

GEF Council Meeting
November 5 – 7, 2013
Washington, D.C.

Agenda Item 16

**PROGRESS REPORT ON THE PILOT ACCREDITATION OF GEF
PROJECT AGENCIES**

Recommended Council Decision

The Council, having reviewed GEF/C.45/12, *Progress Report on the Pilot Accreditation of GEF Project Agencies*, noted the status of the Stage II reviews conducted by the Accreditation Panel to date. In particular, the Council noted that all Stage II initial desk reviews have been completed as planned and that WWF-US and CI have received approval from the Panel to move from Stage II to Stage III.

The Council noted that the current ceiling for a GEF grant is \$65,000,000 for WWF-US and \$120,000,000 for CI in accordance with the provisions set forth in Council document GEF/C.40/09, *Broadening the GEF Partnership under Paragraph 28 of the Instrument*. The Secretariat is requested to report to the Council whenever these ceilings change.

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

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INTRODUCTION

1. In line with the GEF-5 policy recommendation to broaden the GEF Partnership under Paragraph 28 of the GEF Instrument, the Council agreed, in May 2011, to launch a pilot program to accredit “up to ten” new agencies, to be 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, in line with the criteria established by the Council.

CURRENT STATUS OF APPLICANT AGENCIES

5. The Panel concluded Stage II initial desk reviews of all of the 11 applicants in June 2013, as planned. Two agencies (WWF-US and CI) have received the Panel’s approval to move from Stage II to Stage III and are currently in the process of negotiating and signing Memoranda of Understanding (MoUs) with the Secretariat and Financial Procedures Agreements (FPAs) with the Trustee in order to complete the accreditation process. Two agencies (DBSA and FECO) have received conditional approval, while five agencies (FUNBIO, CAF, IUCN, BOAD and VTB) were asked to undergo further review after they have undertaken compliance related institutional improvements as directed by the Panel. Two agencies (FONAM and IFRC) were rejected by the Panel. The status of the reviews of all 11 applicants is provided in Annex 1.
6. The process of further reviews will run into FY14 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 possible that the last agency will only conclude its Stage II review by December 2014.

GEF GRANT CEILINGS FOR APPROVED AGENCIES

7. 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 consist 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.

8. 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, and 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.

9. Based on the project history information provided by the WWF-US and CI, the Secretariat hereby informs the Council that the current individual grant ceilings for these agencies are as follows:

- (a) For WWF-US, the ceiling for a GEF grant is currently \$65,000,000; and
- (b) For CI, the ceiling for a GEF grant currently is \$120,000,000.

10. The Secretariat will ensure that the total GEF grant financing ceilings for WWF-US and CI are also in accordance with the provisions of GEF/C.40/09.

ANNEX 1. PROGRESS TO DATE ON ACCREDITATION PANEL’S AGENCY (STAGE II) REVIEWS (AS OF SEPTEMBER 27, 2013)

Agency	Stage I Application submission	Stage II application submission and application fee payment	Request for Stage II Application missing documents and 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. Full submission expected in October 2013.	N/A	N/A	Expected in October 2013	N/A	Expected in October 2013	N/A	Expected in October 2013
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: October 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 environmental and social standards	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 review Fee Payment: May 29, 2013	June 14 2013 Approved Received Approval to move to Stage III and sign MoU with GEFSEC and FPA with the Trustee.

Agency	Stage I Application submission	Stage II application submission and application fee payment	Request for Stage II Application missing documents and 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
							Due Date: April 8, 2013 Signed Interim MoU with GEFSEC on January 10, 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 environmental and social safeguards Due date: July 30, 2013	May 24, 2013	N/A	Interview date: May 30, 2013	May 31, 2013 Additional Review 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.
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	April 24, 2013	Expected in October 2013 Missing info. Provided on July 22, 2013, July 25, 2013, August 7, 2013 Additional Review Fee						

Agency	Stage I Application submission	Stage II application submission and application fee payment	Request for Stage II Application missing documents and 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
					fix compliance and resubmit for further review Due Date: April 25, 2013	Payment: May 20, 2013							
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		Expected in June 2014				
FONAM	December 31 2011	May 17, 2012 Fee Payment: August 23, 2012	September 14, 2012	October 30, 2012	January 10, 2013 Did not pass Fiduciary Did not pass Environmental and Social Safeguards Panel did not believe FONAM could fix	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rejected – January 2013

Agency	Stage I Application submission	Stage II application submission and application fee payment	Request for Stage II Application missing documents and 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
					fiduciary deficiencies within 6 months, the maximum amount of time an agency can receive to fix compliance with fiduciary standards								
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		Expected in November 2013						
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 and resubmit for further		Expected in January 2014						

Agency	Stage I Application submission	Stage II application submission and application fee payment	Request for Stage II Application missing documents and 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
					review Due Date: December 5, 2013								
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	Expected in November 2013						
CAF	December 31, 2011	May 17, 2012 Fee Payment: July 17, 2012	December 6, 2012	January 31, 2013	April 3, 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: October 3, 2013		Expected in October 2013						

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IFRC	December 31 2011	May 16, 2012 Fee payment: October 19, 2012	January 2, 2013	February 2, 2013	June 17, 2013 Did not pass Fiduciary Did not pass Environmental and Social Safeguards 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Rejected June 2013