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INDEPENDENT SYNTHESIS OF THE GREEN CLIMATE FUND'S ACCREDITATION FUNCTION

Executive summary

June 2020

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent synthesis of the Green Climate Fund's accreditation function

EXECUTIVE SUMMARY

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ABBREVIATIONS

AC	Accreditation Committee
AE	Accredited Entity
AP	Accreditation Panel
B.[20]	[Twentieth] meeting of the Board
DAE	Direct Access Entity
ESS	Environmental and Social Safeguards
FP	Funding Proposal
GCF / (the) Fund	Green Climate Fund ¹
IEU	Independent Evaluation Unit
NDA	National Designated Authority
PSAA	Project-Specific Assessment Approach
RPSP	Readiness and Preparatory Support Programme

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

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

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.”

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 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.



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