

GEF Council Meeting
May 25 – 27, 2014
Cancun, Mexico

PROGRESS REPORT ON PILOT ACCREDITATION OF GEF PROJECT AGENCIES

Recommended Council Decision

The Council, having reviewed GEF/C.46/CRP.01, *Progress Report on the Pilot Accreditation of GEF Project Agencies*, notes the status of the Stage II reviews conducted by the Accreditation Panel to date. In particular, the Council notes that all Stage II initial desk reviews have been completed as planned and that the *Development Bank of Southern Africa (DBSA)*, and the *International Union for Conservation of Nature (IUCN)* have received approval from the Panel to progress from Stage II to Stage III.

The Council approves initial grant ceilings for IUCN and DBSA, determined in accordance with the provisions set forth in Council document GEF/C.40/09, *Broadening the GEF Partnership under Paragraph 28 of the Instrument*, as follows:

- (a) individual project ceilings for a GEF grant: \$27.4 million for IUCN and \$206.6 million for DBSA; and
- (b) total project ceilings: \$75.8 million for IUCN and \$360 million for DBSA.

The Council authorizes the Secretariat to recalculate these ceilings at the time of project approvals for these agencies and inform the Council of any changes.

The Council requests the Secretariat to continue to present a progress report on the accreditation pilot at every Council meeting.

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INTRODUCTION

1. The Council agreed in May 2011 to launch a pilot program, in accordance with the GEF-5 policy recommendation to broaden the GEF Partnership under Paragraph 28 of the GEF Instrument, to accredit “up to ten” new agencies, called GEF Project Agencies, to assist countries in implementing GEF-financed projects.
2. The Accreditation Pilot began in January 2012 after 16 agencies submitted Stage I applications to the Secretariat by December 31, 2011, the deadline announced by the Council for the first round. Based on the outcome of the Stage I Value-added Review of these applicant agencies, the Council in June 2012 approved 11 applicants to progress to the Stage II of the accreditation process.
3. These 11 applicant agencies were: The Development Bank of Southern Africa (DBSA); Fundo Brasileiro para a Biodiversidade – Brazil (FUNBIO); Foreign Economic Cooperation Office – China (FECO); National Environment Fund – Peru (FONAM); VTB Bank – Russian Federation (VTB); Banco de Desarrollo de America Latina (CAF); Banque Ouest Africaine de Développement (BOAD); World Wildlife Fund, Inc. (WWF-US); Conservation International (CI); International Union for Conservation of Nature (IUCN); and International Federation of Red Cross (IFRC).
4. Since June 2012, the independent GEF Accreditation Panel (the Panel) has been conducting Stage II reviews of these applicants in order to assess whether they meet the GEF’s Fiduciary Standards as well as its Environmental and Social Safeguards including Gender Mainstreaming. Thus far, four applicants (WWF-US, CI, IUCN and DBSA) have completed their Stage II review process and received approval from the Panel to progress from Stage II to Stage III of the accreditation process. Two agencies (FECO and CAF) have received conditional approval, while three agencies (FUNBIO, BOAD and VTB) were asked to undergo further review after they have undertaken compliance related institutional improvements as directed by the Panel. Two applicants (IFRC and FONAM) were rejected by the Panel after the initial desk reviews of their Stage II applications.

CURRENT STATUS OF APPLICANT AGENCIES

5. WWF-US and CI, the two agencies that have received the Panel’s approval to progress from Stage II to Stage III in June 2013, have now completed the accreditation process by signing Memoranda of Understanding (MoUs) with the Secretariat and Financial Procedures Agreements (FPAs) with the Trustee and they have now become fully functional GEF Partner Agencies.
6. DBSA and IUCN, the other two agencies which received the Panel’s approval to progress from Stage II to Stage III in May 2014, have begun the process of negotiating MoUs with the Secretariat and FPAs with the Trustee.
7. The process of further reviews of the remaining applicants is continuing as agencies address the compliance issues identified by the Panel. According to the Council-approved process, applicants can be given a maximum of 18 months to address identified compliance issues (six months to address fiduciary issues and 12 months to address issues related to compliance with the GEF’s environmental, social safeguards and gender mainstreaming

policies). It is also possible for the Panel to exercise a degree of flexibility, in line with the Council approved policy and procedures. Consequently, given that initial desk reviews for all agencies were completed in June 2013, it is expected that the last agency will conclude its Stage II review by December 2014.

8. The status of the Stage II reviews of all 11 applicants is provided in Annex 1.

GEF GRANT CEILINGS FOR APPROVED AGENCIES

9. At its 40th meeting in May 2011, the Council approved document GEF/C.40/09, *Broadening the GEF Partnership Under Paragraph 28 of the GEF Instrument*, which recommended ceilings to be set on the size of individual grants and total GEF grant financing for accredited GEF Project Agencies, in order to ensure that a GEF Project Agency does not take on GEF projects that it cannot handle, and that these Agencies do not become overly dependent on GEF financing. The ceiling consists of two elements:

- (a) The GEF will not approve GEF grants for the agency greater than the largest project it had implemented (or executed) to date; and
- (b) At any time, total GEF grants under implementation shall not make up more than 20% of the total projects that agency has under implementation.

10. The Council further required the Secretariat to recommend for Council approval specific ceilings for each project agency at the time of accreditation. Since these ceilings may change over time, in order to avoid overburdening the Council with repetitive decisions changing those ceilings, it is recommended that the Secretariat inform the Council when either of these ceilings change.

11. Based on the project history information provided by the IUCN and DBSA, the Secretariat hereby informs the Council that the initial grant ceilings for IUCN and DBSA, determined in accordance with the provisions set forth in Council document GEF/C.40/09, *Broadening the GEF Partnership under Paragraph 28 of the Instrument*, are currently as follows:

- (a) individual project ceiling for a GEF grant: \$27.4million for IUCN and \$206.6 million for DBSA; and
- (b) total project ceiling: \$75.8million for IUCN and \$360 million for DBSA.

12. The Secretariat will recalculate these ceilings at the time of project approvals for these agencies in accordance with the provisions of GEF/C.40/09 and inform the Council of any changes.

ANNEX 1. PROGRESS TO DATE ON ACCREDITATION PANEL'S STAGE II REVIEWS (AS OF MAY 22, 2013)

Agency	Stage I Application submission	Stage II application submission and fee payment	Request for missing documents/ translations	Completed Stage II application submission	Stage II Initial Desk Review - Panel Report Date	Resubmission After Initial Review and Additional Fee Payment	Further Review - Panel Report Date	Resubmission After Further Review	Safeguards Review after Grace Period - Panel Report	Resubmission After Safeguards Review	Interview – Panel Report	Resubmission After Interview	Final Panel Decision
WWF-US	December 31, 2011	May 16, 2012 Fee payment: June 18, 2012	N/A	N/A	July 16, 2012 Did not pass Fiduciary fully Did not pass all Environmental and Social Safeguards Received <u>3 months</u> to fix compliance and resubmit for “further review” Due date: October 16, 2012	September 18, 2012 Additional Fee Payment: 10/8/ 2012	October 8, 2012 Passed Fiduciary Did not pass all Environmental and Social Safeguards Received “Conditional Approval” with <u>6 months</u> grace period to fix compliance with standards Due Date: April 8, 2013 Signed Interim MoU with GEFSEC on January 10, 2013	February 7, 2013	March 20, 2013 Did not pass all Environmental and Social Safeguards Received <u>3 months</u> to fix remaining items and complete interview with Panel Due date: June 20, 2013	April 9, 2013 Interview Date: April 23, 2013	April 24, 2013 Did not pass all Environmental and Social Safeguards Received <u>1 month</u> to fix remaining issues Due date: June 1, 2013	May 13, 2013 Additional Fee Payment: 5/29/ 2013	June 14 2013 Approved Received Approval to move to Stage III and sign MoU with GEFSEC and FPA with the Trustee. MoU signed on October 2, 2013 FPA signed on December 11, 2013
CI	December 31, 2011	May 16, 2012 Fee payment: June 27, 2012	N/A	N/A	September 5, 2012 Panel could not conduct full review – submission was incomplete. Received <u>3 months</u> to complete and resubmit for further review Due date: December 5, 2012 Panel did not request additional fee for further review.	December 21, 2012	April 30, 2013 Passed Fiduciary Did not pass all Environmental and Social Safeguards Received “conditional approval” with <u>3 months</u> grace period to fix compliance with safeguards Due date: July 30, 2013	May 24, 2013	N/A Interview date: May 30, 2013	N/A	May 31, 2013 Additional Fee Payment: June 13, 2013	June 17, 2013	June 17 2013 Approved Received approval to move to Stage III and sign MoU with GEFSEC and FPA with the Trustee. MoU signed on October 22, 2014 FPA signed on January 28, 2014

Agency	Stage I Application submission	Stage II application submission and fee payment	Request for missing documents/ translations	Completed Stage II application submission	Stage II Initial Desk Review - Panel Report Date	Resubmission After Initial Review and Additional Fee Payment	Further Review - Panel Report Date	Resubmission After Further Review	Safeguards Review after Grace Period – Panel Report	Resubmission After Safeguards Review	Interview – Panel Report	Resubmission After Interview	Final Panel Decision
DBSA	December 31, 2011	May 16, 2012 Fee payment: October 30, 2012	N/A	N/A	July 3, 2012 Passed Fiduciary Did not pass fully Environmental and Social Safeguards Received “Conditional Approval” to with <u>12 months</u> grace period to fix compliance with environmental and social standards Due Date: July 3, 2013	Partial Submission on 6/28/2013. Partial submission on 10/3/ 2013. Additional Fee Payment: 10/09/2013.	October 17, 2013 Received <u>1 additional month</u> to address remaining issues Dues date: November 17, 2013	November 15, 2013 And December 09, 2013 And January 22, 2014	January 31, 2104 Panel requested clarifications on institutional changes due to internal reorganization.	February 12, 2014 Interview Date: February 24-26, 2014 Additional Fee Payment: 2/24/2014	March 3, 2014 Did not pass all safeguards and M&E issues Received <u>6 weeks</u> to fix remaining issues. Due date: April 14, 2014	April 14, 2014	May 19, 2014 Approved to move to Stage III and sign MoU with GEFSEC and FPA with the Trustee
FUNBIO	December 31, 2011	May 16, 2012 Fee payment: July 17, 2013	August 30, 2012	September 20, 2012	October 25, 2012 Did not pass Fiduciary Did not pass all Environmental and Social Safeguards Received <u>6 months</u> to fix compliance and resubmit for further review Due Date: April 25, 2013	April 24, 2013 Missing info. Provided on 7/22/2013, 7/ 25/2013, 8/7/2013 Additional Review Fee Payment: May 20, 2013	October 16, 2013 Did not pass fiduciary Did not pass all Environmental and Social Safeguards Received <u>2 additional months</u> to fix fiduciary issues Due Date: December 16, 2013	Partial submission on 11/ 22/ 2013 Missing info. Provided on 12/10/2013, 12/12/2013, 12/16/2013 Revised submission on December 16, 2013 Missing info. Provided on 12/17/2013, 12/19/2013	January 28, 2014 Received <u>3 months</u> to address remaining issues Due Date: April 28, 2014 Missing info. Provided on 03/20/2014, 03/28/2014	Expected on April 28, 2014			

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FECO	December 31, 2011	May 17, 2012 Fee payment: July 11, 2012	August 30, 2012	September 27, 2012 October 19, 2012 November 1, 2012	January 10, 2013 Did not pass Fiduciary fully Did not pass all Environmental and Social Safeguards Received <u>3 months</u> to fix fiduciary compliance and resubmit for further review Due date: April 10, 2013	April 11, 2013	August 2, 2013 Passed Fiduciary Did not pass all Environmental and Social Safeguards Received “conditional approval” with <u>9 months</u> grace period to fix compliance with environmental and social safeguards Due date: May 8, 2014	April 15, 2014	Expected in June 2014				
VTB	December 31, 2011	May 22, 2012 and June 13, 2012 Fee Payment: June 30, 2012	October 04, 2012	February 27, 2013	May 16, 2013 Did not pass Fiduciary fully Did not pass all Environmental and Social Safeguards Received <u>6 months</u> to fix fiduciary compliance and resubmit for further review Due date: November 16, 2013	Requested and was granted 2 weeks extension on November 13, 2014 Provided partial submission on December 17, 2014 and requested extension until March 31, 2014 Provided update on February 26, 2014	March 3, 2014 Panel granted <u>2 additional months</u> to fix fiduciary issues Due date: May 5, 2014 Provided requested update on March 12, 2014	May 15, 2014	Expected in June 2014				

Agency	Stage I Application submission	Stage II application submission and fee payment	Request for missing documents/ translations	Completed Stage II application submission	Stage II Initial Desk Review - Panel Report Date	Resubmission After Initial Review and Additional Fee Payment	Further Review - Panel Report Date	Resubmission After Further Review	Safeguards Review after Grace Period – Panel Report	Resubmission After Safeguards Review	Interview – Panel Report	Resubmission After Interview	Final Panel Decision
IUCN	December 31, 2011	May 16, 2012 Fee payment: July 25, 2012	November 29, 2012	December 7, 2012	February 18, 2013 Did not pass Fiduciary fully Did not pass all Environmental and Social Safeguards Received <u>6 months</u> to complete compliance and resubmit for further review Due Date: August 18, 2013	Partial submission on June 4, 2013 Partial submission on July 22, 2013 Additional Review Fee Payment: July 18, 2013	October 16, 2013 Did not Pass Fiduciary Received <u>2 additional months</u> to fix fiduciary Due Date: December 16, 2014 Partial submissions on 11/15/ 2013 and 11/21/2014 Updated Panel Report issued on November 26, 2013	December 16, 2013 Partial submission on January 31, 2014 Passed fiduciary but did not pass all Environmental and Social Safeguards Received “conditional approval” <u>with 3 months</u> grace period to fix safeguards issues Due Date: February 26, 2014	February 19, 2014	April 17, 2014 Additional Fee Payment: 04/16/2014 Interview Date: April 28-29, 2014	May 5, 2014 Received <u>10 days</u> to fix remaining issues. Due date: May 15, 2014	May 15, 2014	May 21, 2014 Approved Received approval to move to Stage III and sign MoU with GEFSEC and FPA with the Trustee
BOAD	December 31, 2011	May 22, 2012 Fee payment: June 28, 2012	October 16, 2012	January 31, 2013	June 5, 2013 Did not pass Fiduciary Did not pass all Environmental and Social Safeguards Received <u>6 months</u> to fix compliance Due Date: December 5, 2013	December 16, 2013 Additional Fee received: January 22, 2014	March 3, 2014 Received <u>2 months</u> to fix remaining issues Due date: May 5, 2014	Expected on May 5, 2014	Expected in June 2014				
CAF	December 31,	May 17, 2012	December 6,	January 31,	April 3, 2013	October 3, 2013	December 18,	February 18,	April 2, 2014	Expected on			

Agency	Stage I Application submission	Stage II application submission and fee payment	Request for missing documents/ translations	Completed Stage II application submission	Stage II Initial Desk Review - Panel Report Date	Resubmission After Initial Review and Additional Fee Payment	Further Review - Panel Report Date	Resubmission After Further Review	Safeguards Review after Grace Period – Panel Report	Resubmission After Safeguards Review	Interview – Panel Report	Resubmission After Interview	Final Panel Decision
	2011	Fee Payment: July 17, 2012	2012	2013	<p>Did not pass Fiduciary fully</p> <p>Did not pass all Environmental and Social Safeguards</p> <p>Received <u>6 months</u> to complete compliance</p> <p>Due Date: October 3, 2013</p>	<p>Additional Fee received: October 28, 2013</p> <p>Partial submission on 11/12/2013</p>	<p>2013</p> <p>Did not pass Fiduciary.</p> <p>Received <u>2 additional months</u> to fix fiduciary issues.</p> <p>Due Date: February 18, 2014</p>	<p>2014</p> <p>Additional Fee Received: March 18, 2014</p> <p>Provided missing info on 03/19/2014</p>	<p>Passed Fiduciary</p> <p>Did not pass all Environmental and Social Safeguards</p> <p>Received “conditional approval” with 2 months grace period</p> <p>Due Date: June 2, 2014</p>	June 5, 2014			
IFRC	December 31, 2011	May 16, 2012 Fee payment: October 19, 2012	January 2, 2013	February 2, 2013	<p>June 17, 2013</p> <p>Did not pass Fiduciary</p> <p>Did not pass Environmental and Social Safeguards</p> <p>Panel did not believe IFRC could fix fiduciary deficiencies within 6 months, the maximum amount of time an agency can receive to fix compliance with fiduciary standards</p>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rejected June 2013
FONAM	December 31, 2011	May 17, 2012 Fee Payment: August 23, 2012	September 14, 2012	October 30, 2012	<p>January 10, 2013</p> <p>Did not pass Fiduciary</p> <p>Did not pass Environmental and Social Safeguards</p> <p>Panel did not believe FONAM could fix fiduciary deficiencies</p>	N/A	N/	N/A	N/A	N/A	N/A	N/A	Rejected January 2013

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					within 6 months, the maximum amount of time an agency can receive to fix compliance with fiduciary standards.								