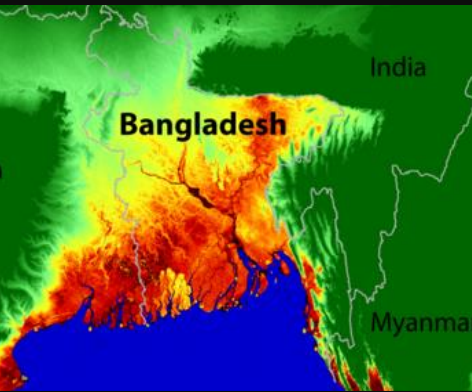




**Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh**



WORKSHOP REPORT

**National Implementing Entity Accreditation Process:
Getting Bangladesh Ready for
the Green Climate Fund**

Organized on : 28-29 January, 2015



Implemented by:
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



Workshop Report

NIE Accreditation Process: Getting Bangladesh Ready for the Green Climate Fund

Dhaka, 28-29 January, 2015

Report prepared by:

Md. Reaj Morshed, Advisor - Climate Finance and Policy, GIZ

Edited by:

Bjoern Surborg, PhD, Principal Advisor, Climate Finance, GIZ

Special contributions from:

Md. Ashadul Islam, Additional Secretary, UN Wing, ERD

Mohammad Iftekhar Hossain, Deputy Secretary, UN-3, ERD

Emilia Holdaway, Consultant for Preliminary Self-Assessment of NIEs

Guidance:

Mohammad Mejbahuddin, Senior Secretary, ERD and NDA of Bangladesh to the GCF

Workshop Organized by: Economic Relations Division, Ministry of Finance

Workshop Supported by: Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
Green Climate Fund (GCF)
United National Development Programme (UNDP)

Financial Assistance: Federal Ministry of Economic Cooperation and Development,
Germany

This report is the property of the Economic Relations Division (ERD), Ministry of Finance, Government of the People's Republic Bangladesh. This report or any portion thereof cannot be copied, microfilmed or reproduced for any commercial purposes. Information therein can, however, be used and published with acknowledgement.

April, 2015
Dhaka

Jointly Published by:

*Economic Relations Division
(ERD), Ministry of Finance,
Government of the
People's Republic
Bangladesh*

And,

*Deutsche Gesellschaft für
Internationale
Zusammenarbeit (GIZ)
GmbH*

Contents

List of Tables	ii
List of Figures	ii
List of Abbreviations.....	iii
Foreword	iv
Executive Summary.....	viii
1 Introduction.....	1
1.1 Background.....	1
1.2 Participants	2
1.3 Conceptual Framework	2
1.4 Intended Outputs, Outcomes and Impacts.....	3
2 Pre-Workshop Self-Assessment.....	3
3 The Inaugural Session	4
3.1 Objectives	4
3.2 Inaugural Remarks	5
3.3 Presentations.....	7
3.4 Discussion.....	8
4 The Technical Workshop	9
4.1 Objectives	9
4.2 Programme Schedule.....	9
4.2.1 Workshop Day 1	10
4.2.2 Workshop Day 2.....	22
5 Workshop Analysis	26
6 Next Steps/ Way Forward.....	30
ANNEX-1: List of workshop participants (not according to any seniority)	31
ANNEX-2: List of potential NIEs selected by the NDA of Bangladesh for the GCF	34
ANNEX-3: NIE self-assessment checklist in accordance with the GCF criteria	35
ANNEX-4: Programme Schedule	42
ANNEX-5: List of pipeline projects proposed by the potential NIEs	44

ANNEX-6: Self-Assessment Overview by the Consultant.....	45
ANNEX-7: Clarification from GCF Secretariat on Questions not answered during the workshop.....	48
ANNEX 8: Workshop Evaluation	55
ANNEX 9: Ranking of Potential NIEs	57

List of Tables

Table 1: GCF's six high-level investment criteria	7
Table 2: Summary of Group Exercise (Group A)	17
Table 3: Summary of Group Exercise (Group B)	18

List of Figures

Figure 1: GCF Allocation Framework	7
Figure 2: Strategic consideration for GCF for the year 2015	8
Figure 3: Readiness activity areas for which funding can be requested from the GCF through their readiness support	8
Figure 4: Overview of the accreditation process	11
Figure 5: GCF project and programme activity approval process.....	12

List of Abbreviations

ADB	Asian Development Bank
AF	Adaptation Fund
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BCCT	Bangladesh Climate Change Trust
BFD	Bangladesh Forest Department
BIWTA	Bangladesh Inland Water Transport Authority
BWDB	Bangladesh Water Development Board
COP	Conference of Parties
DAE	Department of Agriculture Extension
DDM	Department of Disaster Management
DOE	Department of Environment
ERD	Economics Relation Division
ESS	Environmental and Social Standards
FAPAD	Foreign Aided Project Audit Directorate
GCF	Green Climate Fund
GED	General Economics Division
GEF	Global Environment Facility
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoB	Government of Bangladesh
ICT	Information and Communications Technology
IDCOL	Infrastructure Development Company Ltd
IIFC	Infrastructure Investment Facilitation Company
IMED	Implementation Monitoring and Evaluation Division
LDC	Least developed Countries
LGED	Local Government Engineering Department
MIS	Management Information Systems
MoEF	Ministry of Environment and Forests
MoF	Ministry of Finance
MP	Member of Parliament
NAP	National Adaptation Plan
NAPA	National Adaptation Programmes of Action
NDA	National Designated Authority
NIE	National Implementing Entity
NOC	No Objection Certificate
OCAG	The Office of Comptroller and Auditor General
PKSF	Palli Karma Shahayak Foundation
PSF	Private Sector Facility
RHD	Roads and Highways Department
SREDA	Sustainable & Renewable Energy Development Authority
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank

Foreword

Bangladesh had long been pleading for firm international commitments to ensure predictable flows of resources for tackling the impacts of climate change. Finally, at COP 16, Parties established the financial mechanism titled 'Green Climate Fund' to support projects, programmes, policies and other activities to address climate change in developing countries. Unlike the other sources of climate finance, GCF is expected to be more flexible and responsive to the needs of the most vulnerable countries.

The workshop was designed to disseminate information, assess institutional capacity, identify capacity gaps and select the most potential national entities for accreditation to the GCF. However, accreditation is a complex process that requires fulfilment of specific fiduciary, environmental and social safeguards as enunciated by the GCF Board for gaining direct access to the fund. As our past experience in gaining access to the 'Adaptation Fund' is not fully satisfactory, more rigorous exercise is needed to get us ready for accreditation to the GCF. Self-assessment prior to the main workshop was basically the beginning of a rigorous exercise to understand the existing strengths, weaknesses and challenges of a few short-listed national entities, mostly from the public sector. Self-assessment generated a lot of interest among the entities, engaged the top management in the process and received an enormous response from a wide range of stakeholders. Bangladesh has a well-developed strategic framework particularly in the area of adaptation. But harnessing the climate finances that are available internationally is a big challenge due to the stringent eligibility criteria which requires a transparent legal and policy framework, and good track record overall.

Climate change and development are inextricably linked in Bangladesh. Bangladesh has set an example by creating a dedicated fund, Bangladesh Climate Change Trust Fund (BCCTF) to mobilize resources from domestic sources to tackle climate change. As a whole, Bangladesh is annually spending approximately 1 billion USD for coping with climate change. Reviews of the climate expenditure and other studies show that Government of Bangladesh is securing almost 77% of such expenditure from her own budget and receives only 23% from external sources. However, the need for investment in climate resilient development is much greater than what is currently being done.

In this backdrop, mobilizing climate finance from international financial mechanism, including the GCF can ease the situation. We expect that it will eventually enable Bangladesh to mobilize greater share of international climate finance. As the National Designated Authority (NDA) to the GCF, we are trying hard to gain direct access to the GCF. Equally, we will also use the window of private sector, NGO/CSO and international intermediaries to access resources from the GCF. We hope that our concentrated efforts will help us to overcome the scourge of climate change in Bangladesh.

Mohammad Mejbahuddin

Senior Secretary, Economic Relations Division (ERD),
Ministry of Finance
And NDA of Bangladesh to the GCF

Reflections

The Green Climate Fund (GCF) has by now emerged as the most significant funding mechanism to assist developing countries to adapt to the adverse effects of climate change and enter a path of low carbon development. The GCF has made enormous progress over the last year. It has become fully operational with a secretariat set up in the Republic of Korea's Songdo and it has successfully completed its first round of resource mobilization. In the first round of resource mobilisation, developed and developing countries have pledged funds in excess of 10 billion US Dollars. In addition many developed countries have already engaged in distributing climate finance through a variety of funding mechanisms. By 2020, annual contributions to international climate finance should amount to 100 billion US Dollars. In accordance with the Copenhagen Accord, these are to be mobilized from both private and public sources. A significant portion of these resources is expected to be channelled through the Green Climate Fund.

The GCF provides not only new opportunities for covering the costs of climate change adaptation and mitigation, it will also contribute to a paradigm shift in how we do things. The fund is designed to support initiatives that are catalytic and bring about holistic change. The Government of Bangladesh (GoB) is acutely aware of these opportunities and this report is testimony to GoB's commitment to build a climate resilient nation. In line with the workshop title "NIE Accreditation Process: Getting Bangladesh Ready for the Green Climate Fund" around 60 participants discussed over the course of two days the details of the accreditation process. Fiduciary standards, environmental and social safeguards and project pipelines were the main topics of discussion. In order to gain direct access, all of these have to be in place. This is a significant challenge, but not an insurmountable one.

The workshop shows the strong commitment to gaining direct access, which will allow the country to implement projects through national institutions with GCF funds. The Bangladesh Climate Change Strategy and Action Plan has served as the guiding document for climate change adaptation and mitigation actions. It is important to have such a strategy and to have goals, what needs to be achieved. Gaining direct access is a difficult, but rewarding process and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is proud to accompany the government in its journey. The Climate Finance Readiness Programme, which GIZ implements in ten countries and one region on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), is one piece in the puzzle to build a climate resilient nation and a low carbon society.

Developing countries have two options to access funds from the GCF. Aside from the direct access modality, international access can be utilised. For this an international or regional implementing entity can implement projects in the countries.

Since 2014 GIZ is working in three priority areas in Bangladesh: Renewable energy and energy efficiency; good governance, rule of law and human rights; as well as adaptation to climate change in urban areas. In addition to these priority areas, GIZ is implementing projects focusing on health, environmental and resource protection, disaster risk management and reconstruction, and the promotion of resilience at the community level. We are very glad that the Government of

Bangladesh has named a National Designated Authority to the GCF swiftly and started its readiness activities. The Senior Secretary of the Economic Relations Division and his team has demonstrated the leadership necessary to utilize the opportunities provided by the Fund. It is an honour for us to support this process.

Tobias Becker
Country Director
GIZ Bangladesh

Acknowledgements

On behalf of the National Designated Authority (NDA) of Bangladesh to the Green Climate Fund (GCF), I would like to thank all the participants from the 14 potential National Implementing Entities (NIE) for their active participation in the workshop. We do acknowledge their sincerity and commitment shown to the process, despite the short notice. I would also like to thank the participants from different line ministries and other government agencies for their presence in the workshop. Furthermore I would like to express my humble gratitude to the participants from different government and non-government agencies, civil society organizations, development partners, and academic institutions, who joined us during the inaugural session of the workshop. Special thanks to the chief guest of the inaugural session, Honourable Minister of Finance, Mr. Abul Maal Abdul Muhit MP, and the other special guests of the session, for taking the time from their busy schedule and joining us in this ground breaking event. Furthermore, I would like to acknowledge the contribution of the Consultant Ms. Emelia Holdaway in supporting the self-assessment process of the potential NIEs, which enabled us to understand the readiness needs of individual institutions. Experts from the GCF Secretariat also attended the workshop and guided the participants on the accreditation requirements and GCF standards; hence I would like thank the GCF Secretariat for their support. I acknowledge the contribution of the participants from the Office of the Comptroller and Auditor General (OCAG), who enriched the discussion on fiduciary standards by clarifying the other participants' questions regarding the national fiduciary systems. A special thanks to the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for supporting the readiness activities in Bangladesh to help prepare the Bangladeshi institutions in receiving accreditation for direct access to the GCF. United Nations Development Programme (UNDP) also brought in some experts to support the process during the workshop, and hence I convey my thanks to them. Last but not least, I would like to convey my special gratitude to Mr. Mohammad Mejbahuddin, Senior Secretary, Economic Relations Division (ERD), Ministry of Finance and NDA of Bangladesh to the GCF for his visionary leadership and continuous guidance throughout the whole process. I conclude by thanking all other colleagues from the ERD, specially the UN wing, and also from the other wings for joining us in this initiative and supporting us in making this a success.

Md. Ashadul Islam

Additional Secretary, UN-Wing,
Economic Relations Division,
Ministry of Finance

Executive Summary

To assist climate change affected developing countries in adaptation and mitigation practices to counter climate change, the United Nations Framework Convention on Climate Change (UNFCCC), established the Green Climate Fund (GCF) in 2010. The GCF is a mechanism to raise funds internationally and mobilise climate finance. The funds will support developing countries to adapt to the adverse impacts of climate change and enter a low carbon development path. Recipient countries can submit funding proposals through a National Designated Authority (NDA). The NDA will recommend funding proposals for projects and programmes to the GCF Board, which are developed in the context of national climate strategies and plans. Proposals need to be prepared through a broad based multi-stakeholder consultation process. Recipient countries will have the possibility for direct access through accredited National Implementing Entities (NIE). For achieving GCF's accreditation the NIEs must meet stringent fiduciary as well as environmental and social standards. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is providing technical assistance to the NDA of Bangladesh to set up the NDA Secretariat, strengthen its capacity and support in selection of potential NIEs for accreditation. The NDA of Bangladesh is the Economic Relations Division (ERD), Ministry of Finance (MoF). Under this process the NDA of Bangladesh identified 14 national agencies, mostly from the public sector, as potential NIEs. Upon request of the NDA, GIZ assigned a consultant to support a preliminary self-assessment process. This process was aimed at identifying strengths and weaknesses of the potential NIEs to qualify for accreditation. GIZ supported a strategic workshop to facilitate the selection and preparation of the potential NIEs.

The workshop was divided in two phases – the inaugural session, which took place in the morning of 28 January'15, and the technical workshop, which continued through the 2nd half of 28 January and the whole day of 29 January 2015. In the inaugural session a larger number of participants were present from different institutions ranging from government institutions and ministries, civil society organizations, development partners and academics. The technical workshop was much more focused, and only the participants from the 14 selected potential NIEs, representatives of respective ministries, Cabinet Division, Finance Division, Ministry of Foreign Affairs and the workshop organizers participated in it.

At the end of the workshop it was clear that most of the issues, which stand between the potential Bangladeshi NIEs and GCF accreditation, are around the fiduciary standards, environmental and social safeguards, documentation of implementation and enforcement of policies and legislations, and lastly institutionalization of national systems. It was also clear that some organizations may find it easier to fill the gaps on fiduciary standards, but they may face challenges in meeting the Environment and Social Standards, and vice versa. The institutions established under the company act are well positioned to adjust their systems with the requirements of the GCF. It was suggested at the end of the workshop to take a phase by phase approach to achieve accreditation of the potential NIEs with the GCF.

1 Introduction

1.1 Background

The Green Climate Fund (GCF) was founded in 2010 within the framework of the United Nations Framework Convention on Climate Change (UNFCCC). It is a mechanism to raise funds internationally and transfer money from the developed to the developing countries, to assist these countries in adaptation to the adverse effects of climate change and engage in mitigation practices to counter climate change. All developing countries that are party to the convention are eligible to receive resources from the GCF. The fund will support projects, programmes, policies and other activities in developing country parties using thematic funding windows. They will have streamlined programming and approval processes to enable timely disbursement of funds. However, the GCF Board is yet to develop processes for the approval of proposals.

Recipient countries can submit funding proposals through a National Designated Authority (NDA). The NDA will recommend to the Board funding proposals in the context of national climate change strategies and plans. The approval procedure includes a consultation process. Recipient countries will have the possibility to gain direct access through accredited National Implementing Entities (NIEs). For achieving accreditation by the GCF, the NIEs must meet stringent fiduciary standards, as well as environmental and social safeguards. Any project proposal submitted to the GCF Board must also receive a no objection certificate from the NDA. In addition, countries can gain access through intermediaries. Such intermediaries are International Implementing Entities, which are also accredited by the GCF. Access through International entities can be an alternative to direct access, in cases where accreditation of an NIE is delayed or cannot be achieved. This could be the case when the standards for accreditation cannot be fulfilled by any national institution. International access can also be pursued as part of a wider strategy that is based on a mix of direct and international access, based on the requirements of a country's adaptation and mitigation goals. There is a difference between direct and international access in terms of the amount of funding. Furthermore, other charges would be payable to the international implementing entities as well.

The Climate Finance Readiness Programme (CF Ready) is a global programme of the Federal Government of Germany to support developing countries in achieving the pre-conditions for gaining access to the Green Climate Fund and other international climate finance. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the KfW Development Bank are implementing the CF Ready Programme in ten countries and one region, including Bangladesh. GIZ's activities focus on technical cooperation, while KfW focuses on aspects of financial cooperation. Following the division of labour, the Economic Relations Division (ERD), Ministry of Finance (MoF), which is the NDA for Bangladesh, requested GIZ to support readiness activities in Bangladesh. GIZ will provide technical assistance to set up the NDA Secretariat as well as support to strengthen its capacity and the selection of the most potential NIEs for accreditation.

Under this process the NDA of Bangladesh identified 14 national agencies, mostly from public sector, as potential NIEs to receive accreditation from the GCF. The NDA disseminated generic information on the GCF and the accreditation criteria and requested the 14 institutions to conduct a self-assessment in order to gauge their level of readiness. In continuation of the process the NDA called a meeting with all 14 agencies to exchange views and receive the result of self-assessment; but in that meeting the potential NIEs requested technical assistance for self-assessment. Upon their request the decision was taken to engage a consultant to support the self-assessment of those 14 potential NIEs, followed by a workshop involving the GCF officials.

Upon request of the NDA, GIZ assigned a consultant in consultation with the NDA Secretariat, which is the UN Wing of ERD, to support the preliminary self-assessment process of the potential NIEs and to support the NDA in organizing a strategic workshop for preparing the NIEs in Bangladesh for accreditation.

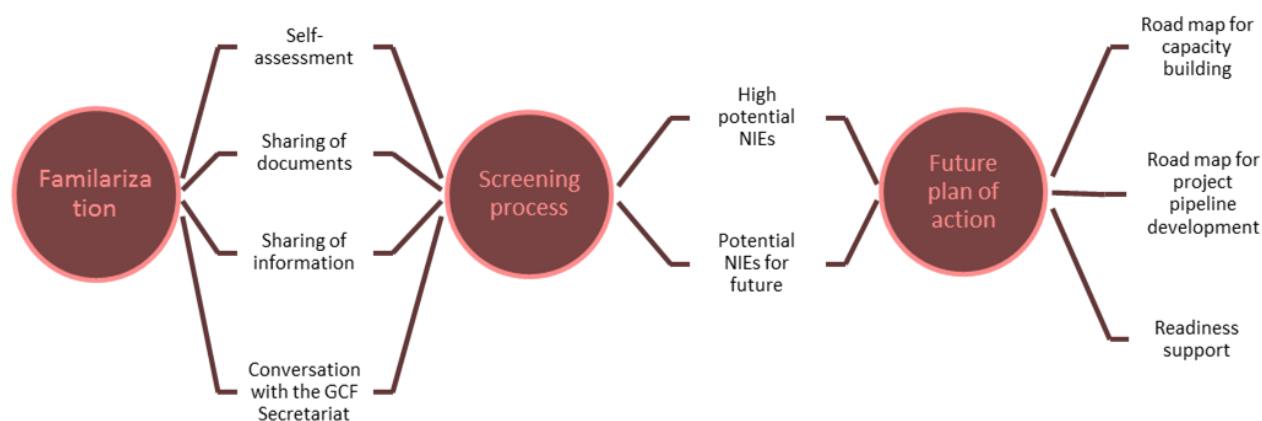
The purpose of this measure was to inform the key national agencies about the direct access modality to the GCF, engage them in the NDA initiated NIE selection process and assess their current organizational strengths and limitations in meeting the accreditation criteria. The NDA Secretariat invited a representative from the GCF Secretariat to attend the workshop. The findings from the self-assessment were presented at the strategic workshop hosted by the NDA, in which an official from the GCF Secretariat, GIZ and UNDP jointly contributed to the discussion on how to strategically proceed with the identification and capacity building process for accreditation of one or more NIEs from Bangladesh.

1.2 Participants

The workshop was divided in two phases: an inaugural session and a technical workshop. In the inaugural session a larger number of participants were present from different institutions ranging from government institutions and ministries, civil society organizations, development partners, academics and the media. The technical workshop was more focused and only participants from the 14 selected potential NIEs, representatives of the respective ministries, the Finance Division of MoF, the Ministry of Foreign Affairs and the workshop organizers were present. A list of participants of the technical workshop is enclosed in Annex 1.

1.3 Conceptual Framework

The entire process followed a step-by-step approach, which started with familiarizing the potential NIEs with GCF accreditation processes and requirements. This first step entailed the self-assessment process supported by the GIZ consultant. As the NDA aims to access funds as soon as possible, the approach was to select a few high potential NIEs and get them ready for the accreditation process on an urgent basis. The workshop thus took a screening approach to identify the organizations which are closest to fulfilling the accreditation criteria set up by the GCF and develop a project pipeline. But it is also important that Bangladesh prepares the other institutions for accreditation purposes in the future. Therefore, identification of each organization's capacity gaps and readiness needs were an integral part of the exercise. Furthermore, a road map was needed to develop a future plan of action for high potential NIEs which will be filtered through this workshop.



1.4 Intended Outputs, Outcomes and Impacts

Outputs:

- Input to a road map for the potential NIEs to gain accreditation
- Selection of 2 or 3 high potential NIEs
- Pipeline of projects
- Identification of capacity and knowledge gaps

Outcomes:

- Familiarization with the technicalities of the GCF accreditation criteria
- Better understanding on in-country processes and country readiness needs for accreditation

Impacts:

- Potential NIEs of Bangladesh will have clear direction on NIE accreditation process
- Bangladesh will get one-step closer to direct access from the GCF

2 Pre-Workshop Self-Assessment

Prior to the workshop, a detailed self-assessment was conducted by all the 14 potential NIEs (Annex 2) shortlisted by the NDA based on their legal mandate, work areas and organizational experience. This self-assessment was supported by the consultant on a one-to-one basis with each institution. The consultant was provided with the support from GIZ. She started with a meeting with the NDA Secretariat at ERD to understand their expectations from this self-assessment. Following that the consultant visited the head offices of all the agencies shortlisted as potential NIEs. During each visit the consultant was accompanied by an officer from the NDA Secretariat and a GIZ staff. Prior to the visit, the NDA Secretariat contacted the senior management of the agencies, which helped to receive their commitment in the process. In each institution the consultant talked with the relevant staff or managers and went through the NIE Self-Assessment Checklist (Annex 3) that was prepared in accordance with the GCF criteria. Due to the proactive measures taken by the NDA in communicating with the potential NIEs, the high level officials from the agencies were present during the self-assessment process.

The main objective of this self-assessment process was:

To support the shortlisted potential NIEs in conducting self-assessments as to what extent they fulfill the GCF's NIE accreditation criteria and identify the gaps.

During the self-assessment process the following support was provided to each institution:

- In-person interviews of up to 2.5 hours (some interviews were shorter due to the unfavorable political situation in Dhaka)
- Reviewing pre-filled accreditation forms (where these were available)
- Sharing information regarding the GCF and accreditation criteria; answering to queries during and after the interviews
- Gathering and addressing queries to the GCF Secretariat on behalf of the institutions

The self-assessment was based on each institution's own screening of their 'fitness' against the GCF accreditation criteria. The interviews involved providing an introduction to the GCF and its accreditation criteria, and then interactively talking through each institution's current status in terms of the accreditation

criteria. At this initial screening stage, detailed reviews of legislation, governing instruments, institutional policies and procedures, etc., were not undertaken. Moreover, the verbal information provided by each institution was taken at face-value, i.e. detailed fact-checking did not take place; a light audit-style was applied instead. The time spent with each of the potential NIEs was not enough to carry out a detail institutional assessment, which was one of the short-comings of this process.

3 The Inaugural Session

The inaugural session of the workshop was held in the NEC Auditorium, General Economics Division, Sher-e-Bangla Nagar, Dhaka, on 28th January 2015, from 9 am to 10:30 am. The chief guest for this inaugural session was Honorable Minister of Finance, Mr. Abul Maal Abdul Muhit MP. The Senior Secretary of ERD and the NDA of Bangladesh to the GCF, Mr. Mohammad Mejbahuddin, was the Chair of this session. The other guests sharing the podium with them were:

- Mr. Md. Ashadul Islam, Additional Secretary, UN-Wing, ERD
- Mr. Kamal Uddin Ahmed, Secretary (in-charge), Ministry of Environment and Forest (MoEF)
- Ms. Roswitha Amels, Head of German Development Cooperation, Embassy of Germany



3.1 Objectives

The objectives of the session were to:

- Demonstrate high level of commitment of GoB and ERD to the wider stakeholders, for gaining direct access to the GCF
- Share an overview of the GCF with the wider stakeholders
- Kick-start the technical workshop

3.2 Inaugural Remarks

The session started with a welcome speech by **Mr. Md. Ashadul Islam, Additional Secretary, UN Wing, ERD**. He stated the importance of the GCF as an international stream of climate finance for countries like Bangladesh, which are innocent victims of climate change. Bangladesh can legitimately claim funding from the international community to deal with the adverse impacts of climate change. He emphasized that gaining direct access to the GCF is a priority of Bangladesh. Therefore, the selection of potential NIEs, enabling them for



meeting the accreditation criteria, and finally achieving GCF accreditation, are the priority tasks for the NDA. He further emphasized that there is international access pathway available for Bangladesh to receive funding from the GCF, but that would reduce Bangladesh's share on international climate finance.

Ms. Roswitha Amels, Head of German Development Cooperation, Embassy of Germany, stated in her speech that climate finance is of great importance for adaptation and mitigation in developing countries. She underlined the commitment of the German government to support climate vulnerable countries with necessary funding. For example, Germany has pledged \$1 billion to the GCF in December 2014. She also



mentioned the commitment of the German Government to support countries applying for direct access through Germany's CF-Ready Programme, as getting direct access will require serious preparatory work, as well as a high level of commitment towards transparency and accountability. Furthermore, Germany is also committed to support Bangladesh through its new focal area on climate change adaptation in urban areas, as well as supporting Bangladesh's low carbon resilient growth through exchange of information and technology.

Mr. Kamal Uddin Ahmed, Secretary (in charge), MoEF, emphasized on the fact that the impacts of climate change are multi-sectoral in Bangladesh. He mentioned that Bangladesh is already facing seriously detrimental impacts of climate change in many sectors and that it has transformed from being a solely environmental issue to a more widespread development issue. He further stated that Bangladesh has already shown high level of political will and commitment by preparing the Bangladesh Climate Strategy and Action Plan'09 (BCCSAP) and creating the Bangladesh Climate Change Trust Fund (BCCTF) from the country's revenue budget. He emphasized that Bangladesh will require more funding in future from the international community to deal with the adversity of climate change, and hence he sees the GCF as a wonderful opportunity for Bangladesh to finance its Climate Smart Development. He stated that, for Bangladesh to be successful in this endeavor, coordination, participation and support from all the relevant stakeholders are crucial.





The Chief Guest of the inaugural session, **Honorable Minister of Finance, Mr. Abul Maal Abdul Muhit MP**, stated in his speech, how climate change has evolved over the years from being a low-profile subject of discussion in the international arena to an integral part of sustainable growth. Bangladesh is not a contributor to the activities that has caused the global phenomenon of Climate Change, but it is definitely one of the worst sufferers of the impacts. Highlighting Bangladesh's climate vulnerability due to its geographical location and huge population, he emphasized

the urgency of mobilizing adequate climate finance by the international community. He mentioned that the international community is a bit behind in their pledges and disbursement of climate finance. Though some funds are available, the country is not yet fully ready and capable to access those funds. However, country readiness to access and utilization of those funds is crucial, considering the slow and low availability of the funds. Hence, he found this workshop an important step, through which he expects the potential Bangladeshi NIEs to learn more about the access modalities and in-country readiness needs, and act to prepare accordingly. He finished his speech with wishing the workshop success.

The final remarks were delivered by the Chair of the session, **Mr. Mohammad Mejbahuddin, Senior Secretary of ERD and the NDA to the GCF for Bangladesh**. He shared his experience as the NDA of Bangladesh to the GCF. Since being appointed, the ERD has shown immense commitment to ensure that Bangladesh receives direct access from the GCF. In November 2014, he first visited the Executive Director of the GCF to discuss on accessing funds from the GCF. Mentioning the 4 stage processes for receiving funding from the GCF, he informed the audience that Bangladesh has already approached the 3rd stage of this process which is the selection of potential NIEs and get them ready for accreditation. The other two stages were - appointment of the NDA and developing a national framework for climate change, which in case of Bangladesh are the BCCSAP and NAPA. He further acknowledged GIZ's support and contribution to prepare Bangladesh for the NIE accreditation process. He stated that Bangladesh is committed to take a low carbon development pathway and a number of initiatives to achieve this are already underway. He mentioned that this workshop is intended for public sector entities, but very soon as NDA he would engage with the private sector with similar initiatives. Finally, he thanked the Hon'ble Minister and everyone for their presence and support, and also wished success to the workshop.



3.3 Presentations

Topic: GCF: Early Opportunities for Bangladesh

Presented by: Ms. Jillian Dyszynski, Country Operations Dialogue Specialist, GCF

Presentation Summary:

The Green Climate Fund is an operating entity and a centerpiece of long term finance for climate change under the financial mechanism of the UNFCCC. It has a vision to promote a paradigm shift towards low-emission and climate resilient development, as well as to induce a change in the daily decisions those investors and consumers make.

Bangladesh being a low-lying delta is exposed to serious threats from global warming due to sea level rise and increasing threats of natural disasters. But at the same time Bangladesh has also shown a lot of progress over the years by developing innovative approaches to deal with climate change.

The GCF plans to support both adaptation and mitigation efforts (see Figure 1). Bangladesh being a developing country and LDC, is entitled as a priority country for such funding.

The GCF will enable recipient countries to initiate large scale adaptation and mitigation projects because these types of projects in most cases have high upfront capital, generate insufficient revenues and pose excessive risks for private investors. But the GCF will enable the countries to buy-down upfront cost, will ease the cash flows and also make such projects high risk tolerant. The submitted projects will have to fulfill certain criteria before they can get funded by the GCF.

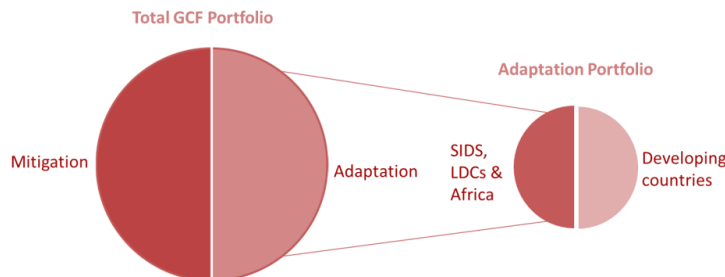


Figure 1: GCF Allocation Framework

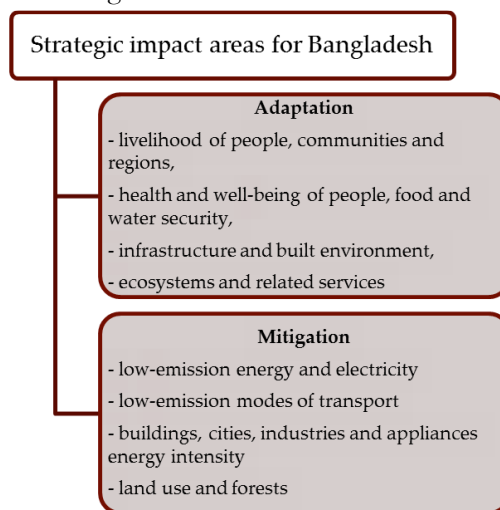


Table 1: GCF's six high-level investment criteria¹

Criteria	Description
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objective and result areas, i.e. transformational change
Paradigm shift potential	Degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment
Sustainable development potential	Wider benefits and priorities, including environmental, social and economic co-benefits as well as gender-sensitive development impact
Responsive to recipient needs	Vulnerability and financing needs of the beneficiary country and population in the targeted group
Promote country ownership	Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions)

¹The GCF is currently developing activity-specific sub-criteria and assessment methodologies

Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project, and for mitigation specific programmes/projects, cost-effectiveness and co-financing
-------------------------------------	--

(Source: Jillian Dyszynski's presentation in the workshop)

Strategic considerations for the year 2015, up to the COP-21 in Paris this year in November, are described in Figure-2.

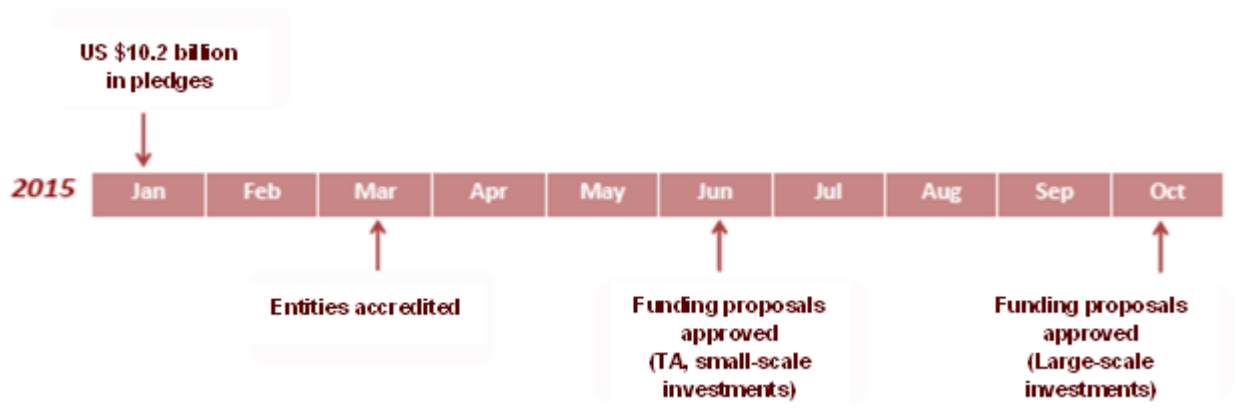


Figure 2: Strategic consideration for GCF for the year 2015

To support developing countries to engage with the fund, there is funding of up to \$1 million per calendar year per country available, and readiness support can be requested for the activity areas shown in Figure 3. Though the important point to note here is that, this request should be for complementing existing readiness activities.

The GCF can make the following types of investments or interventions

- Grants
- Debt instruments
- Equity
- Guarantees

These are not exhaustive and the GCF is looking to utilize more financial instruments, and those might be available in the future.



Figure 3: Readiness activity areas for which funding can be requested from the GCF through their readiness support

3.4 Discussion

Question 1: The lack of capacity of the LDCs and the stringent requirements specified by the fund makes it hard for the LDCs to access the fund. Please try to make a new pathway for the LDCs so that they can access the funds easily.

Answer: The GCF Board has made every effort to make the accreditation process easier. One good example of that is the “fit-for-purpose” approach, which means that not every organization will be assessed on the same level; it will vary on the size of the project as well as the organizations financial capacity. The GCF will also provide readiness support to those who need to improve their capacity and readiness to access the GCF.

Question 2: What kind of role can the private sector play in adaptation and how can GCF support that?

Answer: The private sector facility (PSF) within the GCF Secretariat is currently working to find ways to ensure that the private sector supports adaptation. It is also trying to find ways to support small and medium sized enterprises (SMEs).

Question 3: Can the NIE act as an executing agency and implement project on the ground?

Answer: The NIE can directly implement projects on the ground.

4 The Technical Workshop

The Technical Workshop took place at the NEC Conference Room in ERD. In total 67 participants from different organizations, including representatives from the 14 potential NIEs, participated in the technical workshop. It covered a range of topics, including an overview of the accreditation process and fit-for-purpose approach to direct access, other countries' experiences on direct access to other climate funds (GEF, AF, etc.), GCF investment criteria and results framework. The lessons learned from self-assessments were also shared during this period. To give the participants a deeper understanding and facilitate exchange of information, bilateral meetings with each potential NIE were also held.

4.1 Objectives

- To facilitate greater shared understanding of the opportunities available under the Green Climate Fund.
- Present the role of ERD as the NDA-Secretariat, which is mandated by the Government Allocation of Business to mobilize and manage external resources and act as the coordination body for the development partners on behalf of the Government of Bangladesh.
- Elaborate on the country-driven approach towards accessing the GCF resources.
- Explain the operational mechanism between the GCF, NDA and NIE.
- Present in detail, the roles and responsibilities as well as the selection criteria of the NIE, in terms of Fiduciary Standards and Environmental and Social Safeguards.
- Discuss the application procedures for the NIE so that the key stakeholders are aware of the process to be followed.
- Promote a country-driven approach where key stakeholders will develop a common understanding on how to proceed with the NIE identification and selection process in Bangladesh.
- Gather input into a strategic roadmap on the next steps of the NIE identification and capacity development.
- Discuss the process to determine which fiduciary and monitoring systems and procedures of the Government of Bangladesh (GoB) can be utilized for meeting the requirements of the GCF.

4.2 Programme Schedule

The Technical Workshop started after the inaugural session and continued until the end of day 2. The programme schedule is included in Annex 4.

4.2.1 Workshop Day 1

4.2.1.1 Session 1

Title: Introduction and Participants' Expectations

Moderators: Mr. Md. Ashadul Islam, Additional Secretary, UN Wing, ERD

Dr. Bjoern Surborg, Principal Advisor, Climate Finance, GIZ

During this session the participants introduced themselves first, and then the moderators explained the programme schedule for the rest of the workshop in detail, as well as explained the house rules for the workshop. As house rules participants were requested to be careful on time management, asking precise and relevant questions, and finally not to change the representatives during the two-day workshop. A list of participants of the technical workshop is included in Annex 1.



4.2.1.2 Session 2

Title: Accreditation process for NIEs and fit-for-purpose approach for direct access

Presenter: Ms. Jillian Dyszynski, Country Operations Dialogue Specialist, GCF

The GCF, through a country driven approach taken by the NDA of a country, can provide access to funds to undertake climate change projects/programmes through accredited national, regional and international implementing entities and intermediaries. The NIEs seeking accreditation will be assessed against two basic criteria: fiduciary principles and standards, and environmental and social safeguards (ESS). Detailed information about these can be gathered by accessing the following links:

- Initial guiding accreditation framework²
- Fiduciary standards³
- ESS⁴



The Fund's accreditation process will be based on three main stages⁵:

²http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Guiding_Framework_for_the_Accreditation_Process_20140619.pdf

³http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Initial_Fiduciary_Principles_and_Standards_20140619.pdf

⁴http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Interim_Environmental_and_Social_Safeguards_20140619.pdf

⁵http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Guiding_Framework_for_the_Accreditation_Process_20140619.pdf

- Stage I: No-objection and readiness
- Stage II: Accreditation review and decision
- Stage III: Final arrangements

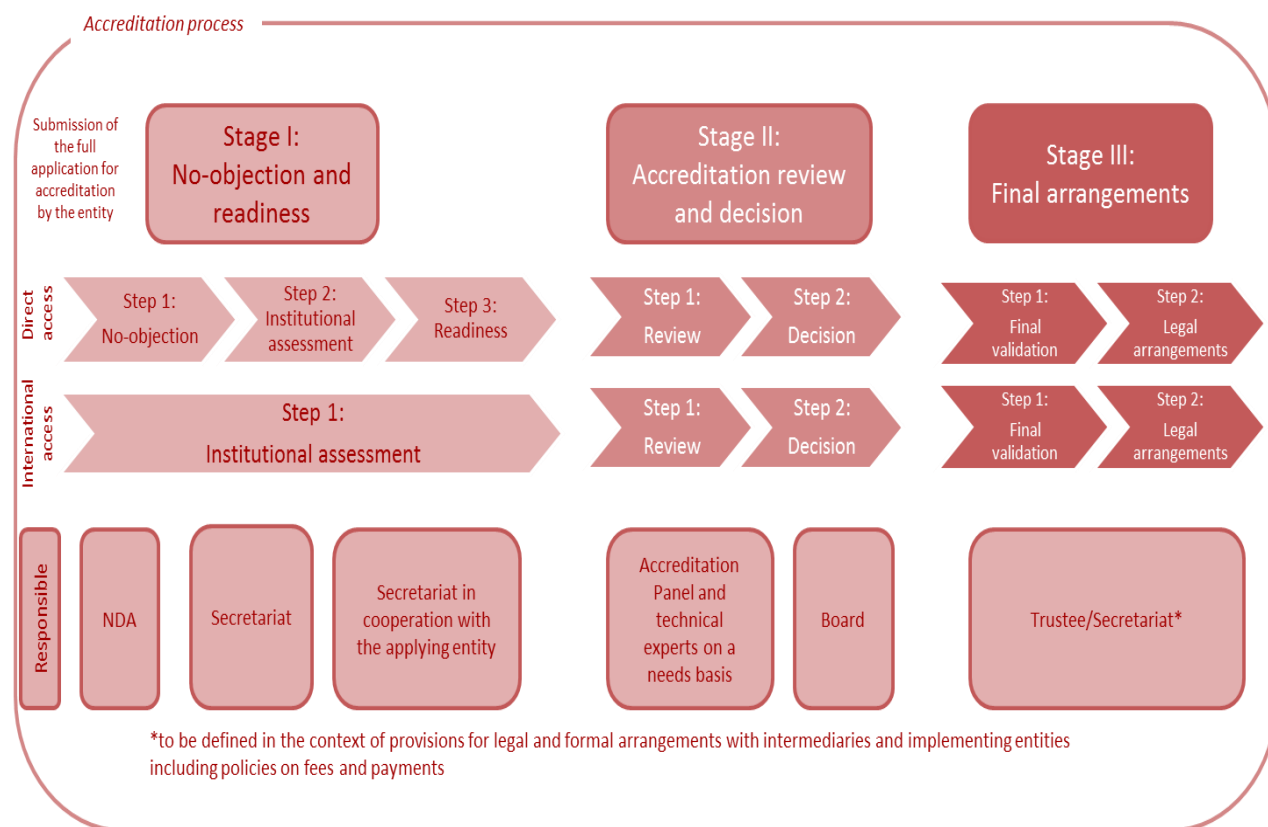


Figure 4: Overview of the accreditation process

Accreditation of NIEs will be within certain categories, depending on the size of potential projects. The category of an NIE will be determined using the following criteria:

	Total Project Costs
Micro	Up to and including US\$10 million
Small	Above US\$10 million and up to and including US\$50 million
Medium	Above US\$50 million and up to and including US\$250 million
Large	Above US\$250 million

The accreditation process will require the applicants to pay a certain fee for getting accreditation, which varies depending on the size category and the applicant country status. Detailed information on the fees can be accessed from the GCF website⁶.

Entities can apply on a rolling-basis, and the decision on accreditation will be taken by the Board at its meetings. Based on the application and the entity’s track record, the Accreditation Panel will make a recommendation to the Board on the potential of the entity for accreditation with the following indications:

⁶http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_04_Policy_Fees_Accreditation_fin_20141005.pdf

- Maximum size of project/activity within a programme
- Maximum environmental and social risk category
- Sector (in some cases where there may be a limited track record)

Accreditation broadly defines the way in which an entity can access the Fund's resources, but the Board will make decisions on individual projects and programmes consistent with the Fund's investment framework.

The next window for project submission is June'15 during the GCF board's meeting. Clarifications were requested on many issues and the questions were taken to the GCF Board. Answers provided by GCF are included in Annex 7.



Figure 5: GCF project and programme activity approval process

Q&A Session:

Q1: When submitting documents to the GCF during the application process, is it necessary that the documents be in English, as most of the documents are in Bangla?

A: This question will be taken to the GCF board and answer will be provided after discussion. But the GCF board has been advised to use all the 6 official UN languages.

Q2: There are some policies which are present in the national level which all the organizations adhere to, but those are not available in the organizational level. Is it necessary to develop such policies in the organizational level or the national level policies will be sufficient?

A: GCF requires the NIE not just to have the policy, but also requires them to show how those policies are implemented in practice. Hence, the national policies are acceptable, but the organization will have to show how those policies are implemented, with examples.

Q3: In case of ESS, different government organizations have developed various documents at the project level as required by the development partners. So during the accreditation process, is it necessary to submit all those documents or a summarized version of those?

A: Such documents developed during implementing a project can be shared with GCF Board while applying for accreditation in order to show the track record. For example: if the applicant entity wants to demonstrate their track record on how they ensure ESS, and they have recently implemented a project where they have developed such standards and implemented them, then they can share this information as a proof of their track record.

Q4: Is the accreditation fee based on the number of projects, i.e. if someone applies for more than one project; will they have to pay the fee for each of the projects?

A: The fee depends on the maximum individual size of the project the NIE wishes to get accredited for, not on the number of the projects.

Q5: If a country doesn't have an anti-money laundering and anti-terrorism policy, then what would the process to answer such questions during application process be?

A: This question will be taken to the GCF board, and answer will be provided.

Q6: The fiduciary standards are too stringent and may not be feasible in the near future for many NIEs to adhere to. Is there any possibility to relax such criteria? ESS, labor law, indigenous law, these are present at the country level, but are different from western countries. Are these sufficient for GCF or they have their own standards?

A: The process of direct access is not easy, and there is no alternative to it. But these processes are made in such way to ensure efficient use of funds. National level policies may be sufficient, but those need to be clarified further by GCF Secretariat.

Q7: How can a NIE prioritize projects and what kind of technical efficiency is required to include all Climate Change aspects in the project design?

A: The NDA will have to ensure that the project proposed by the NIE is aligned with the country priority. Also there are many methods for project design being used worldwide, which can be used for good project designs. There is no one-size-fits-all approach for project design, it is rather context specific. There is readiness support available from the GCF for NIEs, which can be accessed, if needed.

Q8: How long will the accreditation process take after submission of an application? How long will it take to approve projects after submission? How is the GCF fast track approach different from the same of GEF, AF?

A: The time of the application process will depend on the quality of the applications. If the entities are better prepared and do their homework, then it might be easier. For applicants who already have experience with other climate funds, this might be easier as they may already have the documents ready and may have a track record. But for others it might be a long term process. The same thing applies for project approval. This year there are 2 board meetings for project approval - June and October. The GCF is much larger in scale and funding size, also there is a fit for purpose process, which is derived from lessons learnt from GEF and AF.

Summary of discussion on Audit mechanism:

There was a lack of clarity regarding the audit mechanism from the participants as different procedures are present in the country for auditing. The 14 potential NIEs selected initially are governed by different systems as there is a difference in their organizational set up and mandate. 10 out of the 14 agencies were statutory agencies (e.g. DoE, BFD, DDM, LGED, RHD, BIWTA, BWDB, DAE, BCCT, and SREDA). The existing internal or external audit systems of these agencies at the institutional level are not in-line with the GCF requirements. The Office of the Comptroller and Auditor General (OCAG) is constitutionally mandated to do the external audit for statutory agencies. As statutory organizations do not maintain any records of assets and liabilities, a complete set of financial statements are not prepared. Accordingly, following the global auditing standards, OCAG only can perform a financial compliance audit based on expenditure vs budget allocation. However, questions were raised whether such type of OCAG audit meet the criteria of external audit set by the GCF.

Most organizations have an internal control system in place, which works as internal audit. But this internal control/audit system is not fully functional as instructed by the Finance Division. For foreign-aided (WB, ADB, etc.) projects there are built-in systems of internal audit in the project design as this is a requirement of foreign assistance. The Foreign Aided Project Audit Directorate (FAPAD) is mandated to provide external audit support for any foreign aided project in Bangladesh.

In case of organizations like IDCOL and IIFC, they are established as government owned companies and

registered under the company act. Hence, these institutions are in a better position in terms of audit systems. Bangladesh Bank and PKSF, as financial institutions have all the processes to formally meet the GCF audit requirements at the institutional level.

Hence it is understandable that the audit system as practiced at the moment by the statutory agencies does not fit the GCF criteria. Adjusting such systems and subsequent practices will require time and institutional changes. It is thus advisable that the NDA should seek more clarification from the GCF regarding this issue and also conduct a detailed assessment of national systems to identify the gaps.

The GCF requires the NIEs to have 3 processes in respect to auditing

- Having an independent audit committee
- Internal Audit
- External Audit



4.2.1.3 Session 3: Lessons learned from self-assessments: identifying the strengths, gaps and challenges of Bangladeshi institutions/agencies

Moderator: Ms. Emelia Holdaway, Ricardo-AEA, GIZ consultant

The moderator of the session, who was also the consultant for supporting the 14 potential NIEs to perform their self-assessments, presented the lessons learned from the process. The summary report of the self-assessments is included in Annex 6. Following are some of the key points from that assessment.



- Nearly all institutions have experience in working with development partners, which *suggests* nearly all institutions, have the capability to adapt their processes and procedures as needed to meet the requirements of various international institutions – and hence *may* have the potential to adapt their processes as needed to meet the GCF’s accreditation criteria. However:
 - **GCF requirements are more stringent** in some areas than those of other international institutions.
 - Some aspects of the accreditation criteria require **evidence of institutional-level processes, policies and procedures that conform to GCF requirements**, in addition to project-level processes, policies and procedures. For example: annual financial statements/reports, asset/liability statements, environment and social standards, etc.
- Strong differentiators between the institutions include the following:
 - **Critical understanding** of the self-assessment checklist varied between institutions. **BB, DoE, IDCOL** were the strongest in that aspect. All institutions have **knowledge gaps** with respect to the GCF and the accreditation criteria, however overall **DoE, IDCOL and BB** have shown the strongest understanding of the GCF’s accreditation criteria, whereas the other institutions showed a lack of understanding.
 - **Engagement levels** in terms of completing the self-assessment checklist differed significantly between institutions; for example:
 - **DoE, LGED and IDCOL** all pre-filled the accreditation application form; **BB** demonstrated a question-by-question knowledge of the application form.
 - **BCCT and IIFC** prepared documents summarizing their capabilities.
 - All institutions have capability gaps against the accreditation criteria – but it is likely that the **capacity to close those capability gaps** will differ between institutions. For example:
 - Financial institutions and organizations established under the company act (**BB, PKSf, IDCOL, and IIFC**) may be able to more readily address gaps with respect to the fiduciary criteria than those with less financial experience.
 - Institutions such as **DoE** are likely to have the strongest technical understanding regarding identifying and addressing environmental impacts, due to their track record of working on such aspects – and hence may be best placed for addressing any gaps with respect to environmental and possibly also social risk management.
 - While the strength of each institution’s **track record** in terms of undertaking projects with climate change adaptation or mitigation dimensions differs to some extent between institutions, the strength of each institution’s **pipeline of climate resilient and low-carbon**

projects sees more differentiation. For example: IDCOL, BB and PKSF, has demonstrated strong pipeline of projects. IDCOL has an ongoing programme on solar energy in Bangladesh, BB has been financing green projects through their re-finance scheme, and PKSF has been managing the NGO window of the BCCTF and the BCCRF, hence it was relatively convenient for them to demonstrate strong project pipelines.

Note that while the project pipeline is not part of the accreditation application, it may impact on the NIE's ability to 'hit the ground running' once accredited.

- **Common challenges** across the institutions include:
 - **Common gaps for some aspects the Environmental and Social Safeguards:** while most organizations have some experience of managing E&S risks at a project-level, none of the institutions have a complete Environmental and Social Management System (ESMS) or E&S policy in place at an institutional level.
 - It is possible that learning at a project-level could be extended to develop the required institutional-level processes.
 - Institutions who already have some E&S processes at an institutional level are better placed to close this gap than others
 - **Demonstration of institutional-level processes** is less developed than demonstration of project-level implementation across both the ESS and fiduciary criteria; **evidence of the implementation** of these processes and policies are key elements of accreditation process.
 - **Demonstrated implementation and enforcement of national legislation and procedures at the institutional-level** appears to be lacking; institutions need to show evidence on enforcing these legislations through proper project documentation in a transparent way with clear mentioning the actions taken to address non-compliances, fraud/malpractice, etc., and publish institutional-level statement on those issues.
 - Dependence on national systems/legislation for many aspects of fiduciary criteria and ESS is common, but further investigation is needed to understand the **conformity of national systems/legislation with the GCF's accreditation criteria**, for example:
 - financial statements (MoF)
 - procurement (Public Procurement Act 2006 and Public Procurement Rules)
 - transparency and accountability (Government Servants (Conduct) Rules 1979 (disclosure of conflicts of interest, code of ethics), The Government Servants (Discipline and Appeal) Rules 1985 and Prevention of Corruption Act 1947 (financial malpractice), Citizen Charter)
 - anti-terrorism/money laundering regulations
 - external audits (Auditor-General)
 - project preparation/planning/evaluation/monitoring (Planning Commission),
 - environmental risk assessment (DoE via environmental clearance certificates) – for example, this may need to be extended so that social risks are comprehensively covered; in addition, a standardized risk assessment checklist/process may be needed to ensure that risks are consistently addressed between projects.

Group Exercise:

Following to the presentation on the lessons learnt, the participants were divided in groups for the group exercise.

A summary of the group work is presented in Table 2 and Table 3.

Group A: Environmental and Social Safeguards (ESS)

- A1: DoE, DoF, BCCT
- A2: BB, IIFC
- A3: PKSF, IDCOL

Group B: Fiduciary Criteria

- B1: LGED, RHD, DDM
- B2: DAE, SREDA
- B3: BIWTA, BWDB

Table 2: Summary of Group Exercise (Group A)

	Environmental and Social Management System	Assessment and Screening Process	Track Record of Managing ESS Risks
A1	What are the key gaps for your institutions - Environmental management exists - Social Management partially exists	DoE - exists BFD and BCCT - partial	- Environmental management exists - Social Management partially exists
	What actions can be taken internally to meet the gaps	Social safeguard framework needed	The process should be well defined and structured
	What support is needed	Technical and financial support	
A2	What are the key gaps for your institutions BB - SRM needs to be incorporated with ERM IIFC - Currently they are in the formulation stage	BB - SRM supervision tool to be incorporated along with ERM supervision tool	BB - Environmental Risk Rating (ERR) management track record available. Social Risk Rating (SRR) to be established IIFC - Designed ESRM for World Bank and other clients
	What actions can be taken internally to meet the gaps	BB - Incorporation is at final stage IIFC - Board approval is required	BB - SRR management to be established along with ERR
	What support is needed	Capacity building for better implementation	Technical assistance
A3	What are the key gaps for your institutions Updating ESMS framework through an interactive process by including grass root level stakeholders	Lacks adequate formalization	Inadequate focus on formalization though ESMS was adopted since inception
	What actions can be taken internally to meet the gaps	Updating existing ESMS, and currently under consideration of the Board of Directors	More formalization is needed
	What support is needed	No external support required	No external support required

Table 3: Summary of Group Exercise (Group B)

B1	Zero tolerance statement on fraud, financial mismanagement and malpractice	Documented definitions, rules & responsibilities of main corporate actors	Investigative function has defined process for periodic reporting	
What are the key gaps for your institutions	The policy is there, but the gap remains in enforcement	There are no gaps in documentation, but there are gaps in capacity in terms of understanding these systems	<ul style="list-style-type: none"> - Lengthy process - Less monitoring 	
What actions can be taken internally to meet the gaps	Development of effective monitoring system	<ul style="list-style-type: none"> - Demonstration - Creating examples - Training and awareness - Reward & punishment 	<ul style="list-style-type: none"> - MIS/IT based system should be established - Better monitoring 	
What support is needed	<ul style="list-style-type: none"> - Dedicated internal monitoring cell - ICT based monitoring 	Capacity development and motivation building	ICT based monitoring system	
B2	What are the key gaps for your institutions	DAE <ul style="list-style-type: none"> - Knowledge gap SREDA <ul style="list-style-type: none"> - Lack of own institutional statement 	DAE <ul style="list-style-type: none"> - No gaps SREDA <ul style="list-style-type: none"> - Lack of rules and regulations 	DAE <ul style="list-style-type: none"> - Delayed process SREDA <ul style="list-style-type: none"> - Structured documentation is not prepared yet
What actions can be taken internally to meet the gaps	DAE <ul style="list-style-type: none"> - Capacity building SREDA <ul style="list-style-type: none"> - Need to be formulated 	DAE <ul style="list-style-type: none"> - Updating SREDA <ul style="list-style-type: none"> - Rules and regulations need to be formulated 	DAE <ul style="list-style-type: none"> - Strengthening systems SREDA <ul style="list-style-type: none"> - Need to prepare the documentation 	
What support is needed	<ul style="list-style-type: none"> - Financial support - Technical support - Logistics support 	Technical assistance and knowledge sharing	Technical support is needed. Also training and funding will be required	
B3	What are the key gaps for your institutions	All these procedures exist, but procedures are time consuming. So refurbishment of rules & regulations are needed		
What actions can be taken internally to meet the gaps	Training and capacity building			
What support is needed	Training, workshops, knowledge sharing			



Session summary:

The purpose of these group exercises was to facilitate the self-assessment process by the potential NIEs, by allowing them to look into certain fiduciary and ESS criteria set up by the GCF Secretariat. The NIEs got the opportunity to take a careful look into their existing systems around those criteria and identify the gaps. They also got the opportunity to propose actions to meet those gaps and the type of support needed to implement those actions. Though at the end of the exercise it was evident that a lot of gaps exist in the institutional level in terms policies and legislations, most of the problems lies with the implementation and enforcement of these policies. Participants found the implementation of the policy/procedure lengthy and time consuming. In some cases policies were present at the project level or embedded in the project design but not at the institutional level. A lot of capacity gaps were identified, and the participants emphasized training and capacity building needs. Further, some processes were followed in an ad-hoc manner, rather than in a consistent and structured way. Many participants suggested for development of ICT based systems for monitoring the implementation of policies and legislations. The way forward identified for this was to introduce e-governance, under which all government business processes will be automated, and less dependent on manual system, which is inefficient and time consuming.

4.2.1.4 Session 4: Other countries' experience on direct access to climate finance (GEF, AF, etc.)

Presented by: Ms. Rohini Kohli, UNDP

In this session the presenter provided a broad framework for climate finance readiness that includes alignment with national development priorities and climate relevant medium term processes such as National Development Plans and National Adaptation Plans. The presenter went on to share UNDP's experience of supporting readiness through the UNDP/WRI/UNEP programme and lessons learnt by other UN agencies such as UNEP in supporting NIE accreditation for the Adaptation Fund. The presenter noted that NIE accreditation is an important aspect of building national capacity, but is one of the steps of a broader whole of government approach to building climate finance readiness.



It was emphasized that the priorities and identification of projects for accessing international climate finance should be in line with national priorities and strategies. There should also be room for accommodating sectoral priorities. Adopting a comprehensive risk management strategy was also suggested. Many countries are currently developing their NAP, and in the long run projects can also be identified from this plan. Furthermore, as climate change adaptation will require large amounts of funding and public finance will not be enough, the countries should also put emphasis on leveraging private sector finance. The presenter also mentioned that it is better to have a large pool of NIEs, as all selected NIEs will not be able to get accredited due to lack of systems and track records.

UNDP's experience working with different countries on climate finance readiness indicates that most countries face capacity gaps in related to the ability to navigate complex financial landscape to access, manage, deliver, track & report on different forms of finance; and face barriers to catalyze private finance. The challenge is that climate finance readiness requires alignment of climate policies and strategies with national development demands quality data & information built into robust MRV systems. A sustained investment is required as readiness is not a one-time exercise and involves capacities & processes over short, medium, and long-term. Challenges facing NIE Accreditation, which is one aspect of readiness, are similar capacities for direct access are typically spread amongst several ministries/agencies often with little overlap; fiduciary & institutional bodies/capacities lack track record of systems and processes; NIEs play a coordinating role among many actors; procurement issues and self-investigative powers are a stumbling block and there are limited human resources to respond effectively to NIE accreditation process.

It is important to note that the key principle of the GCF is national ownership and a nationally driven GCF framework and process to access climate finance. There are both strategic and operational aspects of this process for accessing climate finance indirectly and directly and this can be built up through a graduated series of steps to address both strategic and operational aspects.

Strategic Aspects:

- National consultative process: A consultative process is required to align project pipelines with national development frameworks, such as the ongoing 6th 5 year Plan, upcoming Bangladesh 7th 5 Year Plan and the upcoming National Adaptation Plan (note: A NAP road-map is already produced by Bangladesh).
- National mechanism for steering: Prioritizing the selection of projects through a national high level steering body that can validate the selection through a transparent process. This national steering committee can be an already established senior decision making mechanism that exists for national development investment priorities or a national climate steering committee, and may need an expert sub-groups to advise on mitigation and adaptation related aspects as these projects have a different nature in terms of financial instruments – loans/grants and so on. The committee would need to determine the balance of adaptation and mitigation projects that are to be submitted.
- Complementary role of NDA and national steering mechanism: The roles of and responsibilities of the NDA and relevant national steering mechanisms on national development/ climate change are complementary and it would be useful to have a clear documentation of these roles. For example, the national steering mechanism would need to validate project priorities and be fully coordinated with the NDA. In turn the NDA would need to liaise with the GCF secretariat and provide no-objections to proposals. In effect this means that the NDA would need to be fully coordinated with the national steering mechanism.
- Criteria for prioritizing projects: The committee would require objective criteria on the basis of which to select projects for further development. For climate adaptation, these can include aspects of the GCF criteria: ie. paradigm shifting potential, number of beneficiaries, the extent to which they fit into the 4 areas of GCF focus – Food and Water Security, Livelihoods, Infrastructure, Ecosystems – these are the Adaptation priorities (mitigation may have others), regional balance and so on.

Operational Aspects

- Building up NIEs. Activities to build up greater national capacity through supporting NIEs to become accredited in the short and medium term would need to be formulated and the GCF readiness support can be used to build up this national capacity.
- Accessing GCF through an MIE. In parallel as NIE accreditation proceeds, if Bangladesh, chooses to also access funding for priority projects through an MIE that have been accredited for projects that have been agreed nationally. These projects would need substantial development before they are ready to be submitted to the GCF. Based on national considerations, Bangladesh, could approach any MIE that has been accredited already such as UNDP or the regional development banks. To ensure direct access in the medium term, it would be strategic to build an element in these projects to build up NIEs so that in the medium term, Bangladesh is fully ready for direct access with more than one accredited entity.

4.2.2 Workshop Day 2

4.2.2.1 Session 5: Recap from day 1 on Fiduciary Criteria

Presented by: Emelia Holdaway, Ricardo-AEA and GIZ Consultant

Experience from day 1 showed that there is a lack of clarity in terms of fiduciary standards. The participants expressed in many cases that there are some country systems available in Bangladesh which many institutions adhere to, but the GCF Secretariat requires not only the policy to be in place, but also implementation and enforcement of such systems/policies. The entities applying for accreditation will thus have to ensure the following 3 actions:

1. Develop policies, legislations, rules and regulatory frameworks to meet the accreditation criteria of the GCF
2. Develop an implementation process and demonstrate a track record, i.e. examples of past practice
3. Provide details on enforcement processes and demonstrate track record

The presenter further described some of the basic fiduciary criteria to help the participants understand those better. She further described the basic fiduciary criteria which were broadly around:

1. General management and administrative capabilities
2. Transparency

This generated some questions from the participants. Some questions were asked on the control framework and audit requirements.

Session summary:

- Different organizations have different understandings and processes for audits. Organizations like Bangladesh Bank, IDCOL have very detailed audit processes at the institutional level, but other organizations like BCCT, DoE, LGED, RHD, etc., rely on the national systems. Difference of understanding and knowledge on available in-country audit systems were noticeable.
- The meaning of an internal control framework seemed to be lacking critical understanding by the participants. In most of the cases, systems and policies on internal control are present, but practices vary from organization to organization.

Session outcome:

- A detailed analysis of the country audit system and processes, and internal control framework can be helpful to clarify where the potential Bangladeshi NIEs stand in terms of GCF requirements.

4.2.2.2 Session 6: GCF investment criteria & results framework: considerations for project pipeline development

Presented by: Ms. Jillian Dyszynski, GCF

During this session the presenter described what kind of projects the GCF Secretariat is looking for. It was evident from the presentation that the GCF is looking for projects that are transformational, and entities which can deliver such projects. A video was shown as an example for a transformational and innovative project. An overview of the project approval process and investment criteria was presented again. Mr. Youssef Arfaoui, Mitigation Coordinator at the GCF, joined the session through a Skype call to answer questions of the participants. Some of the questions were answered by the GCF experts. Since the GCF Secretariat is still developing their business processes/systems, answers to all questions were not readily

available. But the GCF representatives have promised to take the questions to the board, and answers will be provided once the board has been consulted. In general most questions were around funding application processes and the type of projects the GCF is looking for, but there were also other questions.

Q&A Session:

Q1: For projects like green building or green industry, some Bangladeshi institutions are now following the available international certification systems, e.g. LEED. But such certification is expensive. Does the GCF have a certification system?

A: The GCF does not have a certification system.

Q2: A lot of paper work and documents are required by the GCF for the accreditation process, and it would be really helpful if there are any standard formats for such. Can the GCF Secretariat provide any such formats?

A: The GCF is currently preparing a project proposal documentation and project concept note format. It and will be available soon.

Q3: Can master plans with a series of projects be funded by the GCF?

A: Yes, series of projects from a master plan can be funded by the GCF, provided that a technical/feasibility study is undertaken, ESS standards are maintained and financial system is in place.

Q4: What are the monitoring, reporting and verification systems for the GCF projects?

A: Such systems are currently under preparation.

Q5: Is there any financial support available for project proposal development?

A: There is support available for readiness, and such funding can be used for preparatory activities. But how much support can be provided depends on the scale of the project, as for some large projects it can be costly. In such case technical assistance project proposals can be submitted for funding.

Q5: What are the roles of the NIEs? Is it just a fund manager, can also be an executing agency?

A: It depends on the NIEs and what they want to do. They can be a fund manager as well as manage and implement project.

Q6: Are there any limits to the number of projects that can be submitted?

A: Once accredited, there are no limits to the number of projects that can be submitted to the GCF.

Q7: If an NIE wants to develop a project which will be implemented by multiple executing agencies, e.g. NGOs, then how can they develop the project proposal?

A: The NIE can submit the project concept note to the GCF, and if approved, further readiness or project development support can be provided by the GCF.

Q8: How will the GCF ensure the confidentiality of documents that are submitted to them as part of the accreditation process, as some of those documents are confidential in nature?

A: The Online Accreditation System has embedded terms and conditions on confidentiality. So documents submitted to the GCF will stay confidential.

Q9: Are there only grants available from the GCF, or other financial instruments as well?

A: There are many financial instruments which can be used in the projects. But the document on that topic is currently under preparation, and will be available soon.

Q10: If any international institution submits a series of projects to the NDA and some of those projects require funding, then what should the process for that be?

A: If the concept note is shared and the projects are bankable, then funding is available for that.

4.2.2.3 Develop a road map to gain direct access to GCF & make recommendations to implement the process

Participants were asked to present some project ideas which are already developed and ready to be submitted to the GCF board before their next meeting in June 2015. Invitation letter of the workshop stated to come along to the workshop with some bankable project ideas. Project ideas should conform to the requirements communicate during the workshop and in line with country priorities and strategies. There are 6 investment criteria being followed by GCF in selecting projects. Participants were asked to suggest projects which meet most of those criteria. Participants were also given two different timelines, i.e. 2015-16 and 2016-17, for starting of their proposed projects. A list of projects that were proposed during the session is included in Annex-5.

Session summary:

- In general there was some misunderstanding among the participants regarding the “ready-to-go” projects, as some of them presented project ideas, which are still in conceptual stage. A feasibility study or any technical study has not yet taken place, hence proposed project were unlikely to be ready by the deadline.
- In some cases, conflicts of interest were observed among different institutions as some of the project ideas shared by an institution seem to be something that was under the mandate of another institution.
- In some other cases project ideas didn’t match with the country strategy or country priority. Also some institutions were not well prepared.
- Furthermore, concern was raised by the participants regarding whether this is the right process of selecting projects for GCF, as this may end up with projects that are repetitive or not in line with the country strategy.

4.2.2.4 Bilateral Meetings

During this session the participants were divided into groups according to their institutions, and bilateral meetings took place with the NDA secretariat with support from the GIZ consultant and Principal Adviser. The purpose of these bilateral meetings was to exchange information between the NDA and the potential NIEs. Representatives of the potential NIEs pitched their queries and concerns to the NDA Secretariat. The 2 bilateral meetings were held simultaneously with 2 organizations in each meeting at one time.

Bilateral meeting groups:

Group 1: BB, PKSf

Group 2: RHD, DDM

Group 3: IDCOL, BCCT

Group 4: BFD, DAE

Group 5: LGED, DoE

Group 6: SREDA, IIFC

Group 7: BWDB, BIWTA

Session summary:

- Most of the questions were around the process of the self-assessment and project pipeline selection.
- Some participants raised concerns regarding the depth and time of the self-assessment process, as many of them were not prepared and didn't have enough understanding when it was carried out, though the NDA Secretariat sent the self-assessment programme long ahead of time.
- Some others expressed concerns regarding the accreditation process and documents required.
- Some organizations requested support for further in-depth self-assessment and preparing documents for the accreditation process.
- Time required for developing such documents or establishing such systems were also another major concern from the participants, and they were worried that they may not be able to prepare themselves in a short period of time.
- Despite different level of understanding and preparation most of the organization showed keen interest to get accredited by GCF as eventually it will raise their capacity in accessing climate finance.
- Some organizations failed to understand the message of the self-assessment and objectives of the workshop.



5 Workshop Analysis

The workshop was designed to support the NDA Secretariat of Bangladesh for the GCF to select a few potential NIEs for accreditation purposes in order to gain direct access to the fund. It was highly technical and focused. A high level of interaction between the NDA and GCF Secretariat with the potential NIEs was facilitated. In an effort to familiarize the potential NIEs with the GCF accreditation process and requirements, many questions were raised and clarifications were needed from the GCF Secretariat on different technical issues. Some of the key discussion points, key questions and key findings of the workshop are presented below.



Key discussion points:

The bulk of the discussions were around the fiduciary criteria set by the GCF. There are gaps between the international fiduciary standards and the audit and accounts system being practiced in Bangladesh. For example, generating financial statements by statutory entities is not a common practice in Bangladesh, but it is a fiduciary requirement of GCF. In many ways the fiduciary standards of GCF were identified as too stringent for a LDC like Bangladesh. For achieving accreditation there is no other option, but to change or upgrade the existing practices. Again, at country/institutional level there are already standard systems, but they are not fully functional. For example, an internal control and audit system is in place but not being practiced with due diligence. Likewise, legislation ensuring transparency and accountability (e.g. Anti Corruption Commission Act 2004, Public Procurement Act, 2006, Government Employees Conduct Rules, 1966 etc.) are in place but their effective implementation and enforcement of these acts and regulatory measures should be more consistent and regularized across the institutions. With regard to transparency and accountability, the GCF requires the institutions to have standard policies and legal frameworks to implement the policies, and good track record on implementation and enforcement.

For accreditation a NIE needs to fulfill several criteria in the area of ESS. Bangladesh has national level policies on environmental safeguards. The Department of Environment is the statutory body to issue environment certificates for projects ensuring safeguards to the environmental impact. National level policies on social safeguards are also in place; but ESSs are largely being practiced at the project level, not at the institutional level. Projects being implemented with development assistance require built-in ESSs in project design due to strict compliance of the funding criteria of the Development Partners. However, at institutional level there is no good track record of using such safeguard policies.

During the discussion on project pipelines, many participants raised concerns whether the approach taken by the ERD for project pipeline development was an appropriate one. Some suggested that more in-depth discussions, reviewing of national policies and strategies, and cross-checking of mandates of organizations should be undertaken. They were concerned that, if such an important issue is dealt with in haste without in-depth analysis and rigorous consultation with all the stakeholders, then the NDA may end up selecting projects which are not in line with national priorities, and there is the possibility of being duplicative in nature. On the contrary, the GCF Expert considered the early selection of projects advantageous for Bangladesh, because project approval by the GCF board for funding would be on first come first serve basis.

Another major issue raised by the participants was the volume of documents required by the GCF for accreditation. Availability of such documents may vary from organization to organization. Therefore some organizations may not be able to get accredited as implementing new policies or institutional frameworks is a major change which may take years to be in place. However, this was identified as a major obstacle.

**Key
Discussion
Points
(continued)**

One of the major discussion points and also a point of concern raised by many participants was that the time given by the NDA to the NIEs for performing their self-assessment was not enough, because the issue was very new to the agencies, and not all agencies had the technical knowledge required for the assessment. Some agencies may lack the ESMS (environmental and social management systems) in place as per the requirement of the GCF; but they have the organizational mandate, capacity, scope of work and track record of undertaking large scale projects. Concern was raised by some participants about the present exercise whether it would be a one-time process. The NDA and GCF Secretariat ensured the participants that it is not the case; and it is fine if some organizations require more time for readiness than others.

Another major discussion point was the audit and accounting system. Statutory agencies follow an accounting system, which is on cash basis, not accrual basis. No financial statements are generated by the agencies or the auditors. On the other hand, the financial institutions, like Bangladesh Bank, IDCOL, etc., are established under the Company Act, are much closer to the GCF requirements. Clarifications were sought by participants to the GCF Secretariat on whether such national accounting and auditing systems will be sufficient, or not.

It was also discussed whether indirect access through international entities is a better option for Bangladesh at this stage, as it may take national organizations a long time for getting accredited due to a lot of readiness requirements. The possibility was discussed and it was evident from the statement of the NDA Secretariat that though international access would be an option, the highest priority for the NDA of Bangladesh will be direct access.

Key findings:

An assessment of the country audit and accounting system could be helpful to cross check the national systems with the GCF requirement.

Policies and legislations on environment and social safeguards need to be established at an institutional level.

Implementation and enforcement of policies is a key aspect of effective governance. The selected organizations need to build up a track record of such implementation and enforcement through proper documentation of such actions.

Although many organizations have proposed some projects for immediate implementation, in order to streamline these efforts with country strategies, a thorough national consultation process might be beneficial, in order to avoid duplication of projects and to align them with country strategies and plans. At the same time, some criteria need to be developed for selection of and prioritization of projects.

There is a lack of knowledge on the processes of GCF accreditation. There are also capacity gaps in terms of documents and policies required to meet the GCF criteria. Hence capacity building of potential NIEs on these areas is necessary.

Bangladesh should also consider international access, in parallel of getting its potential NIEs ready for direct access.

It will be beneficial for Bangladesh in the long run if they create a larger pool of potential NIEs, assess their capacities and work on readiness on a case by case basis. Some organizations may not be ready to be accredited at this point of time, but if readiness support is provided they may be better in achieving results in the long-run due to their mandate, resources and scope of work. Hence a 3 phase approach is suggested:

- Phase 1: Identify the forerunners who are closest to accreditation with the GCF at the current stage and get them accredited.
 - Phase 2: Develop a larger pool of potential NIEs for the future and work with them to make them ready for accreditation. While creating such a pool, preference should be given to institutions which are strategically best placed to achieve the adaptation and mitigation objectives specified by national strategies and plans.
 - Phase 3: Engage with the private sector entities and work with them to build awareness and develop engagement framework for the private sector.
-

6 Next Steps/ Way Forward

This workshop intended to gather the input from the participants for developing a road map for Bangladesh in order to receive direct access to the GCF. Though developing a full-fledged road map was not possible due to time constraint, the workshop identified few key next steps. The next steps identified during the workshop were divided in two phases – immediate and short-medium term.



Immediate Term

The immediate next steps of the workshop are as follows:

- The GCF Secretariat will answer the questions submitted to them and the NDA will circulate that to the participants (ref. Jillian).
- Presentation slides and documents shown during the workshop will be shared with the participants (if they were not shared yet).
- An online evaluation form will be circulated for feedback.

Short-Medium Term

There were also some next steps identified which will be implemented in the short to medium term. Those are as follows:

- Information received during the workshop will be analyzed, and a report will be prepared and circulated among the participants.
- Based on the self-assessment and workshop report 6 high potential NIEs will be selected for further readiness support. They **will go to the GCF board for accreditation in the first phase. A ranking of the potential NIEs is included in Annex 9.**
- A work plan for technical assistance by GIZ will be developed for the accreditation process.
- A process will be developed for the selection of pipeline projects by the NDA secretariat.
- A plan will be developed for providing GIZ readiness support for selected high potential NIEs under which in-depth organizational analysis will be conducted.
- Representatives of OCAg will clarify the GCF's accreditation requirements for the fiduciary aspects (accounting and auditing criteria) with the Fund secretariat, and inform the NDA for subsequent circulation to all the agencies.

ANNEX-1: List of workshop participants (not according to any seniority)

Name	Designation	Organization
Mohammad Mejbahuddin	Senior Secretary and NDA of Bangladesh to the GCF	Economic Relations Division (ERD)
Md. Ashadul Islam	Additional Secretary, UN Wing	Economic Relations Division (ERD)
Mohammad Shamsul Alam	Joint Secretary, UN-2	Economic Relations Division (ERD)
Sultana Afroz	Joint Secretary, UN-3	Economic Relations Division (ERD)
Mohammad Iftekhar Hossain	Senior Assistant Secretary, UN-3	Economic Relations Division (ERD)
Md. Shaheenur Rahman	Senior Assistant Chief, UNICEF	Economic Relations Division (ERD)
Mirza Mohammad Ali Reza	Senior Assistant Secretary, UN-5	Economic Relations Division (ERD)
Saleha Binte Siraj	Senior Assistant Secretary, UN-2	Economic Relations Division (ERD)
Shah Md. Habibul Hasan	Assistant chief, UN-4	Economic Relations Division (ERD)
Nasima Begum	Joint Secretary	Cabinet Division
Dr Krishna Gayen	Joint Secretary	Finance Division
Parveen Akhter	Joint Secretary	Implementation Monitoring and Evaluation Division (IMED)
Farida Jahan	Joint Secretary	Ministry of Agriculture
ASM Mamunur Rahman Khalili	Joint Secretary	Ministry of Shipping
Md. Shahjahan	Joint Chief	GED, Planning Commission
SK Md Abdul Ahad	Joint Chief	Power Division
Muhammad Hiruzzaman	Deputy Secretary	Ministry of Water Resources
Shafiquzzaman	Deputy Secretary	Planning Division
Wahida Musarrat Anita	Senior Assistant Secretary	Ministry of Environment and Forests
Md. Hasanuzzaman	Senior Assistant Chief	Ministry of Disaster Management
Md. Robiul Islam	Assistant Secretary	Ministry of Foreign Affairs
Quazi Sarwar I. Hashmi	Additional Director General	Department of Environment (DOE)
Mirza Shawkat Ali	Deputy Director	Department of Environment (DOE)
Md. Ziaul Haque	Deputy Director	Department of Environment (DOE)
Md. Mozaharul Islam	Conservator of Forest	Bangladesh Forest Department (BFD)
Md. Mahmudul Hassan	Assistant Conservator of Forest	Bangladesh Forest Department (BFD)
Muhammad Abdul H. Milton	Assistant Director	Bangladesh Climate Change Trust (BCCT)
Saibeen Sultana	Assistant Director	Bangladesh Climate Change Trust (BCCT)
Manoj Kumar Biswas	General Manager	Bangladesh Bank (BB)
Khondkar Morshed Millat	Deputy General Manager	Bangladesh Bank (BB)
Asif Iqbal	Deputy Director	Bangladesh Bank (BB)
Mahmud Hasan Salim	Director (Planning)	Bangladesh Inland Water Transport Authority (BIWTA)

Khandaker Rasel Hasan	Deputy Director (Planning)	Bangladesh Inland Water Transport Authority (BIWTA)
Md. Sarafat Hossain Khan	Project Director	Bangladesh Water Development Board (BWDB)
Md. Maqbul Hussain	Superintending Engineer	Bangladesh Water Development Board (BWDB)
Musa Nurur Rahman	Executive Engineer	Bangladesh Water Development Board (BWDB)
Masuma Younus	Production Economist	Department of Agriculture Extension (DAE)
Dr Md Rafiqul Islam	Project Director, DCRMA Project	Department of Agriculture Extension (DAE)
Shohrab Hossain	Deputy Director (Planning)	Department of Disaster Management (DDM)
Gopal Krishna Debnath	Project Director	Local Government Engineering Department (LGED)
Md Azaz Morshed Chowdhury	Executive Engineer	Local Government Engineering Department (LGED)
Abul Monzur Mohammed Sadeque	Executive Engineer (Planning)	Local Government Engineering Department (LGED)
Md. Fazlul Kader	Deputy Managing Director	Palli Karma Shahayak Foundation (PKSF)
Fazle Rabbi Sadeque	Project Coordinator	Palli Karma Shahayak Foundation (PKSF)
Mohammad Moniruzzaman	Executive Engineer	Roads and Highways Department (RHD)
ABM Sertajur Rahman	Executive Engineer	Roads and Highways Department (RHD)
Md. Habibul Haque	Additional Chief Engineer	Roads and Highways Department (RHD)
S M Sanzad Lumen	Assistant Director	Sustainable & Renewable Energy Development Authority (SREDA)
Zabir Ibne Raquib	Officer	Infrastructure Development Company Ltd (IDCOL)
Junaed Tazdik	Officer	Infrastructure Development Company Ltd (IDCOL)
Farzana Rahman	Unit Head (Investment), Renewable Energy	Infrastructure Development Company Ltd (IDCOL)
Dr Ahmedul Hye Chowdhury	Environmental Specialist	Infrastructure Development Company Ltd (IDCOL)
Nazrul Islam	Managing Director	Infrastructure Investment Facilitation Company (IIFC)
AHM Maniruzzaman	Consultant	Infrastructure Investment Facilitation Company (IIFC)
Saadia Majeed		Infrastructure Investment Facilitation Company (IIFC)

Bikash Chandra Mitra	Director (MIS)	Office of Comptroller and Auditor General
Khan Md Ferdausur Rahman	Director (FAPAD)	Office of Comptroller and Auditor General
Abul Kalam Azad	Director	Bangladesh Bureau of Statistics (BBS)
Jillian Dyszynski	Country Dialogue Specialist	GCF Secretariat
Bjoern Surborg, PhD	Principal Advisor, Climate Finance	GIZ
Md. Afjal Hossain	Technical Advisor -Climate Change	GIZ
Md. Mahmudur Rahman	Project Officer, CFG	GIZ
Md. Reaj Morshed	Advisor: Climate Finance and Policy	GIZ
Maksuda Aktar	Accounts and Administrative Officer, CFG	GIZ
Emilia Holdaway	Consultant	GIZ and Ricardo AEA
Zunaid Rabbani	Team Leader	UNDP
Kate Moss Gamblin	Consultant	UNDP
AKM Mamunur Rashid	Climate Change Specialist	UNDP
Rohini Kohli	HDR Specialist	UNDP
S M Mehedi Ahsan	Sector Specialist for Resilient Cities	KfW
Sharmeen Neelormi	National Coordinator, GCF Readiness	KfW
David Doogan	Deputy Representative	FAO
Dr A W Raghieb Hassan	Climate Change Specialist	FAO

ANNEX-2: List of potential NIEs selected by the NDA of Bangladesh for the GCF

Bangladesh Bank (BB)
Bangladesh Climate Change Trust (BCCT)
Bangladesh Forest Department (BFD)
Bangladesh Inland Water Transport Authority (BIWTA)
Bangladesh Water Development Board (BWDB)
Department of Agriculture Extension (DAE)
Department of Disaster Management (DDM)
Department of Environment (DOE)
Infrastructure Development Company Ltd (IDCOL)
Infrastructure Investment Facilitation Company (IIFC)
Local Government Engineering Department (LGED)
Palli Karma Shahayak Foundation (PKSF)
Roads and Highways Department (RHD)
Sustainable & Renewable Energy Development Authority (SREDA)

ANNEX-3: NIE self-assessment checklist in accordance with the GCF criteria

A. Legal Status and Mandate

GCF requirement ⁷	ASSESSMENT CHECKLIST
The applicant entity has full legal capacity within the relevant jurisdiction that enables it to undertake the intended activities to be funded by the Fund and to become an accredited entity of the Fund	<input type="checkbox"/> Review the legislation or governing instrument which established the institution, or other relevant legislation, to confirm: <ul style="list-style-type: none"> • The institution is a separate legal entity • The institution is permitted to carry out the types of activities it is seeking to have funded by the GCF (sector, theme (mitigation/adaptation), size, geographic scope, etc.) • The institution to permitted to receive international payments from and make payments to the GCF's Trustee (World Bank) • The institution is permitted to become accredited to the GCF and fulfil the functions of a NIE <input type="checkbox"/> Is the institution accredited to any other relevant institutions? (e.g. Adaptation Fund, Directorate-General for Development and Cooperation – Europe Aid of the European Commission (EU DEVCO), GEF)

B. Environmental and Social Safeguards (ESS)

GCF Requirements ⁸
<input type="checkbox"/> Environmental and Social Management System (ESMS) with the below elements.
<input type="checkbox"/> A policy which includes: <ul style="list-style-type: none"> • an overarching definition of E&S objectives and requirements to ensure sound E&S performance • a commitment to comply with applicable law • a commitment to be consistent with the principles of the Performance Standards • clear indication of who will ensure conformance with the policy and be responsible for execution
<input type="checkbox"/> An assessment process, tailored to the scale and complexity of the project, that identifies and assesses direct and indirect E&S risks and impacts from the activity including associated facilities, cumulative impacts and trans-boundary impacts; assesses measures to avoid, or where avoidance is not possible, minimize, and where residual impacts remain, compensate/offset for risks and impacts to workers, affected communities, and the environment
<input type="checkbox"/> Management programmes that describe the mitigation and actions that address the identified E&S risks and impacts
<input type="checkbox"/> An organizational structure that includes the appropriate capacity and competency to implement the ESMS
<input type="checkbox"/> An emergency preparedness and response system, where there is the potential to cause harm to people and/or the environment (project/programme specific element)
<input type="checkbox"/> A system to monitor and measure the effectiveness of the management program
<input type="checkbox"/> A stakeholder engagement process, scaled to the project risks and impacts and development stage, which includes consultation, a project level grievance mechanism, disclosure of information, and on-going reporting to affected communities (project/programme specific element)
<input type="checkbox"/> An external institutional communications mechanism

⁷GCF/B.07/11

⁸GCF/B.08/45

C. Basic Fiduciary Criteria

Criteria	GCF Requirements ⁹
General management and administrative capacities:	<ul style="list-style-type: none"> <input type="checkbox"/> Clear and formal definition of the main “corporate governance” actors of the entity and of their respective roles and responsibilities (for example, oversight authorities, audit committee, regulators, governing board, executive body, internal audit body, external audit body, etc.); <input type="checkbox"/> Existence of adequate internal oversight bodies and transparent rules regarding the appointment, termination and remuneration of members of such committees; <input type="checkbox"/> A consistent, clear and adequately communicated organization chart available, which describes, as a minimum, the entity’s key areas of authority and responsibility, as well as well-defined reporting/delegation lines; <input type="checkbox"/> A consistent and formal process to set objectives and to ensure that the chosen objectives support and align with the mission of the entity. <input type="checkbox"/> Indicators to measure defined objectives and internal documents demonstrating that organization-wide objectives provide clear guidance on what the entity wants to achieve <input type="checkbox"/> A general management plan that also includes processes to monitor and report on the achievement of set objectives
Financial management and accounting	<ul style="list-style-type: none"> <input type="checkbox"/> Financial statements follow the Generally Accepted Accounting Principles (GAAP) and are prepared in accordance with recognized accounting standards, such as the International Financial Reporting Standards (IFRS), or the International Public Sector Accounting Standards (IPSAS) in the case of public entities, or other equivalent standards; <input type="checkbox"/> The entity has in place a clear and complete set of financial statements that provide information on: <ul style="list-style-type: none"> i) A statement of assets, liabilities and fund balances (statement of financial position);(ii) A statement of financial performance (income and expenses/revenue and expenditure); ii) A statement of changes in financial position or a statement of changes in reserves and fund balances; iii) A statement of cash flows; iv) A description of the accounting policies used explaining the accounting framework used; and v) Appropriate notes and disclosures in annexes to the financial statements, in particular explaining the accounting framework used, the basis of preparation of the financial statements, and the specific accounting policies that are necessary for a proper understanding of the financial statements. <input type="checkbox"/> Financial statements are reported periodically, consistent with previous reporting periods, and allow for comparison among reporting periods; <input type="checkbox"/> The entity uses accounting and financial information systems based on the accounting principles and procedures indicated in paragraph (a) above and how the accounting policies of the entity are adapted to the nature and complexity of its activities; <input type="checkbox"/> Transparent and consistent payment and disbursement systems are in place with documented procedures and clear allocation of responsibilities. The entity has also legal and operational capacity to receive international payments from the Fund’s Trustee and to make payments to the Fund’s Trustee; <input type="checkbox"/> A track record in the preparation and transparent use of business plans, financial projections and budgets, and the ability to continuously monitor performance and expenditure against these; and <input type="checkbox"/> Resources, systems and procedures (including fiduciary accounts, as appropriate) are in place that ensures proper financial reporting over the use of funding received from the Fund.

⁹GCF/B.08/45

Internal and external audit

- Independent audit committee
 - An independent audit committee or comparable body is appointed and fully functional and oversees the work of the internal audit function as well as the external audit firm as it relates to the audit of financial statements, control systems and reporting.
 - The audit committee or comparable body is guided and mandated by written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.
- Internal audit¹⁰
 - The internal audit function has a documented terms of reference or charter, reviewed and approved formally by senior management and the audit committee, that outlines its purpose, authorized functions and accountability;
 - The internal audit function is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors or other equivalent standards;
 - Auditors and/or entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency, which is supported by specific legal arrangements to this effect;
 - The internal audit function is independent and able to perform its respective duties objectively. It is headed by an officer specially assigned to this role with due functional independence, who reports to a level of the organization that allows the internal audit activity to properly fulfil its responsibilities;
 - The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the organization's goals;
 - The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) ensuring proper coverage and a minimization of duplication of efforts;
 - The internal audit function disseminates its findings to the corresponding senior management units and business management units, which are responsible for acting on and/or responding to recommendations;
 - The internal audit function has a process in place to monitor the response to its recommendations; and
 - A process is in place to monitor and assess the overall effectiveness of the internal audit functions, including periodic internal and external quality assessments.
- External audit¹¹
 - The entity has appointed an independent external audit firm or organization;
 - The work of the external audit firm or organization is consistent with the recognized international auditing standards such as International Standards on Auditing (ISA), or other equivalent standards;
 - In cases where the entity is subject to external audits carried out by a national audit institution or other form of public independent inspection body, provisions should be made so that the external audits are guaranteed independence and impartiality, including through formal terms of reference, and are conducted periodically;
 - The entity exhibits all necessary provisions and arrangements to ensure that an annual audit opinion on the financial statements and/or, as appropriate, on all financial resources received from the Fund and administered by the entity, is issued by the external auditor and made public; and
 - The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Audits and management progress reports are reviewed by the audit committee or comparable body annually.

¹⁰Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (as defined by the Institute of Internal Auditors).

¹¹The external financial audit function ensures an independent review of financial statements and internal controls (as defined by the International Federation of Accountants (IFAC)).

Control framework	<p>The Committee of Sponsoring Organizations (COSO) of the Treadway Commission defines internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Effectiveness and efficiency of operations; <input type="checkbox"/> Reliability of financial reporting; <input type="checkbox"/> Compliance with applicable laws and regulations; <input type="checkbox"/> A control framework that has been adopted and that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel; <input type="checkbox"/> A control framework that covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing; <input type="checkbox"/> A control framework that defines roles and responsibilities pertaining to the accountability of fiscal agents and fiduciary trustees; <input type="checkbox"/> At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent; <input type="checkbox"/> The control framework guides the financial management framework; <input type="checkbox"/> Procedures are in place for identifying internal controls and assessing the details of the controls annually in core financial management areas, including: <ul style="list-style-type: none"> i) Budgeting; ii) Accounting; iii) Internal control; iv) Funds flow (including disbursements, cash management, unused fund close-out); v) Financial reporting; and vi) Auditing arrangements; <input type="checkbox"/> Provisions for regular oversight of the procurement function with consistent monitoring and follow-up on review reports evidence that a risk management process exists and allows management to identify, assess and address existing or potential issues that may hamper the achievement of the entity’s objectives; and <input type="checkbox"/> Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between settlement processing, procurement processing, risk management/reconciliations, and accounting.
Procurement¹²	<ul style="list-style-type: none"> <input type="checkbox"/> Formal internal guidelines and a procurement policy that promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions; <input type="checkbox"/> Specific procurement guidelines are in place with respect to different types of procurement managed by the entity, such as consultants, contractors and service providers; <input type="checkbox"/> Specific procedures, guidelines and methodologies as well as adequate organizational resources for overseeing, assessing and reviewing the procurement procedures of beneficiary institutions, executing entities or project sponsors are in place; <input type="checkbox"/> Procurement performance in the implementation of Fund’s approved funding proposals is monitored at periodic intervals, and there are processes in place requiring a response when issues are identified; <input type="checkbox"/> Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed; <input type="checkbox"/> Evidence of transparent and fair procurement policies and procedures that are consistent with recognized international practice, including such provisions and practices as: <ul style="list-style-type: none"> i) Non-discrimination and equal treatment of candidates; ii) Dispute resolution procedures;

¹²Procurement processes in the applicant entity cover regular procurement relating to the general operations of the entity as well as procurement in the context of the implementation and execution of funding proposals approved by the Fund. These should include formal standards, guidelines and systems based on widely recognized processes and an internal control framework to ensure fair and transparent procurement processes.

	<ul style="list-style-type: none"> iii) Obligation to use and adherence to tendering procedures; iv) Best value for money; and v) Adequate ex-post communication and publication of beneficiaries.
Code of ethics	<ul style="list-style-type: none"> <input type="checkbox"/> The organization has in place either a documented code of ethics that defines ethical standards to be upheld, listing the parties required to adhere to the standards, including employees, consultants, and independent experts; or alternatively, a set of clear and formal management policies and provisions are in place to define expected ethical behavior by all individuals contracted or functionally related to the organization; <input type="checkbox"/> All individuals with a functional and/or contractual relationship to the organization are made aware of such codes of ethics or policies/provisions as appropriate; and <input type="checkbox"/> The organization has in place an ethics committee or has allocated such functions to other relevant instances within the organization.
Disclosure of conflict of interest	<ul style="list-style-type: none"> <input type="checkbox"/> The organization has a disclosure policy, or equivalent administrative provisions to this effect, that establishes the necessary mandatory financial disclosures of possible, actual, perceived or apparent conflicts of interest by identified parties as appropriate; and <input type="checkbox"/> The policy, or equivalent administrative provisions, specifies prohibited personal financial interests and describes the principles under which conflicts of interests are reviewed and resolved. It should also describe sanction measures for parties that do not disclose such conflicts on a proactive basis where a conflict of interest is identified.
Capacity to prevent or deal with financial mismanagement and other forms of malpractice	<ul style="list-style-type: none"> <input type="checkbox"/> Demonstrated experience and track record in accessing financial resources from national and international sources, as appropriate; <input type="checkbox"/> Evidence of tone or statement from the governing bodies or senior management of the organization emphasizing a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, or from any other relevant party associated directly or indirectly with the general operations of the entity, and particularly in relation to the implementation of approved funding proposals; <input type="checkbox"/> Avenues and tools for reporting suspected ethics violations, misconduct, and any kind of malpractice, which should be complemented by provisions and mechanisms protecting whistle blowers and individuals reporting such violations; <input type="checkbox"/> Evidence of an objective investigation function for allegations of fraud and corruption, which includes procedures in the organization to process cases of fraud and mismanagement, undertake necessary investigative activities and generate periodic reports for information and follow-up by the ethics function; and <input type="checkbox"/> General management policies promote an organizational culture that is conducive to fairness, accountability and full transparency across the organization’s activities and operations.
Investigation function¹³	<ul style="list-style-type: none"> <input type="checkbox"/> The investigation function has publicly available terms of reference that outline the purpose, authority and accountability of the function. This function may be assigned to a dedicated organizational component within the entity’s structure or to another appropriate element of the organization <input type="checkbox"/> To ensure functional independence, the investigations function is headed by an officer who reports to a level of the organization that allows the investigation function to fulfil its responsibilities objectively; <input type="checkbox"/> The investigation function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process; and <input type="checkbox"/> The investigation function has a defined process for periodically reporting case trends. To enhance accountability and transparency, case trend reports and other information are made available to senior management and relevant business functions to the extent possible.
Anti-money laundering and anti-terrorist financing	Evidence that the institution does have anti-money laundering and anti-terrorist financing provisions in place.

¹³The investigation function provides for the independent and objective investigation of allegations of fraudulent and corrupt practices (using widely recognized definitions such as those agreed by the International Financial Institutions Anti-Corruption Task Force) in all operations of the entity as well as allegations of possible entity staff misconduct.

D. Specialized Fiduciary Criteria

Criteria	GCF Requirements
Project management	
Project preparation and appraisal	<ul style="list-style-type: none"> <input type="checkbox"/> Track record of capability and experience (including appropriate tendering procedures for project proposals) in the identification and design of projects or programmes within the respective jurisdiction (subnational, national, regional or international, as applicable); <input type="checkbox"/> Capacity to clearly state project objectives and outcomes in preparing funding proposals and to incorporate key performance indicators with baselines and targets into the project design; <input type="checkbox"/> Ability to examine and incorporate technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, and relevant assessments thereof, into the funding proposal at the appraisal stage; and <input type="checkbox"/> Appropriate fiduciary oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.
Project oversight and control	<ul style="list-style-type: none"> <input type="checkbox"/> Operational systems, procedures and overall capacity to consistently prepare project implementation plans, including project budgets, reporting guidelines and templates to be used by executing entities or project sponsors; <input type="checkbox"/> Operational capacity and organizational arrangements to continuously oversee the implementation of the approved funding proposal in order to regularly assess project expenditure against project budget as well as to monitor and identify opportunities for improving project performance against its budget and timelines; <input type="checkbox"/> Appropriate reporting capabilities and capacities to appropriately publish implementation reports; and <input type="checkbox"/> Operational systems and overall capacity to conduct necessary activities relating to project closure, including due reporting on results achieved, lessons learned and recommendations for improvement, as well as capacity to disseminate results and make key findings publicly available.
Monitoring and evaluation	<ul style="list-style-type: none"> <input type="checkbox"/> Monitoring <ul style="list-style-type: none"> • Operational and organizational resources are available to implement monitoring functions, policies and procedures consistent with the requirements of the Fund’s monitoring and evaluation guidelines; • The roles and responsibilities of the monitoring function are clearly articulated at both the project and entity/portfolio levels. The monitoring function at the entity/portfolio level is separated from the project origination and supervision functions; • Tools for reporting on project monitoring are available and monitoring results are periodically published.
	<ul style="list-style-type: none"> <input type="checkbox"/> Evaluation <ul style="list-style-type: none"> • Independent evaluations are undertaken by an established body or function as part of a systematic programme of assessing results, consistent with relevant requirements and related Fund policies; • The evaluation function follows impartial, widely recognized, documented and professional standards and methods; • The evaluation body or function is structured to have the maximum independence possible from the organization’s operations, consistent with the structure of the entity, ideally reporting directly to the board of directors or comparable body. If its structural independence is limited, the evaluation body or function has provisions that ensure transparent reporting to senior management; • An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, at a minimum to all parties directly or indirectly involved in the project or programme. To enhance transparency, reports are available publicly to the extent possible.
Project-at-risk systems and related project risk management capabilities	<ul style="list-style-type: none"> <input type="checkbox"/> A process or system, such as a project-at-risk system, is in place to flag early on when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems; <input type="checkbox"/> Availability of an independent risk management function differentiated from project implementation and project supervision responsibilities; <input type="checkbox"/> Risk assessment: <ul style="list-style-type: none"> i) Demonstrated capabilities to undertake the assessment of financial, economic, political and regulatory risks during the implementation stages; and

- ii) Demonstrated ability to integrate risk mitigation and management strategies into the funding proposal at all levels listed above, and to exercise such strategies during the implementation stage.

On-lending and/or blending

On-lending and/or blending¹⁴

The following list suggests possible on-lending and blending capacities for consideration during the accreditation process:

- Appropriate registration and/or license from a financial oversight body or regulator in the country and/or internationally, as applicable;
- Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;
- The creditworthiness of the institution making on-lending or blending arrangements;
- Due diligence policies, processes and procedures in place;
- Financial resources management, including analysis of lending portfolio of the intermediary;
- Public access to information on beneficiaries and results;
- Investment management, policies and systems, including in relation to portfolio management;
- Capacity to channel funds transparently and effectively, and to transfer the Fund’s funding advantages to final beneficiaries;
- Financial risk management, including asset liability management;
- Governance and organizational arrangements, including relationships between the entity’s treasury function and the operational side;
- For intermediaries or IEs that blend grant awards:
- There are clear procedures about the grant award rules that the implementing partner is required to apply; or
- If the intermediary or IE uses its own rules, the minimum requirements are satisfactory.

¹⁴ Additional specialized criteria for on-lending and blending will apply for intermediaries and IEs that wish to use those financial instruments with the Fund’s resources.

ANNEX-4: Programme Schedule



NIE Accreditation Process : Getting Bangladesh Ready for the Green Climate Fund

28-29 January, 2015 | NEC Auditorium & Conference Room, ERD

Organised by : National Designated Authority (NDA) of Bangladesh to the GCF, Economic Relations Division (ERD), Ministry of Finance, Government of Bangladesh
Sher-e-Bangla Nagar, Dhaka – 1207 (www.erd.gov.bd)

DAY 1: Wednesday, 28 January, 2015		
9:00 - 9:15 – Arrival and take seats		
9:15-10:00 Inaugural	1. Welcome Speech by Mr. Md. Ashadul Islam, Additional Secretary, UN Wing, ERD, GoB 2. Speech by Ms. Roswitha Amels, Head of German Development Cooperation, Embassy of Germany, Dhaka 3. Speech by Mr. Kamal Uddin Ahmed, Secretary (In charge), MoEF, GoB 4. Speech by the Chief Guest : Mr. Abul Maal A. Muhith MP, Hon'ble Minister of Finance, GoB 5. Speech by the Chair: Mr. Mohammad Mejbahuddin, Senior Secretary ERD, MoF, GoB & NDA of Bangladesh to the GCF	
10:00-10:30 General Session	Green Climate Fund : Overview and supporting transformational investments	Ms. Jillian Dyszynski Country Operations Dialogue Specialist, GCF
10:30 – 11:00 - Tea Break		
11:00 – 11:30 Session – 1	Introductions and Participants' Expectations	Mr. Md. Ashadul Islam, Adl. Secretary, UN Wing, ERD Dr. Bjoern Surborg, Principal Adviser, Climate Finance, GIZ, Dhaka
11:30 – 12:45 Session – 2	Accreditation process for NIEs and fit-for-purpose approach for direct access - Discussions and Q&A	Ms. Jillian Dyszynski Country Operations Dialogue Specialist, GCF
12:45 – 1:45 - Lunch Break		
1:45 – 3:45 Session – 3	Lessons learned from self-assessments: identifying the strengths, gaps and challenges for Bangladeshi institutions/agencies - Group exercise, discussions and Q&A	Ms. Emelia Holdaway Ricardo-AEA, Consultant for GIZ
3:45 – 4:00 - Coffee Break		
4:00 – 4:45 Session – 4	Other countries' experiences on direct access to climate finance (GEF, Adaptation Fund etc.)	UNDP representative
4:45 – 5:00	Summary of the outcomes of day-1	Mr. Md. Ashadul Islam, Adl. Secretary, UN Wing, ERD Dr. Bjoern Surborg, Principal Adviser, CF, GIZ, Dhaka

DAY 2: Thursday, 29 January, 2015		
9:00 - 9:15	Recap of day 1 and overview of day 2	Facilitator
9:15 - 11:15 Session – 5	GCF investment criteria & results framework : considerations for project pipeline development	Ms. Jillian Dyszynski Country Operations Dialogue Specialist, GCF & Mr. Youssef Arfaoui, Mitigation Coordinator (via Skype)
11:15 – 11:30 - Tea Break		
11:30 – 12:45	Bilateral meetings between participants and GCF specialists on fiduciary criteria, environmental & social safeguards and other technical issues to gain accreditation	GCF specialists
12:45 – 1:45 - Lunch Break		
1:45 – 3:15	Bilateral meetings between participants and GCF specialists on fiduciary criteria, environmental & social safeguards and other technical issues to gain accreditation	GCF specialists
3:15 – 3:30 - Coffee Break		
3:30 – 4:15 Session – 6	Next Steps : develop a road map to gain direct access to GCF & make recommendations to implement the process	Ms. Emelia Holdaway Ricardo-AEA, Consultant for GIZ
4:15 - 4:45 Closure	<ol style="list-style-type: none"> 1. Presentation of a short report on the workshop by Mr. Md. Ashadul Islam, Additional Secretary, UN Wing, ERD, GoB 2. Reflection on the workshop by a representative of the participants 3. Concluding speech by Mr. Mohammad Mejbahuddin, Senior Secretary, ERD, MoF, GoB & NDA of Bangladesh to the GCF 	

For attending at the working sessions (session 1 – 6) please, register at <http://goo.gl/forms/iIJC7YyRX6>

Contacts :

01. Mr. Mohammad Iftekhar Hossain, Senior Assistant Secretary, UN-3, ERD & NDA Secretariat, Room No. 33, Block No. 07, Sher-e-Bangla Nagar, Dhaka-1207
Ph. 9119453 (off.), 01715047700 (cell), e-mail: sas-un3@erd.gov.bd, iftekhar2025@gmail.com
02. Mr. Mirza Mohammad Ali Reza, Senior Assistant Secretary, UN-5, ERD & NDA Secretariat, Room No. 32, Block No. 07, Sher-e-Bangla Nagar, Dhaka-1207
Ph. 9180949 (off.), 01712691297 (cell), e-mail: sas-un5@erd.gov.bd, reza3174@gmail.com
03. Mr. Md. Mahmudur Rahman, Project Officer, Climate Finance Team, GIZ Office Bangladesh
Ph. 01911561912 (cell), e-mail : rahman.mahmudur@giz.de

Supported by :



ANNEX-5: List of pipeline projects proposed by the potential NIEs

Name of the organization	Projects for 2015-16	Projects for 2016-17
IDCOL	- 3 megawatt solar park project	- Solar irrigation - Solar mini grid - Bio-gas based electricity generation
LGED	- Solid waste management - Multi-purpose climate resilient cyclone shelters	- Improving the rural waterways by rainwater harvesting
DoE	- Waste composting - NAMA for steel sector - Brick kiln efficiency improvement	- Coastal afforestation project
IIFC	- Retrofitting gas turbines to combined cycle	-
SREDA	- Solar power - Waste to energy - Wind energy mapping	-
BFD	- Eco-restoration of northern region of Bangladesh - Afforestation at Chittagong hill tracts	-
BCCT	-	- Climate Change Knowledge and Research Centre - Mainstreaming gender into planning
DAE	-	- Climate resilient seed production and preservation - Improving agriculture marketing and value chain system - Improvement of irrigation system using surface water - Agro-ecological zoning to diversify food production - Replace UREA with USG - Improved ICT based information sharing and early warning system
BB	-	- Green building and industries - Natural cold storage - Integrated ETP - Bio-gas plant

ANNEX-6: Self-Assessment Overview by the Consultant

The self-assessment is based on **each institution's own screening of their 'fit' against the GCF accreditation criteria**. The self-assessments were discussed in **interviews with each institution**, supported with a pre-filled accreditation application or other documents as relevant. In practice, the interviews involved providing an introduction to the GCF and the accreditation criteria, and then interactively talking through each institution's current conformance with the accreditation criteria.

Please note that, at this initial screening stage, detailed reviews of legislation, governing instruments, institutional policies and procedures, etc. were not undertaken. In addition, the verbal information provided by each institution was taken at face-value i.e. detailed fact-checking was not undertaken – however, a light audit-style of approach.

Nearly all institutions have experience of working with development partners, which *suggests* nearly all institutions, have the capability to adapt their processes and procedures as needed to meet the requirements of various international institutions – and hence *may* have the potential to adapt their processes as needed to meet the GCF's accreditation criteria. However:

- **GCF requirements are more stringent** in places than those of other international institutions
- Some aspects of the accreditation criteria require **evidence of institutional-level processes, policies and procedures that conform to GCF requirements** (i.e. in addition to project-level processes, policies and procedures).

Strong differentiators between the institutions include:

- **Engagement levels** differed significantly between institutions; for example:
 - **DoE, LGED and IDCOL** all pre-filled the accreditation application form; **BB** demonstrated a question-by-question knowledge of the application form
 - **BCCT and IFFC** prepared documents summarizing their capabilities.
- All institutions have **knowledge gaps** with respect to the GCF and the accreditation criteria, however overall **DoE, IDCOL and BB** have shown the strongest understanding of the GCF's accreditation criteria.
- All institutions have capability gaps against the accreditation criteria – but it is likely that the **capacity to close those capability gaps** will differ between institutions. For example:
 - Financial institutions may be able to more readily address gaps with respect to the fiduciary criteria than those with less financial experience.
 - Institutions such as DoE are likely to have the strongest technical understanding regarding identifying and addressing environmental impacts – and hence may be best placed for addressing any gaps with respect to environmental and possibly also social risk management.
- While the strength of each institution's **track record** differs to some extent between institutions, the strength of each institution's **pipeline of climate resilient and low-carbon projects** sees more differentiation, with examples of those with strong pipelines including (but not limited to) **PKSF and IDCOL**.
 - Note that while the project pipeline is not part of the accreditation application, it may impact on the NIE's ability to 'hit the ground running' once accredited.

Common challenges across the institutions include:

- **Common gaps for some aspects the Environmental and Social Safeguards:** while most organizations have some experience of managing E&S risks at a project-level, none of the institutions have a complete Environmental and Social Management System (ESMS) or E&S policy in place at an institutional level.

- It is possible that learnings at a project-level could be extended to develop the required institutional-level processes.
- Institutions who already have some E&S processes at an institutional level are better placed to close this gap than others
- **Demonstration of institutional-level processes** is less developed than demonstration of project-level implementation across both the ESS and fiduciary criteria; **evidence of the implementation** of these processes and policies are key.
- **Demonstrated application of national legislation and procedures at the institutional-level** appears to be lacking; institutions need to show evidence of the implementation of this legislation (e.g. project documentation, actions taken to address non-compliances, institutional-level statement on fraud/malpractice, etc.).
- Dependence on national systems/legislation for many aspects of fiduciary criteria and ESS is common- but further investigation is needed to understand the **conformity of national systems/legislation with the GCF's accreditation criteria**, for example:
 - financial statements (MoF)
 - procurement (Public Procurement Act 2006 and Public Procurement Rules)
 - transparency and accountability (Government Servants (Conduct) Rules 1979 (disclosure of conflicts of interest, code of ethics), The Government Servants (Discipline and Appeal) Rules 1985 and Prevention of Corruption Act 1947 (financial malpractice), Citizen Charter)
 - anti-terrorism/money laundering regulations
 - external audits (Auditor-General)
 - project preparation/planning/evaluation/monitoring (Planning Commission),
 - environmental risk assessment (DoE via environmental clearance certificates) – for example, this may need to be extended so that social risks are comprehensively covered; in addition, a standardized risk assessment checklist/process may be needed to ensure that risks are consistently addressed between projects.
- **Clarification needed on many points from the GCF Secretariat** – clarification questions have been sent to the GCF Secretariat for their consideration

The following figure overleaf provides a high level summary of the outputs of the self-assessment interviews. Note under 'specialized fiduciary criteria' is text indicating which of the specialized fiduciary criteria may apply to each institution.

RICARDO-AEA

Overview of self-assessment: outputs from the interviews

Institution	Legal mandate	ESS	Basic fiduciary criteria	Specialised fiduciary criteria
PKSF		?	?	PM, grants, loans
LGED				PM, grants, loans
BB				PM, loans
BWDB				PM ?
BIWTA				PM
BCCT		?		PM, grants
DDM				PM
DAE		?	?	?
SREDA		?		PM, grants, loans
DoE		?		PM
DoF		?	?	PM ?
RHD				PM
IDCOL		?		PM, grants, loans?
IFFC			?	?

8 Ricardo-AEA in Confidence © Ricardo-AEA Ltd

On the basis of the capacity of each institution with respect to the accreditation criteria, as well as engagement and understanding of the accreditation process and criteria, the following institutions were considered the most strongly placed as potential NIEs:

- **Infrastructure Development Company Limited (IDCOL)** - IDCOL demonstrated some of the highest levels of engagement during the self-assessment process. IDCOL appeared the most advanced of the institutions on the ESS; due to its status as a financial institution, it is expected that IDCOL will be in a strong position to address any fiduciary gaps.
- **Bangladesh Bank (BB)** – BB demonstrated some of the highest levels of engagement during the self-assessment process. Due to its status as a financial institution and the financial regulator, it is expected that BB will be in a strong position to address any fiduciary gaps. ESS are a significant gap for BB – but the level of ESS required by GCF is unexpected to be overly demanding, given that the majority of its green loan projects are unlikely to be high risk – hence, it is anticipated that any gaps are possible for BB to address.
- **Palli Karma-Sahayak Foundation (PKSF)** – PKSF has expressed considerable reluctance to be an NIE, and it was not possible to explore their fit against the ESS and fiduciary criteria. However, given their track record, it is expected that they will not be poorly positioned to meet the ESS criteria or, as a financial institution, to meet the fiduciary criteria. An important consideration is their strong project pipeline and track record with NGOs.
- **Local Government Engineering Department (LGED)** – LGED demonstrated some of the highest levels of engagement during the self-assessment process. While it was not found to be as strong on the ESS and fiduciary criteria compared to IDCOL, BB or DoE – it has a good project pipeline and good local network for delivering projects nationally.
- **Department of Environment (DOE)** – DoE demonstrated some of the highest levels of engagement during the self-assessment process. Due to its status as the environmental regulator, it is expected that DoE will be in a strong position to address ESS gaps. In addition, DoE demonstrated some of the best understanding between the institutions of the national-level fiduciary processes which it implements.

ANNEX-7: Clarification from GCF Secretariat on Questions not answered during the workshop

1) Legal status and mandate

The Bangladesh Bank is a central bank and there is an ordinance which established the institution. It has created its own mission statement. However, it does not have some of the example evidence listed on the accreditation application form such as a business permit and license due to its status as a central bank – **this acceptable in the eyes of the GCF?** I anticipate so, but just want to double-check.

A: It is correct that the types of example documents are not necessarily appropriate in BB's case. However, some official documentation needs to be provided to prove legal status as the central bank of Bangladesh.

2) Environmental and Social Standards

a) Are there any circumstances in which it would be acceptable to apply/develop the ESS on a project-by-project or are overall corporate-level approaches sought?

- We assume that all of the ESS criteria need to be demonstrated at a corporate level unless specified otherwise, but want to double-check if this is indeed the case – for example is it expected that 'management programmes' are implemented at the corporate as well as project level?

A: Overall corporate-level approaches are sought. These will also need to be reflected in project-level management capacities.

- Is it possible to hear a rationalization for why an institution-wide ESMS is needed?
 - For the screening - I can imagine it is important to ensure that project-level risks are systematically identified and managed via a consistent process– but having an institution-wide ESMS suggests that in addition the NIE needs to address corporate environmental and social issues like paper and energy use in offices, employee commuting, etc. – when perhaps the GCF's interest in more on the management of project-level risks and impacts?

A: This is not the intention of the word 'corporate' in the GCF context. A better description is that the organizations ability to manage ESS has been institutionalized. In other words, there are competent staff whose jobs it is to categorize and monitor such risks; there are institutional and management procedures in place to ensure any at-risk project issues are escalated appropriately, etc.

- Perhaps it is acceptable for projects to have separate/individual ESMSs or management programmes, just so long as for GCF-funded projects that the ESMSs or management plans are consistent with GCF requirements – and a template or consistent approach is developed for all GCF-funded projects?

A: The GCF requires that at least minimum institutional capacities to manage E&S risks are in place. How these roles and processes are arranged is up to the institution.

- Some departments need to comply with the requirements of multiple donors – in this circumstance is it acceptable for the GCF's requirements to be implemented on a project-by-project basis?

A: As above, as long as this reflects an institutional capacity and approach to manage the specified E&S risks with a supporting track record, it is up to the institution how to configure arrangements. Experience with other donors and systems often supports the evidence base an institution requires to demonstrate track record.

b. For item 1.2.4 on the accreditation application, does 'directly' (i.e. Category A/Intermediation 1 (High), directly) refer to the NIE also being the executing entity?

- To ask the question another way, can an institution be both an NIE and executing entity?

A: Yes, an institution can be (either/or) an Implementing Entity directly implementing and managing a project or managing a range of other executing entities. In these cases, it would need to seek accreditation against the specialized fiduciary standard for project management and, in some cases, awarding of grants to other executing entities.

- A related but separate point: can an institution be both an NDA and an NIE – or is this considered conflict of interest, and hence is disallowed?

A: As above, it can be both.

c. Also for 1.2.4, we've assumed that the institutions do not need to amend their internal risk categorizations; they just need to reassess the risk categories to ensure projects are correctly categorized as per the GCF's risk categories. For example, this might mean that they internally classify a project as, say, medium, but it might be classified under GCF's risk categories as high risk - in theory, this should [not] be a problem, just so long as the project is managed in accordance with GCF requirements for a high risk project, yes?

A: Yes, this is generally correct. The institution needs to clearly show how it categorizes risks and compare this against the GCF classification system to ensure parity.

d. Is it important that E&S processes are integrated? Would it be acceptable, for example, to have a separate EMS and separate SMS, if both were compliant with GCF requirements?

A: For high risk project accreditation, ideally both environment and social risk management systems should be integrated. However, for lower risk projects it is technically acceptable if they are separate as long as how they are implemented can be clearly demonstrated.

e. Specific case of Bangladesh Bank as a financial intermediary and central bank:

- The Bangladesh Bank provides soft green loans to commercial banks. How far down the value chain is BB expected to consider risks and impacts – for example, is it the immediate risks and impacts of the commercial banks themselves, or is it the risk and impacts of the initiatives that the commercial banks will finance in turn? This applies to both the screening/assessment of risks, as well as the scope of the risks and impacts that the ESMS should manage.

A: The obligations of BB to manage and mitigate E&S risk are reflected down the value chain. It is incumbent upon BB to demonstrate how they manage this on-lending related risk with its partners.

- Given that the stated intention of the GCF is not to overburden low risk projects, do you think it's possible that BB would have a 'low risk' for its projects, and hence, some of the requirements of PS1 would not apply at all? I can see that B.08/02 seemed to indicate this, but the final Board Decisions from the 8th meeting don't reflect this, so would like to check this. For example, would it be your view that the below aspects don't seem relevant to a low risk projects:

A: It is important to remember that after accreditation, E&S risk is assessed on a project by project basis. As a result, it is possible that risks PS2-8 may not all apply to every project, such as the examples below. Where risks do not apply to an institution that is putting forward a project proposal, the entity needs to clearly state why it is not applicable to its operations in the proposal.

- An emergency preparedness and response system, where there is the potential to cause harm to people and/or the environment (project/programme specific element)
- A stakeholder engagement process, scaled to the project risks and impacts and development stage, which includes consultation, a project level grievance mechanism, disclosure of information, and on-going reporting to affected communities (project/programme specific element)
- Because GCF funding will be results-based; I expect that these criteria will indeed apply: "A system to monitor and measure the effectiveness of the management program" – but what level of rigor is expected? Due to the fact that BB will be on-lending, I expect data collection for an M&E of

their soft loans (across 87 entities) will be a demanding and expensive exercise – what would the GCF's expectations be of the M&E required for on-lending? Its assumed that the M&E program is needed at a project level, not corporate level.

A: TBD. A paper is currently being prepared by the Secretariat for Board consideration in its late March meeting. We will respond when there is more clarity on this issue.

Many institutions have a screening process which is applied at a project-by-project level, rather than a corporate level – we assume this is acceptable, as we interpret that the GCF is simply looking for consistency in the screening process that is applied at a project-by-project level?

A: The Fund is seeking a screening process that is institutionalized. In other words, that there is a documented process for project risk screening in place, there are qualified staff to carry this out, there are corporate escalation mechanisms, senior management has or can be made aware of issues as they arise and act on them, etc.

• It seems that institutions in Bangladesh do not have experience with the IFC standards. For PS 2-8 in particular, it seems that PS1 is the focus – or is evidence for PS2-8 sought? On PS2-8 - is it enough for them to provide environmental or social standards the institutions have been following in their accreditation application or otherwise what evidence is sought? It will be hard to demonstrate track record against IFC PS if they haven't used them before.

A: It is correct that PS1 or the ESMS is the focus of the accreditation application, and the capacity to manage PS2-8 is evidence sought. The type of evidence provided needs to be comparable to GCF standards. For Category A/B, the institution is required to show a full ESMS policy for PS1. Evidence of PS1-PS8 management capacity can be provided based on project evaluations, monitoring reports capturing the performance standards, who did the monitoring, how frequently, how results were communicated to senior management (e.g. provide minutes), what actions were taken, follow-up/closure, etc.

For the ESS screening/assessment process, the GCF seems to have put emphasis on having an integrated process - in practice, for project approvals, different departments and Ministries sign off on different types of risks – would this be considered not 'integrated'. In case it would not be considered sufficiently integrated, what would the GCF prefer to see? Would it be acceptable to still have this division of labour between different departments, just so long they were all using the same risk matrix/scoring system?

A: Yes, this would be acceptable so long as the process is clearly documented and implemented, with evidence to support.

For the risk levels, are all financial organizations considered 'intermediaries' – or does this refer to international intermediaries?

A: Not necessarily all financial organizations are considered intermediaries, particularly if they are not on-lending and blending.

Is any guidance available regarding how the ESS accreditation criteria might be scaled according to the level of risk that needs to be managed? For example, is an ESMS still needed, even if the organization's projects won't have a physical footprint - or the projects are only small?

A: The Fund doesn't have this specific scaling, but organizations need to show how they identify, categorize/rank risk (low, medium, high). For guidance, you refer to IFC guidance

Will expectations regarding conformance with the fiduciary criteria be scaled also – so, small projects won't have to demonstrate the basic fiduciary criteria to the same extent as an NIE managing large projects?

A: No, these are not scaled.

And ditto for the fiduciary criteria - for example, SREDA largely will be undertaking activities that relate to the basic fiduciary criteria but from time-to-time do give out loans and grants, will they need to take the same level of approach to complying with the specialized fiduciary criteria as an organization who gives out large loans or grants on a regular basis?

A: All entities need to fully meet basic criteria. There is no requirement to apply for more advanced instruments through the specialized fiduciary criteria. In cases where they do, entities would equally need to fully demonstrate core business capacity against the criteria, with a track record to back it up.

2) Fiduciary criteria

We assume that all of the fiduciary criteria need to be demonstrated at a corporate level (project level demonstration is not enough)?

A: Correct.

For the special case of Bangladesh Bank as a central bank who on-lends to commercial banks – does it need to have all of the fiduciary criteria in place for BB corporately, as well as for the commercial banks to whom it lends? For example, anti-money laundering and anti-terrorist financing? In general, BB has strict requirements for the banks to which it lends, but does not extend all of these to itself.

A: The BB needs to clearly demonstrate that its own policies, judged to be comparable to GCF standards, are complied with by commercial banks it lends to in this regard. In addition, it must itself meet the minimum fiduciary standards required by the Fund, e.g. on anti-money laundering and anti-terrorist financing, and demonstrate that these policies have been implemented.

Under financial management and accounting criteria, we assume that it is acceptable if financial statements are prepared by an organization other than the NIE (e.g. Ministry of Finance, etc.) – just so long as the financial statements themselves meet GCF requirements? Also, is it expected that public organizations should also report on assets/liabilities, even if they believe they don't have any?

A: It is OK that financial statements are prepared by an organization other than the NIE, but a clear explanation as to why this is the case is required. All assets and liabilities need to be clearly identified where relevant.

Is it possible that an institution may judge that any of the criteria are not applicable to them - or is track record, policies and demonstrated processes required against all criteria? For example: 'anti-money laundering and anti-terrorist financing' in particular.

A: Yes, all must be present.

Regarding "Capacity to prevent or deal with financial mismanagement and other forms of malpractice" – is it acceptable if the organization has compliant processes, but if these are not consolidated into a single policy or process – for example, a separate approach for fraud, a separate process for malpractice, etc.? If this is acceptable, it would be useful to hear if this principle can be applied elsewhere.

A: Yes, this is OK, but it needs to be clearly shown that the policy/processes are in place – even if not only one place.

Project Management criteria:

In general, BB doesn't implement the project management criteria – but it expects the banks to which they lend to meet these criteria – however, do the PM criteria apply to the NIE (BB) who is doing the on-lending itself?

A: No, the project management criteria would not be required of BB itself if it is only on-lending.

On-lending criteria

Due to BB's circumstances as a central bank, it does not have "Appropriate registration and/or license from a financial oversight body or regulator in the country and/or internationally" – is this acceptable to the GCF?

A: The examples given in the application are not always appropriate for every institution. In the case of BB, they would need to provide some other proof of their legal status.

What is the GCF's definition of senior vs subordinated concessional loans, as well as 'blending'?

A: Senior debt is borrowed money that a company/organization must repay first if it goes out of business. Subordinated debt is money that is repaid after senior debt is paid in full, and is therefore considered more risky for the lending institution.

Many institutions are following national legislation for key fiduciary activities, and that legislation describes the processes that they are followed (e.g. for procurement) – it seems that it will be acceptable for the institutions to provide the legislation as their evidence, with a note pointing GCF to the right sections of the legislation – but only as long as evidence is also provided of the legislation being applied at the institutional level?

A: Yes.

However, in case the legislation does not meet with all aspects of the GCF criteria, what type of additional evidence will institutions need to provide in order to demonstrate conformance with GCF requirements. Are you then looking for an institutional-level process that is compliant, if the national-level process is not compliant?

A: Organization would have to put in place an additional policy to fill gaps.

It would seem a potential waste of resources for an institution to create a new process for the purposes of their accreditation application, and then fail to get accreditation – with that in mind, would the GCF accept the national legislation, plus a commitment from the institution that it is willing to create institutional-level processes that meet GCF requirements, with examples of how the institution has adapted its procedures at a project-level in the past for previous internationally funded projects?

A: Yes, as above.

All the institutions are unclear what evidence to provide against 'anti-money laundering and anti-terrorist financing' and are sure it doesn't apply to them – could you please provide some examples of evidence or mitigation actions that GCF are hoping to see here?

A: This is a requirement of all applying entities. Regarding guidance, there are a number of institutional examples available from the WB, UN agencies, multilaterals, for example.

Can you please give some examples of the types of activities that accreditation against the basic fiduciary criteria will enable an NIE to undertake?

A: Accreditation against ONLY the basic fiduciary criteria might include 'strengthening institutional and regulatory systems', such as supporting policy changes in the public sector. However, as indicated in the below table, ALL applying entities must meet the basic fiduciary criteria as a minimum.

Accreditation required against

Examples of fiduciary functions	Basic fiduciary criteria	Specialized fiduciary criteria for project management*	Specialized fiduciary criteria for grant award and/or funding allocation mechanisms	Specialized fiduciary criteria for on-lending and/or blending
Strengthening institutional and regulatory systems	✓			
Implementing projects using Fund's resources, where the entity itself executes the project	✓	✓		
Implementing projects using Fund's resources, where the project is executed by another entity	✓	✓		
Awarding grants	✓	✓	✓	
Managing lines of credit using the Fund's resources	✓			✓
On-lending	✓	✓		✓
Blending Fund's resources with other sources of funding	✓	✓		✓
Using Fund's resources for guarantees	✓			✓
Using Fund's resources for equity investments	✓			✓

Does section 3.6 of the application form relate to 'blending'? Can there be more clarification on what 'blending' refers to within the specialized fiduciary criteria?

A: In simple terms, blending can be described as co-financing.

In some GCF documents, it says that the NIE needs to have the mandate to receive funds directly from the GCF, and well as send funds – how strictly is the GCF interpreting this? For example, is it acceptable for funds to flow via Bangladesh Bank or Min of Finance, before they arrive with the NIE, and vice versa for returning funds to GCF?

A: Seeking clarification from CFO. GCF will send response when received.

Financial statements:

For the three years of financial statements that are required with any application– do these have to be at an institutional level, or can they be at a project level?

A: Institutional level.

SREDA as an institution has only existed for 2-3 months; does this mean it can't get accredited to GCF, because it won't have 3 months of financial statements?

A: Entities need to provide at least 3 years of annual financial statements. In addition, having only existed 2-3 months, they would also not have enough track record to fulfill other areas under fiduciary standards.

- Many of the institutions consider that it is not relevant for them to have a financial statement that includes assets and liabilities – what is the GCF's view, is it flexible on this point?

A: Why is this not considered relevant?

- Can NIE give money to another project-management based organization? For example, in case PKSf do not become an NIE – could the accredited NIE in Bangladesh still give funding to PKSf to do its work, i.e. giving out grants and loans?

A: Yes, they could be an executing agency under the oversight of the NIE. The NIE would need to be accredited for 5.2 (granting) and 5.3 (on-lending)

- Is there a clear distinction between money that is given to a third party to execute a project versus as a grant?

A: Under area 5.1 for project management money goes in and out for a specific project and is included in proposal, for which beneficiaries are clearly identified; under 5.2/5.3 for granting/on-lending, these involve pots of money released to entities using a wholesale approach, so the Fund only broadly knows what the money is going to but not the specifics as with a 5.1 project.

- Do all of the required functions (both ESS and fiduciary criteria) need to be executed within the NIE – for example, can M&E be undertaken external to the NIE (for some institutions this is done by the Min of Planning) or is it sought that the NIE itself should have M&E capability?

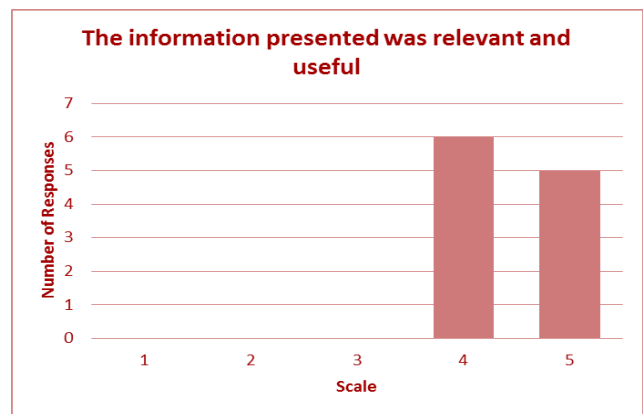
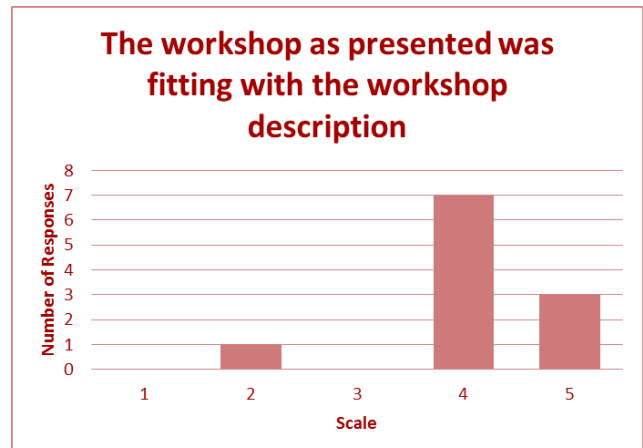
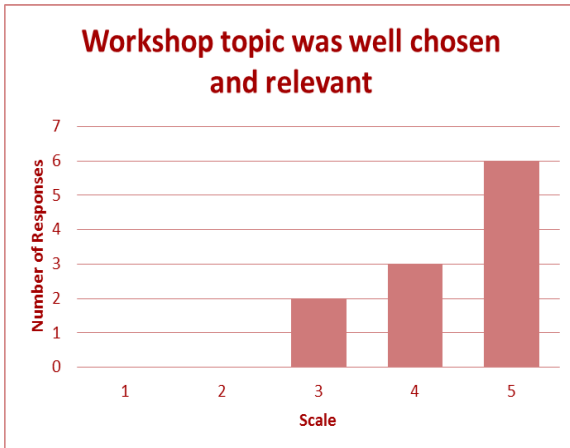
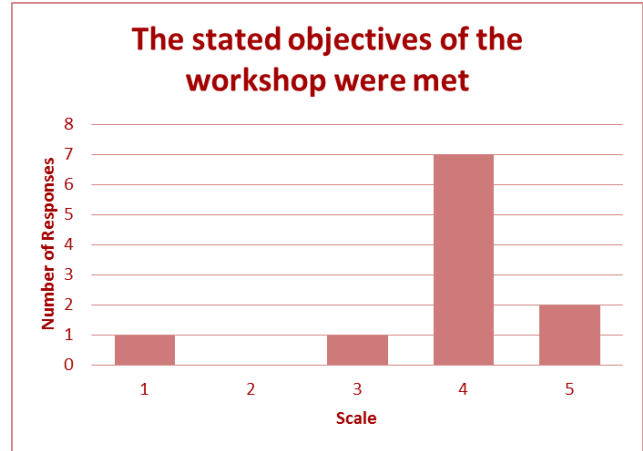
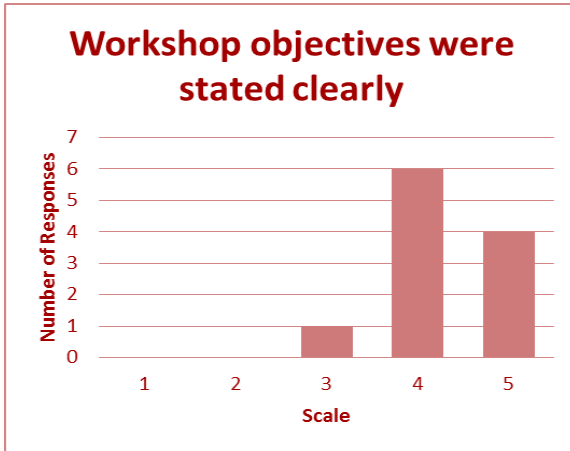
A: These functions can be outsourced, but we need to see specifics of what is being outsourced, why, the agreement with the 3rd party and how that is being managed. The NIE needs to ensure that 3rd party can adhere to the GCF standards.

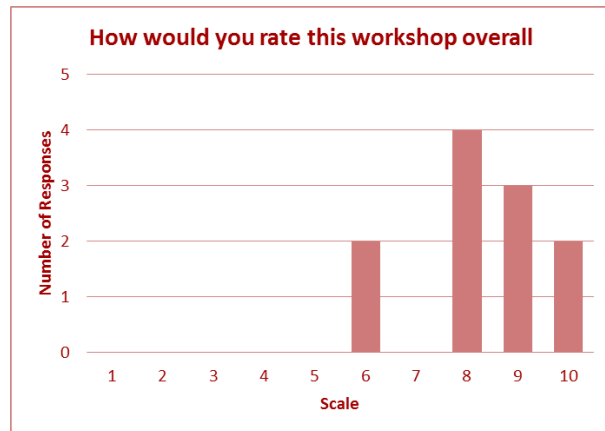
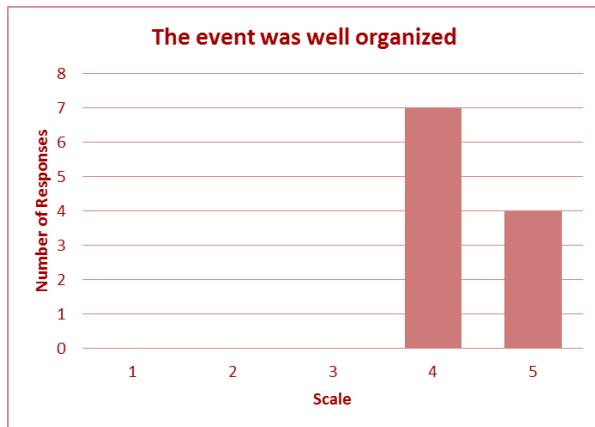
- How does the GCF differentiate between programs vs projects? i.e. a project can sometimes have many sub-projects within it.

A: Projects have very clear geographic and technical bounding and do not have sub-projects; programmes can have many sub-projects as stated, and can also be broader in scope and longer time-frame than projects.

ANNEX 8: Workshop Evaluation

An online workshop evaluation form was circulated among the participants of the workshop to receive their feedback on the workshop. The participants were given 1 week to send their feedback, but due to the lack of responses from the participants the form was kept open for 2 weeks more. But in total only 11 responses were received from various participants. The following is the summary of the evaluation on the basis of those 11 responses.





What were the gaps?

- A lot of documents needed with application forms but discussion on specific documents was not done. GCF is a global fund so their requirements are international standards. A lot of things are in practice in Government offices of Bangladesh which are very similar to their needs but something far away. So it needs adjustment among their demand and our prevailing practice. Say code of Ethics and Sarkari Karmachari Acharan Bidhimala- 1979(1984). Performance Standard 7 Indigenous people- In Bangladesh there are lot of indigenous people but officially no. All are Bangladeshi, how it will be solved.
 - More time on one to one session could have been helpful. Providing template for identifying projects beforehand could have been helpful.
 - Allowance was not in provision.
 - Less time for exchange views. Answer was pending and relayed to HQ. Exemplary management documents, system could be demonstrated.
 - Less interaction between of Ministry of Environment and Forest and actors (prospective IAs).
 - Some confusions and controversies exists regarding capacities in the field of Basic Fiduciary Management (like, Internal audit committee/team applicable for Govt. organizations or organizations registered under company act; Independent audit team and it control over internal audit committee and external audit committee). Financial Statement is another field of confusion. Separate explanation is required for Govt. organizations and organizations registered under company act.
- Suggestions for improvement in future:
- NDA can demonstrate a filled in Accreditation Format along with relevant enclosures.
 - Such workshops should be held in the Secretariat.
 - All the documents will be prepared by the respective department and case by case will be corrected one by one basis. This is required not only for GCF but also to make ourselves international standard. From ministry level some format will be developed for GCF requirement, accordingly implementing agency will be updated. How enforcement can be improved in sectors like internal audit, oversight bodies.
 - Allowance should be in provision.
 - More time on one-to-one session will be really helpful.
 - More coaching, facilitating role with demonstrated examples is needed.

ANNEX 9: Ranking of Potential NIEs

An analysis was done to identify the most competent organizations to get accredited for the GCF by the ERD Secretariat, and based on the analysis a ranking of the 14 potential NIEs was developed. While developing the ranking, the following criteria were considered –

- Out-come of the self-assessment
- Previous track record of undertaking climate change adaptation and/or mitigation projects
- Organizational capacity and mandate
- Relevance with country strategy, i.e. adaptation is higher priority than mitigation

Point to be noted here is that all the statutory national entities are legally mandated to undertake projects or programmes for implementation in their respective work areas, for example: DAE is mandated to implement projects that are related to agricultural sector, same way, BIWTA is mandated to undertake any projects that is related to the improvement of the inland waterways of Bangladesh. But in case of this ranking, we only looked into the issue of mandate to figure out whether there organizational mandate is relevant to the country strategy for climate change in Bangladesh and also whether they fall under the GCF focus areas.

The following table shows the ranking of the organizations:

Rank	Organization	Justification
1	IDCOL	The self-assessment has ranked IDCOL as one of the best suited for the GCF accreditation, they have shown high level of engagement and understanding of the accreditation process as well as shown great interest. They also have very good track record of undertaking large scale projects in climate change mitigation, e.g. solar projects, which also justifies their organizational capacity. The current country strategy of Bangladesh has high emphasis on renewable energy, and hence IDCOL can support that strategy through their work. They also have a higher chance of meeting the fiduciary and ESS criteria of GCF.
2	Bangladesh Bank	The self-assessment has ranked Bangladesh Bank as one of the best suited for the GCF accreditation, they have shown high level of engagement and understanding of the accreditation process as well as shown great interest. They lack the track record of undertaking large scale climate change adaptation or mitigation related projects, but they have a track record of financing green products and promoting green initiatives. They have a strong and wide network within the financial sector, both public and private, hence can leverage the fund. The current country strategy of Bangladesh has high emphasis on renewable energy and energy efficiency, and hence Bangladesh Bank can support that strategy through their work. It also has the potential to make good impact in involving the private sector. Though the organizational capacity and mandate in terms of undertaking climate change related projects is an issue that needs to be considered further. They also have a higher chance of meeting the fiduciary and ESS criteria of GCF.

3	LGED	LGED has shown good understanding of the accreditation process during the self-assessment. They have the technical capacity and mandate to undertake large scale projects. They have implemented foreign aided projects, and have developed a good track record. With its wide network throughout the country, LGED is in a good position to bring results at scale. Also LGED is better suited to undertake adaptation projects in the local level, which is a higher priority for Bangladesh. All these have put LGED ahead of others and ensured a higher ranking. Though LGED still need to develop fiduciary and ESS standards in the organizational level.
4	PKSF	Though PKSF hasn't shown much interest during the self-assessment phase, but they demonstrated high-level of commitment during the workshop. They also have the track record of managing large scale finance and undertaking projects at scale involving a large network of local implementers. It has the mandate, and also the organizational capacity. It is also in a better position to meet the ESS and Fiduciary standards.
5	DoE	The self-assessment has ranked Bangladesh Bank as one of the best suited for the GCF accreditation, they have shown high level of engagement and understanding of the accreditation process as well as shown great interest. They have a strong track record in climate change related projects, and have the organization mandate for that too. Though they are better position in meeting the ESS, there remains some grey area in terms of fiduciary standards. As DoE is the organization mandated for environmental regulations, it will be beneficial for Bangladesh to better capacitate DoE while the country is working on meeting its huge energy demand, industrialization and urbanization.
6	BCCT	BCCT has the track record of financing climate change related projects and managing large scale finance. It was created with a mandate to manage and channel funds for climate change related projects. But there were shortcomings in terms of understanding the accreditation process, and also in terms of ESS and fiduciary standards. It was created to support the implementation of BCCSAP'09, and hence is a very important player.
7	BWDB	BWDB has shown an average understanding of the accreditation process, but they have shown the interest, and also have the technical and organizational capacity in undertaking large scale projects. It has received the highest amount of funding from the BCCTF, which shows its expertise in undertaking climate change related projects. Though fiduciary standards and ESS still need to be developed to match the GCF requirement.
8	DDM	DDM has shown very little understanding of the accreditation process. They have the mandate and track record of undertaking disaster related projects, which has

		many cross-cutting areas with climate change. Disaster management is one of pillars of BCCSAP, and hence related with country strategy. They also have a good track record in terms of implementing large scale projects country wide. ESS and fiduciary standards still need to be developed to match the GCF requirement.
9	DAE	DAE has shown very little understanding of the accreditation process. They don't have a very strong track record of undertaking climate change adaptation or mitigation projects, but they can be a very important actor in terms of achieving the food security of the country in light of the climate change related impacts. They also have a good track record of undertaking projects at scale. Though ESS and fiduciary standards are not in line with GCF requirement and may take a long time to develop.
10	BFD	BFD has shown average understanding of the accreditation process. They have the mandate and track record of undertaking climate change related projects, but they have serious lacking in terms of ESS and fiduciary standards, and may take a long time to develop.
11	SREDA	SREDA has shown very little understanding of the self-assessment process, and it is also very new organization, hence it will require more time to develop its organization systems and procedures. Though its mandate makes it a very important player in the long run and hence can be developed further in future to receive accreditation.
12	RHD	RHD has shown moderate understanding of the accreditation process, and also has the capacity to undertake large scale projects. But it lacks in terms of climate change related expertise and also doesn't have the mandate. ESS and fiduciary standards are also lacking.
13	BIWTA	BIWTA has shown very little understanding of the accreditation process. It also lacks in in-terms of capacity to undertake climate change related projects and doesn't have a strong track record.
14	IIFC	IIFC have shown good understanding of the accreditation process, but doesn't have the mandate or track record for climate change related projects. Its organizational mandate also doesn't fit well with the GCF priority areas.

