



## WHAT ARE WE LEARNING ABOUT GCF'S ACCREDITATION PROCESS?

### FINDINGS FROM THE IEU'S FORWARD-LOOKING PERFORMANCE REVIEW (4 OF 4)

JUNE 2019

## WHAT ARE THE FORWARD-LOOKING PERFORMANCE REVIEW'S KEY FINDINGS REGARDING GCF'S ACCREDITATION PROCESS?

- Accreditation is an essential part of the GCF business model, and the GCF relies on AEs for delivering its mandate and implementing its investments in countries.
- Currently, the scope of the accreditation process is too narrow. Specifically, the process is not mandated or equipped to assess capacity of entities applying to get accredited. As a result of this narrow scope, many **AEs may not be sufficiently equipped** to advance the GCF's global climate agenda.
- **The GCF'S accreditation process is slow, and the pipeline is backlogged**, thus risking GCF's reputation, operations and ability to forge partnerships with promising entities.
- The accreditation process is **too uniform and does not sufficiently differentiate** by type of country, entity or project, with respect to compliance with GCF policies.
- **Differentiated accreditation tracks may be helpful.** An opportunity exists to develop other tracks for entities that aim towards different types of interventions.

## WHAT ARE THE FORWARD-LOOKING PERFORMANCE REVIEW'S KEY RECOMMENDATIONS REGARDING GCF'S ACCREDITATION PROCESS?

- Develop an accreditation strategy that **attracts institutions with capacities** commensurate with the GCF and that can help it achieve its mandate.
- Include **annual targets for accreditation** and specifically for DAEs as well as create a portfolio of entities that mirror GCF's new strategy and priorities.
- Achieve greater disbursement of GCF investments through DAEs, consider creating GCF-ready entities by integrating readiness more closely into accreditation.
- **Announce business standards** and expected requirements for processes to improve transparency, predictability, expectations and communication.

- **Pursue sufficient or minimum standards** for project management rather than relying on best practices.
- Provide **more options for alternative accreditation processes** based on different contexts around country, project objectives and type of financial instrument.
- **Address complementarities with other GCF operations** particularly with the project cycle and the negotiations of the funded activity agreements.
- Confront backlogged accreditation pipeline as a matter of urgency.

## MORE ABOUT GCF'S ACCREDITATION PROCESS

Before organizations receive funding for climate action initiatives from GCF, they need to be accredited by the GCF. To be accredited an organization must demonstrate it meets GCF requirements regarding financial standards, environmental and social safeguards, and gender.

**Three mechanisms exist to gain accreditation.** First, entities accredited by other climate funds may be eligible for “fast-tracking” if they are already verified by a GCF counterpart. Second, entities that meet certain favored criteria are prioritized. These include national direct access entities (DAEs), private sector entities, entities responding to GCF Request for Proposals, AEs seeking to fulfil their conditions for Accreditation Master Agreement (AMA) effectiveness, and AEs requesting upgrades in their accreditation profile. Third, certain specific standards may be relaxed for entities that fall under designated project types, such as low environmental/social risk categories.

Once accredited, AEs are required to submit an annual self-assessment and apply for reaccreditation after five years. Reaccreditation is not meant to be a re-application; instead, entities are expected to update any details that may have changed, and these are subject to Secretariat approval. The GCF has accredited 84 entities, of which 43 have an effective AMA, and 41 are still in legal proceedings.

### List of FPR Notes:

1. 15 quick key take aways from the FPR
2. Overview of the Review
3. What can the GCF Private Sector Facility do faster, better, smarter?
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