



**GREEN  
CLIMATE  
FUND**

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# Consideration of accreditation proposals and activities – Addendum V

## Accreditation assessment of APL167

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### **Summary**

This document contains the accreditation assessment conducted by the Secretariat and the Accreditation Panel in accordance with decision B.31/06 and the transitional arrangements in respect of the revised accreditation framework adopted in decision B.42/13 paragraph (m) and set out in annex VI to that decision, and the recommendation by the Accreditation Panel for accreditation of applicant 167 (APL167), Asian Forest Cooperation Organization (AFoCO), based in the Republic of Korea.

## I. Introduction

1. The Asian Forest Cooperation Organization (AFoCO) is a treaty-based intergovernmental organization dedicated to strengthening cooperation on forest conservation and implementing climate change mitigation and adaptation actions across its 17 member countries,<sup>1</sup> including developing and least developed countries in Asia. AFoCO programmes and projects focus on forest landscape restoration, sustainable forest management, biodiversity conservation, climate resilience and capacity development, directly addressing national climate adaptation and mitigation priorities.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 24 March 2020. Accreditation fees were received from the applicant on 7 October 2020, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 30 May 2025 and the applicant progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the GCF fit-for-purpose approach:<sup>2</sup>

- (a) **Access modality:** direct access, regional. The applicant received a national designated authority or focal point nomination for its accreditation application from the Republic of Korea, Bhutan and the Philippines;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or programme:** small;<sup>3</sup>
- (d) **Fiduciary functions:**<sup>4</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management; and
  - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (e) **Maximum environmental and social (E&S) risk category:** medium risk (category B/intermediation 2 (I-2));<sup>5</sup> and
- (f) Indicative result areas for intended projects/programmes with GCF:
  - (i) Forests and land use;
  - (ii) Livelihoods of people and communities;
  - (iii) Health, food and water security; and

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<sup>1</sup> AFoCO membership consists of 15 Parties and 2 observers. See <https://afocosec.org/about-us/members/>.

<sup>2</sup> Refer to section 4.2 below for the scope of accreditation recommended by the Accreditation Panel.

<sup>3</sup> As per annex III to decision B.31/06, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 10 million and up to and including USD 50 million for an individual project or programme".

<sup>4</sup> Decision B.07/02.

<sup>5</sup> As per the revised Environmental and Social Policy adopted in decision B.BM-2021/18, category B is defined as "Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures," and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented".

- (iv) Ecosystems and ecosystem services; as well as
- (v) Cross-cutting types of projects/programmes.

## II. Stage I institutional assessment

3. The applicant applied and was assessed by the Secretariat during Stage I under the normal track accreditation process in accordance with the following GCF policies and standards to the extent applicable to accreditation:

- (a) Updated Strategic Plan for the GCF 2020–2023 (decision B.27/06);
- (b) Strategic Plan for the GCF 2024–2027 (decision B.36/13);
- (c) Updates to the accreditation framework (decision B.31/06);
- (d) Policy on Prohibited Practices (decision B.22/19);
- (e) Anti-Money-Laundering and Countering the Financing of Terrorism Policy (AML/CFT Policy) (decision B.18/10);
- (f) Policy on the Protection of Whistleblowers and Witnesses (decision B.BM-2018/21);
- (a) Comprehensive Information Disclosure Policy of the Fund (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (g) Updated Gender Policy and Gender Action Plan 2020–2023 (decision B.24/12);
- (b) Revised Environmental and Social Policy (decision B.BM-2021/18); and
- (c) Evaluation Policy (decision B.BM-2021/07).

### 2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. AFoCO was established as an intergovernmental organization pursuant to the Agreement on the Establishment of the Asian Forest Cooperation Organization (AFoCO), which was adopted on 22 September 2015 and entered into force on 27 April 2018. The agreement was registered with the Secretariat of the United Nations on 13 June 2019 in accordance with Article 102 of the Charter of the United Nations. The applicant operates from the Republic of Korea in accordance with a Headquarters Agreement dated 23 December 2020.

5. The applicant has indicated and provided evidence that it has independent legal personality and legal capacity to enter into legal arrangements directly with GCF. In accordance with the transitional arrangements in respect of the revised accreditation framework adopted in decision B.42/13 paragraph (m) and set out in annex VI to that decision, if approved, the applicant's accreditation will be deemed to be complete on the date that GCF issues a confirmation/certificate evidencing the applicant's accreditation.

### 2.2 Institutional presence and relevant networks

6. AFoCO is headquartered in Seoul, Republic of Korea, and has approximately 34 staff.

7. The applicant has established a significant presence within the international community, having created partnership arrangements with 25 organizations since 2018. It has been granted observer status by the United Nations General Assembly (2020) and is an accredited observer to the United Nations Convention to Combat Desertification (2019), the Convention on Biological Diversity (2021) and the United Nations Framework Convention on

Climate Change (2022). Furthermore, it was enrolled as an eligible international organization for overseas development assistance by the Development Assistance Committee of the Organisation for Economic Co-operation and Development in 2021 and is a Supporting Partner to the United Nations Decade on Ecosystem Restoration.

8. The applicant aims to support its 17 member countries' national climate change goals by fostering a shift towards low-emission, climate-resilient development pathways through landscape restoration programming. This commitment is rooted in its origins (see para. 5 above). The work of AFoCO aligns with key regional strategies, including the Strategic Plan of Action for ASEAN Cooperation on Forestry (2016–2025). The applicant has successfully mobilized funds from mechanisms like the ASEAN–Republic of Korea Cooperation Fund and the Mekong–Republic of Korea Cooperation Fund. Furthermore, AFoCO engages the private sector through the Friends of Asia and Asian Forests (FAAF), a platform for corporations interested in forest-based environmental, social and governance issues.

9. The applicant's strategic climate initiatives are guided by its Strategic Plan 2024–2030, which prioritizes actions in Forest Land Restoration and Conservation; Community and Circular Bioeconomy; and Climate–Forest Disaster Risk Management. The applicant has outlined two project ideas for GCF support, focused on the Central Asia and Southeast Asia subregions respectively. To date, AFoCO has implemented projects and programmes valued at USD 118.8 million in areas directly related to climate change, including restoration, reforestation and climate change adaptation.

## 2.3 Track record

10. The applicant channels resources, primarily through grants and results-based payments, towards projects in the forest and land use sector, with a focus on climate adaptation, mitigation and sustainable livelihoods across Asia.

11. The applicant's track record in financing and managing sustainable development and climate change related projects to date includes the following:

- (a) USD 29.35 million (grant) for the establishment of the AFoCO Regional Education and Training Center in Myanmar;
- (b) USD 14.86 million (grant) for capacity-building on enhancing resilience to forest fire and local livelihoods in Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam;
- (c) USD 4.24 million (grant) for modelling scalable community-based enterprises from non-timber forest products in 11 member countries;
- (d) USD 2.07 million (grant) for the establishment of a Forest Genetics Research Center for the restoration of major timber species in Cambodia;
- (e) USD 1.87 million (grant) for village-based forest rehabilitation in the Lao People's Democratic Republic;
- (f) USD 1.24 million (grant) for a pilot project on the inventory of unaccounted forests and automation of information collection in Kazakhstan; and
- (g) USD 850,719 (grant) for the private sector Woori Bank REDD+ project in Cambodia.

## III. Stage II accreditation review assessment

12. The applicant applied under the normal track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against requirements in

accordance with the following GCF policies and standards identified in paragraph 3 above to the extent applicable to accreditation.

13. As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.

## 3.1 Fiduciary standards

### 3.1.1 Basic fiduciary standards: key administrative and financial capacities

14. AFoCO is an intergovernmental treaty-based organization created under the Agreement on the Establishment of AFoCO, which defines its governance and the fiduciary systems of the AFoCO Assembly, acting as its highest-level decision-making body, supported by a secretariat. The Assembly's rules of procedure define reporting procedures for its supporting committees, namely the Ethics and Audit Committee, the Project Appraisal Committee and the Technical Committee for Environmental and Social Safeguards (ESS Technical Committee). The Assembly, representing member States, oversees strategic decisions, budget approvals and audit, and its summary records<sup>6</sup> are publicly available and confirm the regular and transparent functioning of the Assembly and the Project Appraisal Committee.

15. The AFoCO secretariat, led by an Executive Director, consists of divisions for operations and programmes and is responsible for day-to-day operations, financial administration and project execution, and reports regularly to the Assembly and donors. A formal organizational chart sets out reporting lines across specialized units for project management, finance, human resources and policy development. The secretariat's operational procedures are defined in the AFoCO project manual<sup>7</sup>, which guides project design, implementation, monitoring and closure.

16. The AFoCO Strategic Plan 2024–2030<sup>8</sup> builds upon an earlier five-year strategy, and reflects clear prioritization of climate resilience, forest landscape restoration and community livelihoods. The strategy is supported by annual workplans and budgets, examples of which were shared with the AP and are reviewed and approved by the Assembly. Records shared of donor consultation meetings reflect the prescriptive review of financial plans, implementation status and risk mitigation.

17. AFoCO employs a structured financial management system governed by its 2019 financial regulations, with a Finance Unit overseeing budgeting, disbursements, financial reporting and treasury management. SunSystems accounting software is used to manage multi-donor, multi-project financial records, and financial regulations stipulate the preparation of financial statements, cash flow projections and budget variance analyses. Monthly and quarterly financial reports are prepared for management review and annual financial reports are shared with the Assembly and donors. AFoCO has demonstrated capacity to handle international funds through partnerships with entities such as the Food and Agriculture Organization of the United Nations and the United Nations Convention to Combat Desertification, as evidenced by letters of agreement for project collaborations. Disbursement processes are governed by standard operating procedures that include segregation of duties with dual authorization for payments, regular bank reconciliations and donor-specific financial tracking, thus demonstrating controls that are designed to prevent fraud, ensure compliance with donor agreements and promote transparency.

18. The applicant's secretariat currently carries out internal audit and control activities, under the authority of the Executive Director, in the absence of a fully independent equivalent to an internal audit function. AFoCO financial regulations provide for the establishment of an

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<sup>6</sup> See <https://afocosec.org/about-us/governance/assembly/>.

<sup>7</sup> See <https://afocosec.org/programs-projects/project-manuals-guidelines/>.

<sup>8</sup> See <https://afocosec.org/about-us/strategic-priorities/>.

independent oversight mechanism encompassing internal audit, evaluation and investigative function, reporting to both the President of the Assembly and the Executive Director. To establish such an oversight mechanism, AFoCO's recently adopted policies on risk management and internal controls set out the establishment of a function within the secretariat that will perform audit and control tasks with a defined degree of independence. This will be implemented through a risk management and internal audit committee, which is mandated to prepare a risk-based annual audit plan, assess internal control systems and operational processes, coordinate with external auditors, and report by exception to management and the Assembly. As the second line of defence, this committee would provide structured oversight across the secretariat's expanding portfolio. In parallel, AFoCO shared plans to recruit a senior-level expert to review compliance of AFoCO systems and processes with applicable international standards, and to develop recommendations for a third line of defence, thereby reinforcing institutional accountability.

19. AFoCO financial regulations set out the framework for external audit arrangements, including the competitive selection of auditors, the scope of audit coverage and reporting protocols. Annual financial statements are audited by independent external auditors in accordance with the Korean Accounting Standards for Non-Public Entities, which are broadly aligned with the International Public Sector Accounting Standards and suited to non-profit entities. The audits encompass institutional-level accounts, donor fund management and project-specific financial statements. Audit reports are tabled at Assembly meetings and shared with donors, reflecting commitment to transparency and financial accountability. External audits for both 2023 and 2024 resulted in unqualified (clean) opinions, with no material control deficiencies or misstatements identified.

20. The AFoCO control framework is built on the framework of the Committee of Sponsoring Organizations of the Treadway Commission,<sup>9</sup> emphasizing organizational integrity, financial probity and operational efficiency. The applicant's financial regulations, coupled with its procurement policy and guidelines and project manual, define the procedures for budgeting, procurement, contracting, funds flow and project delivery. Segregation of duties is systematically applied across financial management, procurement and project management, with responsibilities being allocated among different staff and departments. The AFoCO Assembly, building on existing policies and operating procedures, adopted a Risk Management Policy to guide the organization's decision-making process on risk management. The policy defines risk appetite, and the likelihood, impact and processes for identification, management, monitoring and reporting on risks. A risk registry will systematically record key and recurring risks, which are internally and externally coordinated with the secretariat and shared with member countries. The applicant plans to engage an independent external expert on risk management to provide specialized support in reviewing, assessing and strengthening the organization's risk management processes and implement the new policy in 2026.

21. The Internal Control Policy includes terms of reference for external experts in risk management and internal audit to provide technical expertise and strategic advice on the development, implementation and/or improvement of the risk management framework. The applicant indicated that its new Internal Control Policy and Risk Management Policy will be implemented in 2026, including the procurement of experts for these roles.

22. AFoCO adopted its Comprehensive Procurement Policy in 2025, which consolidates earlier policy, procedure and guidance materials and applies to all procurement activities financed under its trust funds. The policy ensures that procurement is based on principles of open competition, transparency and value for money, with defined thresholds for bidding methods and use of standardized templates. Competitive procurement opportunities over USD

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<sup>9</sup> The Committee of Sponsoring Organizations of the Treadway Commission develops guidelines for businesses to evaluate internal controls, risk management and fraud deterrence.

20,000 are publicly announced on the AFoCO website and relevant platforms and the names of successful bidders are publicly disclosed and unsuccessful bidders are notified.

23. Executing entities must apply procurement rules consistent with or exceeding AFoCO standards, with integrity safeguards, such as anti-collusion clauses, supplier vetting and conflict of interest disclosures, included in contractual requirements with executing entities. Oversight is exercised through project steering committees (PSCs), which also review procurement-related complaints. Dispute resolution mechanisms are outlined in the policy and in the AFoCO project manual; they are initially handled at the project level, with escalation to the secretariat or Assembly if needed. Procurement performance is monitored through contract management and implementing-partner oversight, with procurement delivery and emerging challenges routinely reviewed during project monitoring missions, as evidenced by monitoring mission reports shared for Cambodia, Indonesia and Kazakhstan. Procurement audits and contract monitoring are integrated into routine project monitoring missions, and monitoring reports illustrate how procurement performance is tracked. The AFoCO secretariat provides capacity-building to implementing partners with respect to procurement and has begun transitioning to electronic procurement records management.

24. The AP finds that the policies, procedures and capacity of the applicant partially meet the basic fiduciary standards on key administrative and financial capacities. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 18 and 21 above and are reflected in the corresponding conditions for accreditation in section 4.2 below.

### 3.1.2 **Basic fiduciary standards: transparency and accountability**

25. The AFoCO ethics system covers all levels of the organization. Policies on ethics and conflict of interest are in place for Assembly members, the Executive Director (under a separate policy) and secretariat staff. These policies mandate disclosures of financial interests, professional affiliations and other potential conflicts. Such disclosures are implemented via standardized declarations of impartiality and confidentiality; for example, Assembly members are required to sign letters of appointment and declarations that commit them to impartial governance, examples of which in different formats were shared with the AP. Staff contracts include ethics clauses and prescribe adherence to a code of conduct and to the staff regulations, which also contain provisions regarding conflict of interest and whistle-blowing. AFoCO also has procedures for handling conflicts that arise during project appraisal, procurement and financial oversight. As described in paragraph 18 above, the risk management and internal audit committee, once formed, will oversee ethics enforcement and review any disclosures of conflict, ensuring that decision-making remains objective and free from undue influence.

26. The AFoCO Policy on Prohibited Acts establishes clear principles and guidelines for preventing, identifying, reporting and addressing prohibited acts within AFoCO. It applies to all individuals and entities engaged with AFoCO, including internal stakeholders (staff, volunteers and non-staff individuals) and external stakeholders (contractors, suppliers, implementing partners, grantees and cooperating organizations), and any person or entity engaged in business or collaboration with AFoCO). Prohibited acts as defined align closely with the GCF Policy on Prohibited Practices and include fraud, corruption, collusion, coercion, misuse of resources or funds, conflict of interest, obstruction of investigations, abuse of authority, harassment and discrimination, money-laundering, financing of terrorism and misconduct.

27. AFoCO's staff regulations cover areas such as whistle-blowing, investigations and conflict of interest for staff, with specific policies on ethics and conflict of interest in place for Assembly members and the Executive Director, which cover declarations of interest, confidentiality obligations and recusal procedures. An Impartiality and Confidentiality Policy extends these standards to members of the Assembly and the Assembly-level Ethics and Conflict of Interest Policy has provisions for handling allegations of misconduct at the Assembly

level. All secretariat staff, including senior leadership, are required to submit conflict of interest declarations, examples of which were provided to the AP.

28. Oversight responsibility is formally attributed to the Assembly regarding the independent review of allegations related to ethics breaches or prohibited practices. Currently, AFoCO also maintains an ombudsperson mechanism, available to both staff and external stakeholders, offering confidential and informal resolution channels and reinforcing internal accountability.

29. Whistle-blower protection policies and procedures are found in the applicant's staff regulations and the Policy on Prohibited Acts. Current whistle-blower reporting channels for internal and external stakeholders are limited to a general grievance form, accessed via the AFoCO website, which requires personal contact details, and therefore does not currently support anonymous reporting. The applicant has committed to reviewing its accountability mechanisms to ensure that multiple publicly accessible channels are available and anonymous reporting is possible.

30. Under AFoCO staff regulations an ombudsperson is responsible for processes for the informal and formal resolution of reported suspected cases of wrongdoing, with independent investigations carried out by a joint disciplinary committee appointed by the Executive Director, except in the case of investigations concerning the Executive Director, which are handled at the Assembly level with reporting to the Assembly on case outcomes. No significant case history of wrongdoing was presented but AFoCO has policies and processes to initiate investigative processes when allegations arise. While internal protocols are in place, the public availability of the policies on prohibited practices and investigations is currently limited.

31. AFoCO has adopted a comprehensive Anti-Money-Laundering and Countering the Financing of Terrorism Policy, complemented by its recently approved Policy on Prohibited Acts; both policies are broadly aligned with Financial Action Task Force<sup>10</sup> recommendations and apply to internal and external stakeholders, including implementing agencies and their sub-partners, staff, consultants and vendors. The anti-money-laundering and countering the financing of terrorism framework is currently operationalized through project-level due diligence and reporting requirements embedded in project implementation agreements. While AFoCO does not maintain a stand-alone know-your-customer (KYC) system, most projects are implemented through government entities, with fund transfers only through officially designated bank accounts established under the supervision of the member country governments, reviewed by PSCs and monitored via third-party audits with secretariat oversight.

32. Implementing agencies are required to submit biannual financial reports with detailed breakdowns, which are validated through on-site monitoring and desk-based reviews, enabling early detection of financial irregularities. AFoCO provided records of fund transfers and related documentation from projects in Malaysia, Thailand and Cambodia; however, evidence of specific KYC procedures applied to implementing agencies, vendors or consultants was not evident. Furthermore, no formal training programme on anti-money-laundering and countering the financing of terrorism (AML/CFT) has been delivered to staff to date, although plans are in place to address this gap.

33. The AP finds that the applicant's policies, procedures and capacity and track record partially meet the basic fiduciary standards on transparency and accountability and, to the extent applicable to accreditation, the GCF Policy on Prohibited Practices, the GCF Policy on the Protection of Whistle-blowers and Witnesses and the GCF AML/CFT Policy. The relevant gaps

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<sup>10</sup> The Financial Action Task Force (FATF) is the global money-laundering and terrorist financing watchdog. It sets international standards that aim to prevent these illegal activities and the harm they cause to society.

are identified in paragraphs 29, 30 and 32 above and are reflected by the corresponding conditions for accreditation in section 4.2 below.

### 3.1.3 Specialized fiduciary standard for project management

34. AFoCO has implemented cumulative programmes amounting to over USD 118.8 million and presented several completed or ongoing long term regional and country programmes with cumulative values over USD 10 million. These include the “Acorn” project, a long-running USD 14.39 million climate resilience and ecological/economic development project implemented in Kyrgyzstan, supplemented by direct Rabobank funding, a USD 16.57 million forest restoration (Landmark) project implemented until 2023, a USD 14.86 million forest fire management and livelihood project running to 2027 implemented in 4 countries, and a USD 7.8 million<sup>11</sup> grant to establish a regional education and training centre (supplemented by in-kind contributions not directly managed by AFoCO).

35. AFoCO’s track record of country projects using the established project management systems and processes described below includes a Bhutan community-based fire management project approved in 2021 and a Vietnam mangrove restoration project.

36. AFoCO has a comprehensive and institutionalized approach to project identification, preparation and appraisal, underpinned by its Strategic Plan 2024–2030, which provides overarching frameworks to align initiatives with thematic priorities and the publicly available project manual. Project preparation is informed by multi-year strategic priorities and country needs assessments. The applicant’s modus operandi is to issue calls to eligible public entities for concept notes and to apply a two-stage selection process that includes full proposal development and independent appraisal. Proposals are assessed for technical feasibility, alignment with strategic objectives, environmental and social safeguards (ESS), and value for money by a Project Appraisal Committee, comprising internal and external experts, with documented procedures and scoring mechanisms. Sample appraisal documents for Bhutan, Viet Nam and the Philippines provide clear evidence of a thorough technical and financial review, risk identification and logical framework assessment. These appraisals form the basis for decisions made by the Assembly to formally approve funding allocations, and project documents reflect specific mitigation and monitoring measures, according to documentation reviewed by the AP.

37. AFoCO has implemented a diverse body of projects using this process, including a Bhutan community-based fire management project approved in 2021 and a mangrove restoration project in Viet Nam, which demonstrate the consistent application of AFoCO’s project management systems and processes. The project appraisal system has attracted donor confidence, evidenced by continued financial support from the Republic of Korea and other contributors.

38. AFoCO ensures consistent project implementation and monitoring through a structured mechanism described in its project manual and monitoring and evaluation (M&E) guidelines. PSCs are operational in each project, with formal rules of procedure ensuring participatory oversight and adaptive management, under the applicant’s results-based management methods. The responsibilities of implementing partners, national focal points and the AFoCO secretariat are clearly defined, and a standard reporting cycle includes inception reports, biannual and annual progress reports and project completion reports. AFoCO provides templates and guidance to support consistent reporting and ensures that reports are shared with donors and oversight committees.

39. Evidence of implementation monitoring was provided through project status reports such as 2024 midyear review reports from projects in Cambodia, the Philippines and Indonesia,

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<sup>11</sup> This amount refers to the portion directly executed by AFoCO.

which detail implementation progress, budget utilization and project risk management. These reports are complemented by field monitoring missions and meeting minutes of steering committees, which include government counterparts, partners and beneficiaries.

40. The AFoCO secretariat has commissioned broad evaluations for its regional and multi-country projects and shares key findings and lessons learned. A published 2021 review<sup>12</sup>, titled "AFoCO Impacts & Best Practices" focused on alignment with the Republic of Korea (as a significant funder), overseas development assistance strategies and documented impacts, best practices and recommendations for future work. In addition, a recent broad 10-year evaluation<sup>13</sup> summarizes multiple midterm project evaluations, and impact assessments looking at alignment with the Sustainable Development Goals, effective country-driven implementation and measurable contributions to forest restoration, climate action and capacity-building across its regional and multi-country programmes. The evaluation highlighted the establishment of systems to systematically capture, disseminate and sustain project impacts through an open data platform.

41. Regarding project-specific evaluations, AFoCO has established systems that include internal reviews, midterm evaluations and terminal assessments. The M&E framework is aligned with the applicant's results-based management approach and the Strategic Plan indicators. Evaluation processes assess relevance, efficiency, effectiveness, sustainability and impact, and integrate feedback into learning loops. Sample evaluation reports from projects in Cambodia, the Lao People's Democratic Republic and Viet Nam demonstrate structured assessment processes, stakeholder interviews and use of performance indicators. These reports include recommendations that are tracked through management responses and integrated into future programming. The applicant's systems and capacity are able to ensure independence at the end of project evaluations.

42. AFoCO maintains an online platform<sup>14</sup> to store and manage M&E data. It is also developing a broader information and data platform to enhance transparency, data accessibility and results communication, as detailed in internal evaluation documents submitted to the applicant's Assembly.

43. AFoCO systems support adaptive project management, with established mechanisms for modifying activities and outputs in response to delays, evolving risks or contextual changes. The project manual provides procedures for amendment requests, no-cost extensions and scope adjustments, subject to secretariat and committee approval. This flexibility is demonstrated in documented adjustments to projects affected by coronavirus disease 2019 and climate-related delays. PSCs facilitate timely oversight and resolution of implementation issues, while inception workshops, midterm reviews and donor consultations serve as feedback mechanisms. Suspension and termination protocols are clearly defined and have been applied when necessary. Evidence from the Philippines and Bhutan projects shows timeline and procurement schedule modifications to address delays, and PSC records from Cambodia document revisions to field activities due to access constraints.

44. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for project management.

### 3.1.4 **Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

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<sup>12</sup> See <https://afocosec.org/programs-projects/impacts-best-practices/>.

<sup>13</sup> See <https://map.afocosec.org/projects>.

<sup>14</sup> See <https://afocosec.org/document/a-24-11-9-evaluation-and-data-platform>

45. The AFoCO grant award and funding allocation mechanism is structured to ensure transparency, fairness and alignment with strategic priorities. As mentioned in paragraph 34 above calls for concept notes are issued periodically in alignment with AFoCO strategic planning cycles, and all member countries are encouraged to submit proposals addressing forestry-related priorities. Participation is managed equitably, with clear rules limiting the number of proposals per country per year and capping concurrent project implementation to ensure balanced allocation across members.

46. The AFoCO project manual and financial regulations, as described in paragraphs 15 and 16 above, set out clear eligibility criteria and transparent allocation mechanisms for eligible entities, which include national agencies, research institutes and accredited non-governmental organizations within AFoCO member countries. The grant awarding and allocation process begins with calls for concept notes, disseminated through the AFoCO website, member country networks and donor briefings, followed by a full proposal process that incorporates regional balance and country-driven principles in funding allocations, which are subject to appraisal and endorsement under clear performance and technical criteria by the Assembly, examples of which were provided. Documents shared from 2020 and 2023 joint calls articulate eligibility requirements, submission formats and evaluation criteria.

47. The grant selection process follows a multi-stage appraisal framework. Concept notes submitted by designated national focal points undergo an initial screening by the Programme and Project Development team under the Executive Director's supervision. This initial review checks for completeness, eligibility and alignment with strategic objectives. Where concept notes meet these requirements, full proposal development and submission is invited, sometimes supported by feasibility assessments, following which full project proposals are then evaluated by a project appraisal panel consisting of three independent, technically qualified experts from the applicant's expert pool. Proposals are scored based on predefined criteria, including technical soundness, cost-effectiveness, feasibility and alignment with AFoCO goals. Proposals rated 'A' are forwarded to the Project Appraisal Committee, composed of senior AFoCO staff and chaired by the Executive Director, which serves as the internal grant award decision-making body. Final approval is made by the Assembly based on the Project Appraisal Committee's recommendations. The entire cycle demonstrates a robust internal control system, technical oversight and equitable resource allocation framework in line with GCF fiduciary standards.

48. The AFoCO policy on information disclosure ensures that consistent documentation is publicized on its website with the timelines for publication, including funding decisions, appraisal results and project reporting. Donor review meetings are regularly convened, and summary records are circulated among participants and published. In addition, the publicized Assembly session minutes include decisions on project funding and procedural changes.

49. AFoCO financial regulations provide for the organization to channel funding to a range of its constituency entities and their implementing partners and beneficiaries under proven trust fund structures, based on assessments of the financial systems of its member countries. This enables the organization to gain assurance on accounting and reporting, and the eligibility of expenditures. In practice, AFoCO has applied these arrangements in projects in Cambodia, Malaysia and the Philippines, where national government agencies have acted as executing entities. These examples show that AFoCO is able to work within national planning and financial systems, while still maintaining oversight through reporting requirements and audit processes. Decisions on whether funds are directly managed by AFoCO or channeled through national systems are guided by capacity assessments and project-specific fiduciary checks. This flexible approach allows AFoCO to adapt its financial management to the needs of each project, while ensuring that accountability and fiduciary standards are upheld.

50. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms.

**3.1.5 Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees)**

51. The applicant did not apply for accreditation for this standard at this time.

## 3.2 Environmental and social safeguards

### 3.2.1 Environmental and social policy, management and monitoring

52. The applicant's Environmental and Social Safeguards Policy (ESS Policy), approved in October 2019, outlines the AFoCO overarching principles and approach to integrating E&S considerations into its decision-making and operations to effectively manage E&S risks and impacts. The policy applies to all AFoCO-financed programmes, projects and activities at the three levels of project implementation: institutional (AFoCO); the Implementing Agencies (IAs) working with AFoCO; and at the activity/project level. Based on the applicant's mission to foster sustainable forest management to address the impact of climate change, it aims to follow the following key principles regarding its E&S risk management approach: sustainable forest management; application of a transboundary risks and impact approach; equality and non-discrimination; mitigation hierarchy; continuous improvement and best practice application; stakeholder engagement and disclosure; following a gender-sensitive approach; knowledge-sharing; compliance with applicable laws; and avoidance of negative impacts on local communities, including Indigenous Peoples.

53. The ESS Policy clearly outlines the E&S standards to be applied by AFoCO, aligned with the GCF requirements. These include the applicant's exclusion list, the national laws and regulations of the countries where a project is implemented and AFoCO Environmental and Social Performance Standards (ESPS). These have been developed by the applicant based on the International Finance Corporation (IFC) Performance Standards and with a focus on key E&S risks and impacts of forest and forest sector specific projects. They include standards on (i) Assessment and Management of Environmental and Social Risks and Impacts; (ii) Natural Resource Management and Biodiversity Conservation; (iii) Indigenous Peoples and Cultural Heritage; (iv) Gender Equity and Women's Empowerment; and (v) Decent Work and External Communications.

54. The applicant has a dedicated Climate Action Plan (2025–2034), which focuses on addressing the global climate crisis through forest-based and ecosystem-based climate solutions. It is designed to support the implementation of the climate policies and commitments of the 17 AFoCO member countries in alignment with the Paris Agreement, the Sustainable Development Goals, Nationally Determined Contributions and National Adaptation Plans. AFoCO has integrated climate vulnerability assessments into its project appraisals to identify risks related to deforestation, forest fire and land degradation. These risks are systematically monitored and managed throughout project implementation. The applicant is also currently in the process of developing a methodology to calculate and track greenhouse gas emissions and the benefits of restoration efforts, for roll-out in 2026. The applicant has mobilized pledges over USD 234.8 million under its Climate Action Plan for projects dedicated to forest and landscape restoration, sustainable livelihoods and digital innovations for forest disaster risk management, thereby contributing to both climate change mitigation and climate change adaptation. As at September 2025, the AFoCO portfolio of approved programming includes adaptation projects worth USD 33.5 million (14.5 per cent), mitigation projects of USD 131.6 million (56.8 per cent) and cross-cutting projects of USD 66.4 million (28.7 per cent). All investments are designed to

achieve measurable outcomes in carbon sequestration, livelihood enhancement, biodiversity conservation and resilience building. AFoCO does not engage in carbon-intensive activities.

55. The applicant's ESS guidelines include a standard on Indigenous People and Cultural Heritage, and the implementation tools contain due diligence related questions to identify risks, consistent with IFC Performance Standard 7 and in line with the principles of the GCF Indigenous Peoples Policy. In addition, the applicant ensures that the principle of free and prior informed consent (FPIC) is followed to safeguard the rights of Indigenous Peoples during project preparation and implementation, as well as during stakeholder engagement. To date, none of the projects financed by the applicant has triggered application of IFC Performance Standard 7 on Indigenous Peoples. The AFoCO E&S Officer and the designated Community Affairs Officers of the Implementing Agencies, which are to be selected based on their knowledge and experience with the relevant government policies and local context concerning Indigenous Peoples, are responsible for ensuring that Indigenous Peoples related risks and impacts are adequately identified and managed. AFoCO E&S staff are familiar with the screening requirements but have limited experience to oversee implementation and guide Implementing Agencies with the requirements of the standard during the due diligence and monitoring, which needs to be enhanced. The AP finds that the applicant has systems and capacity that partially meet IFC Performance Standard 7 on Indigenous Peoples as per the GCF interim ESS standards.

56. The applicant is committed to ensuring non-discrimination and has a zero-tolerance stance regarding harassment of any type at both the institutional and the project level. The applicant's Staff Regulations and Code of Conduct and its Policy on Prevention and Protection from Sexual Exploitation, Abuse and Harassment prohibit any form of discrimination and harassment, including sexual harassment against an individual or a group, and for staff to refrain from any type of abuse or retaliation. These also outline, for example, the types of harassment and conduct covered under the policy, the procedures to be followed for reporting incidents and the disciplinary actions to be taken against employees who violate the policy, and key principles such as confidentiality and anonymity throughout the process. For projects financed, the applicant reviews during the due diligence whether the IA or project proponent has sufficient safeguarding mechanisms, including a code of conduct and governance structure, in place against sexual exploitation, abuse and harassment. The AP finds that the applicant has the systems and capacity to meet the principles of the GCF Environmental and Social Policy with respect to sexual exploitation, abuse and harassment.

57. The applicant has developed and is implementing an Environmental and Social Management System (ESMS) called Environmental and Social Safeguards Guidelines, which defines how the applicant identifies and manages E&S risks and impacts in line with the requirements of its ESS Policy. The AFoCO Guidelines for Environmental and Social Management System, approved in July 2021, foresees that screening is undertaken to identify all potential direct, indirect, transboundary and cumulative impacts and that all projects are to be categorized according to the scale, nature and severity of their potential E&S risks and impacts (A/B/C or I-1/I-2, I-3). They also outline the key steps to be undertaken during the E&S appraisal to identify and manage risks and impacts appropriately. These include (i) completion of the ESS checklist along with the concept note by the project proponent; (ii) categorization of the project based on the review of the screening checklist and concept note by the AFoCO secretariat into low, medium or high risk; (iii) Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP) by the project proponent for medium to high risk projects and the indicators to be included in the logical framework for low-risk projects; (iv) review of the ESIA and ESMP by the AFoCO Technical Committee to ensure compliance with its ESS standards and adequate incorporation of mitigation measures; and (v) project proponents taking the necessary steps to ensure compliance with national E&S process and approval requirements regarding preparation of the ESIA/ESMPs.

58. The applicant's ESMS includes a set of tools for implementation aligned with the E&S due diligence requirements and steps to be taken, and providing the support needed to the applicant's staff, IAs and project proponents to adequately implement all key steps of the E&S appraisal and supervision aspects outlined in the ESMS. The tools include an ESS screening checklist to be used by the Technical Committee, the AFoCO exclusion list, guidance on key exclusion criteria to support IAs in identifying issues around cumulative impacts, transboundary impacts, working conditions, etc., and how to go about assessing and managing them adequately, a Risk Assessment Tool (RAT) and an FPIC checklist (adapted from the ESMS guidelines of the Food and Agriculture Organization of the United Nations), ESIA and ESMP templates and preparation guidance, as well as the template for the Information Disclosure Note.

59. The applicant's ESMS outlines the overarching expectations of AFoCO regarding monitoring and reporting by the IAs and project proponents to ensure ongoing compliance with the E&S requirements, including ESMP implementation and E&S indicators to be integrated into the project-specific logical frameworks to track progress. Implementing Agencies are required to submit regular monitoring reports to AFoCO and site visits are to be undertaken by the E&S Officer and project staff. The AP finds that the applicant's M&E processes and procedures should be further strengthened through the development of more detailed monitoring M&E processes and procedures, including respective implementation tools, as well as the inclusion of the key steps and requirements in the applicant's ESMS. AFoCO has committed to enhance its M&E procedures and tools, and to provide training on these once completed. The AP finds that the applicant partly meets the GCF evaluation policy requirements.

60. AFoCO provided examples of project-specific ESIA, ESMPs, ESS and Gender Reports it had prepared, as well as Project Monitoring Reports for the AP to review in order to assess the track record of ESMS implementation. The key steps outlined in the ESMS to be undertaken as part of the project appraisal appear to be followed and, based on an additional summary report on how various member countries categorize different types of forestry-related activities, there is sufficient capacity to categorize projects adequately. The E&S due diligence related documentation included information on the applicable national laws and regulations; which of the AFoCO ESPS were considered applicable and a brief rationale; a (general) comparison between the IFC Performance Standards versus the AFoCO ESPS; and a summary of the applicant's requirements regarding stakeholder engagement, FPIC, grievance redress mechanism (GRM) and information disclosure. However, the assessments lacked a categorization and rationale; details on the key E&S risks and impacts identified and the proposed ESMP; and an overall assessment of the project's compliance with its ESPS/IFC Performance Standards, including the completed checklist from the Technical Committee. The AP finds that the E&S due diligence undertaken by AFoCO needs to be enhanced and the ESMS more appropriately implemented.

61. Select measures to ensure the effectiveness of the ESMS and regular updates are in place, and the applicant is committed to further strengthening its practices. The applicant's ESMS process requires that all categorizations and E&S risk and impact identification assessments, as well as the proposed ESMPs, are approved by the ESS Technical Committee as part of the project review process. The ESS Policy and ESMS have provisions for regular reviews to be undertaken and updates to be made to ensure effectiveness, relevance and continuous alignment with international best practices and standards. The Technical Committee is responsible for overseeing implementation; it annually reviews implementation and reports to the Assembly every three years on its effectiveness. AFoCO is committed to further enhancing its practices through revisions of the ESMS which are currently under way, establishing an internal ESMS audit function as well as commissioning external ESMS audits every three years. However, no external audits to review effectiveness have yet been undertaken.

62. The AFoCO E&S risk management related structure, roles and responsibilities are clearly defined. Oversight of E&S risk management, including assessing the adequacy of E&S

due diligence and monitoring undertaken by IAs is the responsibility of a Technical Committee for Environmental and Social Considerations, which is being constituted for each project by the AFoCO Executive Director. It comprises the President, the Gender Policy Officer, the E&S Officer and external experts from the country where the project is implemented. Day-to-day oversight and support on E&S issues is the responsibility of the AFoCO designated E&S Officer, who provides technical guidance to project teams and implementing agencies, reviews E&S documentation and ensures that the requirements under the AFoCO ESPS guidelines are fully met, including alignment with the GCF interim ESS standards and relevant IFC Performance Standards. Implementing Agencies are required to maintain adequate E&S support through staff and consultants with the requisite local knowledge and experience to identify and manage E&S risks and impacts at the project level. As part of its E&S due diligence, the AFoCO E&S Officer and the E&S Technical Committee also assess the capacity of Implementing Agencies and project teams to implement the E&S requirements, support them as needed, and undertake supervision and monitoring to ensure compliance. Key steps, roles and responsibilities and the required coordination during the project appraisal and monitoring between the E&S staff at the institutional, IA and project level as well as other project staff are adequately outlined in the applicant's ESMS.

63. Staff resources and capacity to undertake E&S risk management in line with GCF requirements should be further strengthened. Internal E&S capacity of regular staff is already planned to be enhanced through training. AFoCO is currently developing an E&S capacity-building programme to strengthen its in-house capacity on environmental and social issues. The AP finds that the designated E&S staff and Technical Committee should be further strengthened through engaging additional experts with a background in E&S issues in the forestry sector, particularly for higher-risk projects, and additional training be undertaken by the E&S staff on the ESPS and the IFC Performance Standards.

64. The AP finds that the applicant's ESMS, comprising the ESS Policy and the ESS guidelines and the track record partially meet the GCF Environmental and Social Policy to the extent applicable to accreditation and GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to IFC Performance Standards 1-8. The relevant gaps are identified in paragraphs 55, 59, 60, 61 and 63 above and are reflected by the corresponding conditions for accreditation in section 4.2 below.

#### **4.2 External communications, consultations, information disclosure and grievance redress mechanism at the institutional level**

65. The applicant has established an external communication mechanism<sup>15</sup> through which it receives and registers feedback, including grievances from external stakeholders at the institutional level, while IAs are required by AFoCO to maintain their own channels for receiving communications from stakeholders related to the projects managed by them. The applicant's E&S policy and ESMS provide the overarching principles for the operation of feedback mechanisms (called Grievance Redress Mechanisms) at all levels and a brief overview of the escalation process followed. Feedback is expected to be addressed at the closest appropriate level, that is, at the project management level, and only to be escalated to the regional level (within the country) and then to the Implementing Agencies. Only if the Implementing Agency cannot resolve the issue are the AFoCO E&S Officer and the secretariat engaged. Each IA is required to make publicly available its feedback mechanism (e.g. through email, telephone number, contact person or physical address) and maintain a grievance log. The applicant maintains a log of feedback, including grievances received at the AFoCO level. No E&S-related concerns have been raised during the last three years.

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<sup>15</sup> See <https://afocosec.org/about-us/governance/policies-regulations>.

66. Grievances are handled independently of the E&S staff responsible for appraising and supervising projects to enhance transparency. At the project level, the PSCs are responsible for receiving and addressing grievances, and they include a representative of AFoCO. At the institutional level, the AFoCO E&S Officer is responsible for screening and assessing all grievances received, with unresolved cases being managed by the E&S Technical Committee.

67. The applicant assesses the practices regarding the GRMs of the Implementing Agencies as part of its due diligence, and monitors the implementation and performance of their GRMs as part of its regular project supervision. The AFoCO E&S Officer and ESS Technical Committee are responsible for providing oversight and support to IAs regarding feedback and grievance management, and facilitate the resolution of concerns of projects funded if they cannot be resolved at the project, local or national level.

68. The applicant's GRM needs to be further enhanced to ensure that feedback can be submitted anonymously to AFoCO, and the applicant needs to develop a formal process to be followed internally on how feedback, concerns, complaints and grievances received from external stakeholders are to be screened, assessed and addressed, including response and resolution timelines. In addition, a summary of the key steps should be made available on the applicant's website where feedback, including grievances, can be submitted.

69. The applicant's ESMS outlines the key stakeholder consultation and engagement related principles and commitments that it follows. AFoCO is committed to ensuring meaningful, effective and informed participation of all key stakeholders during the development and implementation of projects and its ESMS outlines requirements for IAs and project proponents to consult with project-affected communities, including Indigenous Peoples and vulnerable groups, ensure adequate disclosure of information to obtain their feedback and inputs, and ensure that their concerns are adequately addressed. The applicant also incorporated FPIC into its core principles to ensure that the rights of Indigenous Peoples are safeguarded. In addition, the AFoCO Disclosure Policy requires that the draft and final ESIA/ESMPs developed for projects are shared for feedback with the public and disclosed by the IAs, as well as AFoCO, in an accessible and culturally appropriate manner, paying particular attention to the specific needs of affected communities (literacy, gender, language or accessibility). ESIA/ESMPs are to be disclosed 30 days prior to project approval for low- to medium-risk projects, and 60 days for high-risk projects. The applicant expressed its willingness to disclose the project-level E&S assessment, consistent with the GCF Information Disclosure Policy, for projects potentially financed with GCF funds.

70. The AP finds that the applicant's system of external communications, consultations, information disclosure and GRM, supported by evidence of its track record, partially meets the GCF Environmental and Social Policy to the extent applicable to accreditation, the GCF interim ESS standards and the GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category B/I-2 projects/programmes with respect to IFC Performance Standards 1–8. The relevant gap is identified in paragraph 68 above and reflected by the corresponding condition for accreditation in section 4.2 below.

### 3.3 Gender

71. The applicant's Gender Policy and the gender actions outlined in its Strategic Plan 2024–2030, as well as provisions in the E&S Policy and ESMS, dedicated budget and staffing resources, capacity-building and gender mainstreaming efforts, demonstrate its commitment to fostering gender equality and the empowerment of women and girls. The applicant expressed its full commitment to advance gender equality and inclusive development in line with its own Gender Policy and the requirements of the GCF Gender Policy.

72. The Gender Policy, approved in 2019, guides the applicant's efforts to achieve gender equality at the institutional and project level. It outlines the key areas of the applicant's gender

efforts, including (i) enhancing the effective integration and gender mainstreaming considerations in all aspects of AFoCO policies, projects, training, workshops and other activities; (ii) building the capacity of AFoCO and its parties to promote gender equality and empower women in forest restoration and rehabilitation; and (iii) men and women finding equal rights, power, responsibilities and opportunities within the operations and functions of AFoCO. In addition, the applicant's ESMS includes two key gender-related principles Principle 3 on Equality and Non-discrimination and Principle 8 on applying a gender-sensitive approach – and a dedicated Performance Standard (ESPS 4: Gender Equality and Women's Empowerment). The Gender Policy confirms the applicant's respect for the principles of equality and equity between men and women, and non-discrimination.

73. AFoCO has incorporated gender aspects into its due diligence procedures (ESMS and tools) and assessments and mainstreamed them as part of project preparation and implementation. All projects are assessed against the requirements of ESPS 4 on Gender Equality and Women's Empowerment, which ensures, for example, that women are equally informed about project activities, that any legal, cultural or religious constraints on women's participation are adequately identified and addressed, that impacts on women and girls are adequately assessed and differentiated interventions are developed to address their needs, and that key processes (stakeholder engagement, decision-making, GRMs) are gender sensitive. Gender risks and impacts are assessed and summarized in the ESS and gender report prepared for each project considered, including sex-disaggregated data, and key mitigation measures and monitoring indicators identified. In addition, the applicant is currently developing a simplified gender-focused ESMS Guidelines Handbook for project staff to further support mainstreaming, incorporating GCF gender-related principles. Implementing Agencies and project proponents are required to report on gender aspects throughout project implementation. Monitoring and supervision at the project level is undertaken by AFoCO staff and findings from recent supervisions were shared with the AP.

74. The applicant has a dedicated Gender Policy Officer with an appropriate background and qualifications. The key responsibilities of the Gender Policy Officer include overseeing compliance with the Gender Policy, monitoring gender-related outcomes and facilitating training and coordination with external consultants. AFoCO plans to further strengthen its organizational structure and capacity through setting up a dedicated Gender Committee reporting to its Board and hiring an additional Gender specialist. The applicant also engages external support on a project-by-project basis to undertake gender assessments, develop Gender Action Plans and provide capacity-building as needed. Capacity-building for staff and IAs as well as project proponents, has been provided, and the applicant is in the process of further developing its training materials on how to use its new gender mainstreaming tools.

75. The applicant also provided project examples demonstrating how gender aspects have been mainstreamed, such as in community-based forest enterprise development, highlighting the inclusion of women and their empowerment through creating employment opportunities for them, actively promoting women's participation in decision-making processes and value chain activities (processing, marketing, etc.) and supporting women-led farms. The applicant is also planning to develop gender-relevant knowledge products highlighting the linkages between gender mainstreaming and climate change, for example, factsheets summarizing key gender considerations and climate impacts in agroforestry projects that can be disseminated.

76. Currently, no external gender audit to assess the effectiveness of the applicant's Gender Policy and procedures at either the institutional or the project level has yet been undertaken. The applicant plans to commission gender audits on an ongoing basis.

77. The AP finds that the applicant's Gender Policy, procedures, capacities and competencies, supported by evidence of its track record, fully meet the GCF Gender Policy to the extent applicable to accreditation.

## IV. Conclusions and recommendation

### 4.1 Conclusions

78. Following the assessment, the applicant is found to have the potential to support GCF in implementing its Strategic Plan for 2024–2027 with respect to:

- (a) Enhancing country ownership and direct access across Asia, leveraging its legal status as a treaty-based intergovernmental organization with direct working relationships and established project implementation structures within its 17 member countries;
- (b) Bringing complementarity to existing GCF national and regional direct access entities for the Asia-Pacific and Central Asia regions;
- (c) The indicative projects/programmes that the applicant intends to submit to GCF within the scope of accreditation recommended by the AP in paragraph 80 below;
- (d) Potential contribution to the balance in the GCF portfolio since the applicant has experience in adaptation, mitigation and cross-cutting activities and given its expertise in managing multi-country projects focused on forest land restoration, mangrove rehabilitation and building resilience to climate-related disasters such as forest fires; and
- (e) Enhancing private sector participation by enabling environments through the use of innovative financial structures, including a project that blends grants with results-based payments, which aligns with the GCF objective to de-risk and catalyze private investment.

79. Following its assessment, the AP concludes the following in relation to the application with respect to the applicant's ability to meet the GCF accreditation standards identified in paragraph 11 above:

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, and to the extent applicable to accreditation, the GCF Policy on the Protection of Whistle-blowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. The gaps relate to governance-level oversight of audit and risk, operationalization of independent internal audit function or equivalent, accessibility of whistle-blowing channels, including the possibility of anonymity and publication of information for stakeholders on prohibited practices, whistle-blowing and investigative processes, and AML/CFT procedures. The gaps are identified in paragraphs 18, 21, 29, 30, 32 above, and are addressed by the corresponding conditions for accreditation in section 4.2 below;
- (b) The applicant fully meets the specialized fiduciary standard for project management and specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (c) The applicant partially meets the GCF Environmental and Social Policy to the extent applicable to accreditation, GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk category B/I-2. The gaps relate to the limited internal E&S capacity; lack of detailed M&E processes, procedures and tools, as well as audit requirements in the applicant's ESMS; lack of external audits undertaken and the lack of GRM procedures and process steps, including provisions for anonymous submission of grievances. The gaps are identified in paragraphs 55, 59, 60, 61, 63, and 68 above and are addressed by the corresponding conditions for accreditation in section 4.2 below;

- (d) The applicant has demonstrated that it has a policy, procedures and competencies in order to implement its Gender Policy, which is found to be consistent with the GCF updated Gender Policy to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change; and
- (e) The applicant has partially demonstrated that it has institutional-level systems, capacities and competencies regarding evaluation as required by the aforementioned GCF basic and specialized fiduciary standards and interim ESS standards that would enable it to implement the GCF Evaluation Policy for its GCF-funded activities. The gap is related to M&E evaluation procedures on E&S, which is identified in paragraph 59 above, and is addressed by the corresponding condition for accreditation in section 4.2 below.

## 4.2 Recommendation on accreditation

80. The AP recommends, for consideration by the Board, APL167 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or programme:** small;
  - (ii) **Fiduciary functions:**
    - (1) Basic fiduciary standards;
    - (2) Specialized fiduciary standard for project management; and
    - (3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
  - (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:
  - (i) Conditions to be met by the applicant prior to the issuance by GCF of a certificate/confirmation of accreditation under the transitional arrangements adopted in paragraph (m) of decision B.42/13 (in connection with the revised accreditation framework adopted in paragraph (a) of decision B.42/13):
    - (1) Delivery to GCF by the applicant of evidence, in form and substance satisfactory to the AP, of:
      - a. A final report from an independent expert or firm that confirms that the applicant (i) maintains an independent assurance function, whose activities are overseen by its Assembly, and mapped to Global Internal Audit Standards (2024), and (ii) has documented any gaps or justified exceptions where its independent assurance function's terminology/mandate differs from an internal audit function as envisaged by the Institute of Internal Auditors;
      - b. Publicly available channels for whistle-blowing and the adoption by the applicant and publication on its website of guidance under the applicant's staff regulations and Whistleblower Policy, which should include the availability of anonymous reporting;

- c. The publication by the applicant on its website of a summary of the applicant's investigative process, which summary should be accessible to all stakeholders;
  - d. The adoption by the applicant of fit-for-purpose, risk-based AML/CFT procedures, based on the applicant's AML/CFT Policy and Policy on Prohibited Acts, which procedures should be applicable for the applicant's implementing agencies, sub-partners and suppliers, and evidence of the applicant's implementation of due diligence procedures, including KYC checks, at both contracting and transactional level;
  - e. The development and adoption of the grievance redress mechanism procedures, including the publication of a summary of the grievance redress process steps on the applicant's website;
- (ii) Conditions to be met by the applicant prior to the submission of the first funding proposal in E&S risk category B/I-2 to the Board:
- (1) Delivery to GCF by the applicant of evidence, in form and substance satisfactory to the AP, of:
    - a. The completion of additional E&S-related training for staff who may be involved in the development and implementation of GCF-funded activities and the appointment of additional E&S staff/consultants;
    - b. A revised ESMS which outlines the applicant's monitoring and evaluation procedures and the monitoring and evaluation tools and should include a requirement for regular audits; and
- (iii) Conditions to be met by the applicant within three (3) years following the effective date of the funded activity agreement in respect of the first GCF-funded project/programme in E&S category B/I-2 approved by the Board:
- (1) Delivery to GCF by the applicant, in form and substance satisfactory to the AP, of the final report of an external audit of the applicant's ESMS and the applicant's management action plan showing how the applicant will address the recommendations outlined therein.

81. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 80 above, and agrees to the recommendation.

### 4.3 Remarks

82. The applicant is encouraged to also consider outsourcing a fit-for-purpose internal audit function aligned with Global Internal Audit Standards.

83. The applicant is encouraged, for accessibility and to align with good practice, to add a general search function to its website.

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