions.”
- 4) Pomey, M. P., Lemieux-Charles, L., Champagne, F., Angus, D., Shabah, A., & Contandriopoulos, A. P. (2010). Does accreditation stimulate change? A study of the impact of the accreditation process on Canadian healthcare organizations. *Implementation Science*, 5(1), 31.
“The context in which accreditation took place, including the organizational context, influenced the type of change dynamics that occurred in HCOs [healthcare organizations]. Furthermore, while accreditation itself was not necessarily the element that initiated change, the accreditation process was a highly effective tool for (i) accelerating integration and stimulating a spirit of cooperation in newly merged HCOs; (ii) helping to introduce continuous quality improvement programmes to newly accredited or not yet accredited organizations; (iii) creating new leadership for quality improvement initiatives; (iv) increasing social capital by giving staff the opportunity to develop relationships; and (v)

fostering links between HCOs and other stakeholders. The study also found that HCOs' motivation to introduce accreditation-related changes dwindled over time."

- 5) World Health Organization. (2019). *Improving healthcare quality in Europe: characteristics, effectiveness and implementation of different strategies*.

"What are the characteristics of the strategy? Accreditation, certification and supervision are quality strategies that intend to encourage the compliance of healthcare organizations with published standards through external assessment. The idea is that healthcare organizations will increase compliance with standards in advance of a planned external inspection. Despite several common characteristics of the three strategies, their origins and initial objectives differ. In general, accreditation refers to the external assessment of an organization by an accreditation organization, leading to the public recognition of the organization's compliance with pre-specified standards. The term certification is usually used in relation to external assessment of compliance with standards published by the International Organization for Standardization (ISO). Supervision means the monitoring of healthcare providers' compliance with minimum standards required for statutory (re)registration, (re)authorization or (re)licensing."

- 6) Saut, A. M., Berssaneti, F. T., & Moreno, M. C. (2017). Evaluating the impact of accreditation on Brazilian healthcare organizations: A quantitative study. *International Journal for Quality in Health Care*, 29(5), 713–721.

"The study identified 13 organizational impacts of accreditation. There was evidence of a significant and moderate correlation between the status of accreditation and patient safety activities, quality management activities, planning activities—policies and strategies, and involvement of professionals in the quality programmes. The correlation between accreditation status and patient involvement was significant but weak, suggesting that this issue should be treated with a specific policy. The impact of accreditation on the financial results was not confirmed as relevant; however, the need for investment in the planning stage was validated.

Conclusions

The impact of accreditation is mainly related to internal processes, culture, training, institutional image and competitive differentiation."

- 7) Beatty, K. E., Erwin, P. C., Brownson, R. C., Meit, M., & Fey, J. (2018). Public health agency accreditation among rural local health departments: influencers and barriers. *Journal of Public Health Management and Practice*, 24(1), 49–56.

"The strongest predictor for seeking PHAB accreditation was serving an urban jurisdiction. Micropolitan LHDs were more likely to seek accreditation than smaller RLHDs, which are typically understaffed and underfunded. Major barriers identified by the RLHDs included fees being too high and the time and effort needed for accreditation exceeded their perceived benefits. RLHDs will need additional financial and technical support to achieve accreditation. Even with additional funds, clear messaging of the benefits of accreditation tailored to RLHDs will be needed."

- 8) Hinchcliff, R., Greenfield, D., Moldovan, M., Westbrook, J. I., Pawsey, M., Mumford, V., & Braithwaite, J. (2012). Narrative synthesis of health service accreditation literature. *BMJ Quality and Safety*, 21(12), 979–991.

"The available evidence does not justify a rejection of the validity of accreditation programmes. Absence of evidence is not evidence of absence. While quantitative, outcome-

based data can provide a useful summative assessment of the value of health service accreditation processes, exploratory qualitative data can help highlight problematic consequences of accreditation that are difficult to measure objectively or are infrequently considered in evaluation studies. In this way, qualitative studies can contribute to theoretical developments in this field by uncovering factors which drive, or fail to drive, change in quantitative indicators of performance.

Examples of positive findings concerning the relationship between accreditation and organizational performance levels include: a trend between accreditation outcomes and clinical indicator performance in hospitals; an association between chest pain centre accreditation and compliance with quality measures regarding acute myocardial infarction; and a relationship between accreditation and hospital performance on publicly reported evidence-based processes of care measures. Negative findings were also identified, including a study which found that accreditation of health plans was positively associated with some measures of Health Plan and Employer Data Information Set quality, but did not assure a minimal level of performance.”

B. FUNDING MODELS OF THE GLOBAL FUND AND GLOBAL PARTNERSHIP FOR EDUCATION

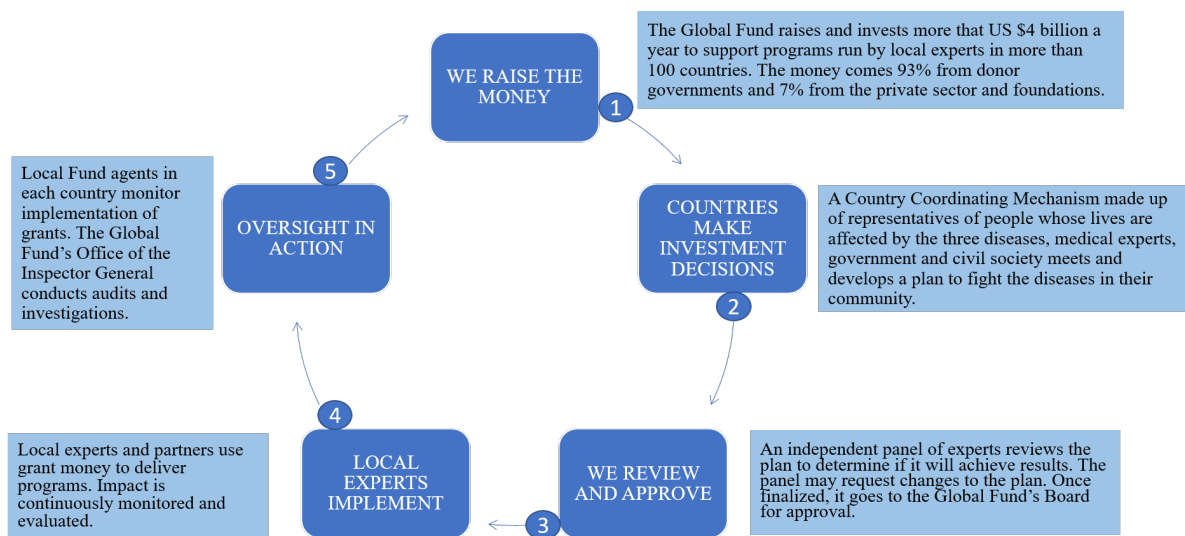


Figure A - 1. Funding model of the Global Fund

Source: <https://www.theglobalfund.org/en/overview/>

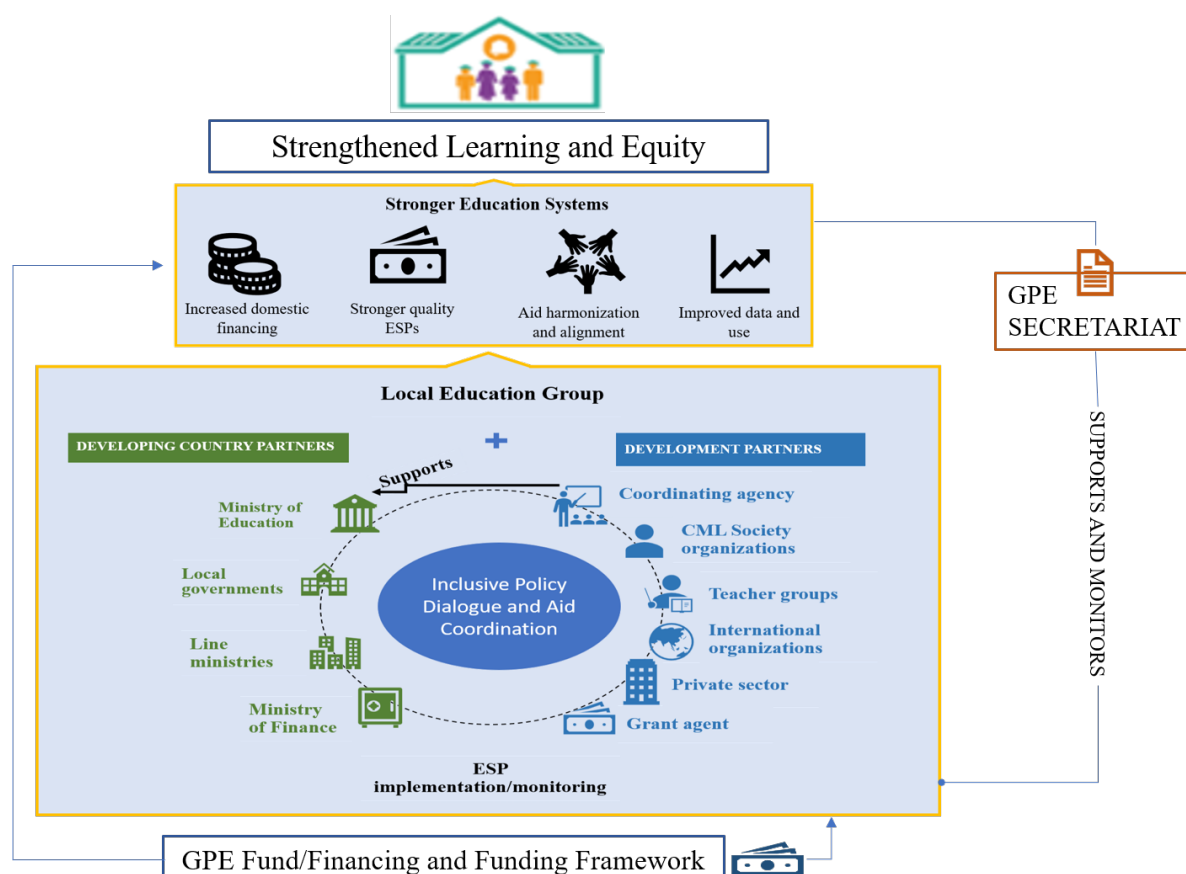


Figure A - 2. Business model of the Global Partnership for Education

Source: GPE. (2020). *Country-level guide. Recommended education sector and GPE grants processes.*
<https://www.globalpartnership.org/sites/default/files/document/file/2020-02-GPE-country-level-guide.pdf>

C. ESS AS A FACTOR OF DELAY

Table A-1 below displays the percentage of AEs (total population of 95) that had one or more items open in each theme at the beginning of Stage I, and the percentage that had one or more items open in each theme by the end of the Stage I (Stage I Close). According to these data, ESS items are the most common open items in Stage I for applicant entities. To illustrate, 100 per cent of applicants had one or more items open at the beginning of Stage I; however, by the end of Stage I, only 57 per cent still had open items, resulting in a clearance rate of 43 per cent. Basic Fiduciary and Specialized Fiduciary were another area where applications were faced with issues. No entities managed to clear all items for a theme in Stage 1; entities always close the stage with at least one “open” item in each theme.

Table A - 1. Percentage of AEs (total population 95) with one or more items open in each theme at beginning of Stage I/II, and the percentage that still had one or more items open in each theme by the end of the Stage I/II

		ITEMS ON ACCREDITATION CHECKLIST	BACKGROUND & CONTACT (%)	FURTHERING GCF OBJECTIVES (%)	INTENDED SCOPE OF PROJECTS/PROGRAMMES (%)	BASIC FIDUCIARY (%)	SPECIALIZED FIDUCIARY (5)	ESS (%)	GENDER (%)
Per cent of AEs with one or more items open	Stage I	Beginning	98%	68%	58%	95%	92%	100%	89%
		End	28%	6%	4%	51%	52%	57%	42%
		Clearance	70%	62%	54%	44%	40%	43%	47%
	Stage II	Beginning	3%	35%	2%	88%	88%	100%	87%
		End	0%	0%	0%	31%	5%	28%	19%
		Clearance	3%	35%	2%	57%	83%	72%	68%

Source: AE's Stage I/Stage II application files, as of 12 March 2020, analysed by the IEU DataLab

According to these data, Stage II had much higher clearance rates across all themes compared to Stage I. For example, 100 per cent of AEs had one or more ESS items open at the beginning of Stage II; however, by the end of Stage II, only 28 per cent still had open items, resulting in a clearance rate of 72 per cent. In Stage II, Intended Scope/Background & Contact/Furthering GCF objective items all make appearances, despite the fact Stage II is only supposed to include themes 4 to 7 – that is, Basic Fiduciary, Specialized Fiduciary, ESS and Gender. Once again, ESS was most frequently an open item in this stage.

D. DELAYS DUE TO AMA NEGOTIATIONS

In the FPR (2019), AMA negotiations were identified as a challenge for the 64 FPs. The FPR reported that 11 per cent of GCF commitments worth USD 542 million were awaiting AMA effectiveness in February 2019, at the end of B.22. At B.24, out of the USD 5.612 billion committed by the GCF, USD 4.31 billion was attached to funding proposals with an FAA executed, thereby ensuring the committed funding is on a path to disbursement. However, **USD 418 million was committed in projects where the AE does not have an effective AMA** (B.24 data). As AEs require an effective AMA to be able to execute an FAA, it was expected that the lack of an AMA was holding up USD 364 million of project funding.¹⁷⁵ However, this has reduced to USD 20 million according to B.25 data (see Chapter V).

¹⁷⁵ FP026 lacks an FAA and has two AEs – EIB and Conservation International. EIB does not have an effective AMA, whereas Conservation International does. It was assumed that EIB's lack of an AMA is preventing the FAA from being executed.

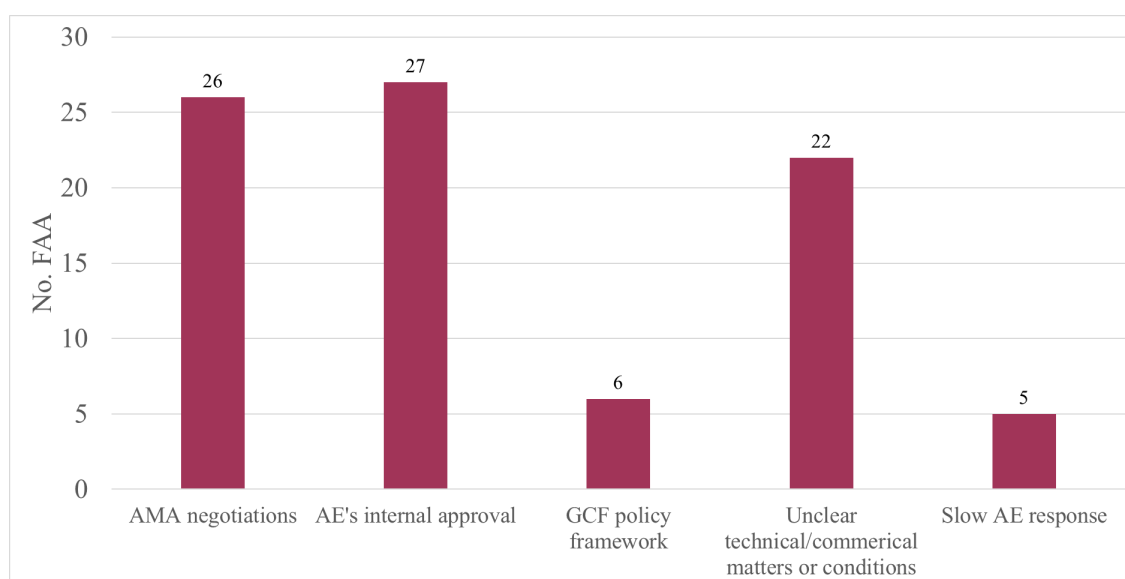


Figure A - 3. Frequency of major challenges identified by the Secretariat in the 64 FAA that faced delays

Notes: One FAA can face several of these challenges at the same time. The qualitative assessment of 64 FPs that faced delays in FAAs was provided by the Secretariat, as a one-time exercise in April 2019.

Source: Data provided by GCF Office of General Counsel, as of 15 April 2019 analysed by the IEU DataLab and as presented in the FPR (2019)

The FPR provides the following reasons for the slow pace of Stage III AMA (text edited for brevity, emphasis ours):

- Reviewers: After Board approval, **an entirely different set of reviewers** enter the negotiations...and may re-open questions that were previously resolved.
- Legal: GCF and legal entity processes and requirements may not harmonize easily.
- Purposeful delay: **AEs (especially MDBs) may choose to delay fulfilling their AMA effectiveness conditions until an appropriate time within their own business cycles.**
- Complexity of the GCF: Many entities...are thus unprepared for the legal expectations of GCF accreditation, and some **may not have the capacity to understand the technical AMA requirements.**
- Language: Entities that do not normally operate in English especially struggle with legal negotiations.
- Type of entity: International organizations present more complex legal challenges; aim to apply for more complex and larger projects; and are more likely to postpone signing an AMA in order to synchronize with their own business cycles, as described above.¹⁷⁶

The FPR recommended a single “climate policy”, to establish climate dimension and additionality of GCF policies over and above an AE’s own policies. In the assessment of the FPR, this would help increase alignment of AE’s own portfolio with the GCF.

¹⁷⁶ IEU. (2019). *Forward-looking Performance Review of the Green Climate Fund (FPR), Final report*. Document GCF/B.23/20, annex II, p. 80 f.

E. PIPELINE OF ACCREDITED ENTITIES

A Secretariat report submitted at B.22 indicates that

The current portfolio of entities is imbalanced and particularly unrepresentative of direct access and private sector entities, and it has a suboptimal geographical distribution. **The accreditation and FP processes have not resulted in a project portfolio that is in line with the objectives of GCF**, either in terms of overall size or by some of the key metrics by which GCF is measuring its performance – country ownership, private sector involvement and supporting the needs of developing countries, particularly least developed countries, small island developing States and African countries.¹⁷⁷

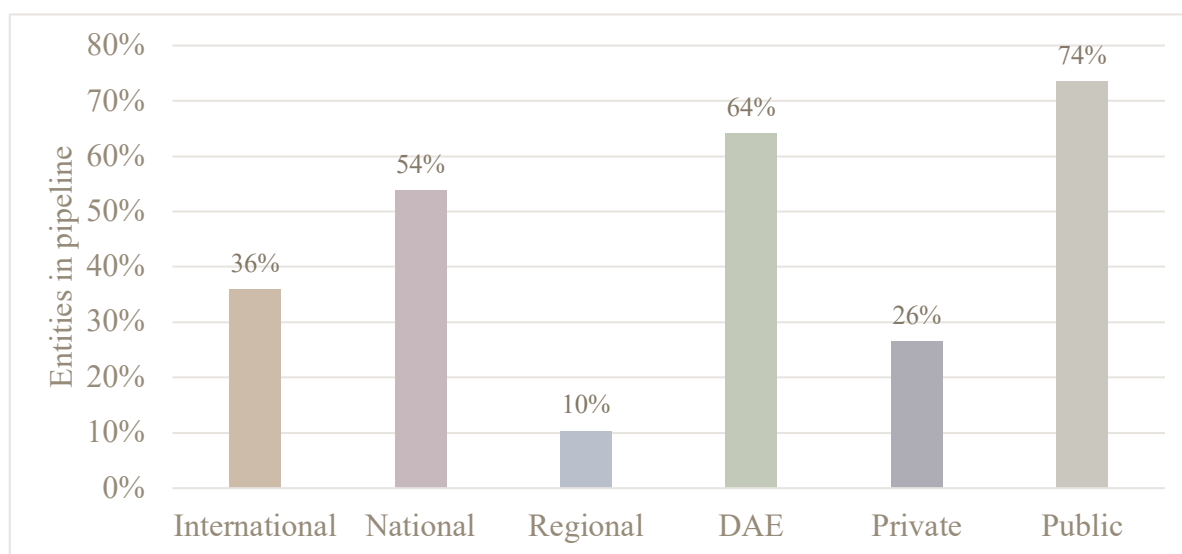


Figure A - 4. GCF pipeline of candidate entities

Source: Accreditation application data, as of 12 March 2020, analysed by the IEU DataLab

Figure A - 5. Private sector entities and GCF commitment to them

TYPE	ENTITY	TOTAL GCF COMMITMENT (USD MILLION)	NUMBER OF PROJECTS
International	AFC	100	1
International	MUFG Bank	85	2
International	DeutscheBank	80	1
International	Nordic Environment Finance Corporation	9.9	1
National	XacBank	38.7	3
Regional	Acumen	51	2

Source: Tableau server iPMS data, as of 12 March 2020, analysed by the IEU DataLab

¹⁷⁷ Document GCF/B.22/14, p. 7, paragraph 22 (a).

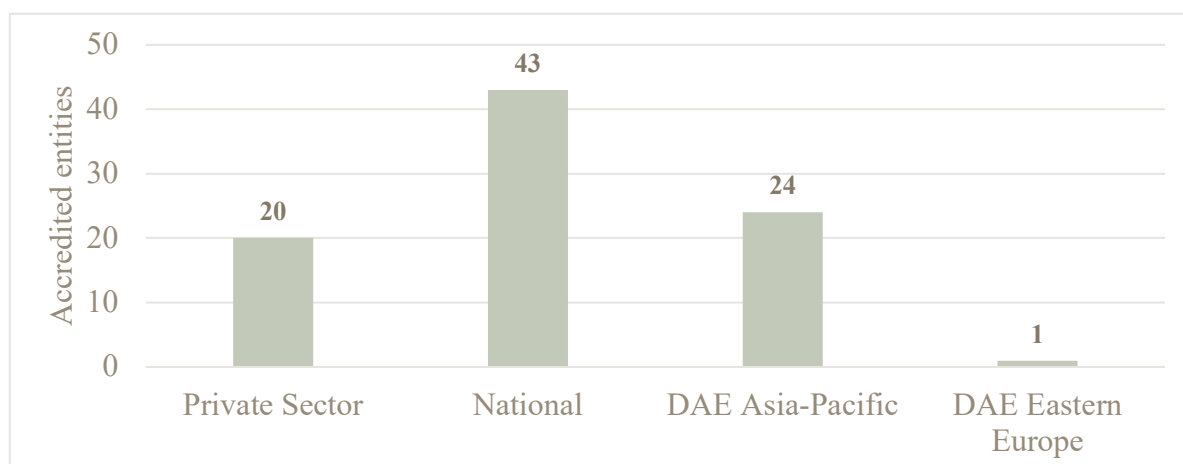


Figure A - 6. Portfolio of accredited entities by sectors and regions

Source: Accreditation application data, as of 12 March 2020, analysed by the IEU DataLab

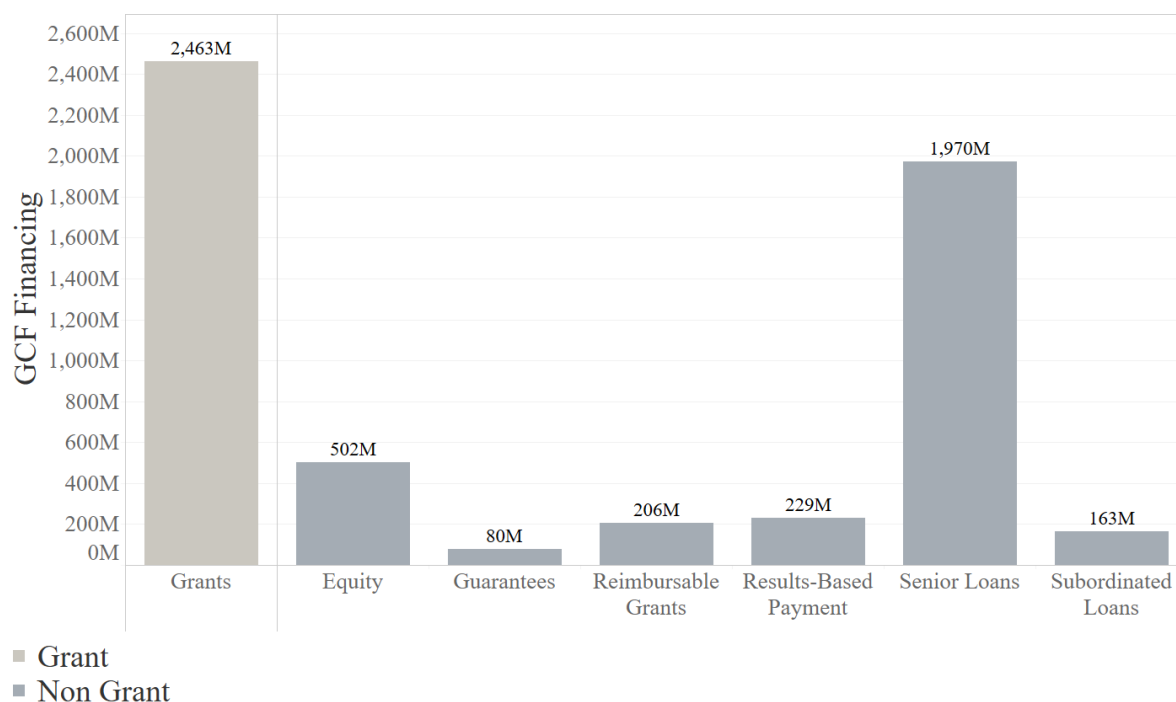


Figure A - 7. Value of GCF commitment through across various instruments (as of B.25)

Source: Tableau server iPMS data, as of 12 March 2020, analysed by the IEU DataLab

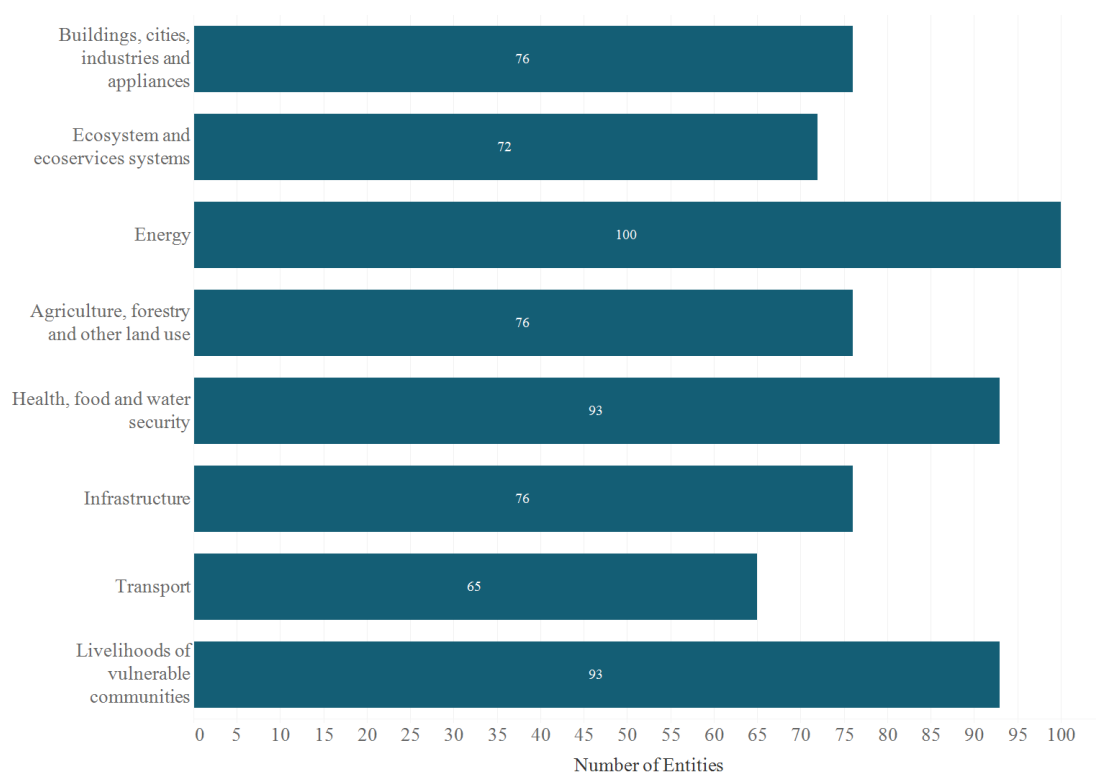


Figure A - 8. Pipeline of 117 applicant entities by results areas (as of B.25)

Source: Accreditation application data, as of 12 March 2020, analysed by the IEU DataLab

Table A - 2. GCF AEs without any engagement in project development

ENTITY	MODALITY	SECTOR	BOARD MEETING OF ACCREDITATION
ADA Austria	International	Public	B.21
CDP	International	Public	B.24
CEF (Caixa)	National	Public	B.21
CGIAR	International	Public	B.21
CRDB	National	Private	B.24
Enabel (formerly BTC-CTB)	International	Public	B.23
EPIU	National	Public	B.22
Findeter	National	Public	B.21
FYNSA	National	Private	B.24
IDB Invest	International	Public	B.21
International Development Finance Club	National	Private	B.21
IEISL	National	Private	B.24
LuxDev	International	Public	B.22
Yes Bank	National	Private	B.24

Source: Accreditation application data, Tableau server iPMS data, as of 12 March 2020, analysed by the IEU DataLab

F. SELECT AEs' APPROACH TO CLIMATE FINANCE AS FOUND IN PUBLICLY AVAILABLE DOCUMENTS

Table A - 3. Selected AEs' climate finance approach

ENTITY NAME	CLIMATE FINANCE APPROACH	SOURCES
ADB	ADB's approach to climate finance is based on the harmonized principles and jointly agreed methodologies developed by MDBs in 2012 (see source 1) and continues to be enhanced through the ongoing work of the joint MDB climate finance tracking group (see source 2).	<ol style="list-style-type: none"> 1. African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the World Bank and the International Finance Corporation 2. The AfDB, the ADB, the EBRD, the EIB, the IDB Group, the Islamic Development Bank and the World Bank Group
AFD	"The AFD Group's ambition is to facilitate the implementation of the Paris Agreement and low-carbon and resilient transitions in the developing and emerging countries. AFD's methodologies for tracking climate financing for mitigation and adaptation are based on the Common Principles agreed on in 2015 by the IDFC [International Development Finance Club] members and the multilateral development banks. They include adaptation and mitigation projects, public policy loans and CSO projects."	Climate – AFD
KfW Development Bank	<p>"Mitigation: Promoting renewable energy sources and energy efficiency is an important field when it comes to climate change mitigation.</p> <p>Climate risk: By taking climate risks into account in agriculture and rural development, natural resources, water and waste management, coastal protection, flood and disaster prevention, KfW helps to minimize the damage caused by extreme weather conditions and climate change.</p> <p>KfW Development Bank finances projects which contribute to making people, infrastructure and ecosystems more resilient to climate change."</p>	KfW Development Bank, Current Topics – Climate. https://www.kfw-entwicklungsbank.de/PDF/Entwicklungsfinanzierung/Themen-NEU/Themen-aktuell_Klima_EN_2019.pdf

ENTITY NAME	CLIMATE FINANCE APPROACH	SOURCES
MDBs (EBRD, World Bank, AfDB, IDB)	<p>“The MDBs’ approach is based on six building blocks that have been identified as the core areas for alignment with the objectives of the Paris Agreement. A joint MDB working group is developing methods and tools to operationalize this effort under each of the building blocks:</p> <ol style="list-style-type: none"> 1. Alignment with mitigation goals. 2. Adaptation and climate-resilient operations. 3. Accelerated contribution to the transition through climate finance. 4. Engagement and policy development support. 5. Reporting. 6. Align internal activities.” 	<ol style="list-style-type: none"> 1. Joint Declaration MDBs Alignment Approach to Paris Agreement_COP24_Final. 2. Annual Joint Reports on MDBs Climate Finance.
UNDP	<p>“Environmental finance. UNDP offers strategic assistance in catalysing investment into green technologies, practices and enterprises that will pave the way to an inclusive and sustainable development pathway. Operationally, UNDP works with countries to develop financial solutions in:</p> <ol style="list-style-type: none"> 1. Scaling Up Climate Change Adaptation and Mitigation 2. Sustainable Management of Ecosystem Goods and Services 3. Improving Water and Oceans Governance 4. Sustainable, Affordable and Clean Energy 5. Sustainable Management of Chemicals and Waste” 	UNDP Global Environmental Finance (UNDP-GEF) Unit
CAF	<p>“The Climate Change Agenda is an instrument through which the Institution guides its actions to support the countries of the region to transition to economies that are low in emissions and resilient to the effects of climate change. Under one strategy, it integrates the components of mitigation and adaptation to climate change, and has an Action Plan with two specific objectives and five strategic lines that seek:</p> <ol style="list-style-type: none"> 1. To strengthen the institutional capacities and promote the development of policies, plans, and programmes to face the challenges of climate change; 2. Structure programmes and projects with climate co-benefits and mobilize international resources aimed at climate financing.” 	CAF Annual and Sustainability Reports
Profonampe	<p>“articulates the objectives of biodiversity conservation with mitigation and adaptation to climate change. Consequently, it encourages programmes/projects aligned with national climate change objectives and priorities, which include contributing to reduce both Greenhouse Gases (GHGs)</p>	Profonampe’s Environmental, Social and Gender Policies document

ENTITY NAME	CLIMATE FINANCE APPROACH	SOURCES
	emissions and vulnerability, while enhancing adaptation capacities and resilience of ecosystems and populations.”	
SPREP	“SPREP is the lead coordinating agency on climate change responses and mainstreaming in the Pacific islands region. One of our key strategic goals is to strengthen the capacity of our Members to respond to climate change. We will achieve this through institutional strengthening, implementation of practical adaptation measures, strengthening applications of weather and climate information and knowledge management and access to climate finance. Low-carbon development and emission reduction will be achieved by enhancing ecosystem resilience to the impacts of climate change.”	SPREP Annual Reports
Caribbean Community Climate Change Centre (CCCCC)	<p>“The strategy includes a number of programmes with complementary components to support mitigation and adaptation projects across the region. Identified are five key strategies and associated goals that would lead to the establishment of a successful and sustainable resilience-building programme:</p> <ol style="list-style-type: none"> 1. Promoting actions to reduce greenhouse gas emissions through energy reduction and conservation, and switching to renewable and cleaner sources of energy; 2. Promoting actions to minimize the effects of greenhouse gas emissions through initiatives and measures designed to reduce the vulnerability of natural and human systems to the effects of climate change (e.g., flood defences, and changing land-use patterns); 3. Promoting the development and implementation of educational and public awareness programmes as well as public access to information and citizen participation across the Caribbean region; 4. Building the Caribbean Community Climate Change Centre’s organizational capacity to manage adaptation to climate change, through training of scientific, technical, and managerial personnel; institutional strengthening; providing systematic long-term technical assistance; and strengthening information support capacity that allows the CCCCC to effectively support the Member States; 5. Promoting the dissemination of successful adaptation experiences to address the impacts of climate change on: (a) water supply; (b) coastal and marine ecosystems; (c) tourism; (d) coastal infrastructure; and (e) health, which combined represent the largest threats to the well-being of the CARICOM countries.” 	Climate Change and the Caribbean: a regional framework for achieving development resilience to climate change (2009–2015)
National Bank for Agriculture and Rural	“Climate finance focuses on five major areas, that include policy advocacy; knowledge management; consultancy; networking and cooperation; and capacity-building.”	Annual Reports and Working papers of Center for Climate Change

ENTITY NAME	CLIMATE FINANCE APPROACH	SOURCES
Development (NABARD)		

Source: Publicly available documents for select AEs for which information was available. Documents accessed as of 12 March 2020, analysed by the IEU DataLab

The climate finance approaches of AEs were ascertained through publicly available documents, such as annual reports and finance reports. These approaches were then qualitatively assessed for commonly used terms. This analysis has several limitations: it was based on publicly available approaches (although some AEs were able to validate these approaches); only the presence of the terms below was assessed and not whether they were noted in an affirmative or negative way; the analysis does not verify or validate whether these approaches are in fact utilized in practice, and to what degree. Therefore, this analysis is not used to draw further conclusions.

Table A - 4. Common terms mentioned in climate finance approaches of select AEs

CLIMATE FINANCE APPROACH MATRIX												
Entity Name	Alignment with Paris Agreement objectives	Mitigation	Adaptation	Resilience-building operations	Reducing emission/vulnerability	Capacity development	Policy, plan and programme development	Knowledge management	Renewable and clean energy	Access to climate finance	Cooperation	Contribution to transition
ADB	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes
EBRD	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes
AFD	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
World Bank	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes
AfDB	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes
KfW	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No
IDB	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes
UNDP	No	Yes	Yes	No	No	Yes	Yes	No	Yes	Yes	Yes	No
CAF	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Profonanpe	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No
SPREP	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
CCCCC	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
NABARD	No	No	No	No	No	Yes	Yes	No	No	No	Yes	No

Source: Publicly available documents for select AEs for which information was available. Documents accessed as of 12 March 2020, analysed by the IEU DataLab

G. KEY ENTITIES NOT ACCREDITED TO THE GCF

Several high-profile international entities are not yet accredited to the GCF, including the following:

- **International Labour Organization (ILO).** According to a report published on the website of the ILO, it intends to contribute to the mandate of the GCF through a number of measures, including working with AEs, partnering directly on FPs and capacity-building.¹⁷⁸
- **World Health Organization (WHO).** While WHO is not accredited on its own, its website encourages partners to work with the GCF, where it can serve as a partner on the RPSP. The website states: “WHO can assist with the development of full project proposals for submission to GCF and this activity can be funded through the Readiness programme. WHO can also be engaged to implement activities as part of a GCF-funded project, however, an AE is responsible for project proposal submission and then managing the overall project.”¹⁷⁹
- **Asian Infrastructure Investment Bank (AIIB).** It is not known to this Synthesis Study whether AIIB seeks accreditation with the GCF, but this relationship may or may not develop on the basis of the international diplomatic landscape and the relevance of GCF standards. A 2017 paper opines: “Forging an alliance with the GCF and exploring the possibility of GCF accreditation are longer-term agenda items for the AIIB, but important ones—not least as part of AIIB’s bid for international legitimacy. As its relationship with the GCF develops, the AIIB will seek to ensure that rules of engagement remain sufficiently indeterminate and flexible for it to retain a comfortable degree of autonomous control over its own decision-making and internal processes. Negotiations may continue for many years to come.”¹⁸⁰

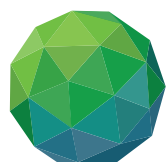
¹⁷⁸ ILO. (2017). *ILO’s contribution to the objectives of the Green Climate Fund Enhancing action on climate change through a just transition and the creation of decent work*. https://www.ilo.org/global/topics/green-jobs/publications/WCMS_561036/lang--en/index.htm

¹⁷⁹ <https://www.who.int/news-room/q-a-detail/submitting-gcf-project-proposals>

¹⁸⁰ De Jonge, A. (2017). Perspectives on the emerging role of the Asian Infrastructure Investment Bank. *International Affairs*, 93(5), 1061–1084. <https://doi.org/10.1093/ia/iix156>



Independent Evaluation Unit
Green Climate Fund
175, Art center-daero, Yeonsu-gu
Incheon 22004
Republic of Korea
Tel. (+82) 032-458-6450
ieu@gcfund.org
<https://ieu.greenclimate.fund>



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