



Published by

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

In cooperation with



Information note

The process of GCF accreditation for national and regional entities

What are some of the opportunities in the ASEAN region?





Published by:
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn, Germany

Climate Smart Land Use in ASEAN Project
GIZ Office Indonesia
Menara BCA, 46th floor
Jl. M.H. Thamrin No. 1 Jakarta 10310 Indonesia
T +62 21 23587111 F +62 21 23587110
E zahra.mutiara@giz.de
www.giz.de

Author:
Ludwig Liagre and Laura Atondeh, Rio Impact

Layout:
Fitra Aidiella, Jakarta

Photo credits
Shutterstock/Martina Pellecchia

Indonesia, 2021

DISCLAIMER: The views and opinions expressed in this publication are solely those of the authors



Abbreviation

ADA	Agricultural Development Agency (Morocco)
ADB	Asian Development Bank
ADFIAP	Association of Development Financing Institutions in Asia and the Pacific
AE	Accredited Entities
AMA	Accreditation Master Agreement
ASEAN	Association of Southeast Asian Nations
CCCC	Caribbean Community Climate Change Centre
ClifIT4SE	Climate Finance Training for Sector Experts
COP	Conference of Parties
CSLU	Climate Smart Land Use in ASEAN
CTF	Conservation trust funds
DBP	Development Bank of the Philippines
DBSA	Development Bank of Southern Africa
EGH	Ecobank Ghana Limited
ESMS	Environmental and social management system
ESS	Environmental and social safeguards
FAO	Food and Agriculture Organization of the United Nations
FMCN	Fondo Mexicano para la Conservación de la Naturaleza
GCF	Green Climate Fund
IE	Implementing entities
IFC	International Finance Corporation
MASEN	Moroccan Agency for Sustainable Energy
NCDD	National Committee for Sub-National Democratic Development
NDA	National Designated Authority
NDFI	National development finance institution
OAS	Online Accreditation System
PROFONANPE	Fondo de Promoción de las Áreas Naturales Protegidas del Perú
PS	Performance standard
PT SMI	PT Sarana Multi Infrastruktur (Indonesia)
UNDP	United Nations Development Programme
VDB	Vietnam Development Bank



Table of content

Abbreviation	3
Table of content	4
Table of illustrations	5
Context	6
1. Overview of the accreditation process for the Green Climate Fund	6
Summary	6
The expected basic standards for accredited entities: fiduciary standards	9
Specialized fiduciary standards.....	9
E&S safeguards	10
2. Lessons learned from the practice: challenges of the accreditation process	11
3. Examples of relevant national and regional accredited entities	12
Example of a regional accredited entity: CCCCC Caribbean.....	12
Experience of Morocco, with several accredited entities	13
Examples of entities accredited for the private sector in other contexts <i>Ecobank, Ghana</i>	13
4. National perspective: potential for accreditation of national entities	14
Current situation The ASEAN region now has six national accredited entities:.....	14
Opportunities for the accreditation of more national entities	16
5. Regional perspective: potential for accreditation of regional entities	16
6. Self-evaluation of accreditation potential	18
Accreditation Potential Analysis Matrix	18
Further reading	21



Table of illustrations

Figure 1 GCF Accreditation System – “fit-for-purpose” approach (Source GCF)	7
Figure 2 Example of the accreditation process of a national entity: a schedule to be managed	8
Figure 3 Steps of the accreditation process	8
Figure 4 Lessons learned from the accreditation process of a regional entity	11
Figure 5 Feedback from an accredited national entity	12



Context

The “Climate Smart Land Use in ASEAN” project (CSLU) aims to strengthen cooperation within and between ASEAN Member States (AMS)¹ for promoting climate-smart land use in the ASEAN region. It supports designing and implementing regional and national policies that promote integrated solutions for climate change mitigation and adaptation, enhance food security and consider different functions a landscape can provide. Improving access to climate finance is a priority for different ASEAN working groups.

In the context of a Climate Finance Training for sector experts (ClFiT4SE) provided by the CSLU project to key ASEAN stakeholders, a gap in terms of accreditation of national entities to the GCF in the Southeast Asia region was observed. The note aims to shed light on the GCF accreditation process and to highlight some of the opportunities related to the accreditation of national entities in the region.

1. Overview of the accreditation process for the Green Climate Fund

Summary

Proposals for GCF funding must be submitted by accredited entities (which can therefore directly receive GCF funds). The GCF has defined a framework for accreditation, accompanied by financial and social & environmental safeguards standards. The criteria for the accreditation of implementing agencies allow for a gradual approach of “effort proportional to use”. This graduated accreditation system adjusts the requirement for financial standards and social & environmental safeguards according to the level of risk, complexity and size of the projects/programmes to be implemented (figure 1). In this context, applicant organizations choose the type of accreditation they are seeking and decide whether they want to offer other, more complex functions in coordination with the GCF. In 2014, the Board of Directors adopted a general framework for National, Regional and International entities seeking accreditation. The framework is based on a three-step process²:

- National, regional and international implementing bodies in both the public and private sectors must have put in place **social and environmental safeguards based on best practices**³.
- They must meet **sound financial standards** to ensure solid financial management of projects to be submitted to the GCF.
- Finally, organizations accredited by the GCF must demonstrate their ability to comply with the **GCF gender policy**. In this regard, the Gender Action Plan 2020-2023 has been published in 2019 to provide a time-bound framework within which to operationalize the Gender Policy. Implementation of the Gender Action Plan will require GCF to ensure that AEs have established competencies, tools and processes to achieve results⁴.

¹ <https://asean.org/>

² <https://www.greenclimate.fund/sites/default/files/document/gcf-b07-02.pdf>

³ <https://www.greenclimate.fund/sites/default/files/document/environment-social-policy.pdf>

⁴ <https://www.greenclimate.fund/document/gender-action-plan>



In 2014, the GCF adopted the International Finance Corporation 's (IFC) performance standards as interim environmental and social safeguards (ESS) until the Fund develops its own ESS through a participatory process, as well as its own environmental and social policy and management system. An accreditation committee is responsible for reviewing the candidates' files and making recommendations to the Board of Directors on whether or not to accredit the applicant entity and on the conditions for its accreditation. The initial accreditation period is valid for 5 years after which the entity must re-register.

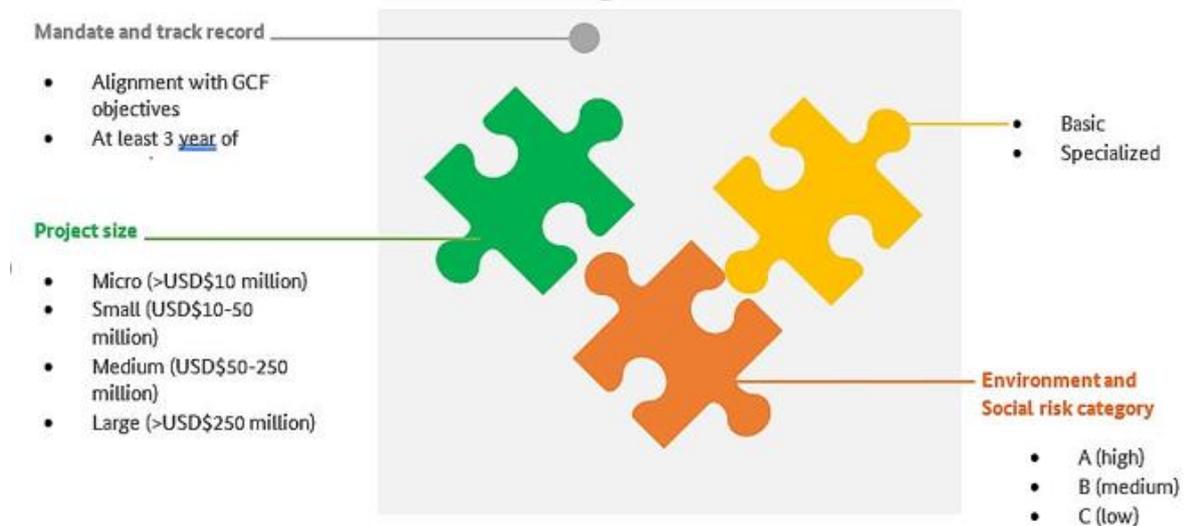


Figure 1: GCF Accreditation System – “fit-for-purpose” approach
Source: Adapted from GCF)

It is important to note that the accreditation process can be complex and time-consuming and requires a significant investment by entities wishing to be accredited to the GCF, as shown in the example given in Figure 2.

Depending on the financial management and organizational capacities of the entities that will work as implementing bodies, the GCF will allocate grants, concessional loans, equity financing or guarantees.



Information note - The process of Green Climate Fund accreditation for national and regional entities
What are some of the opportunities in the ASEAN region?

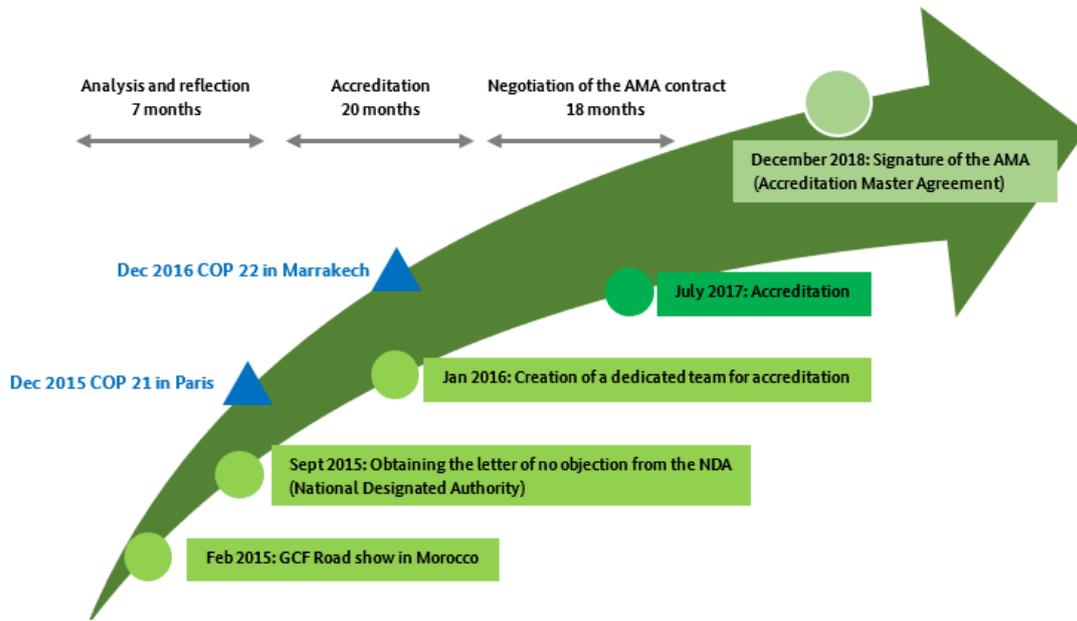


Figure 2 Example of the accreditation process of a national entity: a schedule to be managed
Source: Adapted from GCF Accredited Entity

Figure 3 specifies the different steps for accreditation.

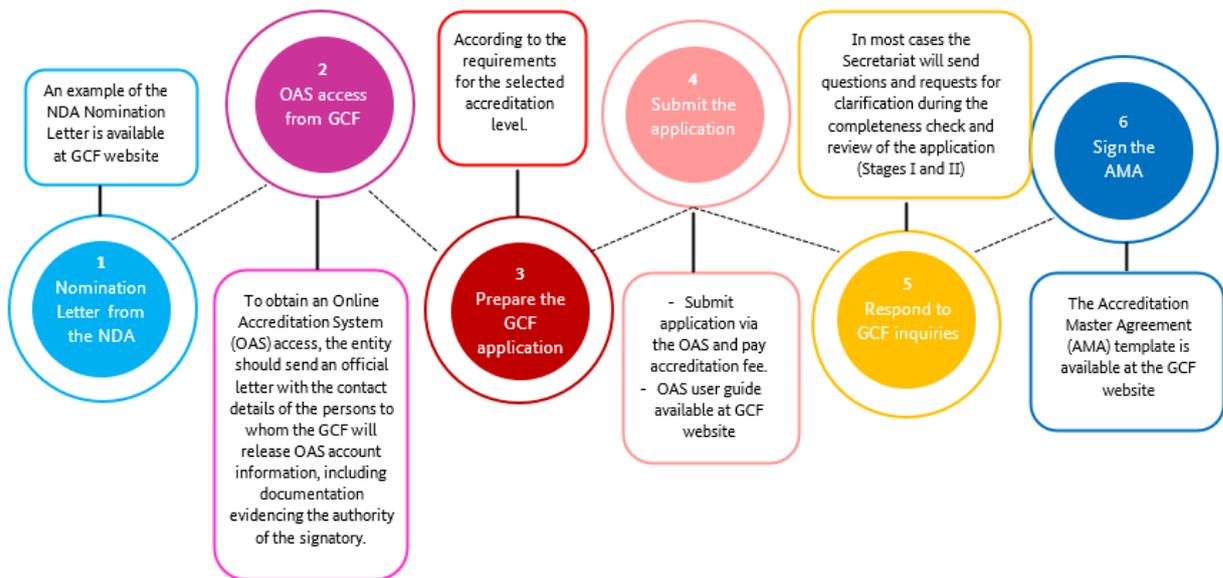


Figure 3: Steps of the accreditation process
Source: Adapted from GCF Accredited Entity



The expected basic standards for accredited entities: fiduciary standards

In fiduciary matters, basic standards are expected, as detailed in the table below.

Key questions/recommendations

Basic Fiduciary Standards	<ul style="list-style-type: none"> • Key administrative and financial capacities (demonstrate through documents, project examples): <ul style="list-style-type: none"> ✓ Financial inputs and outputs are properly accounted for, reported, and administered transparently and with due accountability; ✓ information relating to the administration and management of the entity is available, consistent, complete and relevant to the required fiduciary standards; ✓ operations of the entity show a track record in effectiveness and efficiency. • Transparency and accountability <ul style="list-style-type: none"> ✓ Protection and commitment against mismanagement and fraudulent, corrupt and wasteful practices; ✓ disclosure of any form of conflict of interest; ✓ code of ethics, policies and culture that drive and promote full transparency and accountability.
--	---

Specialized fiduciary standards

The specialized fiduciary standards refer to institutional capacities that will qualify the applicant entities to undertake specialized activities depending on the nature of their mandate within the Fund's operations⁵.

Key questions

Specialized Fiduciary Standards	<ul style="list-style-type: none"> ✓ Does the entity have project management experience, including monitoring and evaluation? ✓ What are the financial instruments used to date? ✓ Does the entity have experience with financial instruments other than grants – i.e. concessional loans, equity, guarantees? ✓ Is there a grant award system in place? ✓ Are there well documented appropriate policies and guidelines in place? Is there evidence that the policies are operational? <p>Additional specialized criteria for on-lending and blending will apply for intermediaries and IEs that wish to use those financial instruments with the Fund's resources:</p> <ul style="list-style-type: none"> ✓ What are the entity track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources?
--	--

⁵ <https://www.greenclimate.fund/sites/default/files/document/initial-fiduciary-principles-standards.pdf>



Information note - The process of Green Climate Fund accreditation for national and regional entities
 What are some of the opportunities in the ASEAN region?

- ✓ What is the creditworthiness of the institution making on-lending or blending arrangements?
- ✓ Are there due diligence policies, processes and procedures in place?

E&S safeguards

Accredited entities must comply with the GCF's environmental and social policy and must ensure that it is taken into account in the applications for funding but also in the implementation of projects. To do this, accredited entities must implement environmental and social safeguards (ESS) based on the following criteria:

Institutional ESMS policy-level	Project level
<ul style="list-style-type: none"> ✓ Performance Standard (PS)1: Assessment and management of relevant PS1-8 environmental and social risks and impacts through an environmental and social management (ESMS) 	<ul style="list-style-type: none"> ✓ PS2: Labour and working conditions ✓ PS3: Resource efficiency and pollution prevention ✓ PS4: Community health, safety and security ✓ PS5: Land acquisition and involuntary resettlement ✓ PS6: Biodiversity conservation and sustainable management of living natural resources ✓ PS7: Indigenous people ✓ PS8: Cultural heritage



2. Lessons learned from the practice: challenges of the accreditation process

It is particularly interesting to observe the lessons learned from national accredited entities. Figure 4 presents a list of these lessons learned and good practices from a regional accredited entity, and Figure 5 presents lessons learned of an accredited national entity (here a public development bank) that indicates four main areas of work to achieve accreditation, in terms of (i) vision and leadership, (ii) resources to be mobilized, (iii) adequate cooperation framework, and (iv) visibility to be developed.

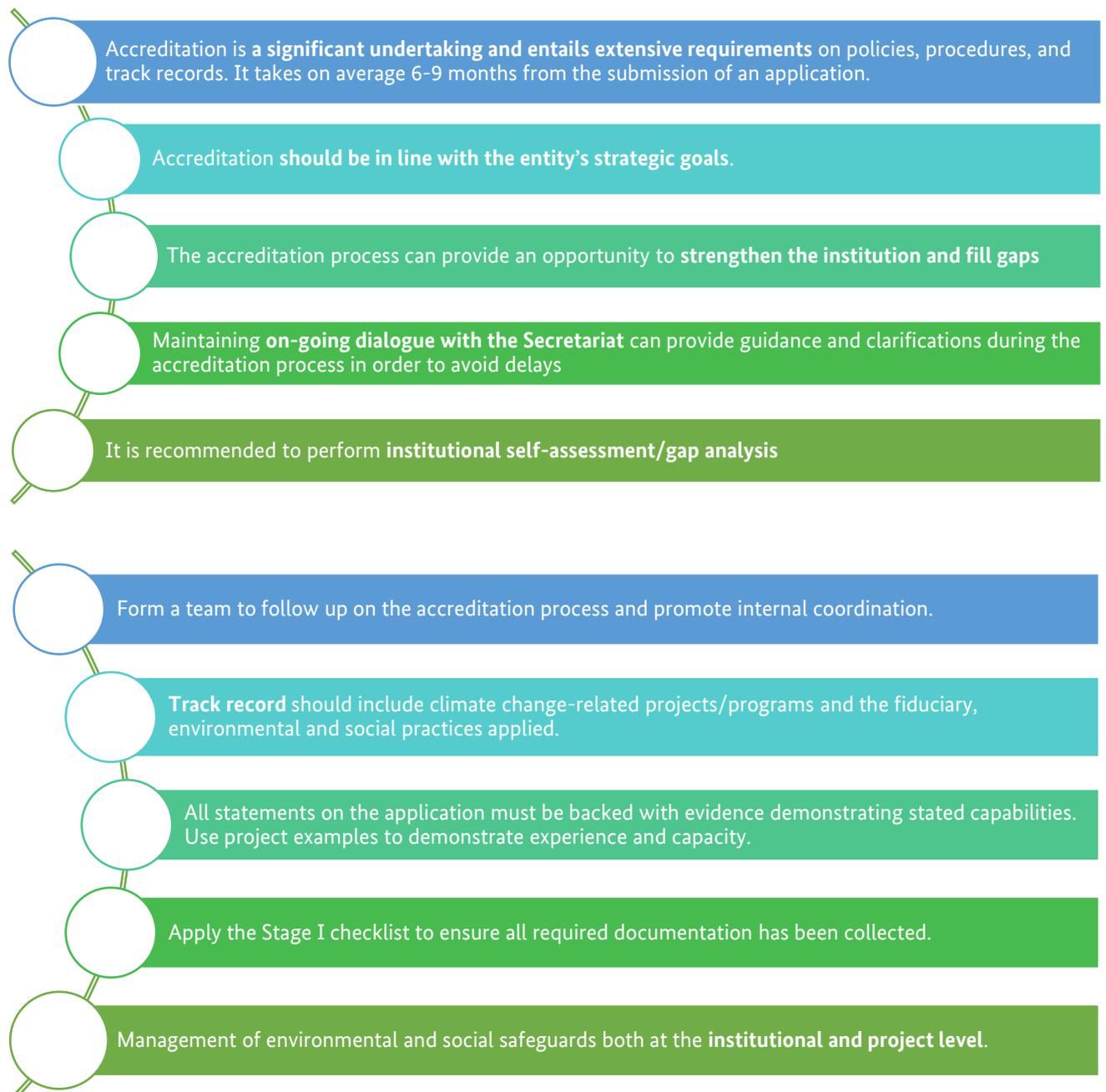


Figure 4: Lessons learned from the accreditation process of a regional entity
Source: Adapted from GCF Accredited Entity

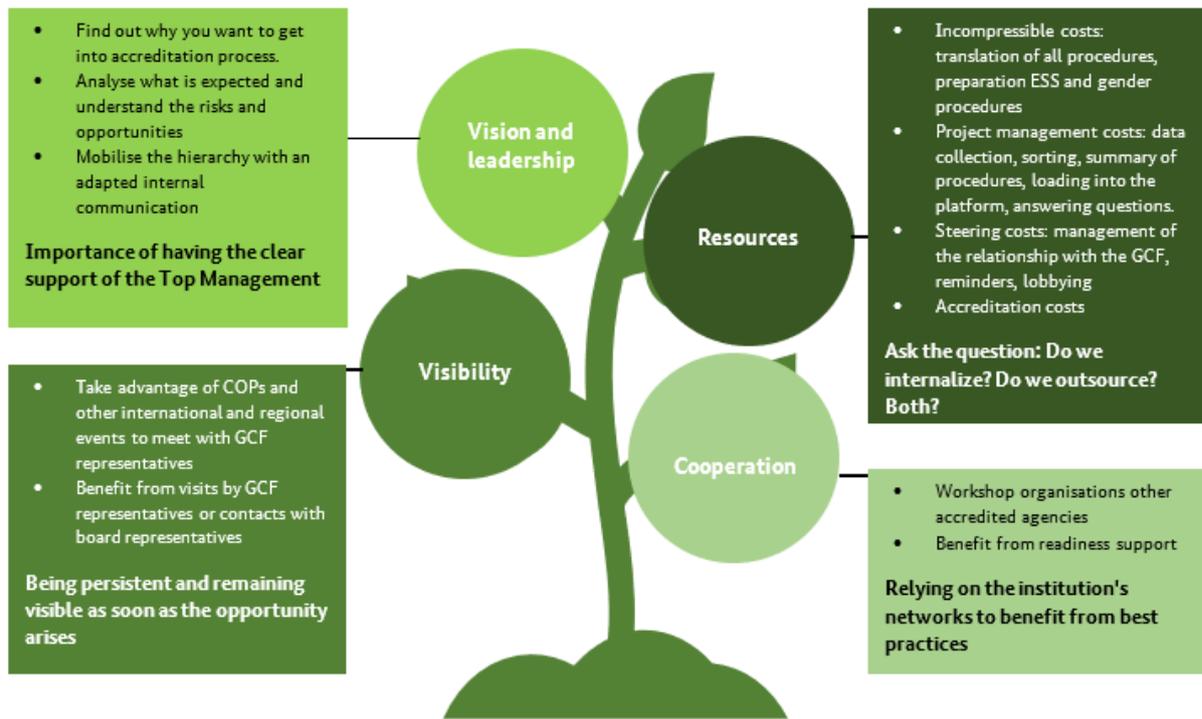


Figure 5: Feedback from an accredited national entity
Source: Adapted from GCF Accredited Entity

3. Examples of relevant national and regional accredited entities

Example of a regional accredited entity: CCCCC Caribbean

<https://www.greenclimate.fund/ae/ccccc>

Size of projects : Small / Instruments : Grants

The Caribbean Community Climate Change Centre (CCCCC) is a regional entity whose work is focused on small island developing States in the Caribbean and on improving the region's framework for and activities that address climate change. Key activities that CCCCC engages in with its member states include raising awareness on climate change, building capacity to analyse climate change impacts across various sectors, and identifying adaptation and mitigation opportunities; developing and implementing mitigation and adaptation projects in the region; and providing policy advice and support during events such as the international climate change negotiations. The CCCCC obtained GCF accreditation in 2015.



Experience of Morocco, with several accredited entities

Morocco has been very successful in establishing accredited entities. Four different entities have been accredited so far, which cover a wide range of types of projects relevant to climate action in both the public and the private sector:

- The **Agricultural Development Agency (ADA)**, a public agency at the service of rural development
- **CDG Capital**, a public bank
- **Attijariwafabank**, a private bank with a regional and international focus
- **The Moroccan Agency for Sustainable Energy, Masen**, public limited company is the last Moroccan entity to have received accreditation

	Financing instruments	Project size	E&S Risks
Agricultural Development Agency (ADA)⁶	Grants	Small	B
CDG Capital⁷	-Equity -Loans -Guarantees	Medium	B & C
Attijariwafa Bank⁸	-Equity -Loans -Guarantees	Large	B
Masen⁹	-Equity -Loans	Large	A

Examples of entities accredited for the private sector in other contexts

Ecobank, Ghana

<https://www.greenclimate.fund/ae/ecobank>

Accreditation: Medium / loans, guarantees

Ecobank Ghana Limited (EGH) is a national private sector entity based in Ghana. It is a subsidiary of Ecobank Transnational Incorporated (ETI) and provides a wide range of products and services to governments, financial institutions, multinationals, international organizations, small and medium-sized enterprises, micro-enterprises and individuals. It undertakes various activities related to climate change in the sectors of energy access and production, renewable energy, transport, infrastructure and food and water security.

⁶ <https://www.greenclimate.fund/ae/ada-morocco>

⁷ <https://www.greenclimate.fund/ae/cdg-capital>

⁸ <https://www.greenclimate.fund/ae/attijariwafa-bank>

⁹ <https://www.greenclimate.fund/ae/masen>



La Banque Agricole du Sénégal (Senegal Agriculture Bank)

<https://www.greenclimate.fund/ae/lba>

Accreditation: small / loans

The agricultural bank places particular emphasis on a differentiated offer, dedicated to the financing of agricultural value chains in relation to the sub-sectors of Agriculture, Livestock, Fisheries, Forestry and Environment.

Development Bank of Southern Africa (DBSA)

<https://www.greenclimate.fund/ae/dbsa>

Accreditation: Large / donations, loans, equity, guarantees

DBSA, based in South Africa, is a national entity, in particular a development finance institution, with a mandate to finance both private and public sector activities at the national and regional levels in Africa. The DBSA provides sustainable support for the preparation, financing and implementation of infrastructure projects to improve the quality of life of the population, accelerate the sustainable reduction of poverty and inequality, and promote large-scale economic growth and regional economic integration. DBSA focuses mainly on the water, energy, transport and information and communication technology sectors.

4. National perspective: potential for accreditation of national entities

Current situation

The ASEAN region now has six national accredited entities:

- **DBP**, Development Bank of the Philippines
- **Kemitran partnership**, an Indonesian multi-donor trust fund
- **LandBank**, a financial institution wholly owned by the Government of the Philippines
- The **National Committee for Sub-National Democratic Development (NCDD)**, a national public-sector organization based in Cambodia
- **PT Sarana Multi Infrastruktur (PT SMI)**, is a national entity of Indonesia
- **VDB**, Vietnam Development Bank



	Country	Financing instruments	Project size	E&S Risks
DBP¹⁰	Philippines	-Loans -Guarantees	Medium	B
Kemitraan partnership¹¹	Indonesia	-Grants	Micro	C
LandBank¹²	Philippines	-Grants -Loans	Medium	A
NCDD¹³	Cambodia	-Grants	Micro	B
PT SMI¹⁴	Indonesia	-Loans	Small	B
VDB¹⁵	Vietnam	-Grants -Loans -Guarantees	Small	B

The number of national accredited entities therefore remains limited in the ASEAN region, while there is considerable potential for development.

For information, please note that there is always the possibility of mobilising GCF funds through international accredited entities. For example, for the ASEAN region, the following international accredited entities can be approached (among others): Asian Development Bank (ADB)¹⁶, Food and Agriculture Organization of the United Nations (FAO)¹⁷, United Nations Development Programme (UNDP)¹⁸ and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.¹⁹

¹⁰ <https://www.greenclimate.fund/ae/dbp>

¹¹ <https://www.greenclimate.fund/ae/kemitraan>

¹² <https://www.greenclimate.fund/ae/land-bank>

¹³ <https://www.greenclimate.fund/ae/ncddsecretariat>

¹⁴ <https://www.greenclimate.fund/ae/ptsmi>

¹⁵ <https://www.greenclimate.fund/ae/vdb>

¹⁶ <https://www.greenclimate.fund/ae/adb>

¹⁷ <https://www.greenclimate.fund/ae/fao>

¹⁸ <https://www.greenclimate.fund/ae/undp>

¹⁹ Overview accredited entities GCF: <https://www.greenclimate.fund/about/partners/ae>



Opportunities for the accreditation of more national entities

Several types of national organizations could be good candidates for the accreditation. In particular:

- **Commercial banks**

Commercial banks can be good candidates for accreditation, particularly with a view to financing the private sector. For example, the Moroccan bank Attijariwafa Bank, a regional private bank got the accreditation in 2019. JS Bank in Pakistan, XacBank in Mongolia and CRDB Bank in Tanzania, are other examples of commercial banks that obtained accreditation recently. In some cases, commercial banks already qualify for accreditation but do not apply for it. It may therefore be appropriate for ASEAN countries to explore this possibility.

- **Conservation Trust Funds**

Conservation trust funds (CTF) which correspond to nature conservation financing mechanisms could also be good candidates for GCF accreditation in the ASEAN region. These organizations may have the advantage of disposing of some expertise in managing international resources (bilateral or multilateral), which is an asset for accreditation. Examples of CTFs that have achieved GCF accreditation include FMCN in Mexico (Fondo Mexicano para la Conservación de la Naturaleza), PROFONANPE in Peru (Fondo de Promoción de las Áreas Naturales Protegidas del Perú) and the Bhutan Trust Fund for Environmental Conservation, among others.

- **National Public Development Banks**

National development finance institutions (NDFIs) can be good candidates for the accreditation as they have great potential in promoting climate finance. Indeed, NDFIs have a good knowledge of local markets, close connections to domestic public and private stakeholders and the ability to promote local currency financing²⁰. As such, in the ASEAN region the VDB in Vietnam and the DBP in the Philippines have been accredited in July 2021. Other national DFIs may want to seek for accreditation in the ASEAN region. Potential candidates are members of the Association of Development Financing Institutions in Asia and the Pacific²¹ (ADFIAP).

5. Regional perspective: potential for accreditation of regional entities

Currently, the ASEAN region does not have any regional entities accredited to the GCF. However, accreditation of regional entities can have certain advantages for recipient countries. On the one hand and as seen previously, the accreditation process is demanding, it can be time consuming and require human and technical resources. Therefore, if several countries in a region face difficulties in getting the accreditation of domestic entities in the short to medium term, it may make sense for them to join forces and consider accrediting a regional entity.

²⁰ <https://www.icr-facility.eu/national-dfis-critical-allies-for-climate-actionabc>

²¹ <https://www.adfiap.org/>



Moreover, since a national accredited entity can only finance projects on its territory, if several countries in a region have common climate objectives and ideas for projects to be developed jointly, the regional entity may be the way to have access to GCF financing without passing through an international entity.

As with national entities, regional commercial banks (e.g. Attijariwafa Bank²²), regional conservation trust funds (e.g. Micronesia Conservation Trust¹⁹), technical regional centres (e.g. The Caribbean Community Climate Change Centre¹⁹) and regional development banks (e.g. West African Development Bank¹⁹) can be good candidates for accreditation in the ASEAN region.

Regional entities specializing in specific environmental themes (e.g. Secretariat of the Pacific Regional Environment Program¹⁹) may also be potential candidates for accreditation in the ASEAN region, provided they have good funding management capacity and appropriate fiduciary standards. An example to be assessed further include the ASEAN Center for Energy.

It can thus be very beneficial to map out which regional entities in the ASEAN region have potential for accreditation, in order to dispose in fine of organizations able to serve several countries at the same through GCF funding.

²² These examples cannot operate in the ASEAN region but they offer more specific ideas of types of regional entities with accreditation potential.



Information note - The process of Green Climate Fund accreditation for national and regional entities
What opportunities in the ASEAN region?

6. Self-evaluation of accreditation potential

In order to facilitate the identification of high potential candidates for accreditation, an accreditation potential analysis matrix has been developed (see next section). This matrix contains the key questions that are asked to entities wishing to become accredited, in the perspective to help them assess if yes or no they have a potential for accreditation. Simple to use, note that the matrix below is inspired by the GCF's Self-Assessment Tool.

Accreditation Potential Analysis Matrix

- Name of organization:
- Contact person and contact details (email, telephone):

Please complete the analysis matrix below, which corresponds to a rapid assessment of the potential for GCF accreditation of your organization and the possible axes of reinforcement for GCF accreditation.

Experience required

Your organization must demonstrate experience with:

- Operations related to the objectives of the GCF (mitigation and/or adaptation)
- Projects in some of the GCF's impact areas

In addition, a minimum of 3 years of experience is required.

Key questions: (thank you for your answers)

- Does your organization have more than 3 years of experience?
- Has your organization already set up and/or financed projects contributing to climate action (adaptation and/or mitigation)? If yes, please specify
- Does your organization have experience in the GCF's priority impact areas, particularly in these strategic impact areas/sectors (see list below)?
 - Renewable energy and energy efficiency
 - Sustainable transport
 - Sustainable and low-carbon buildings, cities, industries and equipment
 - Sustainable forest management, sustainable agriculture, and other land uses
 - Community livelihoods
 - Health, food security, water quality and availability
 - Resilient infrastructure and construction
 - Conservation and sustainable use of ecosystems and ecosystem services



Information note - The process of Green Climate Fund accreditation for national and regional entities
What opportunities in the ASEAN region?

Size of managed projects

The sizes of projects supported by the GCF are of four types:

- Micro (<10 Million USD)
- Small (Between 10 and 50 Million USD)
- Medium (Between 50 and 250 Million USD)
- Large (>250 Million USD)

Your organization must therefore demonstrate experience for projects of the scale sought by the GCF.

Key questions: (thank you for your answers)

- What is the size of the projects funded/implemented to date by your organization? (taking into account the project sizes expected by the GCF)
- What are the types of projects and their size that your organization aims to finance/implement through GCF funding? (taking into account your organization's previous capabilities and experiences)

Fiduciary management and good financial governance

Relates to your organization's practices in terms of:

- Administrative and financial capacity
- Transparency system and financial reporting
- Internal and external audits of accounts
- Experiences in managing international funds

Key questions: (thank you for your answers)

- Please specify the level of your organization in terms of administrative and financial capacity
- Please provide information on your organization's experiences and practices with financial reporting and transparency systems
- Please provide information on your organization's experiences and practices in internal and external audits of accounts
- Does your organization have experience managing international funds? with what sources of funding/ funds?



Information note - The process of Green Climate Fund accreditation for national and regional entities
What opportunities in the ASEAN region?

Experiences in GCF financing instruments / Specialized fiduciary capacities

Concerns (i) your organization's experience with grants and/or loans and/or equity investments (equity), and guarantees (GCF financing instruments), and (ii) your organization's ability to provide grants and/or (Re)lending (on-lending) and/or combining financing (on-blending)

Key questions: (thank you for your answers)

- Does the entity have experience in project management, including monitoring and evaluation?
- What financial instruments have been used to date by your organization (among grants, loans, equity investments and guarantees)?
- Does the entity have experience with financial instruments other than grants - i.e. concessional loans, equity, guarantees?
- Does your organization have a grant-making system in place?
- Does your organization have experience with on-lending and/or on-blending practices?

Environmental and social management

Concerns your organization's experience and practices in terms of:

- Environmental and social risk management system (including monitoring and reporting system)
- Implementation of the performance standards of the International Finance Corporation (IFC)

Key questions: (thank you for your answers)

- Does your organization have an environmental and social management system?
- How does your organization consider environmental and social risks? With what monitoring and evaluation and reporting practices?
- Does your organization have experience in applying the performance standards of the International Finance Corporation (IFC)?

Gender mainstreaming

Experience of your organization in gender policy, strategy and action plan.

Key questions: (thank you for your answers)

- Do you have a gender policy and/or strategy and/or action plan in place?
- Do you plan to develop such a gender strategy/action plan in the future?
- Do you already integrate gender into your projects? if yes, please specify



*Information note - The process of Green Climate Fund accreditation for national and regional entities
What opportunities in the ASEAN region?*

Further reading

GCF Accreditation templates and documents

<https://www.greenclimate.fund/accreditation/documents>

GCF Readiness Programme (UNEP/UNDP/WRI). 2016. SIMPLIFIED GUIDEBOOK FOR DIRECT ACCESS ACCREDITATION TO THE GREEN CLIMATE FUND

GCF Readiness Programme (UNEP/UNDP/WRI). 2016. COMPREHENSIVE GUIDEBOOK FOR DIRECT ACCESS ACCREDITATION TO THE GREEN CLIMATE FUND

FAO. 2021. Guidebook for Direct Access Entities engaging in the Green Climate Fund accreditation process - Strengthening country capacities for climate change adaptation and mitigation and finalization of Country Work Programme for the Republic of North Macedonia. Budapest.

<https://doi.org/10.4060/cb3306en>