

# Presentation of the reaccreditation framework

April 2021



Bilbao – Madrid – Palma – Milán – Berlín – Quito – Ciudad de México

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## Board's mandate

1. In decision **B.11/10**, the Green Climate Fund (“GCF”) Board adopted the monitoring and accountability framework for accredited entities. Paragraph 35 of annex I to the decision states that:

“In accordance with decision B.10/06, paragraph (j), to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, the re- accreditation decision by the Board will take into account the Secretariat and Accreditation Panel’s assessment of the extent to which the accredited entity’s overall portfolio of activities beyond those funded by the GCF has evolved in this direction during the accreditation period.”

2. In decision **B.14/08**, paragraph (g), the Board requested the Accreditation Panel (“AP”) to present a report at the fifteenth meeting of the Board on progress made towards establishing a baseline for the whole portfolio of accredited entities (“AEs”) in accordance with decision B.12/30. The AP correspondingly provided a progress report contained in Annex I of the report of the AP to the Board at **B.15 meeting** (document **GCF/B.15/Inf.05**).

3. At **B.22 meeting** the AP also presented the document titled “Baseline on the overall portfolio of accredited entities” containing the initial baseline methodology in documents **GCF/B.21/Inf.13** and **GCF/B.22/Inf.15**.

4. Finally, upon the completion of the pilot phase of the application of the draft Baseline Methodology on the selected sample of AEs the report contained in the document **GCF/B28/11/ Add.02** was provided to the Board at **B.28 meeting**. The final version of the Baseline Methodology contained in this report is presented at this workshop.

## The process of elaborating Baseline methodology

1. The assessment and evaluation over time of the overall portfolio of an AE and any other entity accredited in the future addresses two related attributes:

- (a) The greenhouse gas (GHG) emissions directly associated with the assets on its balance sheet, not just those that have attracted GCF finance, on the one hand; and
- (b) The resilience to the climate change that those assets are expected to be exposed to, on the other.

2. Furthermore, the methodology for establishing the baseline on the overall portfolio of AEs activities beyond those funded by GCF should include:

(a) The extent to which said overall portfolio of AEs beyond those funded by GCF have evolved in the direction of promoting the paradigm shift towards low-emission and climate-resilient development in the context of sustainable development; and

(b) Considering the overall portfolio of AEs beyond those funded by GCF, including:

- Emissions not only from assets that have attracted GCF finance; and
- All the climate exposed assets.



## About the pilot program



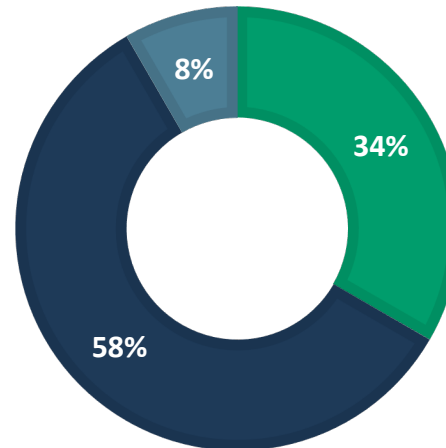
## About the pilot program

21 entities were invited to participate. These were selected using the following criteria.

- Timing: prioritized by reaccreditation dates
- AE modality: DAE/International/Regional
- Geographic representation
- Do they have an approved GCF funding proposal?
- Overview of the AEs sectoral/results areas

Finally, a total of 12 entities provided information on indicator calculations and reporting methodologies:

- 4 form the aggregated approach
- 7 from the disaggregated approach
- 1 hybrid approach



- **Group 1 AEs, Aggregated Approach.** For these entities, the framework establishes a set of questions and indicators, meant to guide them through a list of topics and data that should be addressed along the reporting process. The pilot test, therefore, focused on training and assisting the entities in the process of utilizing the GCF framework.
- **Group 2 AEs, Disaggregated Approach.** The goal was to gather information on their systems and results and to check their consistency against the main framework. The GCF accepts that they may use other indicators, if they are rigorous enough to answer the questions.

## Main outcomes of the pilot program - Aggregated approach

According to the results presented by the AEs and the process carried out with each one of them, it can be concluded that:

- The availability of information is one of the major limitations when implementing the indicators. Most entities do not report these indicators annually, but usually report the results for an aggregate period.
- Many entities only report project results once the project is closed, while others monitor more frequently.
- The type of data and information consolidated by the entities is different even if they refer to the same indicator.
- The entities analysed under this approach are mostly oriented towards the financing of climate change projects (mainly adaptation), development or biodiversity. This facilitates the implementation of the proposed indicators.
- Capacity building needs were identified for some of the entities, so that they can implement the framework.
- The pilot phase has allowed a better understanding of the AEs and their reporting systems and a close collaboration with the GCF.

## Main outcomes of the pilot program - Disaggregated approach

- Differences were identified between the quantity and quality of information available from the different accredited entities.
- In many cases, AEs utilize indicators that are not aligned or relevant for the GCF framework, but nonetheless they indicate a capacity to gather additional data and information that could be used to calculate some of the proposed indicators.
- None of the AEs that participated in the pilot phase reports on the GHG emissions of its portfolio.
- The majority do estimate emission reductions achieved by their supported activities, mainly on renewable energy generation and energy savings from energy efficiency measures.
- Regarding adaptation, the AEs shared information on rather complex indicator systems that capture specific elements of their adaptation impacts relevant to their specific types of implemented projects.
- The pilot phase has allowed a better understanding of the AEs and their reporting systems and a close collaboration with the GCF.



Final version of the  
framework



## Final version of the framework - General guidance

1. The information supporting the **responses** to the guiding questions, as well as the calculations of the **indicators** that are presented as “mandatory”, must be reported by all AEs.
2. From the **supplementary indicators**, entities can select those they consider most appropriate for the projects they implement/finance and/or have in their portfolio.
3. The entity **must attach documentation** that supports the response given and the result of the reported indicator (methodology cards). At the very least, the entity should report:
  - Methodology used to calculate the indicator.
  - Information used to calculate the indicator.
  - Period for which the indicator was calculated (on an annual basis)
4. It is recommended that AEs identify a **minimum number of supplementary indicators** that AEs should be reporting on to ensure the provision of sufficient data for the evaluation of trends in the overall portfolio of the AE beyond those activities funded by GCF.
5. Accredited Entities (AEs) shall report **only annual values**, including activities that are still ongoing. Cumulative values should not be reported under the selected indicators.
6. AEs shall report on each indicator **covering the timeframe of the accreditation period**, i.e. from the signature of the Accreditation Master Agreement (AMA) until the end of the accreditation period. Only active projects and activities shall be considered for reporting (i.e., projects that were active in the reporting year).

Relevant concepts that AE should take into account to answer the methodology questions are: **(a) Adaptation (to climate change)**: the process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities. In some natural systems, human intervention may facilitate adjustment to expected climate and its effects; and **(b) Mitigation (of climate change)**: a human intervention to reduce the sources or enhance the sinks of GHG emissions.

## Final version of the framework - Mitigation project activities or investment

- (a) Energy generation and access (renewable or other carbon-neutral technologies);
- (b) Energy efficiency;
- (c) Transport (low-emission transport technologies or fuel saving improvements in the transportation system);
- (d) Buildings, cities, industries and appliances (energy-efficiency and fuel-saving technologies in construction, infrastructure, appliances, industrial/production processes, improvements in the waste-handling methods);
- (e) Land use/forestry (REDD-plus); and
- (f) Institutional and regulatory systems (improvements in institutional systems that result in lower GHG emissions in particular sectors).

## Final version of the framework - Adaptation project activities or investment

- (a) Enhancing livelihoods (measures to protect the livelihoods from climate change impacts);
- (b) Health and well-being and food and water security (measures to improve the healthcare system, well-being of communities and provision of food and water when affected by climate change impacts);
- (c) Infrastructure and built environment (measures to improve the climate resilience of buildings and infrastructure);
- (d) Ecosystems and ecosystem services;
- (e) Institutional and regulatory systems (improvements in the institutional and regulatory systems targeted at enhancing climate resilience in particular country(s)/region(s)/area(s));
- (f) Climate information/early warning systems; and
- (g) Awareness-strengthening and climate risk reduction (capacity-building programmes oriented at enhancing public awareness of climate risk and its reduction)

## Final version of the framework - Carbon intensive project activities or investment

- (a) Fossil fuels exploration and production;
- (b) Building and/or operation of fossil fuel power plants;
- (c) Building and/or operation of GHG-emission intensive industries (such as construction materials production (cement, aluminium), chemical industries and fertilizers production).

The GHG-gases emitted in these processes would be carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride; and

- (d) Deforestation

## Final version of the framework – Guiding questions

**Guiding question 1:** *Has the entity established policies or commitments in the short, medium, or long-term regarding investment in climate projects?*

**Scope:** All AEs.

**Mandatory indicators:** N/A.

**Supplementary indicators:** N/A

**Observations:** the objective of this indicator is to understand the entity's commitments in terms of climate change in order to comprehend the entity's ambition and how this any changes increase over time from the moment of accreditation. It is also expected to know, if available, specific goals and objectives (if possible, quantifiable targets should be included).

**Documentation:** official document, approved by the board of the entity, which states the objectives of the entity in terms of contributions to mitigation or adaptation.

**Guiding question 2:** *Does the entity receive resources from third parties for the financing of climate projects?*

**Scope:** All AEs.

**Mandatory indicators:** total USD received from donors and/or Total USD received per donor for adaptation and/or mitigation projects.

**Supplementary indicators:** N/A.

**Observations:** the objective of this indicator is to track the financial resources received by the AE from donor entities or investors. This information will be used by the Accreditation Panel as a context to understand, if applicable, the reason for changes in the portfolio of the entities or the impact obtained on mitigation and adaptation.

**Documentation:** a file describing, to the extent possible, the funds received from each donor/investor for climate change projects, preferably on an annual basis.



## Final version of the framework – questions

**Guiding question 3 (Optional):** *Does the AE calculate and reduce its GHG emissions at the corporate level?*

**Scope:** All AEs.

**Mandatory indicators:** tonnes of carbon dioxide equivalent (carbon footprint, at least scope1 and 2).

**Supplementary indicators:** N/A.

**Observations:** the objective of this indicator is to learn about the entity's scope 1 and 2 emissions in its daily operation. In this case, it would be suggested that the entity follow some internationally recognized methodology to perform the calculation. The annual results of this indicator will enable the AP to understand and evaluate the evolution of emissions and the implementation of reduction measures.

**Documentation:** greenhouse gas inventory report.

**Guiding question 4 (Optional):** *Does the AE evaluate the climate risks of its portfolio?*

**Scope:** All AEs.

**Mandatory indicators:** total number and percentage of projects/operations for which for which a climate change vulnerability assessment exists.

**Supplementary indicators:** N/A.

**Observations:** the objective of this indicator is to find out if entity analyses the potential risks of climate change for its projects and operations.

**Documentation:** a file containing the list of projects or percentage of the portfolio to which this analysis was made. In addition, information should be provided on the methodology used to conduct the analysis.



## Final version of the framework – questions

**Guiding question 5:** *What are the main sectors of activity of the AE?*

**Scope:** All AEs.

**Mandatory indicators:** sectoral distribution of the portfolio in (%) and USD divided by:

- Climate related projects (mitigation and adaptation).
- Non-climate related projects and operations.
- Carbon intensive projects (energy generation, mining operations, oil and gas exploration and processing, construction including cement production, manufacturing industries such as steel, aluminum production, metal production and chemical industries, and transport).

For carbon intensive projects please specify the sectors that were considered and if possible, indicate the share of each sector in the portfolio.

**Supplementary indicators:** N/A.

**Observations:** the objective of this indicator is to know how the entity's portfolio is distributed and to see how it evolves over the accreditation period towards a more sustainable portfolio and disinvestment in carbon-intensive sectors.

**Documentation:** information on projects/operations and the sectors in which they are categorized.

## Final version of the framework – questions

**Guiding question 6:** *Is the AE investing in mitigation projects/operations?*

**Scope:** All AEs that implement/finance mitigation projects.

**Mandatory indicators:** #6.Reduction of greenhouse gas emissions across the AE portfolio (tonnes of carbon dioxide equivalent) with the indication of the sectoral distribution.

**Supplementary indicators:**

- USD invested in mitigation -by sector.  
Supplementary indicators: #2.Total investment (USD) into Renewable Energy and Energy. Efficiency projects. and #7. Total investment into green transport and mobility.
- Impact generated.  
Supplementary indicator #1. MW of new renewable energy capacity installed (separately for off-grid and on-grid).

**Observations:** the aim of the question is to evaluate the level of involvement of the AE in mitigation activities and to identify the sectors and technologies/measures the AE is supporting. Please provide as much information as possible in this regard.

**Documentation:** any documentation that can demonstrate the overall investments and results



## Final version of the framework – questions

**Guiding question 7:** *Is the AE investing in adaptation projects/operations?*

**Scope:** All AEs that implement/finance adaptation projects.

**Mandatory indicators:** #7. Number of climate resilient projects and number of beneficiaries whose resilience to climate change has been improved per year.

Number of climate resilience projects and corresponding number of beneficiaries (individual human beings, disaggregated by gender) whose resilience to climate change has been improved. Data to be disaggregated by sector

**Supplementary indicators:**

- USD invested in adaptation - by sector.  
Supplementary indicators: # 4. Total USD invested to protect biodiversity and enhance natural capital and #5. Total USD invested to enhance infrastructure and community resilience.
- Impact generated.  
Supplementary indicators: #3.Total hectares targeted by nature-based solutions (e.g., afforestation), #6. Hectares receiving investment for improved forest management by projects, #8. Hectares receiving investment for climate- resilient agriculture management practices, #9. Changes of economic losses, #10. Extent of adoption of climate resilient technologies/practices. and 11. Area of ecosystems/natural assets that have been made more resilient to climate change.

**Observations:** the goal of the question is to evaluate level of involvement of the AE in adaptation activities in adaptation and to identify the sectors and technologies/measures the AE is supporting. Please provide as much information as possible in this regard.

**Documentation:** any documentation that can demonstrate the overall investments and results.

## Mandatory indicators to support the guiding questions

Indicator #	Indicator	Units of measurement
1.	Qualitative information on policies and commitments regarding mitigation and adaptation investments	N/A
2.	Total USD received from donors and/or Total USD received per donor for adaptation and/or mitigation projects	USD
3.	Greenhouse gas (GHG) emissions including scopes 1 and 2 <sup>1</sup>	tCO <sub>2</sub> eq <sup>2</sup>
4.	Share of projects with climate change vulnerability assessment investment	% of total projects % of total investments
5.	Sectoral distribution of the AE portfolio	USD by sector
6.	Reduction of GHG emissions across the AE project/investment portfolio, with indication of sectoral distribution	tCO <sub>2</sub> eq
7.	Number of climate-resilient projects and number of beneficiaries whose resilience to climate change has been improved per year	Absolute number (count) of projects and corresponding individual human beings

## Supplementary indicators to support the guiding questions

#	Supplementary indicator	Measurement unit
1	MW of new renewable energy capacity installed (separately for off-grid and on-grid).	MW
2	Total investment (USD) into Renewable Energy and Energy Efficiency projects.	USD
3	Total hectares targeted by nature-based solutions (e.g., afforestation).	Ha
4	Total USD invested to protect biodiversity and enhance natural capital.	USD
5	Total USD invested to enhance infrastructure and community resilience.	USD
6	Hectares receiving investment for improved forest management by projects.	Ha
7	Total investment into green transport and mobility.	USD
8	Hectares receiving investment for climate- resilient agriculture management practices.	Ha
9	Changes of economic losses.	USD
10	Extent of adoption of climate resilient technologies/practices.	Amount/Number
11	Area of ecosystems/natural assets that have been made more resilient to climate change.	Ha



Linkages to the  
IRMF

## Linkages to the GCF integrated results management framework (guiding question indicators)

#	Guiding question indicators	Alignment with other entities of reference	Alignment with IRMF indicators
1	Qualitative information on policies and commitments regarding mitigation and adaptation investments (Unit: N/A)	N/A	<b>Core Indicator 5:</b> degree to which GCF investments contribute to strengthening institutional and regulatory frameworks for low emission climate-resilient development pathways
2	Total USD received from donors and/or Total USD received per donor for adaptation and/or mitigation projects (Unit: USD)	N/A	N/A
3	GHG Emissions including scope 1 and 2 (Unit: tCO <sub>2</sub> eq)	N/A	<b>Core indicator 1:</b> GHG emissions reduced, avoided or removed/sequestered, per relevant result area
4	Share of projects with climate change vulnerability assessment investment (Unit: % of total projects)	N/A	N/A
5	Sectoral distribution of the AE's portfolio (Unit: USD by sector)	N/A	N/A
6	Reduction of GHG emission across the AE's portfolio, with the indication of the sectoral distribution (Unit: tCO <sub>2</sub> eq)	Global Environmental Facility (GEF), GCF, Forest Investment Program (FIP) Scaling Up Renewable Energy Program (SREP)  VCS, FAO (EXACT Tool), CDM Methodologies Booklet	<b>Core indicator 1:</b> GHG emissions reduced, avoided or removed/sequestered, per relevant result area
7	Number of beneficiaries whose resilience to climate change has been improved per year (Unit: Absolute number (count) of individual human beings)	Adaptation Fund (AF) , Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), GCF	<b>Core indicator 2:</b> direct and indirect beneficiaries, per relevant result area



Examples

## Quantification of adaptation impacts – number of beneficiaries

**Purpose of the indicator:** identification of **direct beneficiaries** of activities that deliver adaptation benefits

**Unit:** number of individuals (head count) disaggregated by gender. **Absolute number per year**

**Definition of beneficiaries:** those individuals that enhanced their adaptive capacity (the capacity to adjust to potential damage, to take advantage of opportunities, or to respond to consequences) and whose livelihood improved due to the activity(ies).

**Disaggregated by gender**

**Case study (fictious): grid extension and new HH connections.** An entity finances grid extension in a specific area of an LDC where HH had no energy access. **Baseline situation: no access to electricity before activity implementation**

- **Identification of the benefits delivered:** increased time for productive activity/study; reduced dependence on non-renewable biomass or fossil fuel; new business opportunities that may increase income
- **Identification of the beneficiaries** (HH in the newly connected villages): e.g. 55 HH with new connections in a village with 80 HH (average HH: 4.3 individuals), i.e. 236 individuals, to be cross checked with contracts with the grid operator
- **Data needs:** yearly information on the actual number of connections active. Minimum electricity consumption needed (e.g. 20 kWh/year) to claim benefits. Surveys can help identify impacts on the HHs. Once the data is gathered at project level, it is **recorded in a database** (e.g. excel-based) and then **consolidated at portfolio level**

**Potential challenges: Monitoring of number of connections and of minimum energy consumption.** Coordination with grid operator. Direct information from HH could be collected (e.g. through questionnaires). **It may be difficult to standardize the data collection process at portfolio level**, given the broad set of measures that could fall under this indicator. Direct and indirect beneficiaries shall be identified clearly (both to be reported)

# Quantification of adaptation impacts - Hectares receiving investment for climate-resilient agriculture management practices

**Purpose of the indicator:** measure total hectares of land that received financial support to implement climate-resilient agriculture management practices (agro-forestry, livestock, fisheries and aquaculture)

**Unit:** hectares, absolute value per year

**Definition of climate-resilient agriculture:** enhancement of resilience of agricultural and social systems that depend on these

**Case study (fictitious): Provision of solar pumping systems to replace rain-fed agriculture**

- **Potential benefits delivered:** enhanced food production, increased water availability, reduced exposure to shifts in rainfall pattern/extreme events (droughts), increased income opportunities for farmers. **Baseline: farmers rely on rain-fed agriculture. Definition of climate-resilient practices targeted by the activity** is important
- **Data needs:** 200 small farmers have access to the new system, but benefits claimed only for 175 (an existing diesel pump serves 25 farmers). Estimation of total area:
  - Data from customers (i.e. contracts, invoices): farmers own around 192 hectares (1.1 ha each)
  - National statistics: each small farmer has on average 0.8 ha of land, i.e. total area is 140 ha
  - Metered consumption of water: average water consumption ( $\text{m}^3/\text{yr}/\text{ha}$ ) depending on the crop and its cycle, and climatic area (official statistics or studies)Once the data is gathered at project level, it is **recorded in a database** (e.g. excel-based) and then **consolidated at portfolio level**

**Potential challenges:** Data gathering should be able to capture shock that affect resilience of the agriculture systems. This indicator may be combined with other indicators (e.g. number of beneficiaries). Avoidance of potential adverse impacts (overexploitation). For training and awareness campaigns, it may be difficult to quantify the impact in terms of the ha. Direct and indirect beneficiaries shall be identified clearly (both to be reported)





# Quantification of mitigation impacts – Reduction of GHG emissions across the AE portfolio

**Purpose of the indicator:** emission reductions achieved across AE's entire portfolio

**Unit:** metric tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>eq), per year

**Type of activity:** Wide range of activities, but typically includes those involving renewable energy, energy efficiency, waste management, forestry, livestock management, and industrial process improvements

**Data sources:** Depends on the project type and selected applicable methodology for the determination of the baseline and the emission reductions. **Selected methodology will specify data collection and monitoring provisions.** Existing methodologies from the **Clean Development Mechanism, Verified Carbon Standard, Climate Action Reserve, Plan Vivo Standard,** and other established international GHG program should be favoured.

**Case study (fictious):** **FAO EX-Ante Carbon Balance Tool (EX-ACT) for quantifying baseline and project scenario GHG emissions**

- Home-raising of pigs is a common among rural Vietnamese households. However, pig production results in health problems, as well as water pollution and methane emissions.
- A development bank project supported agricultural waste management for livestock wastes through the expanded use of biogas and bio-slurry processing technologies. Thousands of biogas plants are built to treat animal dung and other wastes to replace fossil fuels. In parallel, farmers are trained on climate smart agriculture practices.
- The EX-ACT tool was used to quantify baseline scenario emissions and project emissions, resulting in an emission reduction estimate of 23.7 million tCO<sub>2</sub>e over 20 years, or 0.2 tCO<sub>2</sub>e/ha/yr. Surprisingly, 91% of this reduction resulted from the adoption of better agronomic practices on paddy rice and maize. The GHG impacts of biogas plants were limited. Ancillary benefits from reduced water pollution were not considered.

Note: Example adapted from

<http://www.fao.org/in-action/epic/projects/ex-act-past-projects/viet-nam/en/>



# Quantification of mitigation impacts –MW of new renewable energy capacity installed

**Purpose of the indicator:** extent to which the AE contributes to the expansion of renewable energy generation capacity (i.e. that reached financial closure) (separately for off-grid and on-grid)

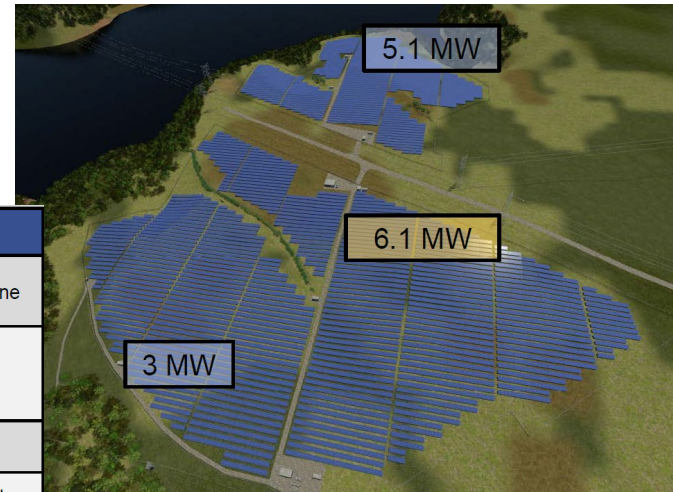
**Unit:** total MW of generator nameplate capacity (installed), absolute value per year, disaggregated by technology and by financial instrument (e.g., grants, equity, loans, guarantees, and other)

**Data sources:** commercially manufactured electrical generation equipment will present a technical specification for its nameplate generation capacity. Aggregation data across units through signed financial agreements or purchase invoices.

**Potential challenges:** can be challenging for small scale deployment across numerous low-capacity units (i.e., household PV).

## Case study (fictitious): Case Study of a PV Power Plant in El Salvador

Taking advantage of existing transmission capacity adjacent to a hydro facility, a PV facility was developed in El Salvador with the following specifications: 235 W modules, area 240,000 m<sup>2</sup>. Multiple technologies were considered before selecting Polycrystalline. Once site and technology selected then MW output was based on count of units to be installed.



Description	Thin Film Technology		Crystalline Technology	
	Amorphous Silicon a-Si	Cadmium Telluride CdTe	Monocrystalline	Polycrystalline
Total Number of Modules / MW	10,020	12,528	4,008	4,008
Module Area / MW	14,329 m <sup>2</sup>	9,020 m <sup>2</sup>	6,447 m <sup>2</sup>	6,447 m <sup>2</sup>
Total Area	1.9 ha - 3.1 ha	1.3 ha - 2.2 ha	0.8 ha - 1.5 ha	0.8 ha - 1.5 ha
Max Power El Salvador / ha	0.5 MW	0.75 MW	1.25 MW	1.25 MW



Q&A

## Q&A

How to apply the methodology

AP's review of Baseline

GCF support for AEs

Re-accreditation process

Thank you



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