United Nations Environment Programme (UN Environment)

Project: UN Environment Support to Uzbekistan in identification, assessment and strengthening a national institution to directly access climate finance from the Green Climate Fund

Mapping and Institutional Assessment of potential National Accredited Entities to the Green Climate Fund in Uzbekistan

26th September 2017

Draft Report
Table of Contents

Acronyms ......................................................................................................................... 4
Executive Summary ........................................................................................................... 5
Introduction ....................................................................................................................... 9
  Background ..................................................................................................................... 9
  Scope and objectives of the report ................................................................................ 10
  Structure of the report .................................................................................................. 10
Methodology .................................................................................................................... 11
GCF accreditation requirements ....................................................................................... 11
  Basic minimum requirements ....................................................................................... 12
  Basic fiduciary standards ............................................................................................. 13
  Specialised fiduciary standards .................................................................................... 14
  Environmental and social safeguards (ESS) ................................................................. 17
  Gender policy ................................................................................................................ 18
Mapping of potential national Accredited Entities and selection of participants to the institutional assessment ................................................................................................................. 18
Institutional assessment ................................................................................................... 21
  Self-Assessment Kick-off Workshop .......................................................................... 21
  Self-assessment questionnaire ...................................................................................... 22
  Post-workshop bilateral meetings ................................................................................. 22
Results of the institutional assessment .......................................................................... 23
  Results for Basic minimum requirements .................................................................. 29
  Results for Key administrative and financial capacities .............................................. 30
  Results for Transparency and Accountability requirements .................................... 32
  Results for Project management fiduciary standards ................................................. 33
  Results for Environmental and social safeguards (ESS) .......................................... 34
  Results for Gender policy ............................................................................................ 36
Recommendations and considerations for the use of the National Designated Authority 36
Conclusions and way forward .......................................................................................... 39
Annexes ............................................................................................................................ 42
  Annex 1: Agenda - Institutional Assessment Kick-off Workshop .............................. 42
  Annex 2: Final list of participants – Institutional Assessment Kick-off Workshop ....... 44
  Annex 3: Questionnaire for self-assessment of potential National Accredited Entities in Uzbekistan ................................................................................................................. 46
  Annex 4: Final list of interviewees – Post-workshop bilateral meetings with potential National Accredited Entities in Uzbekistan ............................................................ 55
Annex 5: Overview of the results for the assessed entities – level of readiness and capacity gaps

................................................................................................................................................. 56
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AE</td>
<td>Accredited Entity to the Green Climate Fund (also known as Implementing Entity)</td>
</tr>
<tr>
<td>BMUB</td>
<td>German Government through the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety</td>
</tr>
<tr>
<td>CAMP4ASB</td>
<td>Climate Adaptation and Mitigation Program for Aral Sea Basin</td>
</tr>
<tr>
<td>CAREC</td>
<td>Regional Environmental Centre for Central Asia</td>
</tr>
<tr>
<td>CCI</td>
<td>Chamber of Commerce and Industry of the Republic of Uzbekistan</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>E&amp;S</td>
<td>Environmental and Social (policy)</td>
</tr>
<tr>
<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
</tr>
<tr>
<td>ESMS</td>
<td>Environmental and Social Management System</td>
</tr>
<tr>
<td>ESS</td>
<td>Environmental and Social Safeguards</td>
</tr>
<tr>
<td>EU DEVCO</td>
<td>European Union’s Directorate General for International Cooperation and Development</td>
</tr>
<tr>
<td>FEEPWM</td>
<td>Fund for Ecology, Environmental Protection and Waste Management</td>
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<td>FP</td>
<td>Focal Point</td>
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<tr>
<td>GCF</td>
<td>Green Climate Fund</td>
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<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
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<tr>
<td>GEF SGP</td>
<td>Small Grant Programme of the Global Environmental Facility</td>
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<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German development agency)</td>
</tr>
<tr>
<td>IFAS</td>
<td>GEF Agency of the International Fund for saving the Aral Sea</td>
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<tr>
<td>IFIC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>IFI</td>
<td>International Financial Institution</td>
</tr>
<tr>
<td>IKI</td>
<td>International Climate Initiative</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>JSCB</td>
<td>Joint Stock Commercial Bank</td>
</tr>
<tr>
<td>KOICA</td>
<td>Korea International Cooperation Agency</td>
</tr>
<tr>
<td>MIE</td>
<td>Multilateral Implementing Entities</td>
</tr>
<tr>
<td>NDA</td>
<td>National Designated Authority to the Green Climate Fund</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>NIE</td>
<td>National Implementing Entity</td>
</tr>
<tr>
<td>OSCE</td>
<td>Organisation for Security and Co-operation in Europe</td>
</tr>
<tr>
<td>PS</td>
<td>Performance Standards</td>
</tr>
<tr>
<td>SDC</td>
<td>Swiss Development Cooperation</td>
</tr>
<tr>
<td>UBA</td>
<td>Uzbekistan Banking Association</td>
</tr>
<tr>
<td>UFRD</td>
<td>Uzbekistan Fund for Reconstruction and Development</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UN Environment</td>
<td>United Nations Environment Programme</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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Executive Summary

As part of the support provided by UN Environment to potential national AEs within the GCF Readiness Programme in Uzbekistan, this report presents the development and outcome of the institutional assessment carried out by the experts team in close collaboration with the national organisations in Uzbekistan that are potentially eligible to seek accreditation to the GCF as direct access entities. Potential AE candidates were preliminarily identified among relevant national institutions through an early assessment of the core GCF accreditation criteria for Accredited Entities (AEs), via multiple surveys disseminated by UN Environment and UNDP to the potentially interested organisations in the early phases of the GCF Readiness Programme since September 2016.

In June 2017 the long list was reduced to seven institutions including: the Regional Environmental Centre for Central Asia (CAREC), Chamber of Commerce and Industry (CCI), Fund for Ecology, Environmental Protection and Waste Management (FEEPWM) under the State Committee for Ecology and Environmental Protection, Hamkorbank, GEF Agency of the International Fund for saving the Aral Sea (IFAS Agency), Uzbekistan Banking Association (UBA), Uzbekistan Fund for Reconstruction and Development (UFRD). These organisations cover both public and private sector as well as NGOs, including financial services, development, and environmental protection. They are all national organisations based in Uzbekistan, with two being local branches of regional organisations.

A self-assessment kick-off workshop was organised by UN Environment on 7 July 2016 in Tashkent, aimed at launching the institutional assessment of the GCF accreditation capacities with the identified national institutions.

Following the workshop, pre-selected organisations potentially well placed to seek accreditation to the GCF were contacted by the UN Environment team to arrange bilateral meetings between 17-18 August 2017 in Tashkent. A self-assessment questionnaire was used by the experts team as a basis to conduct semi-structured interviews aimed at assessing the candidate organisation’s capacity to meet the GCF accreditation requirements.

The self-assessment questions were based on the most recent GCF guidelines, and were divided into eight main sections:

1) Background information about your organisation and your organisations interview respondents;
2) Basic minimum requirements
3) Basic fiduciary standards;
4) Specialised fiduciary standards;
5) Environmental and Social Safeguards (ESS);
6) Gender policy;
7) Support needed; and,
8) Looking ahead.

Based on the institutional assessment of the organisations’ capacities, an overview of the intended engagement of potential AE candidates in Uzbekistan, as well as overall strengths and areas of
improvement with respect to the GCF accreditation requirements were identified and analysed across the seven national entities (Table 1 and Table 2 below).

Moreover, capacity needs and areas for further support were identified (in detailed individual factsheets contained in this report) to provide focused capacity building after the institutional assessment for the national AE candidates prioritised by the NDA to receive support within the course of this project.

Table 1. Overview of the intended engagement with GCF of potential AE candidates in Uzbekistan based on their previous experience.

Financial size of projects ranges between: Micro (US$0-10m), Small (US$0-50m), Medium (US$0-250m), and Large (above US$ 250m).

E&S risk level of projects ranges between: Low (category C: Activities with minimal or no adverse environmental and/or social risks and/or impacts), Medium (category B: Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures), and High (category A: Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented).

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Fiduciary activity</th>
<th>Project types</th>
<th>Project financial size</th>
<th>Financial instruments</th>
<th>Estimated E&amp;S risk level of intended projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAREC</td>
<td>Project management</td>
<td>Mitigation and Adaptation</td>
<td>Small (below USD 50 million)</td>
<td>Grants (receiving and awarding)</td>
<td>Low</td>
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<tr>
<td>CCI</td>
<td>Project management</td>
<td>Mitigation</td>
<td>Micro (below USD 10 million)</td>
<td>Grants (receiving)</td>
<td>Medium</td>
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<tr>
<td>FEEPWM</td>
<td>Project management</td>
<td>Mitigation and Adaptation</td>
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<td>Grants (receiving)</td>
<td>Unknown</td>
</tr>
<tr>
<td>Hamkorbank</td>
<td>Project management</td>
<td>Mitigation and Adaptation</td>
<td>Small (below USD 50 million)</td>
<td>Grants (receiving and awarding)</td>
<td>Concessional loans, equity</td>
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<td>IFAS Agency</td>
<td>Project management</td>
<td>Adaptation</td>
<td>Medium (below USD 250 million)</td>
<td>Grants (receiving)</td>
<td>High</td>
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<tr>
<td>UBA</td>
<td>Project management</td>
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<tr>
<td>UFRD</td>
<td>Project management</td>
<td>Mitigation</td>
<td>Large (over USD 250 million)</td>
<td>Concessional loans, equity</td>
<td>Medium</td>
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</table>

Table 2. Results of the institutional assessment for potential AE candidates in Uzbekistan.

Tick mark indicates the entity is strong under all of our assessments for that GCF accreditation requirement, partial indicates the entity surpassed most but not all of the sub-criteria and would therefore surpass the particular GCF

1 It is unclear from the assessment whether FEEPWM can also award grants.
accreditation requirement with proportionately small capacity support, and a cross mark indicates the entity showed low capacity in that particular GCF accreditation requirement, requiring notable capacity support or engagement.

<table>
<thead>
<tr>
<th>GCF accreditation requirement</th>
<th>CAREC</th>
<th>CCI</th>
<th>FEEPWM</th>
<th>Hamkorbank</th>
<th>IFAS Agency</th>
<th>UBA</th>
<th>UFRD</th>
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<tr>
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<td>V</td>
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<td>V</td>
<td>V</td>
<td>V</td>
<td>X</td>
<td>V</td>
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<td>V</td>
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<td>Key administrative and financial capacities</td>
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<td>General management and administrative oversight</td>
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<td>V</td>
<td>V</td>
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<td>Track record of gender and climate change</td>
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<td>X</td>
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<td>X</td>
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</tbody>
</table>
Disclaimer: the assessment has been conducted on the basis of the information made available by the respective organisations and within the timeframe made available to the experts team, which may mean that the assessment may be incomplete in some areas, i.e. additional compliance gaps may exist. The experts team, nevertheless, tried to achieve as much as possible within these limitations and aimed to cover the compliance gaps in the present assessment. Possible additional gaps currently not covered may come up during the capacity building phase of the project based on further engagement with the selected entities.

It should also be noted that this report represents the experts team’s initial assessment only. Of ultimate relevance will be the assessment of the GCF’s Accreditation Panel.

In light of the identified capacity strengths and gaps, and level of interest expressed in accreditation, at this stage the recommended strongest national AE candidates for Uzbekistan that should engage in the process of GCF accreditation include, ranked according to their technical capabilities:

1. Hamkorbank (private sector entity)
2. UFRD (public fund)
3. IFAS Agency (non-governmental organisation).

In light of the scope and timeframe of the support provided within the GCF Readiness Programme, UzHydromet as Uzbekistan’s NDA should make a further selection based on political and strategic considerations presented in this report, and any relevant additional considerations that may arise from consultations with the recommended national AE candidates, and nominate only 1 or 2 organisations among those suggested, that will benefit of tailored technical assistance in preparing their accreditation application.

As a next step, the interested national organisations should validate the results of the self-assessment and provide further information to fill identified evidence gaps if necessary. Subsequently, UzHydromet should endorse the results of the assessment and nominate 1-2 AE candidates. Importantly, to confirm the nomination, at later stages UzHydromet will have to provide a formal nomination letter for the selected organisations, as this is a necessary requirement to obtain GCF accreditation. The selected entities should therefore further engage with the NDA in order to establish working relationships and explore areas of interest for GCF support, in close cooperation with the GCF Readiness Programme in Uzbekistan Project Manager.

Based on the approval of the self-assessment results and nomination of 1-2 organisations by the NDA, the experts team will develop an individual capacity development strategy for the 1-2 selected organisations which will be presented and implemented within the course of this project.
Introduction

Background

The Green Climate Fund (GCF), the world’s largest climate fund, is designed to help developing countries achieve their ambition for low-carbon and climate resilient development. Countries can access funding through two distinct channels: indirect and direct access. **Indirect access** can be through accredited Multilateral Implementing Entities (MIE), including UN agencies, Multilateral Development Banks or international non-governmental organisations, or through a private entity. Under the **direct access channel**, regional, national and sub-national Implementing Entities (IEs) - best known as Accredited Entities (AEs) in the GCF language\(^2\) - can receive finance directly from the GCF (and the Adaptation Fund). In particular, countries can access the GCF via national AEs such as line ministries, national development banks, other public and private financial entities and national climate funds. Each country can identify more than one AE and access, manage and distribute GCF funding. This approach is expected to increase country ownership over funded projects and improve institutional capacity for climate fund management.

As of September 2017, 54 entities have been accredited by the GCF; of which 31 per cent are national entities, 19 per cent are regional entities, and 50 per cent are international organisations.

The Government of Uzbekistan has appointed UzHydromet as National Designated Authority (NDA) which is the focal point and interface for communication between the GCF, existing AEs and national stakeholders involved in climate change and climate finance. The **Government is also aiming to support the accreditation of one or more national AEs.**

To further this ambition, the United Nations Environment Programme (UN Environment) and the United Nations Development Programme (UNDP) jointly implement a **GCF Readiness Programme in Uzbekistan** in close collaboration with the Government of Uzbekistan and with funding from the International Climate Initiative (IKI) of the German Government through the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).

The GCF Readiness Programme collaborates directly with the GCF to ensure coordinated readiness support to developing countries. Activities undertaken to prepare countries for the GCF are closely coordinated with the Fund itself, in line with its policies and its readiness and preparatory support activities.

As a key element of the GCF Readiness Programme, UN Environment supports Uzbekistan in identifying and building the capacity of potential national AEs, including through the following activities:

- Providing training on GCF accreditation requirements to national institutions
- Mapping potential national AEs for accreditation to the GCF
- Conducting a capacity self-assessment of potential national AEs, and identify their capacity development needs

\(^2\) It should be noted that the GCF does no longer use the “NIE” term which was introduced by the Adaptation Fund, but gives preference to the terms ‘direct access entity’ or ‘national accredited entity’. This report will refer to the term “AE”.
• Providing a capacity development strategy to address identified needs and gaps of selected national AEs candidates
• Providing targeted technical assistance to selected potential national AEs candidates to address identified capacity gaps, and providing assistance to submit the application for accreditation.

Scope and objectives of the report
As part of the support provided by UN Environment to national AEs within the GCF Readiness Programme in Uzbekistan, this report presents the development and outcome of the institutional assessment carried out by the experts team in close collaboration with the national organisations in Uzbekistan that are potentially eligible to seek accreditation to the GCF.

It has four specific objectives:

1. Provide the results of the mapping of national institutions in Uzbekistan that have a potential interest in becoming accredited to the GCF,
2. Provide the results of the self-assessment conducted with identified national institutions in Uzbekistan that have a potential interest in becoming accredited to the GCF,
3. Evaluate and analyse a range of capacity gaps which may hinder the identified national institutions from becoming a direct access entity,
4. Further refine a shortlist of selected national institutions that are best placed to seek accreditation to the GCF as national AEs, to be approved by the NDA for further readiness support.

Ultimately, the content of this report will inform the nomination by the NDA of 1-2 institutions that will benefit from targeted technical assistance, enabling them to submit an application for GCF accreditation within the course of this project.

Structure of the report
This report is structured around the following sections, that illustrate the elements of the overall assessment process that led to the identification of selected national AE candidates:

• Methodology, outlining the tools and steps of the overall institutional assessment process;
• GCF Accreditation requirements, giving the detail of the official GCF criteria applied for the mapping and institutional assessment of national organisations;
• Mapping of potential national AEs and selection of participants to the institutional assessment, justifying the rationale for the preliminary screening that included (or excluded) national organisations in the subsequent assessment;
• Institutional assessment, presenting the various activities that made the assessment possible including the kick-off workshop, the self-assessment questionnaire and bilateral meetings with national organisations;
• Results of the institutional assessment, illustrating the outcome of the assessment of national organisations for key GCF accreditation requirements;
• **Recommendations and considerations for the use of the NDA**, presenting strategic and technical advice from the experts team on the selection of the “best positioned” national organisations to continue the accreditation process, and relevant capacity gaps;

• **Conclusions and way forward**, offering a perspective on the next steps of the accreditation support process within the GCF Readiness Programme.

• **Annexes**, containing additional information and materials.

**Methodology**

The finding presented in this report are based on a comprehensive process involving Uzbek national institutions. A **first accreditation workshop** was organised on 29 September 2016 to generate awareness about the GCF, the roles and responsibilities of a national AE, the accreditation requirements and process as well as the project requirements amongst national organisations from Uzbekistan potentially interested in becoming accredited to the GCF. Following this first workshop, between October 2016 and June 2017 a **mapping study of potential AE candidates** was carried out to identify a further selection of national institutions. These initial pre-selections were based on consultations that UN Environment and the experts team have had with UNDP and UzHydromet.

An **institutional assessment kick-off workshop** was organised on 7 July 2017, to provide further in-depth training on GCF accreditation requirements and support and finalise the identification and selection of potential AE candidates, which were subsequently engaged in the **institutional assessment**. The self-assessment was conducted through a **semi-structured questionnaire** and further **bilateral consultations** organised on 17-18 August 2017.

Based on the assessment results, a **shortlist of national AEs candidates** that are best placed to meet the GCF requirements for accreditation has been established and is presented in this report.

**GCF accreditation requirements**

Any subnational, national, regional, public or private agency can apply to become an AE, provided it has, as a minimum:

- a legal status — it has to be legally established within the country and have full legal capacity to undertake the intended activities,
- an institutional system with robust policies, procedures and guidelines, and
- a track record (of at least 3 years), which demonstrates that it implements these policies, procedures and guidelines.

Once an entity gets GCF accreditation, its primary role will be to:

- develop and submit funding proposals for projects and programmes,
- oversee project and programme management and implementation,
- deploy a range of financial instruments — including grants, concessional loans, equity and guarantees — and

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3 See Final Workshop Report “NIE Accreditation Workshop: What does it take to become a National Implementing Entity (NIE) to directly access the Green Climate Fund (GCF)?”, 29 September 2016.
• mobilise private sector capital.

The GCF uses a ‘fit-for-purpose’ accreditation approach to enable a wide range of entities with different levels of existing capacities to gain accreditation. Subnational, national, regional, public and private entities can apply to become an AE, provided they have the legal status and an institutional system with robust policies, procedures and guidelines and have received a nomination letter from the NDA. Entities can qualify for different levels of accreditation, depending on their ability to demonstrate a track record of fiduciary standards and Environment and Social Safeguards (ESS).

These standards are based on those from the Global Environment Facility (GEF), Adaptation Fund and European Union’s Directorate General for International Cooperation and Development (EU DEVCO) standards, and other best practice from multilateral development banks. During the self-assessment process entities evaluated themselves against the following core criteria that demonstrate their ability to access GCF funds as a direct access entity:

• Basic minimum requirements;
• Basic fiduciary standards (or criteria);
• Specialised fiduciary standards (or criteria);
• Environmental and social standards (or safeguards); and
• Gender policy.

Basic minimum requirements
Entities seeking to become accredited with the GCF should be able to fulfil some basic minimum requirements which qualify them to go ahead with the accreditation process. These include:

• **Legal status:** entities must have the legal right to undertake the activities that it plans in Uzbekistan. This implies that entities can demonstrate legal status with documents such as certificate of incorporation or registration, memorandum and articles of association, vision and/or mission statements, business permits and licenses to operate.

It should be emphasised that entities should also prove a positive and consistent **3-year track record** of implementing its institutional mandate.

• **Track record of accessing international and domestic finance:** entities should also have past experience of accessing resources from national and international sources. Access to international and national finance signals the entity’s ability to demonstrate a track record of adhering to international standards.

• **Track record of implementing climate change projects:** entities should have solid track record of implementing the type of projects or programs that they will oversee as national AEs; the entities’ scope of work should be related to climate change adaptation and mitigation.
• **Engagement with the NDA**: Uzbekistan’s NDA – UzHydromet – is responsible for nominating entities for accreditation, and providing entities “no-objection” for projects submitted to the GCF. Potential entities should therefore begin engaging with the NDA even prior to start of the application process.

**Basic fiduciary standards**
Potential accredited entities must also be able to demonstrate a track record of fiduciary controls and standards. There are two types of fiduciary standards: basic and specialised. As a minimum, entities must fulfil the basic fiduciary standards, providing evidence of key administrative and financial capabilities as well as transparency and accountability functions within their organisation.

During the institutional assessment process entities were assessed for the following basic fiduciary criteria. These requirements help the GCF to ensure that the accredited institution will manage funds effectively and efficiently. These include the demonstration of:

- Key administrative and financial capacities; and
- Transparency and accountability capacities.

**Key administrative and financial capacity**: Prospective entities, whether private or public, have to demonstrate general management and administrative capacities. These refer to the overall governance and oversight structures that formally define roles, responsibilities and assigned authority for each functional area and individual in an organisation. To demonstrate key financial and administration capacities, the entity must provide evidence of sufficient policies, systems, frameworks, guidelines and/or procedures, covering:

- General management and administration;
- Financial management and accounting;
- Internal and external auditing;
- Control frameworks; and
- Procurement procedures.

Apart from claiming to adhere to these requirements, prospective entities should also provide evidence that they have a track record in meeting these basic fiduciary standards. Evidence includes but is not limited to:

- Reports, samples and examples of past implementation and compliance, from a minimum of the past three years;
- Documented Terms of Reference for committees and bodies;
- Documented manuals, functions and plans;
- Examples of meetings; and
• Responses and plans to regulator recommendations.

**Transparency and accountability:** Prospective entities must also be able to demonstrate transparency and accountability within their own organisations, and in past and future projects and/or programmes through the implementation of organisational policies, procedures, systems and approaches, for protection against financial mismanagement, fraud, corruption and wasteful practices. The entity must be able to provide evidence of consistency in the following general capacities:

• Code of ethics;
• Organisational policies;
• Disclosure of conflict of interests;
• Financial mismanagement prevention;
• Investigation functions; and
• Anti-money laundering and anti-terrorist financing policies.

**Specialised fiduciary standards**

An entity must meet GCF’s specialised criteria to qualify for the activities that the entity intends to implement with GCF resources. These criteria the entity has to comply with, depend on the nature and scope of the GCF-funded activities, and can include project management, grant award mechanisms, and/or experience in on-lending and blending. Examples are outlined in Table 3 below.

It is important to note that, although an entity seeking accreditation will always need to comply with the project management specialised fiduciary standards (see below), it does not have to apply (or be assessed against) the two other specialised fiduciary standards - grant awarding and on-lending/blending.

**Table 3. Required fiduciary standards for proposed functions with the GCF**

<table>
<thead>
<tr>
<th>Examples of fiduciary functions</th>
<th>Accreditation requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic fiduciary criteria</td>
</tr>
<tr>
<td>Strengthening institutional and regulatory systems</td>
<td>✓</td>
</tr>
<tr>
<td>Implementing projects using GCF’s resources, where the entity itself executes the project</td>
<td>✓ ✓</td>
</tr>
</tbody>
</table>

4 GCF, 2016. Introduction to Accreditation Framework. Available at: [http://www.greenclimate.fund/documents/20182/319135/1.3_-_Introduction_to_Accreditation_Framework.pdf/4d44997c-6ae9-4b0e-be5d-32da82e62725](http://www.greenclimate.fund/documents/20182/319135/1.3_-_Introduction_to_Accreditation_Framework.pdf/4d44997c-6ae9-4b0e-be5d-32da82e62725)
Implementing projects using GCF’s resources, where the project is executed by another entity ✓ ✓

Awarding grants ✓ ✓ ✓ ✓

Managing lines of credit using the GCF’s resources ✓ ✓ ✓ ✓

On-lending ✓ ✓ ✓ ✓

Blending GCF’s resources with other sources of funding ✓ ✓ ✓ ✓

Using GCF’s resources for guarantees ✓ ✓ ✓ ✓

Using GCF’s resources for equity investments ✓ ✓ ✓ ✓

Project management: The entity must provide evidence from past projects to show it has the ability to identify, formulate and appraise projects and/or programmes, manage and oversee the execution of funding proposals approved by the GCF, and including managing executing entities and/or project sponsors. This will ensure it implements projects in-line with fund requirements and national priorities, and reports on progress transparently and consistently. The entity must also provide evidence of the following general capacities, using project examples:

- Project identification, preparation and appraisal;
- Project oversight and control;
- Monitoring and evaluation; and
- Project risk management capabilities.

It should be noted that the GCF requires all entities seeking accreditation to gain the specialised fiduciary standard for project management. Although the scope of project management responsibilities will differ quite substantially between different accredited entities, **some form of project management will be required from all** – given that all GCF funds are intended to be used for funding climate change projects and programmes which will require oversight to ensure they are designed and implemented to further the objectives of the GCF.

Grant awarding: Entities wanting to award grants need to ensure that grants provided to third parties are credible, transparent and effective, in a way that ensures the impact of the grant on final beneficiaries, as well ensures the objectives of the GCF are furthered.

An entity is required to meet the grant award mechanisms and/or funding allocation mechanisms standards if it intends to be accredited to ‘on-grant’ the GCF’s resources to third parties.

In this case the entity must provide evidence of the following general capacities:
• **Transparent eligibility criteria and evaluation process:** Criteria set out for the evaluation of submission for grant funding, how the rules are set, ensuring that they are done in a transparent and impartial way;

• **Grant award decision and procedures:** Criteria for the procedures to be taken on the actual awarding, or rejection of grant awards, covering the final decision making through to the notification of the outcome to the applicants entities;

• **Public access to information on beneficiaries and results:** Covers the publication of grant award results to the public – ensuring transparency – including the time-frame and the information to be included within this publication; and,

• **Transparent allocation and implementation of financial resources:** Covers the due-diligence processes that the GCF expects from entities, who must be able to undertake to assess the eligibility and capabilities of the grant awardees, including monitoring and evaluation of these grants covering financial and performance irregularities that could lead to termination of the grant. All of these procedures as with other risk management functions, should be linked to internal control frameworks, through for instance external auditing of such functions to ensure their satisfactory performance.

**On-lending and blending:** Intermediaries and implementing entities wishing to lend on or blend the GCF funds will have to provide additional information in order to be accredited to perform such financial functions. For on-lending, entities will need to show evidence of:

• Appropriate registration and/or licenses from a national or international financial oversight body or regulator;

• Track record, institutional experience and existing arrangements and capacities for on-lending and blending with other international or multilateral resources;

• Creditworthiness;

• Due diligence policies, processes and procedures;

• Financial resource management, including intermediaries’ lending portfolios analysis;

• 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;

• Capacity to transfer the GCF’s funding advantages to final beneficiaries;

• Financial risk management, including asset liability management; and
• Governance and organisational arrangements, including relationships between the entity’s treasury function and the operational side.

Environmental and social safeguards (ESS)
The GCF has adopted, on an interim basis, the International Finance Corporation’s (IFC) eight performance standards (PS) through a modular, scaled, risk-based approach to all GCF-funded activities. Applicant entities are expected to develop an environmental and social management system (ESMS) to consistently implement PS 1–8. The system should include:

• An Environmental and Social (E&S) policy;
• A process to identify E&S risks and impacts consistent with PS1–8;
• A management programme for mitigation measures and actions that stem from identified risks and impacts;
• Organisational capacity and competencies to properly implement PS1–8;
• A monitoring and review programme to ensure completion of mitigation actions, which should facilitate learning and include reporting on the effectiveness of the ESMS; and
• An external communication channel that facilitates receipt of and response to external inquires.

It is important to note that the GCF, under its scaled risk approach, breaks down environmental and social risk of intended activities into 3 categories (High, Medium and Low risk), as to not unduly burden those planning to undertake low-risk activities. The requirements for ESMS are therefore “fit for purpose”, indicating that an ESMS can be less comprehensive and thorough for low E&S-risk projects.

Examples of “fit for purpose” approach

- **High to medium risks**: E&S policy that governs the E&S performance of each funded activity which shall include:
  - Statements of commitment
  - Values
  - Principles
  - Objectives
  - Goals

- **Low risks**: this policy is not required.

- **High risks**: all and fully developed ESMS competencies required, consistent across all PS1 to 8, and all activity based risks, and integrated across organisational operations.

- **Medium risks**: all ESMS competencies required, but can be slightly less integrated into organisational operations.

- **Low risks**: partial ESMS competencies required, does not have to as sophisticated and much less focus on mitigation of risks.

- **High to medium risk**: focus on generating social baseline data, impact analysis, and mitigation measures, e.g. Resettlement action plan as part of the ESIA.

- **Low risk**: must only conduct a limited or focused Environmental and Social Impact Assessment (ESIA).
Gender policy
The entity must be able to demonstrate the relevant competencies, policies and procedures to implement the GCF’s gender policy. National regulation can be used as long as the entity identifies and addresses the additional requirements of the GCF’s gender policy. An entity is also required to provide evidence of:

- Previous experience of implementing a gender policy (including project examples); and,
- Activities related to gender and climate change, such as lending to both women and men.

Importantly, the GCF recognises that some applicant entities may be unable to demonstrate the GCF’s gender policy elements, making the gender aspects “voluntary”. In that case, it is recommended that the entity demonstrates the willingness to acquire and develop the relevant competencies to ensure gender sensitive project identification, design, preparation, implementation and reporting in GCF-funded activities.

Mapping of potential national Accredited Entities and selection of participants to the institutional assessment
Potential AE candidates were preliminarily identified among relevant national institutions through an early assessment of the core GCF accreditation criteria for AEs, via multiple surveys disseminated by UN Environment to the potentially interested organisations in the early phases of the GCF Readiness Programme.

The core GCF accreditation criteria that were preliminarily assessed can be summarised as follows:
1. Interested in engaging as an AE
2. Legal status
3. Experience in climate related project management
4. Experience in accessing and managing climate finance
5. Environmental and Social policy or management framework in place
6. Proven experience with gender equality, including experience working with men and women
7. Robust policies and procedures - key financial and administrate capacities, effective transparency and accountability policies, procedures, systems and approaches

On the basis of such screening, in September 2016, eleven institutions were preliminarily identified as main recipients of the initial accreditation workshop, with the potential NIE candidates meeting most of the core GCF criteria. These included key institutions in Uzbekistan, such as central and line ministries, specialised agencies, state committees, research centers, Non-governmental Organisations (NGOs).

The selection of potential AE candidates was further refined by UN Environment, in consultation with the NDA, following the initial workshop, based on technical consultations and additional targeted surveys.

In April 2017 the long list included fourteen institutions, with the addition of IFAS Agency, the Center for Economic Research, and the Fund for Ecology Environmental Protection and Waste Management that showed interest in the accreditation process.
In June 2017, in view of the July institutional assessment kick-off workshop, the long list was reduced to seven institutions, by excluding ministries and state agencies. The rationale for the exclusion of government institutions was that the experts team was informed that government organisations in Uzbekistan are not allowed to disclose financial and other internal information to third parties, including for auditing purposes. In addition, the Fund for Meliorative Improvement of Irrigated Lands was included in the list as it showed interest in the accreditation process and its potential was preliminarily evaluated as positive. These institutions were the main recipients of the workshop that initiated the institutional assessment.

Table 4 illustrates how the selection of national AE candidates evolved over time.

<table>
<thead>
<tr>
<th>List as of September 2016</th>
<th>List as of April 2017</th>
<th>List as of June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Accreditation Workshop</td>
<td>Post-initial mapping</td>
<td>Pre-Institutional Assessment Kick-off Workshop</td>
</tr>
<tr>
<td>1. Association &quot;Enterprises of alternative fuels and energy&quot;</td>
<td>1. Association &quot;Enterprises of alternative fuels and energy&quot;</td>
<td>1. Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>10. Uzbekistan Banking Association</td>
<td>10. JSC “Uzbekenergo”</td>
<td></td>
</tr>
<tr>
<td>11. UzHydromet</td>
<td>11. Ministry of Emergency Situations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12. State Committee for Nature Protection</td>
<td></td>
</tr>
<tr>
<td></td>
<td>13. Uzbekistan Banking Association</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14. UzHydromet</td>
<td></td>
</tr>
</tbody>
</table>
In August 2017, in view of the bilateral meetings following the workshop, a final shortlist of seven potential national AE candidates was defined. Some organisations were excluded due to lack of key accreditation requirements (Ecological Movement of Uzbekistan), other due to their request to withhold the process due to internal issues (Fund for Meliorative Improvement of Irrigated Lands). UzHydromet (Uzbekistan NDA), which had initially expressed great interest in the accreditation process in the past, was also excluded from the list, for a two-fold reason. Firstly, based on best practice, it is strongly advisable to put in place an appropriate separation of functions between the NDA and an AE by ensuring that these roles are performed by separate institutions to avoid conflict of interest. Secondly, following a recent institutional reform UzHydromet was transferred under the Ministry of Emergency Situations, therefore becoming ineligible according to the government rules on financial disclosure. It should be noted that the State Committee for Ecology and Environmental Protection, despite being a governmental institution, was kept in the list as it was proposing to consider the Fund for Ecology, Environmental Protection and Waste Management, that it is administering, as the candidate for accreditation.

Two additional institutions were added to the list (Regional Environmental Centre for Central Asia (CAREC), and Hamkorbank) as they have expressed strong interest in the accreditation process and their potential was preliminarily evaluated as positive during parallel activities with UNDP in the context of the GCF Readiness Programme.

Table 5 presents the final shortlist of institutions invited to participate in the in-depth consultations for the self-assessment.

Table 5. Final shortlist of potential national AEs in Uzbekistan selected for institutional assessment (newly added institutions are marked in bold font).

<table>
<thead>
<tr>
<th>List as of August 2017 Pre-Institutional Assessment Bilateral Meetings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Environmental Centre for Central Asia (CAREC)</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>Chamber of Commerce and Industry (CCI)</td>
<td>Private sector</td>
</tr>
<tr>
<td>Fund for Ecology, Environmental Protection and Waste Management (FEWPWM) under the State Committee for Ecology and Environmental Protection</td>
<td>Public Fund / Government Agency</td>
</tr>
<tr>
<td>Hamkorbank</td>
<td>Private sector</td>
</tr>
<tr>
<td>GEF Agency of the International Fund for saving the Aral Sea (IFAS Agency)</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>Uzbekistan Banking Association (UBA)</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>Uzbekistan Fund for Reconstruction and Development (UFRD)</td>
<td>Public Fund</td>
</tr>
</tbody>
</table>
Institutional assessment
Self-Assessment Kick-off Workshop
In the context of the support provided by UN Environment within the project GCF Readiness Programme in Uzbekistan, a one-day workshop was organised by UN Environment on 7 July 2016 at Business Center “Poytaxt” in Tashkent, titled “What are the requirements to seek accreditation to the GCF?”.

The self-assessment kick-off workshop was aimed at launching the institutional assessment activities with the identified national institutions. In particular it supported the identification and selection of potential AE candidates by:

- Raising their awareness on the GCF accreditation requirements, evidence/documentation required, as well as potential challenges they might face during the accreditation process.
- Raising their awareness on the GCF accreditation process and its key steps to seek accreditation with the GCF, including feedback loops.
- Providing further information to interested organisations on the approach and methodology for initiating the institutional assessment.

The invited organisations comprised the institutions that were selected as of June 2017 during the mapping process (see Table 4). In order to maximise the interaction between the experts team and the participants, each invited organisation was advised to involve two staff members to the workshop: a representative of senior management staff for strategic matters and a technical staff for technical inputs, preferably with prior knowledge of climate change and/or climate finance.

The list of participants is contained in Annex 2: Final list of participants – Institutional Assessment Kick-off Workshop.

The workshop was structured as a plenary meeting around seven main sessions that presented the key GCF requirements for accreditation, followed by interactive Q&A moments, as follows:

- Session 1: Introductory session - Brief recap of the Green Climate Fund (GCF)
- Session 2: How can my organisation get accredited to the GCF?
- Session 3: Introduction to the GCF accreditation requirements I- Basic Fiduciary Standards
- Session 4: Introduction to the GCF accreditation requirements II- Specialised Fiduciary Standards
- Session 5: Introduction to the GCF accreditation requirements III- Environmental and Social Safeguards (ESS)
- Session 6: Introduction to the GCF accreditation requirements IV- Gender Policy
- Session 7: Looking ahead - Introduction to the institutional assessment

The agenda of the workshop is contained in Annex 1: Agenda - Institutional Assessment Kick-off Workshop. The workshop was conducted in English, with simultaneous Russian translation (including presentations provided in Russian language).
Self-assessment questionnaire

During the Self-Assessment Kick-off Workshop, a questionnaire was presented to the participants with the aim to gather additional information on the capacity of potential national AEs (Annex 3: Questionnaire for self-assessment of potential National Accredited Entities in Uzbekistan). Building on the preliminary findings from the mapping exercise and the consultations with relevant stakeholders, the questionnaire aimed at providing a better understanding of the readiness and potential gaps of pre-selected entities, to seek accreditation to access directly the GCF.

The self-assessment questions were based on the most recent GCF guidelines, and were divided into eight main sections:

1) Background information about your organisation and your organisations interview respondents;
2) Basic minimum requirements
3) Basic fiduciary standards;
4) Specialised fiduciary standards;
5) Environmental and Social Safeguards (ESS);
6) Gender policy;
7) Support needed; and,
8) Looking ahead.

The workshop participants were asked to fill in the questionnaire in preparation of the meeting with the experts team in a bilateral setting, to conduct a joint assessment of each organisation’s compliance and potential gaps to become AE, based on the accreditation requirements of the GCF. The questionnaire was provided in both English and Russian, accompanied by an explanatory note.

Post-workshop bilateral meetings

Following the workshop, pre-selected organisations potentially well placed to seek accreditation to the GCF (Table 5) were contacted by UN Environment team to arrange bilateral meetings between 17-18 August 2017 in Tashkent. The meetings had a duration of about 1.5 hours, and took place at the organisations’ premises and the GCF Readiness Programme in Uzbekistan Project Office.

Six out of seven organisations were available for the consultations (Table 6). The list of meetings is presented in Annex 4: Final list of interviewees – Post-workshop bilateral meetings with potential National Accredited Entities in Uzbekistan.

During the bilateral meetings, the experts team was able to:

- answer questions from the candidate organisations regarding the GCF, its funding opportunities and its accreditation requirements, and
- conduct a preliminary assessment of the candidate organisation’s capacity to meet the GCF accreditation requirements using the questionnaire.
The questionnaire provided the basis for a semi-structured interview; in some cases it had been completed by the national AE candidate ahead of the meeting, in other cases the questions were addressed by the organisations’ representatives in close collaboration with the experts team during the bilateral meetings. Following the meeting, the interviewed institutions had a better understanding of their capacities and gaps for becoming a national AE.

Six out of seven organisations returned the questionnaire to the experts team in writing (Table 6).

Table 6. List of those participated to bilateral meetings and provided written feedback on the questionnaire.

<table>
<thead>
<tr>
<th>Potential AE candidates involved in the institutional self-assessment</th>
<th>Bilateral Meetings</th>
<th>Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Environmental Centre for Central Asia (CAREC)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Chamber of Commerce and Industry (CCI)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fund for Ecology, Environmental Protection and Waste Management (FEEPWM) under the State Committee for Ecology and Environmental Protection</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td>GEF Agency of the International Fund for saving the Aral Sea (IFAS Agency)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Hamkorbank</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Uzbekistan Banking Association (UBA)</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>Uzbekistan Fund for Reconstruction and Development (UFRD)</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Considering the information gathered through the written answers to the questionnaire and the clarification obtained during the bilateral meetings, the coverage of the assessment was considered satisfactory by the experts team.

Importantly, it should be noted that the assessment has been conducted on the basis of the information made available by the respective organisations and within the timeframe made available to the experts team, which may mean that the assessment may be incomplete in some areas, i.e. additional compliance gaps may exist. The experts team, nevertheless, tried to achieve as much as possible within these limitations and aimed to cover the compliance gaps in the present report. Possible additional gaps currently not covered may come up during the capacity building phase of the project based on further engagement with the entities to be selected.

Results of the institutional assessment

To recap, seven organisations were considered as potential AE candidates for the institutional assessment, including: CAREC, CCI, FEEPWM, Hamkorbank, IFAS Agency, UBA and UFRD. These organisations cover both public and private sector as well as NGOs, including financial services, development, and environmental protection. They are all national organisations based in Uzbekistan, with two being local branches of regional organisations. A brief overview of their operations and climate finance experience as well as their intended engagement with the GCF is provided below.

- The Regional Environmental Centre for Central Asia (CAREC) was founded by the governments of the five Central Asian republics, namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and
Uzbekistan, the European Union and UNDP, following the resolution of the IV Pan-European Conference held in 1998, Aarhus (Denmark). It began its operations in 2001. It is an independent, non-profit, non-political, international organisation assisting the Central Asian governments, regional and international stakeholders in addressing environmental and sustainability challenges across Central Asia and promoted dialogue and collaboration among all environmental stakeholders. The Representative Office of CAREC in Uzbekistan has been registered as a branch of the international NGO since 2005 and is guided by the Charter of CAREC, norms and principles of international law, international contracts and agreements, present bylaws and the laws of the Republic of Uzbekistan. CAREC’s mandate is to facilitating international financing, technologies and expertise for solving environmental issues at the regional level, and has significant experience in the design and implementation of climate change adaptation and mitigation projects especially focusing on capacity building. Moreover, CAREC has successfully attracted and accessed several sources of international finance for such projects, including International Climate Initiative (IKI), World Bank, GEF, United States Agency for International Development (USAID), the European Commission (EC), Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). It has been identified as a potential AE that could design and implement climate change projects in Uzbekistan, requiring project management and grant-awarding specialised fiduciary standards. CAREC could implement projects of small scale (less than USD 50 million) using only grant based instruments, of an estimated low E&S risk level (see Table 7).

- The Chamber of Commerce and Industry (CCI) of the Republic of Uzbekistan, established in 2004, aims to strengthen the position of the private sector in the country. It comprises 14 territorial divisions, 127 information-consulting and business centres, 14 arbitration courts, 3 staff training centres and 21 Unitary Enterprises. One of the main tasks assigned to the CCI is to actively assist entrepreneurs in creating new industries, expanding business contacts, promoting domestic products to foreign markets and attracting foreign direct investment. It brings together over 25,000 entrepreneurs from small businesses but also large companies, leasing companies, banking and insurance institutions. CCI has experience in the design and implementation of climate change mitigation projects, mainly focusing on energy efficiency and renewable energy in support of small businesses. Moreover, CCI has managed to attract and access several sources of international finance for such projects, including UNDP, EC, GIZ, International Labour Organization (ILO), Organisation for Security and Co-operation in Europe (OSCE), Japan International Cooperation Agency (JICA), Korea International Cooperation Agency (KOICA), Government of India and more recently the Small Grant Programme of the Global Environmental Facility (GEF SGP). It has been identified as a potential AE that could design and implement climate change projects in Uzbekistan, requiring project management specialised fiduciary standards. CCI could implement projects of micro scale (less than USD 10 million), of an estimated low-medium E&S risk level (see Table 7).

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5 Official website of CAREC.
6 Official website of the Chamber of Commerce and Industry of Uzbekistan.
• **The Fund for Ecology, Environmental Protection and Waste Management (FEEPWM)** sits under the State Committee for Ecology and Environmental Protection, which was known, prior to 2017, as the State Committee for Nature Protection. The Committee’s mandate is to provide environmental management regarding environmental protection, use and reproduction of natural resources, waste management, state environmental control over compliance with the laws on protection and use of land, mineral resources, water, forests, protected natural areas, flora and fauna, protection of atmospheric air, waste management, organisation of ecological education, advocacy and awareness-raising, as well as specialist training. In 2017, the Fund for Ecology, Environmental Protection and Waste Management was established to channel finance to activities related to waste management, conservation and reproduction of bio-resources and for scientific research. It has a funding capacity of USD 8-10 million and is expected to increase fourfold in the future. FEEPWM has experience in the implementation of climate change mitigation and adaptation projects, including technical assistance projects focusing on energy, agriculture and biodiversity, as well as capacity building. Furthermore, FEEPWM has managed to attract and access several sources of international finance for such projects, including UNDP and the Small Grant Programme of the Global Environmental Facility (GEF SGP). It has been identified as a potential AE that could design and implement climate change projects in Uzbekistan, requiring project management specialised fiduciary standards, and potentially grant awarding specialised fiduciary standards. It is unclear, however, whether FEEPWM has experience with grant allocation and which project scale and estimated E&S risk level the entity could apply for based on the available information (see Table 7).

• **Joint Stock Commercial Bank (JSCB) with Foreign Capital “Hamkorbank”** has been operating in the market of banking services in the Republic of Uzbekistan since 1991. Initially, having commenced its operations in Andijan city, the Bank has developed over 26 years the expanded branch network, covering all administrative regions of the Republic of Uzbekistan. The Bank currently has 209 service outlets, out of them 32 branches, 158 mini-banks, 19 payment receiving outlet. The Bank also organised the activities of 8 subsidiary companies. Hamkorbank has experience in financing climate change mitigation projects, focusing on energy efficiency of industrial enterprises in key sectors such as cement, steel, power distribution, as well as adaptation focusing on rural sustainable development. Hamkorbank has ongoing collaboration with 15 international financial institutions, including IFC, Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), and private equity funds. It has been identified as a potential AE that could design and implement climate change projects in Uzbekistan, requiring project management and on-lending and blending specialised fiduciary standards. Hamkorbank could implement projects of small scale (less than USD 50 million), of an estimated high E&S risk level (see Table 7).

• **The GEF Agency of the International Fund for Saving the Aral Sea (IFAS Agency)** was established in 1998 during the chairmanship of the Republic of Uzbekistan in the Executive Committee of

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8 Official website of Hamkorbank.
IFAS and is the working body of the International Fund for Saving the Aral Sea. It has the mandate to provide practical management and implementation of projects related to issues of the Aral Sea basin, coordinates, attracts financing, monitors, contracts, procures and hires firms, companies, individuals and legal entities for the implementation of projects, certain types of work and activities for the interests of all Central Asian states. The Agency is accredited as international organisation in Uzbekistan. IFAS has experience in the design and implementation of climate change adaptation projects, mainly focusing on biodiversity restoration, natural resource management and social support to communities in the Aral Sea basin. In doing so, the Agency has managed to attract and access several sources of international finance including the World Bank, GIZ, OSCE and Swiss Development Cooperation (SDC). It has been identified as a potential AE that could design and implement climate change projects in Uzbekistan, requiring project management specialised fiduciary standards. The Agency could apply for projects of medium scale (less than USD 50 million), using only grant based instruments and of an estimated high E&S risk level (see Table 7).

- **The Uzbekistan Banking Association (UBA)**, established in 1995, is a network of 22 of the 30 national commercial banks which pursue the following objectives: expansion of the role of commercial banks in the realisation of market-oriented reforms; creation of integrated banking infrastructure as a solid basis of development of the banking system of Uzbekistan to the level of international standards; promotion of self-reliance of commercial banks in the presence of economic levers of centralized control of the banking system; protecting the rights and legal interests of member banks and providing overall support. UBA does not appear to have previous experience with the implementation of climate-related projects or in attracting and accessing international finance. It has not been possible to identify the role of UBA as a potential national AE with the available information (see Table 7).

- **The Uzbekistan Fund for Reconstruction and Development (UFRD)** provides debt financing for modernisation and technical upgrade of projects in sectors including energy, chemicals and non-ferrous metallurgy. It was founded in 2006 as a financial institute under the Cabinet of Ministers of the Republic of Uzbekistan. The main objectives of UFRD are contributing to sustainable growth, supporting industrial development and introduction of advanced, energy efficient technologies. UFRD provides assistance with its expertise, analysis and liaison with local institutions at all levels. UFRD has experience in financing large climate change mitigation projects, focusing on energy efficiency and renewable energy, infrastructure (power plants, transmission lines), transport etc. Also, UFRD has managed to attract and access several sources of international finance, including bilateral partners and international financial institutions such as the World Bank and EBRD and uses its resources for co-financing such projects. It has been identified as a potential AE that could design and implement climate change projects in Uzbekistan, requiring project management and on-lending/blending specialised fiduciary standards. UFRD could apply for large scale (over USD 250 million) using

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9 Official website of IFAS.
10 Official website of the Uzbekistan Banking Association.
concessional loans and equity instruments, of an estimated medium E&S risk level (see Table 7).

The organisations’ intended engagement with GCF based on the assessment of their previous experience is summarised in Table 7.

The full overview of the results of the assessment of each organisation, including strengths as well as technical and evidence gaps, is illustrated in factsheets contained in Annex 5: Overview of the results for the assessed entities – level of readiness and capacity gaps.

Table 7. Overview of the intended engagement with GCF of potential AE candidates in Uzbekistan based on their previous experience.

Financial size of projects ranges between: Micro (US$0-10m), Small (US$0-50m), Medium (US$0-250m), and Large (above US$ 250m).

E&S risk level of projects ranges between: Low (category C: Activities with minimal or no adverse environmental and/or social risks and/or impacts), Medium (category B: Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures), and High (category A: Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented).

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Fiduciary activity</th>
<th>Project types</th>
<th>Project financial size</th>
<th>Financial instruments</th>
<th>Estimated E&amp;S risk level of Intended projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAREC</td>
<td>Project management Grant awarding</td>
<td>Mitigation and Adaptation</td>
<td>Small (below USD 50 million)</td>
<td>Grants (receiving and awarding)</td>
<td>Low</td>
</tr>
<tr>
<td>CCI</td>
<td>Project management</td>
<td>Mitigation</td>
<td>Micro (below USD 10 million)</td>
<td>Grants (receiving)</td>
<td>Medium</td>
</tr>
<tr>
<td>FEEPWM</td>
<td>Project management</td>
<td>Mitigation and Adaptation</td>
<td>Unknown</td>
<td>Grants (receiving) 11</td>
<td>Unknown</td>
</tr>
<tr>
<td>Hamkorbank</td>
<td>Project management</td>
<td>Mitigation and Adaptation</td>
<td>Small (below USD 50 million)</td>
<td>Grants (receiving and awarding) Concessional loans, equity</td>
<td>High</td>
</tr>
<tr>
<td>IFAS Agency</td>
<td>Project management</td>
<td>Adaptation</td>
<td>Medium (below USD 250 million)</td>
<td>Grants (receiving)</td>
<td>High</td>
</tr>
<tr>
<td>UBA</td>
<td>Project management</td>
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<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>UFRD</td>
<td>Project management</td>
<td>Mitigation</td>
<td>Large (over USD 250 million)</td>
<td>Concessional loans, equity</td>
<td>Medium</td>
</tr>
</tbody>
</table>

11 It is unclear from the assessment whether FEEPWM can also award grants.
The overall strengths and areas of improvement with respect to the GCF accreditation requirements across the seven national entities are analysed below, with the complete set of readiness results outlined in Table 8.

Table 8. Results of the institutional assessment for potential AE candidates in Uzbekistan.

Tick mark indicates the entity is strong under all of our assessments for that GCF accreditation requirement, partial indicates the entity surpassed most but not all of the sub-criteria and would therefore surpass the particular GCF accreditation requirement with proportionately small capacity support, and a cross mark indicates the entity showed low capacity in that particular GCF accreditation requirement, requiring notable capacity support or engagement.

<table>
<thead>
<tr>
<th>GCF accreditation requirement</th>
<th>CAREC</th>
<th>CCI</th>
<th>FEERPWM</th>
<th>Hamkorbank</th>
<th>IFAS Agency</th>
<th>UBA</th>
<th>UFRD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic minimum requirements</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>✔</td>
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<td>✔</td>
<td>✔</td>
<td>✗</td>
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<td>✔</td>
</tr>
<tr>
<td>Track record of climate change projects</td>
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<td>✔</td>
<td>✔</td>
<td>✗</td>
<td>✔</td>
<td>✔</td>
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<tr>
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<td>✔</td>
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<td>✔</td>
<td>✔</td>
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<tr>
<td><strong>Key administrative and financial capacities</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General management and administrative oversight</td>
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<td>✔</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<td>partial</td>
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<td>✔</td>
<td>✔</td>
<td>partial</td>
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<tr>
<td>External audit</td>
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<td>✔</td>
<td>unknown</td>
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<tr>
<td><strong>Transparency and accountability</strong></td>
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<td>Investigation functions</td>
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<td>✗</td>
<td>✗</td>
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<tr>
<td>Anti-money laundering and anti-terrorist financing</td>
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<td>✔</td>
<td>✗</td>
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<tr>
<td><strong>Project management</strong></td>
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</tr>
<tr>
<td>Project preparation and appraisal</td>
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<td>unknown</td>
<td>✔</td>
<td>✔</td>
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<td>✔</td>
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<td>Project oversight and control</td>
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<tr>
<td>Monitoring and evaluation</td>
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<tr>
<td>Project-at-risk systems and management capacities</td>
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<td>unknown</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td><strong>Environmental and social safeguards</strong></td>
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<tr>
<td>E&amp;S risk and impact identification processes</td>
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<td>✔</td>
<td>✔</td>
<td>partial</td>
<td>✗</td>
<td>✔</td>
</tr>
</tbody>
</table>
Important note: Table 7 and Table 8 above include the original text of the adopted fiduciary standards and ESS as decided by the GCF Board at its 7th meeting as well as an initial compliance assessment of the experts team based on the questionnaire and assessed during the 17-18 August 2017 bilateral meetings held with the organisations, and information made available during and following these meetings.

It should also be noted that this report represents the experts team’s initial assessment only. Of ultimate relevance will be the assessment of the GCF’s Accreditation Panel.

Results for Basic minimum requirements
In order to gain GCF accreditation, entities must first ensure they have the necessary pre-requisite capacities, by fulfilling the basic minimum requirements for the GCF, which range from the legal right to undertake planned activities, to experience with international and domestic funding (see section on GCF accreditation requirements for full list and description of requirements considered). Analysis of these basic minimum criteria across the seven prospective AEIs displayed a series of strengths and areas for improvement.

Strengths:
- **Demonstrated legal status**: All entities, except one, can demonstrate their legal status in Uzbekistan and their operations for more than 3 years. Two entities (IFAS Agency and CAREC) are national branches of regional organisations with a wider mandate, which may need clarification for what concerns the potential engagement as national AE.  
- **Existing track record of accessing domestic and international finance**: All entities, except one, stated that they have demonstrated experience in accessing domestic and international finance and are involved in numerous initiatives involving bilateral and multilateral development partners.

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12 A query has been submitted to the GCF Secretariat by the experts team, to obtain clarification and guidance on the possibility for a regional entity through its national branch, to become accredited as national AE (under the direct access modality), and whether it can upgrade its application to regional AE at later stages.
• **Existing track record of climate change projects:** All entities, except one, can provide at least some evidence of previous engagement in developing, implementing and/or financing climate change projects, on mitigation or adaptation or both (see Table 7).

• **Previous engagement with NDA and continued interest in the accreditation process:** Most entities have been engaged in the first assessment workshop held on 29 September 2016 and/or the institutional assessment kick-off workshop on 7 July 2017, showing continued interest in the GCF Readiness Programme and the accreditation process. CAREC and Hamkorbank have only recently started engaging with the Uzbekistan NDA in the context GCF Readiness Programme and its activities, but they have expressed strong interest in engaging with the GCF and seeking accreditation.

**Areas of improvement:**

- **Lack of legal status:** FEEPWM is managed by the State Committee for Ecology and Environment Protection and it was clarified that it is not a legal entity at this stage and its status is under discussion at the inter-governmental level. This represents a major gap that rules out the possibility for FEEPWM to run for accreditation. However the State Committee sees the GCF readiness support as a long-term opportunity in view of defining the FEEPWM’s statute in line with accreditation requirements.

- **Lack of track record of access to domestic and international finance:** UBA does not have previous experience in administering financial instruments or accessing international finance. This represents a major gap that rules out the possibility for UBA to run for accreditation.

- **Lack of track record of climate change projects:** UBA does not have previous experience with climate change-related projects. This represents a major gap that rules out the possibility for UBA to run for accreditation.

- **Clarification regarding level of accreditation and continuation of cooperation with NDA:**
  
  o CAREC’s regional headquarters have further clarified their interest in accreditation: CAREC is planning to get accredited to the GCF as a regional entity. Obtaining regional accreditation requires meeting GCF criteria and getting endorsement from at least 2 NDAs from different countries. Given the scope of this project, which aims to support Uzbek national entities, CAREC will not be qualified for capacity building for accreditation, regardless its technical performance against the GCF accreditation requirements. However, the results of the assessment will be available to the Uzbek NDA, which may consider providing a letter of nomination in support to CAREC’s application as accredited regional entity.
  
  o UFRD has confirmed their interest in obtaining accreditation. However, as a governmental organisation, it requires endorsement from the Government for further cooperation on accreditation matters in the framework of this project. The lack of government approval or lengthy coordination time may represent a major barrier for UFRD to run for accreditation within the timeframe of this project.
Results for Key administrative and financial capacities
All AEs must meet the basic fiduciary standards of the GCF, which includes key administrative and financial capacities, in order to ensure sound financial management of the GCFs resources (see section on GCF accreditation requirements). Analysis of these basic fiduciary standards across the seven prospective AEs displayed a series of strengths and areas for improvement.

Strengths:
- **Strong capacity for general management and administrative oversight**: All the assessed entities, indicated that they have some kind of defined governance and oversight structure, and experience in the regular preparation of business plans and budgets.
- **Overall alignment with international standards on financial management and accounting**: All the assessed entities, except two for which information was missing, stated that that reports and financial statements are prepared in accordance with recognised international accounting standards given previous collaboration with International Financial Institutions (IFIs) and other partners.
- **Good coverage of internal/external audit**: Apart from two entities that have not submitted information, the assessed organisations have some processes in place for internal and external auditing. As for external auditing, several (e.g. Hamkorbank, IFAS, UFRD) have been regularly audited by the Uzbek Ministry of Finance, as well as the “big four” management accounting companies and auditors appointed by donors.
- **Strong existing internal control frameworks**: All the assessed entities, except one for which information was missing, stated that the organisations have a documented control framework.
- **Existing independent audit committee function**: Hamkorbank, IFAS Agency and UBA appear to have established an independent audit committee to deal with internal and external audit, financial statements, control systems and overall reporting.
- **Procurement functions in-line with international standards**: Across the assessed entities, the transparent, fair and easily accessible procurement policy and related internal guidelines have been developed at CAREC, CCI, Hamkorbank, IFAS and partially at UFRD.

Areas of improvement:
- **Unclear key administrative and financial capacities**:
  - FEEPWM should provide additional information on its capacities in this regard in order to be properly evaluated.
  - UBA should provide additional clarification regarding procedures and policies considered “in due order” (external audit procedure, procurement procedure) in order to be properly evaluated.
- **Partially compliant internal auditing**:
  - CAREC has an internal audit mechanism for auditing its country branches. Internal (yet independent) audit for individual projects is not yet fully carried out, but the organization is planning to develop and adopt such a mechanism.
  - UFRD does not have internal independent audit function; its activities are audited by
the Audit Chamber of the Republic of Uzbekistan.

- **Clarification needed regarding alignment of financial management with international requirements:**
  - UBA appears to have limited financial management and accounting capabilities and further information should be provided.
  - UFRD prepares and report financial statements to the Management Board and the Cabinet of Ministers. The Ministry of Finance under the instructions of the Cabinet of Ministers defends before the Parliament the fiscal plan, including UFRD’s plan for the next year. It should be clarified whether these procedure meet international requirements.

- **Lack of independent audit:** CAREC, CCI and UFRD stated they do not have an independent audit committee in place.

- **Limited procurement functions:** UFRD has not developed a separate internal document specifying the organisation’s procurement policy.

### Results for Transparency and Accountability requirements

As a minimum, AEs must fulfill the basic fiduciary standards, providing evidence of transparency and accountability functions within their organisation (see section on GCF accreditation requirements). These cover the protection and commitment against mismanagement and fraudulent, corrupt and wasteful practices; disclosure of any conflict of interest; and, code of ethics, and culture that drive and promote full transparency and accountability. Analysis of these basic fiduciary standards across the seven prospective AEs displayed a series of strengths and areas for improvement.

#### Strengths:

- **Existing code of ethics and policy on disclosure of conflict of interest:** CAREC, CCI, Hamkorbank and UBA indicated they have relevant internal policies in place.

- **Capacity to prevent and deal with financial mismanagement:** All assessed entities, except two for which information is missing or unclear, appear to meet this requirement through internal policies.

- **Existing investigation functions:** CAREC, Hamkorbank and UBA appear to have implemented internal policies that fulfill investigation functions of malpractice.

- **Existing anti-money laundering and anti-terrorist financing:** Hamkorbank and UFRD as financial institutions seems to, at least partially, meet this requirement implying “due diligence” procedures.
  - UFRD stated that the Fund strictly follows national normative standards and requirements against money laundering and terrorism financing. UFRD Investment Projects Appraisal Department conducts an extensive due-diligence of customers, whereas Investment Projects Monitoring Department conducts a thorough verification of each financial transaction made under the projects.

#### Areas of improvement:
• Clarification needed regarding key transparency and accountability capacities:
  o FEEPWM should provide additional information on its capacities in this regard in order to be properly evaluated.
  o UFRD appears particularly weak across all transparency and accountability requirements, except money-laundering and anti-terrorism financing. This is a major weakness for UFRD that can be addressed through capacity building work, aimed at putting in place a documented and clearly communicated code of ethics, and policies regarding conflict of interest, financial mismanagement and guidelines on investigation about fraudulent and corrupt practices and staff misconduct.

• Unclear information on code of ethics and disclosure of conflict of interest:
  o IFAS Agency should clarify whether the cited internal regulations with description of job functions amount to a code of ethics, as well as whether the internal regulations concerning sensitive information amount to a disclosure policy.
  o UFRD stated they do not have such policies in place, but indicated that staff acts in accordance with the relevant national normative documents and follows the instructions and guidelines of respective departments.

• Capacity to prevent and deal with financial mismanagement:
  o CCI stated that this capacity is beyond the competences of the organisation, while donor-funded projects have their own requirements, for which procedures are maintained by donors.
  o UFRD indicated that within the organisation there is no separate document describing fair policies, procedures other than instructions and guidelines of respective departments.

• Lack of investigation functions:
  o CCI stated that this capacity is beyond the competences of the organisation.
  o IFAS, UFRD do not appear have documentation, guidelines or ToR for providing independent and objective investigation of allegations of fraudulent and corrupt practices in organizational operations.

• Broad lack of capacity to meet anti-money laundering and anti-terrorist financing requirements:
  o CCI and IFAS cannot demonstrate to have anti-money laundering and anti-terrorist financing measures place.
  o CAREC has anti-corruption considerations incorporated in all the contracts (expert hiring, procurement, service etc.). The organisation should provide information on prospective training on anti-terrorist financing policy to relevant staff.
  o UBA should clarify its anti-money laundering and anti-terrorist financing policy “in due order”.
  o UFRD should demonstrate how/if national normative standards and requirements on anti-money laundering and anti-terrorist financing apply at the organisation’s level.
Results for Project management fiduciary standards
Specialised fiduciary standards are required to undertake certain financial functions with the GCF. All entities seeking to channel or implement GCF finance require project management capacities, whilst those seeking to use the GCF finance with other sources of domestic or international finance, whether that be blending or on-lending to other entities, require the specialised function of on-lending and/or blending (see section on GCF accreditation requirements).

It should be noted that within this assessment, the experts team only evaluated the selected entities against project management fiduciary standards with which the entities seeking accreditation are required to comply. The entities were not assessed against the other specialised fiduciary standards. If organisations do not have experience with grant awarding and on-lending/blending they should not apply for them, and therefore should not be disqualified from receiving further GCF Readiness support on this basis.

Strengths:
- **Broad compliance with project management requirements**: Among the assessed organisations, Hamkorbank and IFAS Agency fully match the capacities required for project preparation and appraisal, project oversight and control, monitoring and evaluation, project-at-risk systems and management. While CAREC and UFRD appear to be mostly aligned with the criteria, UBA does only partially comply.

Areas of improvement:
- **Lack of information on overall project management capacity**: For FEEPWM and CCI no detailed information was provided on specialised fiduciary standards which is key to enable the assessment of their institutional capacity in this area.
- **Lack of project preparation and appraisal capacity**: UBA shows some critical capacity gaps regarding procedures in place and a track record of identifying, developing and appraising climate change project proposals that ensure technical, financial, economic, legal, environmental and social performance. This represents a major weakness for UBA that could be addressed through capacity building work, once the organisation has gained a track record of climate-related projects, aimed at building project management capacities.
- **Unclear M&E capacities**: UBA’s implementation of monitoring and evaluation functions of projects appears to be partial and require clarification.
- **Unclear project-at-risk systems and management capacities**:
  - UFRD does not appear to have independent risk management process or systems in place, but other internal procedures are followed which require further clarification.
  - Risk management at CAREC is part of each project implementation planning process, but additional clarification is needed to understand whether this is in line with GCF requirements.
Results for Environmental and social safeguards (ESS)

In-line with the GCFs “fit-for-purpose” accreditation system, entities seeking accreditation need to align only with the ESS requirements proportional to the estimated E&S impact of their proposed projects or investments (see section on GCF accreditation requirements). The risk level of intended projects has been estimated based on the financial size and type of the seven entities’ past projects, programmes and/or investments (see Table 7). Hamkorbank and IFAS seems to have carried out projects with high level of environmental and social risk, with Hamkorbank having demonstrated experience in projects which cover the 7 IFC Performance Standard risk areas. In addition, UFRD and CCI indicated to have undertaken medium-risk projects, CAREC only low-risk projects, while no information was provided by UBA in this regard.

Strengths:

- **Existing overarching E&S policy**: only Hamkorbank seems to have developed a comprehensive E&S policy required for medium/high-risk investments.

- **Existing basic and advanced E&S risk and impact identification processes**: Although most of the assessed entities (all except UBA and CCI) seem to have basic processes in place to identify the risks and potential impacts of investments for low-risk projects, projects and programmes, only Hamkorbank has the capacity to identify E&S risks and impacts using a formal risks and impacts identification and assessment procedure required for medium/high-risk projects, in line with good international industry practice.

- **Existing E&S management programme**: Among the assessed entities, CAREC, UBA and Hamkorbank stated they have an E&S management programme in place for their specified project risk level, with Hamkorbank indicating a fully developed and documented institutional process and track record for managing mitigation measures and actions stemming from the E&S risk identification process.

- **Existing E&S organisational capacity and competency**: CAREC, Hamkorbank, IFAS Agency and UFRD stated that they undertake some processes engaging individual projects and staff to ensure organisational capacity and knowledge to identify and mitigate risks and impacts for low-risk projects. Hamkorbank and IFAS in particular stated that they have an organisational structure that defines and ensures capacity for the roles, responsibilities, reporting lines and authority to implement an ESMS, including senior management, which is required when an organisation implements medium-high risk projects.

- **Good overall capacity for E&S monitoring and review**: All the entities assessed, except one, possess M&E capacity at least for low-risk projects. In particular, IFAS Agency and Hamkorbank stated that they have a track record and internal processes to support a monitoring and supervision programme that tracks, ensures completion and disseminates results of mitigation and performance improvement measures for medium/high-risk projects.

- **Broad capacity for E&S external communication**: CAREC, Hamkorbank, IFAS Agency and partially UFRD seem to have E&S external communication in place for the appropriate level of risk.

Areas of improvement:
• Lack of overarching E&S policy for medium-risk projects: Despite IFAS Agency, UFRD and CCI appear to have undertaken projects with a medium level of risk, they cannot demonstrate to have a comprehensive E&S policy in place, as required for this level of investment risk, or can only partially comply having ad hoc E&S arrangements in place agreed for individual projects as in the case of CCI and CAREC.

• Unclear E&S risk and impact identification processes for medium/high-risk projects: IFAS Agency and UFRD should clarify their risk and impact identification processes for medium/high-risk projects in order to complete the assessment.

• Lack of E&S management programme:
  o CCI indicated that there is no such management programme in place for low-risk projects and more information is needed to clarify the procedure for medium-risk projects.
  o IFAS Agency cannot provide documented E&S regulations for medium-risk projects.
  o UFRD indicated that, as a financial institution, lacks the overall capacity of managing environmental risks and impacts which needs to be developed.

• Lack of basic or E&S organisational capacity and competency:
  o CCI and UBA indicate that they do not have such capacity.
  o This information was not provided by FEEPWM.

• Unclear E&S monitoring and review:
  o IFAS Agency should clarify project monitoring and review experience.
  o No information available for FEEPWM.

• Unclear or non-existing E&S external communication procedure:
  o UFRD should demonstrate how its existing external communications procedures towards financial partners enable to efficiently communicate on projects’ environmental and social issues.
  o CCI and UBA do not appear to have such a procedure in place.

Results for Gender policy
The final accreditation requirement under the GCF is to align with the Funds gender policy, including creating their own institutional gender policy (see section on GCF accreditation requirements). Although conditional GCF accreditation can be achieved without a specific gender policy, all prospective AEs require support to formalise and/or improve a gender specific strategy within their organisations. Hamkorbank has already adopted a gender policy but technical assistance is needed to implement a full-scale policy. A gender policy including an action plan is also presently being developed at CAREC. Despite the absence of a policy, some entities do however have experience with gender issues in the context of climate change, for example CAREC have incorporated gender consideration into project activities and indicators, and that it can demonstrate past experience in mainstreaming gender into climate-related projects and programmes. Others stated that they comply with national labour legislation which broadly addresses gender balance in the workplace.
Recommendations and considerations for the use of the National Designated Authority

Based on the self-assessment of the capacities of the seven national entities to meet GCF accreditation requirements and further analysis by the experts team, a series of technical and strategic recommendations are proposed below. The recommendations are ultimately aimed at informing the nomination by the Uzbekistan NDA, UzHydromet, of proposed national AE candidates that will undertake the accreditation process. Moreover, these considerations are designed to address key elements in the elaboration of a capacity-development strategy to support the selected entities in the next phases of the present GCF Readiness Programme.

- **Compliance with technical GCF accreditation requirements.** The NDA should consider engaging with the best placed organisations for moving forward on the accreditation process in Uzbekistan and increase its chances to attract international finance. Despite the fact that all the assessed organisations have expressed high levels of interest in becoming direct access entities, institutional strengths and gaps identified will provide the basis for evaluating their technical compliance with the GCF accreditation requirements.
  - Based on the results of the institutional assessment, FEEPWM and UBA are not considered as strong potential AE candidates due to major capacity gaps such as the lack of a legal status for FEEPWM, and the lack of any track record or experience in managing climate change-related projects for UBA.
  - CCI appears to be only very partially compliant with the GCF accreditation requirements, with several information to be further clarified. It has some experience with climate projects as well as accessing and managing domestic and international resources. The entity seems to meet some of the GCF basic fiduciary standards, however it shows numerous gaps with regards to transparency and accountability requirements, ESS for low-risk projects, as well as gender policy.
  - UFRD appear to be partially compliant with key GCF accreditation requirements, with the need for further information to be provided. UFRD can demonstrate a track record of implementing climate-related projects and experience accessing and managing domestic and international resources. UFRD seems to partially meet the key administrative and financial capacities under the basic fiduciary standards, with some reservations on the internal audit and procurement functions. With regards to specialised fiduciary standards, UFRD meets most of GCF criteria for project management. Important technical and evidence gaps have been identified, including very weak capacity on transparency and accounting under the basic fiduciary standards, no project-at-risk systems and related project risk management capabilities under the specialized fiduciary standards, gaps regarding ESS for both low and medium/high-risk projects, as well as gender policy.
  - IFAS appears to be partially compliant with key GCF accreditation requirements, with the need for further information to be provided. The organisation has experience implementing climate-related projects and accessing and managing domestic and international resources
for this purpose. It meets almost all key administrative and financial capacities, and project management–related requirements. However, some important technical and evidence gaps have been identified regarding external audit, investigation function, anti-money laundering and anti-terrorist financing policy under the basic fiduciary standards, ESS for medium/high-risk projects, and gender policy.

○ **CAREC seems to be largely compliant with key GCF accreditation requirements.** It shows a sound track record of implementing climate-related projects, as well as experience in accessing and managing domestic and international resources for this purpose. It also seems to meet all GCF basic fiduciary standards except for the lack of an independent audit committee. In terms of ESS, CAREC is overall aligned with the accreditation standards for low-risk projects. CAREC is already mainstreaming gender in its work and a gender strategy is being developed. However, it should be noted that CAREC has clearly expressed its preference in becoming accredited as a regional entity, therefore resulting ineligible for further capacity development support within the scope of this project.

○ **Hamkorbank appears to be in full compliance with all the GCF requirements,** including all basic and specialised fiduciary standards, as well as ESS for both low-risk and medium and high-risk projects. Hamkorbank can demonstrate a track record of implementing climate-related projects and a vast experience in accessing and managing domestic and international resources. It also has a gender policy in place which still requires implementation.

- **Consideration of the GCF finance focus between grant and debt.** Private sector entities, such as Hamkorbank, will be strongly positioned for accreditation due to their compliance with key GCF accreditation requirements. However, as a private commercial bank, they will become accredited for accessing on-lending/blending but not grants. With respect to financing directly and indirectly private sector projects, it is also important to note that GCF funding decisions for private sector projects will be made based on considerations such as avoiding any market distortions and risks for crowding out private sector investment. In addition, Uzbekistan might prefer to access grants as highly preferential channel for international climate finance if a strict ceiling on sovereign debt would be imposed, for example. Nevertheless, it should be noted that the country will still retain the option to access to grants via other Multilateral Implementing Entities such as UNDP, UN Environment etc. This will be an important consideration to be addressed at the NDA level when selecting the 1-2 entities that will be further supported under the capacity building phase.

- **Consideration of the GCF finance focus between adaptation and mitigation.** It should be noted that across the assessed entities, CAREC, Hamkorbank and FEEPWM appear to undertake both adaptation and mitigation-related activities, CCI and UFRD are mostly mitigation-focused with investments in the energy sector and infrastructure, while IFAS Agency focuses exclusively on adaptation with investments in water resources and social issues around the Aral Sea Basin.
Beyond the preference of the government of accessing grants versus debt, the type of focus of prospective projects to be presented to the GCF for financing will be an important consideration to be addressed at the NDA level when selecting the 1-2 entities that will be benefitting from further support under the capacity building phase.

- **Consideration of national versus regional scope of accreditation.** Two assessed entities, CAREC and IFAS Agency, are regional agencies with a branch in Uzbekistan and will be well positioned to seek accreditation due to their experience with internationally-funded climate change projects. The experts team is seeking clarification from the GCF Secretariat about whether it is advisable for them to seek to be accredited as national direct access entities as opposed to regional direct access entities. On a technical level, it should also be noted that the present project, GCF Readiness Programme in Uzbekistan, is aimed at providing support to national prospective AEs, therefore supporting regional AEs would go beyond the scope of this project. Furthermore, the Government of Uzbekistan should consider whether it is preferable to nominate national Uzbek organisations to become accredited, which may promote better country ownership and prestige than if it is just an entity that have only part of their operations in country but a broader regional mandate. In particular, it should be noted that CAREC has clearly expressed its preference in becoming accredited as a regional entity.

- **Consideration of government approval required for public funds.** Public funds such as UFRD (and potentially FEEPWM in the future) are well positioned for accreditation due to their experience in managing financial instruments. However, due to their close linkages with the Government for what concerns their administration and operations, they will require endorsement from the Government to proceed with further cooperation on the accreditation process. The NDA should consider that the lack of governmental approval or prolonged coordination time may become a deal breaker for public funds to obtain support for accreditation within this project.

- **Consideration of availability of organisations’ resources to undertake accreditation.** The willingness of the organisations to engage in the accreditation process is key, and so is the availability of own resources within the organisations to dedicate to this process over a considerable period of time (e.g. 1 dedicate person to follow the process, potential application fee). Indeed, selected organisations will be provided with technical support through the GCF Readiness Programme in Uzbekistan project. However, the limited availability of internal human or economic resources to undertake the application process may represent a barrier that hampers the possibility to conduct an efficient and speedy process. The organisations that consider themselves unable to dedicate such effort at this stage, should envisage the accreditation opportunity in the long-term perspective following a strengthening of their own capacities.
Conclusions and way forward

- The preliminary screening was conducted among national organisations in Uzbekistan between September 2016 and July 2017 based on core GCF accreditation criteria. The mapping exercise required several iterations in order to obtain sufficient information that led to a shortlist of seven potential AE candidates that would be further assessed against their capacity to meet GCF accreditation requirements. The selected organisations included private sector entities, public funds and NGOs. Importantly, the participation of ministries and state agencies was ruled out as government organisations are not allowed to disclose financial and other internal information to third parties, including for auditing purposes, which would be necessary during the accreditation process.

- The institutional assessment kick-off workshop (July 2017) and the bilateral meetings (August 2017) enabled the selected seven national AE candidates to engage in an in-depth self-assessment of their capacities jointly with the experts team, which was conducted through a self-assessment questionnaire and targeted consultations.

- Capacity needs and areas for further support were identified (in detailed individual factsheets contained in this report) to provide focused capacity building after the institutional assessment for the national AE candidates prioritized by the NDA to receive support within the course of this project.

- In light of the identified capacity strengths and gaps, and level of interest expressed in accreditation, at this stage the recommended strongest national AE candidates for Uzbekistan that should engage in the process of GCF accreditation include, ranked according to their technical capabilities:

  1. Hamkorbank (private sector entity)
  2. UFRD (public fund)
  3. IFAS Agency (non-governmental organisation).

In light of the scope and timeframe of the support provided within the GCF Readiness Programme, UzHydromet as Uzbekistan NDA should make a further selection based political and strategic considerations presented in this report, and any relevant additional considerations that may arise from consultations with the recommended national AE candidates, and nominate only 1 or 2 organisations among those suggested, that will benefit of tailored technical assistance in preparing their accreditation application.

- As a next step, the interested national organisations should validate the results of the self-assessment and provide further information to fill identified evidence gaps if necessary. Subsequently, UzHydromet should endorse the results of the assessment and nominate 1-2 AE
candidates. Importantly, to confirm the nomination, at later stages UzHydromet will have to provide a formal nomination letter for the selected organisations, as this is a necessary requirement to obtain GCF accreditation. The selected entities should therefore further engage with the NDA in order to establish working relationships and explore areas of interest for GCF support, in close cooperation with the GCF Readiness Programme in Uzbekistan Project Manager. Figure 1 below illustrates the next steps.

- Based on the approval of the self-assessment results and nomination of 1-2 organisations by the NDA, the experts team will develop an individual capacity development strategy for the 1-2 selected organisations which will be presented and implemented within the course of this project. As part of the capacity development strategy, the experts team will provide remote support to the national AE candidates in preparing their accreditation application, inter alia, by clarifying the accreditation process, helping set up the online account on the GCF website, obtaining nomination letter from the NDA, providing templates for developing internal policies (e.g. gender, ESS) where applicable. In particular, the experts team will provide a technical review of the organisations’ draft applications once all the information and evidence are collected by the AE candidates. A further technical mission will be carried out by the experts team which will be aimed at, depending on gaps identified/addressed, offering dedicated training on specific readiness gaps identified, or providing direct feedback on the draft application. Figure 1 below illustrates the proposed content of the technical support and actions to be taken by the experts team and the selected AE candidates.
Figure 1. Next steps of the capacity building support following the self-assessment phase within the GCF Readiness Programme

- Validation of the self-assessment results by the assessed entities

- Validation of the self-assessment results by the NDA and selection of the 1-2 AE candidates that will benefit from further support under the capacity building phase

- Capacity building support to the AE candidates by the experts team including:
  - Develop a roadmap for the accreditation process, defining key tasks for completing the application, roles & responsibilities and corresponding timeline
  - Obtain letter of nomination from the NDA
  - Set up an online account on the GCF website
  - Fill in any obvious gaps identified by this initial assessment e.g. develop new policies

- Preparation of the draft application by the AE candidates:
  - Complete the online application form (version 1) and collect/translate all relevant documentation
  - Technical review of the draft application form by the experts team
  - Complete the online application form (version 2) and collect/translate all relevant documentation
  - Submit the final application to GCF Secretariat
Annexes

Annex 1: Agenda - Institutional Assessment Kick-off Workshop

Institutional Assessment Kick-off Workshop: What are the requirements to seek accreditation to the GCF?
Business Center “Poytaxt”, Tashkent
7 July 2016

<table>
<thead>
<tr>
<th>Timing</th>
<th>Session</th>
<th>Who</th>
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<tbody>
<tr>
<td>9:00 - 9:30</td>
<td>Registration</td>
<td>All</td>
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<tr>
<td>9:30 - 9:40</td>
<td>Welcome and inaugural session</td>
<td>Representatives of the NDA</td>
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<tr>
<td>9:40 - 9:50</td>
<td>Introduction to the project and the agenda for the day</td>
<td>UN Environment and UNDP</td>
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<tr>
<td>9:50 – 10:00</td>
<td>Round of introduction</td>
<td>All</td>
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<tr>
<td>10:00 - 10:15</td>
<td>Session 1: Introductory session - Brief recap of the Green Climate Fund (GCF)</td>
<td>UN Environment</td>
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<td>Plenary presentation</td>
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<tr>
<td>10:15 – 10:30</td>
<td>Session 2: How can my organisation get accredited to the GCF?</td>
<td>UN Environment</td>
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<tr>
<td></td>
<td>Plenary presentation</td>
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<tr>
<td>10:30 – 10:45</td>
<td>Questions and answers session</td>
<td>UN Environment</td>
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<td>10:45 – 11:00</td>
<td>Coffee/tea break</td>
<td>All</td>
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<tr>
<td>11:00 - 11:45</td>
<td>Session 3: Introduction to the GCF accreditation requirements I- Basic Fiduciary Standards</td>
<td>UN Environment</td>
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<td>Plenary presentation</td>
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<tr>
<td>11:45 – 12:30</td>
<td>Session 4: Introduction to the GCF accreditation requirements II- Specialised Fiduciary Standards</td>
<td>UN Environment</td>
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<td>Plenary presentation</td>
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<tr>
<td>12:30 - 13:30</td>
<td>Light lunch &amp; networking</td>
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<tr>
<td>Time</td>
<td>Session</td>
<td>Presenter</td>
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<td>13:30 - 14:00</td>
<td>Session 5: Introduction to the GCF accreditation requirements III- Environmental and Social Safeguards (ESS) Plenary presentation</td>
<td>UN Environment</td>
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<tr>
<td>14:00 – 14:15</td>
<td>Session 6: Introduction to the GCF accreditation requirements IV- Gender Policy Plenary presentation</td>
<td>UN Environment</td>
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<tr>
<td>14:15 – 14:30</td>
<td>Session 7: Looking ahead - Introduction to the institutional assessment Plenary presentation</td>
<td>UN Environment</td>
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<tr>
<td>14:30 - 14:45</td>
<td>Questions and answers session</td>
<td>UN Environment</td>
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<tr>
<td>14:45 - 15:00</td>
<td>Closing remarks</td>
<td>UN Environment and UNDP</td>
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<tr>
<td>15:00 – 15:30</td>
<td>Workshop Evaluation</td>
<td>All</td>
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<tr>
<td>15:30</td>
<td>End of the workshop</td>
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Annex 2: Final list of participants – Institutional Assessment Kick-off Workshop

Institutional Assessment kick-off Workshop: What are the requirements to seek accreditation to the GCF?

Business Center «POYTAHT», Tashkent
7 July 2017

List of participants

<table>
<thead>
<tr>
<th></th>
<th>National institutions</th>
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<tbody>
<tr>
<td>1.</td>
<td>Mrs. Ergash Dilyafruz Representative of the State Committee for Ecology and Environmental Protection of the Republic of Uzbekistan</td>
</tr>
<tr>
<td>2.</td>
<td>Mr. Lolakhanov Nodir Senior specialist of the Department of co-financing of Investment project, Fund for Reconstruction and Development of the Republic of Uzbekistan</td>
</tr>
<tr>
<td>3.</td>
<td>Mrs. Khusanova Tamara Uzbekistan Banking Association</td>
</tr>
<tr>
<td>4.</td>
<td>Mr. Rijechenko Oleg Head of the Department for Attracting Technical Assistance to MFIs, Chamber of Commerce and Industry of the Republic of Uzbekistan</td>
</tr>
<tr>
<td>5.</td>
<td>Mrs. Ganieva Feruza Coordinator for strengthening communications with international and public environmental movements, Ecological Movement of Uzbekistan</td>
</tr>
<tr>
<td>6.</td>
<td>Mr. Abzalov Avaz Chief specialist, GEF Agency of the International Fund for Saving the Aral Sea (IFAS Agency)</td>
</tr>
<tr>
<td>7.</td>
<td>Mr. Chepel Sergey Chief Researcher, Institute for Prediction and Microeconomic Research</td>
</tr>
<tr>
<td>8.</td>
<td>Mrs. Kurbanova Dilfuza Leading Researcher, Institute for Prediction and Microeconomic Research</td>
</tr>
<tr>
<td>9.</td>
<td>Ms. Makhmudova Kamola Leading engineer, Department of climatic monitoring and desertification, Service of monitoring of environment pollution of Uzhydromet</td>
</tr>
<tr>
<td>10.</td>
<td>Mrs. Bazarova Leyla Leading engineer, Department of climatic monitoring and desertification, Service of monitoring of environment pollution of Uzhydromet</td>
</tr>
<tr>
<td>11.</td>
<td>Mrs. Arakelova Irina Leading specialist, Financial Department of Uzhydromet</td>
</tr>
<tr>
<td>12.</td>
<td>Mrs. Agaltseva Natalya Deputy chief, Service of environment pollution of Uzhydromet</td>
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<tr>
<td>13.</td>
<td>Mr. Kholturaev Representative of Fund for Reclamation of Irrigated Lands</td>
</tr>
<tr>
<td>14.</td>
<td>Tskhai Lana Chief Researcher, Center for Economic Research</td>
</tr>
<tr>
<td>15.</td>
<td>Mr. Jakhangirov Rustam Leading Researcher, Center for Economic Research</td>
</tr>
<tr>
<td>16.</td>
<td>Ms. Rie Tsutsumi Programme Officer, UN Environment</td>
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U.N. staff and experts team

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<tr>
<th></th>
<th>Name</th>
<th>Position/Role</th>
</tr>
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<tbody>
<tr>
<td>17</td>
<td>Ms. Ana Vukoje</td>
<td>Project Specialist, UN Environment</td>
</tr>
<tr>
<td>18</td>
<td>Mr. Dedabaev Ulugbek</td>
<td>Project Manager, UNDP/UN Environment/Uzhydromet joint</td>
</tr>
<tr>
<td></td>
<td>project “GCF Readiness Programme in Uzbekistan”</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Mrs. Baykhanova Rano</td>
<td>Specialist on climate change, UNDP Sustainable Development Division in Uzbekistan</td>
</tr>
<tr>
<td>20</td>
<td>Mr. Rasulev Dilshod</td>
<td>Project Specialist, UNDP</td>
</tr>
<tr>
<td>21</td>
<td>Mr. Yunusov Ravshan</td>
<td>Assistant for Administration and Finance, UNDP</td>
</tr>
<tr>
<td>22</td>
<td>Mr. Sultanov Akbar</td>
<td>Specialist in Public Relations, UNDP</td>
</tr>
<tr>
<td>23</td>
<td>Ms. Kholmatova Nargiza</td>
<td>Project Assistant, UNDP</td>
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Annex 3: Questionnaire for self-assessment of potential National Accredited Entities in Uzbekistan

QUESTIONNAIRE

1. Section 1: Background information about you and your organisation

<table>
<thead>
<tr>
<th>1.1. Name of the organisation</th>
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<tbody>
<tr>
<td>1.2. Name, designation, contact details of the respondent(s)</td>
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<tr>
<td>1.3. Have you engaged with us in the first assessment workshop on 29th September 2016?</td>
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<td>1.4. Have you engaged with us in the institutional assessment kick-off workshop on 7th July 2017?</td>
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<tr>
<td>1.5. How aware are you about the GCF, the NIE application process and the opportunities it offers? (On a scale of 1 to 5, 1 being very low and 5 being very high).</td>
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2. Section 2: Basic minimum requirements

To become accredited as an implementing entity of the GCF, your organisation must have the legal right to undertake the activities that it plans; you should also be intending to undertake activities that will be funded by the GCF and you should have past experience of accessing resources from national and international resources. Please answer following questions to demonstrate these basic minimum requirements to access the GCF.

| 2.1 Legal status: requires that your organisation is legally established in Uzbekistan, and have full legal capacity to undertake the intended activities. |  |
| 2.1.1 Can you demonstrate the organisations legal status with documents (for example: certificate of Incorporation/ Registration, memorandum and articles of association, vision and/or mission statement, business permit and license to operate)? |  |
| 2.2 Past project track record: |  |
| 2.2.1 Does your organisation have past experience with projects related to climate change mitigation or adaptation? If yes, please provide more specific information on these projects (ideally over past 3 years) E.g. solar renewable energy and drought-resilient crop varieties... |  |
| 2.2.2 Define the maximum size of projects implemented to date by your institution (USD million): micro (<10), small (10< - <50), medium (50< - <250) or large (>250)? This refers to the projects or activities within a programme, not the full budget of your organisation. |  |
2.2.3 Does your organisation have experience in receiving or administering various financial instruments: such as grants, concessional loans, guarantees, equity, and other?

2.2.4 Does your organisation have track record of accessing and managing resources from domestic and/or international sources for climate related projects?  
E.g. from international development finance institutions and international climate funds – providing names...

3. Section 3: Basic fiduciary standards

*Info:* to get accredited with the Green Climate Fund (GCF), entities must show that they meet certain fiduciary requirements. These requirements help the GCF ensure that the accredited institution will manage funds effectively and efficiently. There are basic fiduciary requirements that everyone is expected to meet. These include demonstration of:

- **Key administrative and financial capacities**, including:
  - General management and administrative capacities;
  - Financial management and accounting;
  - Internal audit;
  - External audit;
  - Internal control framework;
  - Procurement; and
  - Independent audit committee.

- **Transparency and accountability capacities**, including:
  - Code of ethics;
  - Disclosure of conflict of interest;
  - Capacity to prevent or deal with financial mismanagement;
  - Investigation function; and
  - Anti-money laundering and anti-terrorist financing policies.

Entities must provide evidence that they have a track record in meeting these basic fiduciary requirements. Evidence includes, but is not limited to:

- Policies, rules, regulations, guidelines and procedures;
- Reports, samples and examples of past implementation and compliance, from a minimum of the past 3 years;
- Documented Terms of Reference for committees and bodies;
- Documented manuals, functions and plans;
- Examples of meetings; and
- Responses and plans to regulator recommendations.

3.1 Key administrative and financial capacities: requires that your financial inputs and outputs are properly accounted for, reported, and administered transparently in accordance with national and/or international regulations and laws, with due-accountability; information relating to the overall administration and management of your organisation is available, consistent, reliable and complete; and operations of your organization show a track record in effectiveness and efficiency.

3.1.1 General management and administrative capacities: does your organisation have a clearly defined governance and oversight structure which defines the roles, responsibilities and assigned authority of each functional area and individual in the organisation, and track record in the preparation of business plans and budgets?
### 3.1.2 Financial management and accounting
Does your organisation periodically prepare and report financial statements in accordance with recognised international accounting standards, and have a track record in the preparation and transparent use of business plans, financial projections and budgets?

### 3.1.3 Internal audit
Does your organisation have an internal but independent audit function, from documented Terms of Reference to monitoring of responses to audit recommendations, carried out in accordance with internationally recognised standards, such as those prescribed by the Institute of Internal Auditors, or equivalent?

### 3.1.4 External audit
Has your organisation appointed an independent and impartial external audit firm or organisation, working in line with international standards, reporting on accounting systems, internal financial controls, and administration and management of the organisation?

### 3.1.5 Internal control framework
Does your organisation have a documented control framework, that includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel?

### 3.1.6 Procurement
Does your organisation have a transparent, fair and easily accessible procurement policy and related internal guidelines, covering all types of internal and external procurement?

### 3.1.7 Independent audit committee
Has your organisation appointed a fully functional independent audit committee to oversee the work of the internal and external audit, financial statements, control systems and overall reporting?

### 3.2 Transparency and accountability
Covers the protection and commitment against mismanagement and fraudulent, corrupt and wasteful practices; disclosure of any conflict of interest; and, code of ethics, and culture that drive and promote full transparency and accountability. These are to be demonstrated through an effective combination of fully functional policies, procedures, systems and approaches:

#### 3.2.1 Code of ethics
Does your organisation have a documented and clearly communicated code of ethics for expected ethical behaviour and standards throughout organisational operations (or equivalent policy)?

#### 3.2.2 Disclosure of conflict of interest
Does your organisation have a disclosure policy or other equivalent administrative function, covering prohibited financial interests and their related sanctions?

#### 3.2.3 Capacity to prevent or deal with financial mismanagement and other forms of malpractice
Does your organisation have transparent and fair policies, procedures and a track record that create and ensure a zero tolerance towards financial mismanagement, fraud, ethical violations, misconduct and other forms of malpractice across organisational activities and operations?
3.2.4 **Investigation function:** does your organisation have published guidelines and terms of reference for providing independent and objective investigation of allegations of fraudulent and corrupt practices in organisational operations as well as allegations of possible staff misconduct?

3.2.5 **Anti-money laundering and anti-terrorist financing:** does your organisation have an anti-money laundering and anti-terrorist financing policy that provides adequate control and procedures to enable “Know your customer” due-diligence?

4. **Section 4: Specialised fiduciary standards**

*Info:* In addition to basic fiduciary requirements, specialised fiduciary criteria must be applied related to the intended scope of activities which accredited entities intend to undertake with the GCF’s resources:

- **Project management:** required if you intend to implement projects using the GCF’s resources, whether you execute the project yourself or not.
- **Grant awarding:** required if you intend to grant awards to other beneficiaries working on climate-related projects.
- **On-lending and/or blending:** on-lending refers to using money from the GCF to provide loans, equity or guarantees to other actors; blending refers to combining GCF finance with money received from other sources.

Entities are only required to undertake accreditation for these three standards if they intend to undertake these activities.

In order to assess an organisation’s capacity to undertake these specialised activities, evidence will be required to prove adequate capacity and experience regarding the above-mentioned standards:

- Relevant policies, frameworks, procedures and guidelines;
- Documented formal roles and responsibilities;
- Reports, samples and examples of a track record of successful implementation of policies etc. over the past 3 years, covering at least 3 projects;
- On-lending registration or licenses, ratings, etc; and
- Terms of Reference for independent committees and bodies.

**Precursor Question:** *Based on your choice(s), only respond to the relevant category of questions:*

- **Project Management (applies to all potential NIEs):** do you intend to implement projects or programmes using funds from the GCF, and then execute the project yourself or through executing entities? *If yes, please also complete Section 4.1. Project Management, below.*

- **Grant awarding:** do you intend to award grants to other beneficiaries working on climate-related projects? *If yes, please also complete Section 4.2. Grant awarding, below.*

- **On-lending and/or blending:** do you intend to on-lend the GCF’s resources as loans, equity or guarantees to other institutions; and/or blend the GCF’s finance with money received from international or multilateral institutions? *If yes, please also complete Section 4.3. On-lending and/or blending below.*

**4.1 Project Management:** does your organisation have the ability to identify, formulate and appraise projects or programmes; the competency to manage or oversee the execution of approved funding proposals,
including the ability to manage executing entities or project sponsors and to support project delivery and implementation; and the capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal?

<table>
<thead>
<tr>
<th>4.1.1 Project preparation and appraisal: does your organisation have procedures in place and a track record of identifying, developing and appraising climate change project proposals that ensure technical, financial, economic, legal, environmental and social performance?</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.2 Project oversight and control: does your organisation have systems, procedures and the capacity to prepare, monitor and improve projects performed by executing entities or project sponsors?</td>
</tr>
<tr>
<td>4.1.3 Monitoring and evaluation: does your organisation have documented, transparent and independent monitoring and evaluation functions in place to ensure oversight and improvement of implemented projects?</td>
</tr>
<tr>
<td>4.1.4 Project-at-risk systems and related project risk management capabilities: does your organisation have in place independent risk management processes or systems that ensure potential and actual project problems are identified and mitigated against?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4.2 Grant awarding: does your organisation have the capacity to award grants to third-party beneficiaries in a credible, transparent and effective manner? Can it ensure that the impact of grants on final beneficiaries is positive and furthers the GCF’s objectives?</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2.1 Does your organisation have experience with mechanisms for grant allocation?</td>
</tr>
<tr>
<td>4.2.2 If yes, can you briefly describe recent grant allocation projects?</td>
</tr>
<tr>
<td>4.2.3 Are grants allocated in a transparent and supervised way? (e.g. existence of an evaluation committee)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4.3 On-lending and/or blending: does your organisation have the license, capacity, systems, policies and track record to on-lend and/or blend GCF and other international financial resources in a safe, credible, due-diligent and transparent manner?</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3.1 Does your organisation have experience with on-lending (lending funds borrowed from another organisation) and blending (for example, mixing grants and loans)? Please briefly describe.</td>
</tr>
<tr>
<td>4.3.2 Does your organisation have a license to be able to provide loans and to blend financial resources if they so wish from the necessary regulator within Uzbekistan?</td>
</tr>
</tbody>
</table>
5. **Section 5: Environmental and social safeguards**

*Info:* The Green Climate Funds (GCF) environmental and social safeguards are based off of the IFCs Environmental and Social Performance Standards on Environmental and Social Sustainability. In line with the GCFs “fit-for-purpose” accreditation approach, entities must only demonstrate the necessary environmental and social safeguards in line with the level of environmental and social risk intended projects are estimated to bring. Therefore, based on your answer Section 5.1 - “Precursor” questions below, you are only required to answer Section 5.2 “Low environmental and social risk”, or Section 5.3 “Medium to High environmental and social risk”.

In the IFCs Performance Standards (PS) there are eight standards in total, the first is an institutional requirement, termed the Environmental and Social Management System (ESMS). The ESMS represents the institutional processes that demonstrate an ability to identify, categorise, evaluate, mitigate, manage and monitor environmental and social risks created by projects and investments. These processes are important in order to avoid or compensate for the possible negative effects of projects and investments.

The remaining seven standards cover areas of environmental and social risk, and include:

- **PS2:** Labour and working conditions
- **PS3:** Resource efficiency and pollution prevention
- **PS4:** Community health, safety and security
- **PS5:** Land acquisition and involuntary resettlement
- **PS6:** Biodiversity conservation and sustainable management of living natural resources
- **PS7:** Indigenous peoples
- **PS8:** Cultural heritage

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5.1 - Precursor questions: What is the maximum level of environmental and social risk of past climate change investment, projects and programmes undertaken (minimum three examples): *The GCF can only accredit institutions to implement activities with high or medium levels of risk if they can show that they have successfully implemented at least three such projects at the same level of risk in the past.*

*If you answer Low, please only complete section 5.2, if you answer Medium or High, please only complete Section 5.3.*

- **☐ Low:** do your investments, projects and programmes supported over the past three years include activities with minimal or no adverse environmental and/or social risks and/or impacts.

- **☐ Medium:** do your investments, projects and programmes supported over the past three years include activities with mild adverse environmental and/or social risks and/or impacts which are few in number, generally site-specific. If yes, please go to Section 5.2.

- **☐ High:** do your investments, projects and programmes supported over the past three years include activities with potentially significant adverse environmental and/or social risks and impacts, which are diverse, irreversible or unprecedented. If yes, please go to Section 5.2.

5.1.1 Do you have experience in projects which cover any of the 7 IFC Performance Standard risk areas (PS2 to 8), as outlined above?

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5.2 **Low risk:** Environmental and social policies, procedures and experience requirements for low risk investments, projects and programmes: *please only answer this section if you crossed only “Low” in Section 5.1 above.*

5.2.1 Identification of risks and impacts: *does your organisation have basic processes in place to identify the risks and potential impacts of investments, projects and programmes?*
### 5.2.2 Management programme: does your organisation have a management programmes that allows risks and impacts identified to be managed?

### 5.2.3 Organisational capacity and competency: does your organisation undertake processes to ensure there is adequate organisational capacity and knowledge to identify and mitigation risks and impacts?

### 5.2.4 Monitoring and review: does your organisation have in place monitoring processes that ensures risks and impacts are mitigated and managed?

### 5.2.5 External communications: does your organisation have procedures and systems in place for externally communicating environmental and social issues related to investments, projects and/or programmes?

### 5.3 Medium-High risk: Environmental and social policies, procedures and experience requirements for medium to high risk investments, projects and/programmes: please only answer this section if you crossed “Medium” or “High” in Section 5.1 above.

#### 5.3.1 Overarching environmental and social (E&S) policy: does your organisation possess a formal E&S Policy or equivalent, in line with national and international standards?

#### 5.3.2 Identification of risks and impacts: does your organisation have the capacity to identify E&S risks and impacts using a formal risks and impacts identification and assessment procedure, in line with good international industry practice?

#### 5.3.3 Management programme: does your organisation have fully developed and documented institutional process and track record for managing mitigation measures and actions stemming from the E&S risk identification process?

#### 5.3.4 Organisational capacity and competency: does your organisation have an organisational structure that defines and ensures capacity for the roles, responsibilities, reporting lines and authority to implement the ESMS, including senior management?

#### 5.3.5 Monitoring and review: does your organisation have a track record and internal processes to support a monitoring and supervision programme that tracks, ensures completion and disseminates results of mitigation and performance improvement measures?

#### 5.3.6 External communications: does your organisation have procedures and systems in place for externally communicating environmental and social issues related to investments, projects and/or programmes?

### 6. Section 6: Gender policy

#### 6.1 Policy, strategy or action plan to ensure gender mainstreaming in operations: does your organisation have any policies, strategies or action plans that ensure gender equality considerations are incorporated in organisational operations and investments, projects and programmes?
6.1.1 If yes, please provide brief examples:

6.2 Demonstrated experience with gender and climate change: does your organisation have past experience in integrating gender equity into climate change investments, projects and programmes?

6.2.1 If yes, please provide brief examples:

7. Section 7: Support needed

7.1 What type of support have you found helpful so far to be able to complete this assessment?

☐ The workshop(s) ☐ The Green Climate Fund supporting documents provided during the workshop

☐ The bilateral meeting ☐ Other:

7.2 For which accreditation standards do you think you mostly need support?

☐ 1. Basic fiduciary standards ☐ Key administrative and financial capacities

☐ Transparency and accountability

☐ 2. Transparency and accountability ☐ Project management

☐ Grant awarding

☐ On-lending and/or blending

☐ 3. Environmental and social safeguards ☐ For low risk-level projects

☐ For medium to high risk-level projects

☐ 4. Gender policy

7.2.1 What kind of additional support would be necessary to bridge the identified gaps?

8. Section 8: Looking ahead:

8.1 GCF engagement: Now that you have attended the workshop and that you have a better idea of GCF requirements to obtain accreditation, please answer the questions below:

8.1.1 To what extent are you interested in engaging further with the Green Climate Fund to access climate finance? (On a scale of 1 to 5, 1 being very low and 5 being very high). Explain why
### 8.1.2 Are you interested in engaging as a National Implementing Entity (NIE)? (On a scale of 1 to 5, 1 being very low and 5 being very high). Explain why

### 8.1.3 What is the intended size of investment, projects or programmes (USD million): micro (<10), small (10< - <50), medium (50< - <250) or large (>250)?

### 8.2 Contact information

#### 8.2.1 Are you going to be the contact person for further communication and engagement with our team?

#### 8.2.2 If not, please provide the name of the contact person for the upcoming communications with your organisation: [insert name – email address]
Annex 4: Final list of interviewees – Post-workshop bilateral meetings with potential National Accredited Entities in Uzbekistan

Institutional Assessment for accreditation to the GCF: Post-Workshop Bilateral Meetings

UNDP Project Office / Organisations’ institutional premises, Tashkent
17-18 August 2017

List of interviewees

<table>
<thead>
<tr>
<th>GEF Agency of the International Fund for Saving the Aral Sea (IFAS Agency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mr. Vadim Illich Sokolov</td>
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</tbody>
</table>

**Uzbekistan Banking Association (UBA)**

Not available for bilateral meetings

<table>
<thead>
<tr>
<th>Chamber of Commerce and Industry (CCI) of the Republic of Uzbekistan</th>
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</thead>
<tbody>
<tr>
<td>2. Mr. Farrukh Omonov</td>
</tr>
<tr>
<td>3. Mr. Sardor Babakulov</td>
</tr>
<tr>
<td>4. Mr. Ulugbek Mavrulov</td>
</tr>
</tbody>
</table>

**Fund for Reconstruction and Development of the Republic of Uzbekistan**

| 5. Mr. Nurbek Darvishev | Chief of Investment Analyst |
| 6. Mr. Sh. Vafaev | Executive Director |
| 7. Mr. B. Khodjaev | Deputy Head of the Department |

**Fund for Ecology, Environmental Protection and Waste Management under the State Committee for Ecology and Environmental Protection**

| 8. Mr. Yunusov Nodir | Head of the International Management |
| 9. Ms. Nadejda Zubareva | Specialist of International Department |

**Hamkorbank**

| 10. Mr. Yuriy Lee | Deputy Head of the Center on development and coordination of activities of branches in Tashkent region |
| 11. Mr. Avazbek Fazliev | Head of the Sector of environmental monitoring and expertise |
| 12. Mr. Adkhamjon Yuldashev | Head of International Financial Institutions |

**Regional Environmental Centre for Central Asia (CAREC) in Uzbekistan**

| 13. Mr. Atabek Umirbekov | Climate Change specialist, Climate Adaptation and Mitigation Programm for Aral Sea Basin (CAMP4ASB) |
| 14. Mr. Jusipbek Kazbekov | Water Programs Specialist |
Annex 5: Overview of the results for the assessed entities – level of readiness and capacity gaps

**Regional Environmental Centre for Central Asia (CAREC) in Uzbekistan**

**Organisation profile**
The Regional Environmental Centre for Central Asia (CAREC) was founded by the governments of the five Central Asian republics, namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, and the European Union and UNDP, following the resolution of the IV Pan-European Conference held in 1998, Aarhus (Denmark). It began its operations in 2001. It is an independent, non-profit, non-political, international organisation assisting the Central Asian governments, regional and international stakeholders in addressing environmental and sustainability challenges across Central Asia and promoted dialogue and collaboration among all environmental stakeholders\(^{13}\). The Representative Office of CAREC in Uzbekistan has been registered as a branch of the international NGO since 2005 and is guided by the Charter of CAREC, norms and principles of international law, international contracts and agreements, present bylaws and the laws of the Republic of Uzbekistan.

**Self-assessment interview team**
- Atabek Umirbekov – Climate Change specialist, Climate Adaptation and Mitigation Program for Aral Sea Basin (CAMP4ASB) at CAREC (contact person for further communications)
- Jusipbek Kazbekov – Water Programs Specialist at CAREC
- Shakhboz Akhmedov, Manager of the Knowledge, Projects and Resource Management unit at CAREC (respondent to questionnaire)

**Planned engagement with the GCF**
CAREC is very interested in both overall engagement with the GCF and accreditation (5/5). CAREC has not been engaged in either the first assessment workshop held on 29 September 2016 or the institutional assessment kick-off workshop on 7 July 2017, but states that it is well aware about the GCF, the national AE application process and the opportunities it offers (4/5). However, CAREC is planning to get accredited to the GCF as a regional entity and to engage in the development and implementation of GCF-funded projects in Central Asian countries, including Uzbekistan, through its country offices. CAREC has a sound track record of climate change projects including one that is currently being implemented with the World Bank (CAMP4ASB: Climate Adaptation and Mitigation Program for Aral Sea Basin). The organisation also has experience in receiving and administering financial instruments (grants) and in accessing and managing domestic and international resources. The institution has implemented small projects so far and intends to implement projects of the same size. Their past climate change investment, projects and programmes had a low level of environmental and social risk. To further engage with the GCF, CAREC mentioned they would like to receive support with the specialised fiduciary standards “grant awarding” and “on-lending and/or blending” and with the GCF environmental and social safeguards (ESS) for medium to high risk-level projects.

**Readiness for planned GCF engagement**

\(^{13}\) Official website of CAREC.
CAREC is overall aligned with the GCF basic fiduciary standards although it still lacks an independent audit committee. Its internal auditing function partially meets GCF standards as audits for individual projects are not yet fully carried out. CAREC operates with an appointed firm in charge of the annual external audit. The organisation is almost fully aligned with the standards of transparency and accountability and needs to implement a planned training to the relevant staff on their anti-terrorist financing policy.

In terms of specialised fiduciary standards, CAREC is interested in the project management component, with which it is almost fully aligned. Additional information on its project-at-risk systems and related project risk management capabilities would enable to clarify its overall alignment with GCF project management standards. Further, CAREC has experience with grant allocation but not with on-lending and blending.

Regarding ESS, CAREC is almost fully aligned with the requirements for low-risk projects, which is the maximum risk level it has undertaken so far. More information is however required on its monitoring and review processes which seems to include grievance and feedback redress mechanism for large projects.

Finally, CAREC has experience with gender considerations in the context of climate change, as these are incorporated into project activities and indicators, and that it has past experience in mainstreaming gender into climate-related projects and programmes. A gender strategy including an action plan is being developed.

**Strengths for GCF engagement**
- CAREC can demonstrate its legal status.
- CAREC has a track record of climate projects.
- CAREC has experience in receiving and administering grants.
- CAREC has experience in accessing and managing domestic and international resources for climate-related projects.
- CAREC seems to match the GCF basic fiduciary standards, as it has in place general management and administrative capacities, financial management and accounting processes and a functioning internal control framework and procurement policy. A mechanism for the individual projects’ internal audit is about to be developed and adopted. It is fully aligned with the transparency and accountability standards, as it possesses a code of ethics, disclosure policy in case of conflict of interest, the capacity to prevent or deal with financial mismanagement and an investigation function. A training against terrorist financing is about to be implemented.
- CAREC is also in overall compliance with the project management aspect of the specialised fiduciary standards, already having project preparation and appraisal procedures, project oversight and control systems, M&E systems and at least partial project-at-risk system in place. It also has experience with grant allocation.
- In terms of ESS, CAREC is overall aligned with the standards for low-risk projects.
- CAREC is already mainstreaming gender in its work and a gender strategy with an action plan is being developed.

**Technical gaps**

**Evidence gaps**
- **Basic fiduciary standards:**
  - no independent audit committee

- **Basic fiduciary standards:**
  - demonstrate development and adoption of mechanism on internal audit for individual projects
  - provide name of independent and impartial external audit firm
  - provide information on training on anti-terrorist financing policy to relevant staff

- **Specialised fiduciary standards:**
  - demonstrate effectiveness and efficiency of new M&E system
  - provide information on risk management as part of each project implementation planning process

- **Gender:**
  - specify whether the gender policy has been established
Chamber of Commerce and Industry (CCI) of the Republic of Uzbekistan

Organisation profile
Established in 2004, the Chamber of Commerce and Industry (CCI) of the Republic of Uzbekistan aims to strengthen the position of the private sector in the country. It comprises 14 territorial divisions, 127 information-consulting and business centres, 14 arbitration courts, 3 staff training centres and 21 Unitary Enterprises. One of the main tasks assigned to the CCI is to actively assist entrepreneurs in creating new industries, expanding business contacts, promoting domestic products to foreign markets and attracting foreign direct investment. It brings together over 25,000 entrepreneurs from small businesses but also large companies, leasing companies, banking and insurance institutions.

Self-assessment interview team
- Farrukh Omonov – Head of Business Education Department at CCI
- Sardor Babakulov – Senior Specialist of Business Development Department at CCI (respondent to the questionnaire and contact person for further communications)
- Ulugbek Mavrulov – Specialist of Investment Department at CCI

Planned engagement with the GCF
The CCI is interested in further engaging with the GCF (5/5) as a national AE. They are keen on supporting the introduction of energy saving and Renewable Energy Sources (RES) technologies in Uzbekistan, which is currently backed by the Uzbek Government. CCI took part in both the first assessment workshop on 29 September 2016 and the institutional assessment kick-off workshop on 7 July 2017, and they state that they are well aware about the GCF, the national AE application process and the opportunities it offers (4/5). They recently got involved in a 2015 climate change mitigation project with the IFC to introduce energy saving components and renewable energy sources in 3 pilot enterprises of the country. The organisation also has experience in receiving financial instruments (grants) and in accessing and managing domestic and international resources. An upcoming EU-funded project includes the requirement that CCI will disburse funding, which can increase the organisation’s capacity to award grants in the future. The institution has implemented micro-scale projects (less than 10 million USD) so far and intends to implement GCF projects of the same size. Their past climate-related projects and programmes can be categorised as of low environmental and social risk category.

Readiness for planned GCF engagement
The entity is overall aligned with the GCF basic fiduciary standards although it lacks an independent audit committee, the capacity to prevent or deal with financial mismanagement, an investigation function, an anti-money laundering and an anti-terrorist financing policy.

No information was provided on the GCF specialised fiduciary standards.

The organisation could implement low-risk projects given its project record, but it does not have most of the required capabilities in terms of GCF low-risk ESS, except for the monitoring and review component. It appears that the CCI could also implement medium-risk projects, but in this case the ESS seems to be only partially managed by the organisation, as donor partners would implement their own Environmental Impact Assessment (EIA) procedures and the requirements would be included in the contract agreements.

14 Official website of the Chamber of Commerce and Industry of Uzbekistan.
The CCI does not have gender policy in place but the organisation stated it complies with the Labour Code of Uzbekistan and can demonstrate experience.

**Strengths for GCF engagement**
- The CCI can demonstrate its legal status.
- The institution has some experience with climate projects.
- The CCI has experience in receiving grants.
- The CCI has experience in accessing and managing domestic and international resources.
- The entity seems to match the GCF basic fiduciary standards, as it has general management and administrative capacities, financial management and accounting procedures, internal and external audit, an internal control framework, a procurement policy, a code of ethics, and a policy of disclosure of conflict of interest.
- In terms of **ESS for low-risk projects**, the CCI has a Consolidated Information and Analysis Unit that operates the monitoring and review processes.

<table>
<thead>
<tr>
<th>Technical gaps</th>
<th>Evidence gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>- <strong>GCF basic fiduciary standards:</strong></td>
<td>- <strong>Specialised fiduciary standards:</strong></td>
</tr>
<tr>
<td>- no independent audit committee</td>
<td>- specify project preparation and appraisal procedures</td>
</tr>
<tr>
<td>- no capacity to prevent or deal with financial mismanagement and other forms of malpractice</td>
<td>- specify project oversight and control procedures</td>
</tr>
<tr>
<td>- no investigation function</td>
<td>- specify implementation of monitoring and evaluation functions of projects</td>
</tr>
<tr>
<td>- no policy on anti-money laundering and anti-terrorist financing</td>
<td>- specify project-at-risk systems and related project risk management capabilities</td>
</tr>
<tr>
<td>- <strong>ESS for low-risk projects:</strong></td>
<td>- <strong>ESS:</strong></td>
</tr>
<tr>
<td>- no processes to identify risks and impacts</td>
<td>- clarify which type of risk would apply to the projects to be implemented</td>
</tr>
<tr>
<td>- no programme to manage risks</td>
<td>- specify whether the entity is aligned with the requirements corresponding to the selected risk type</td>
</tr>
<tr>
<td>- no processes to ensure organisational capacity and competency to mitigate risks</td>
<td>- <strong>Gender:</strong></td>
</tr>
<tr>
<td>- no systems in place for external communications</td>
<td>- demonstrate experience</td>
</tr>
<tr>
<td>- <strong>Gender:</strong></td>
<td>- <strong>Gender:</strong></td>
</tr>
<tr>
<td>- no gender policy</td>
<td>- demonstrate experience</td>
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</table>
Fund for Ecology, Environmental Protection and Waste Management (FEEPWM) under the State Committee for Ecology and Environmental Protection

Organisation profile
The Fund for Ecology, Environmental Protection and Waste Management (FEEPWM) sits under the State Committee for Ecology and Environmental Protection, which was known, prior to 2017, as the State Committee for Nature Protection. The Committee’s mandate is to provide environmental management regarding environmental protection, rational use and reproduction of natural resources, establishment of an efficient system for collecting, transporting, recycling and disposal of domestic waste, ensuring a favourable ecological state of the environment, protection of ecological systems, natural complexes and certain facilities, improvement of the environmental situation, state environmental control over compliance with the laws on protection and use of land, mineral resources, water, forests, protected natural areas, flora and fauna, protection of atmospheric air, waste management, organisation of ecological education, advocacy and awareness-raising, as well as specialist training.

In 2017, FEEPWM was established to channel finance to activities related to waste management, conservation and reproduction of bio-resources and for scientific research. It has a funding capacity of USD 8-10 million and is expected to increase fourfold in the future.

Self-assessment interview team
- Nodir Yunusov – Head of the International Management at State Committee for Ecology and Environmental Protection
- Nadejda Zubareva – Specialist of International Department at State Committee for Ecology and Environmental Protection

Planned engagement with the GCF
The interview was conducted with staff from the State Committee for Ecology and Environmental Protection, although the potential candidate for accreditation is FEEPWM. However, the Fund is not a legal entity at this stage and its status is under discussion at the inter-governmental level. The respondents indicated a potential interest in engaging further with the GCF to access climate finance. The State Committee’s engaged in both the first assessment workshop held on 29 September 2016 and the institutional assessment kick-off workshop on 7 July 2017.

FEEPWM was established to support projects, including capacity building, that include mitigation (energy) and adaptation (agriculture, biodiversity) aspects. FEEPWM is financed with revenues from fines, compensations, donations, grants, etc. The Fund budget is approved by the government. The organisation also has experience in receiving and administering financial instruments (individual grants) and in accessing and managing domestic and international resources.

As the restructuring of the Fund will require time for coordination and government approval, the State Committee sees the GCF readiness support as a long-term opportunity in view of establishing the Fund as a legal entity. The State Committee would like to receive recommendations before the Fund’s

statute is defined, in order to **tailor it in line with GCF requirements.**

### Readiness for planned GCF engagement

Incomplete information has been provided so far on the overall alignment of the fund with GCF standards and requirements, hence hampering a detailed analysis of the entity’s readiness to apply for accreditation. The Fund is managed by an inter-agency Council under the State Committee and, importantly, lacks an independent legal status. The Fund seems to match some of the **basic fiduciary standards**, namely the internal and external audit.

**No detailed information** is available on **specialised fiduciary standards**.

In terms of **environmental and social safeguards (ESS)**, the respondents highlighted the State Committee’s **experience with environmental impact assessments (EIAs)** but specified that their evaluations covered health and environmental aspects and not labour or social impacts.

### Strengths for GCF engagement

- State Committee’s willingness to tailor the Fund’s statute to match GCF requirements
- FEEPWM has experience with **climate projects** (e.g. on energy, agriculture)
- FEEPWM also has experience in **receiving (and administering) grants.**
- FEEPWM has experience in **accessing and managing** domestic and international **resources.**
- **Basic fiduciary standards:** an external audit process is in place.
- **ESS:** a policy in place to identify risks and impacts is in place.

### Technical gaps

<table>
<thead>
<tr>
<th><strong>Basic minimum requirements:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• no legal status</td>
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</table>

### Evidence gaps

<table>
<thead>
<tr>
<th><strong>Basic minimum requirements:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• No evidence of maximum size of projects implemented to date</td>
</tr>
<tr>
<td>• No evidence of intended size of investment, projects or programmes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Basic fiduciary standards:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• general management and administrative capacities: specify governance and oversight structure</td>
</tr>
<tr>
<td>• specify financial management and accounting processes</td>
</tr>
<tr>
<td>• specify internal audit procedure</td>
</tr>
<tr>
<td>• specify internal control framework</td>
</tr>
<tr>
<td>• specify procurement process</td>
</tr>
<tr>
<td>• specify if there is an independent audit committee</td>
</tr>
<tr>
<td>• specify if there is a code of ethics</td>
</tr>
<tr>
<td>• specify if there is a policy for disclosure of conflict of interest</td>
</tr>
</tbody>
</table>
• specify if there are policies to deal with financial mismanagement
• specify if there is an investigation function
• specify if there is a policy on anti-money laundering and anti-terrorist financing

- **Specialised fiduciary standards:**
  • specify for which standard(s) the entity would like to be accredited.
  • specify whether the entity matches the corresponding fiduciary standards.

- **ESS:**
  • No evidence of experience in projects which cover any of the 7 IFC Performance Standard risk areas
  • specify which type of risk would apply to the projects to be implemented.
  • specify whether the entity is aligned with the requirements corresponding to the selected risk type.

- **Gender:**
  • specify if the entity has a gender policy.
  • specify if the entity has experience in mainstreaming gender into climate change projects.
Hamkorbank JSCB

Organisation profile
Joint Stock Commercial Bank (JSCB) with Foreign Capital “Hamkorbank” has been operating in the market of banking services in the Republic of Uzbekistan since 1991. Initially, having commenced its operations in Andijan city, the Bank has developed over 26 years the expanded branch network, covering all administrative regions of the Republic of Uzbekistan. The Bank currently has 209 service outlets, out of them 32 branches, 158 mini-banks, 19 payment receiving outlet. The Bank also organised the activities of 8 subsidiary companies

Self-assessment interview team
- Yuriy Lee – Deputy Head of the Center on development and coordination of activities of branches in Tashkent region at Hamkorbank
- Avazbek Fazliev – Head of the Sector of Environmental Monitoring and Expertise at Hamkorbank (respondent to questionnaire and contact person for further communications)
- Adkhamjon Yuldashev – Head of International Financial Institutions at Hamkorbank

Planned engagement with the GCF
Hamkorbank is interested in overall engagement with the GCF (4/5) and as a national AE. It was not engaged in either the first assessment workshop held on 29 September 2016 or the institutional assessment kick-off workshop on 7 July 2017. It claims to be well aware about the GCF, the national AE application process and the opportunities it offers (5/5). Hamkorbank has a track record of climate projects, including the World Bank’s Sustainable Agriculture and Climate Change Mitigation Project for Uzbekistan and the Additional Financing for the Energy Efficiency Facility for Industrial Enterprises Project. It also has experience in receiving and administering financial instruments (grant, loans, micro-loans, equities) and in accessing and managing domestic and international resources. The institution has implemented small projects so far and intends to implement micro projects. Their past climate change investment, projects and programmes had a high level of environmental and social risk. To further engage with the GCF, Hamkorbank mentioned they would like to receive support with the specialised fiduciary standards “project management”, “on-lending and/or blending” and asked for technical assistance in the implementation of a full-scale gender policy.

Readiness for planned GCF engagement
The bank seems to be at an advanced stage to engage with the GCF. Their responses to the questionnaire indicated that Hamkorbank was fully aligned with the GCF basic and three specialised fiduciary standards, although they are only intending to undertake accreditation for “project management” and “on-lending and/or blending”.

In addition, Hamkorbank’s staff indicated that the entity was fully aligned with the GCF ESS, for both low-risk and medium and high-risk projects. They also stated that all projects with medium and high risks were analysed based on IFC Performance Standards.

Finally, the bank already adopted a gender policy.

Strengths for GCF engagement

16 Official website of Hamkorbank.
- Hamkorbank can **demonstrate its legal status**.
- Hamkorbank has a **track record of climate projects**.
- Hamkorbank has experience in **accessing and managing domestic and international resources**.
- Hamkorbank seems to be **fully aligned with the GCF basic fiduciary standards**.
- Hamkorbank seems to be **fully aligned with the GCF specialised fiduciary standards**
- Hamkorbank seems to be **fully aligned with the GCF ESS for both low and medium-high levels of risk**
- Hamkorbank has a **gender policy** in place.

<table>
<thead>
<tr>
<th>Technical gaps</th>
<th>Evidence gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>- no major technical gaps</td>
<td>- Basic minimum requirements:</td>
</tr>
<tr>
<td></td>
<td>• Clarify experience in receiving or administering various financial instruments: such as grants, concessional loans, guarantees, equity</td>
</tr>
<tr>
<td></td>
<td>- Specialised fiduciary standards:</td>
</tr>
<tr>
<td></td>
<td>• Need to demonstrate its alignment with all GCF standards</td>
</tr>
<tr>
<td></td>
<td>- Gender:</td>
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<tr>
<td></td>
<td>• Need to demonstrate how gender was mainstreamed in climate change projects</td>
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</tbody>
</table>
GEF Agency of the International Fund for Saving the Aral Sea (IFAS Agency)

Organisation profile
The GEF Agency of the International Fund for Saving the Aral Sea (IFAS Agency) was established in 1998 during the chairmanship of the Republic of Uzbekistan in the Executive Committee of IFAS and is the working body of the International Fund for Saving the Aral Sea. It has the mandate to provide practical management and implementation of projects related to issues of the Aral Sea basin, coordinates, attracts financing, monitors, contracts, procures and hires firms, companies, individuals and legal entities for the implementation of projects, certain types of work and activities for the interests of all Central Asian states\(^\text{17}\). The Agency is accredited as international organisation in Uzbekistan.

Self-assessment interview team
- Vadim Ilich Sokolov – Head of IFAS Agency (respondent to the questionnaire and official contact person for further communications)

Planned engagement with the GCF
IFAS is very interested in both overall engagement with the GCF and accreditation as a national AE (5/5). They have been involved in both the first assessment workshop held on 29 September 2016 and the institutional assessment kick-off workshop on 4 July 2017. They state that they are very well aware about the GCF, the national AE application process and the opportunities it offers (5/5). They entity has experience with climate change adaptation projects with a focus on water resources including, for example, the transboundary project on Restoration of degraded land through afforestation of the dried out Aral Sea bed, and the World Bank’s CAMP4ASB: Climate Adaptation and Mitigation Program for Aral Sea Basin. The organisation also has experience in receiving (wide experience in mobilising grant financing) and partially administering financial instruments (indirect experience with micro credits, micro leasing and micro loans through local microcredit organisations and women’s associations). The entity also has some experience in accessing and managing resources from domestic and/or international sources for climate related projects financed by the World Bank, GIZ, OSCE and Swiss Development Cooperation. IFAS has implemented medium-sized projects so far and intends to implement large ones. Their past climate change investment, projects and programmes had a high level of environmental and social risk. To further engage with the GCF, IFAS mentioned they would like to receive support with basic fiduciary standards (key administrative and financial capacities), specialised fiduciary standards (project management, on-lending and/or blending) and environmental and social safeguards (ESS) for medium to high risk-level projects. The limited availability of human resources to undertake the application process at IFAS may represent a barrier at this stage, but the organisation is willing to consider this opportunity in the long-term perspective following the expected strengthening of the Agency.

Readiness for planned GCF engagement
IFAS is overall aligned with the GCF basic fiduciary standards in terms of key administrative and financial capacities, although it does not have permanent external auditors and that more information would be necessary regarding its financial management and accounting processes. However, it still lacks

\(^{17}\) Official website of IFAS.
capacity regarding the transparency and accountability components of the basic standards. In terms of specialised fiduciary standards, IFAS fully matches the project management requirements but not those for grant awarding and on-lending and/or blending. The entity is also partially aligned with the GCF ESS for medium and high-risk projects. Eventually, the Agency does not have a gender policy.

**Strengths for GCF engagement**

- IFAS can demonstrate its legal status.
- IFAS has experience with climate projects.
- IFAS has experience in receiving grants (and indirectly administering micro-loans).
- IFAS has experience in accessing and managing domestic and international resources for climate-related projects.
- Basic fiduciary standards
  - Alignment with almost all key administrative and financial capacities
- Specialised fiduciary standards
  - Full alignment with the project management requirements

**Technical gaps**

<table>
<thead>
<tr>
<th>Technical gaps</th>
<th>Evidence gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic fiduciary standards:</td>
<td>• clarify for how many projects IFAS has accessed/managed resources from domestic and/or international sources for climate related projects.</td>
</tr>
<tr>
<td>• no external audit</td>
<td></td>
</tr>
<tr>
<td>• no investigation function</td>
<td></td>
</tr>
<tr>
<td>• no anti-money laundering and anti-terrorist financing policy</td>
<td></td>
</tr>
<tr>
<td>ESS for medium/high-risk projects:</td>
<td>• clarify financial management and accounting procedures.</td>
</tr>
<tr>
<td>• no experience in projects which cover any of the 7 IFC Performance Standard risk areas</td>
<td>• clarify whether the internal regulations with description of job functions amount to a code of ethics</td>
</tr>
<tr>
<td>• no overarching environmental and social (E&amp;S) policy</td>
<td>• clarify whether the internal regulations concerning sensitive information amount to a disclosure policy.</td>
</tr>
<tr>
<td>• no management programme for mitigation measures of stemming identified E&amp;S risks</td>
<td></td>
</tr>
<tr>
<td>Gender:</td>
<td>• clarify capacity of in-house experts to perform evaluation of E&amp;S risks.</td>
</tr>
<tr>
<td>• No gender policy in place</td>
<td>• clarify project monitoring and review experience.</td>
</tr>
<tr>
<td></td>
<td>• clarify whether the website has a dedicated section to communicate on environmental and social issues</td>
</tr>
</tbody>
</table>
Organisation profile
The Uzbekistan Banking Association (UBA), established in 1995 as a non governmental organisation, is a network of 22 of the 30 national commercial banks which pursue the following objectives:

• Expansion of the role of commercial banks in the realisation of market-oriented reforms;
• Creation of integrated banking infrastructure as a solid basis of development of the banking system of Uzbekistan to the level of international standards;
• Promotion of self-reliance of commercial banks in the presence of economic levers of centralized control of the banking system;
• Protecting the rights and legal interests of member banks and providing overall support.

Self-assessment interview team
- Tamara Rustamovna Khusanova, Category 1 Specialist at UBA (respondent to the questionnaire)

Planned engagement with the GCF
UBA is potentially interested in both overall engagement with the GCF and accreditation as a national AE (3/5). It was engaged in both the first assessment workshop held on 29 September 2016 and the institutional assessment kick-off workshop on 7 July 2017, and states to be well aware about the GCF, the national AE application process and the opportunities it offers (4/5). They do not have a track record of implementing climate-related projects, administration of financial instruments or access and management of domestic or international resources. No information was provided on the size of their past or intended projects, however, from the questionnaire’s feedback it can be assumed that their previous investments, projects and programmes (not climate change-related) had a low level of environmental and social risk.

Readiness for planned GCF engagement
UBA is overall aligned with the GCF basic fiduciary standards, although some additional information is required on its external audit and procurement procedures, along with its anti-money laundering and anti-terrorist financing policy. During the interview, it was mentioned that the latter were about to be put in place.

However, UBA shows some critical capacity gaps for GCF specialised fiduciary standards. On the project management side, there are no procedures in place or a track record of identifying, developing and appraising climate change projects. The other GCF project management criteria are either met or partially met. In addition, UBA does not have the experience or capacity to award grants to third-party beneficiaries or to on-lend and/or blend GCF and other international financial resources.

The experience and capacity of UBA with environmental and social safeguards (ESS) is also very limited as none of their past projects covered any of the 7 IFC Performance Standard risk areas. For low-risk projects it was mentioned that there is no basic processes in place to identify the risks and potential impacts of investments, projects and programmes. However, they indicated having an overall management programme to identify risks in place along with a monitoring and review process to

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18 Official website of the Uzbekistan Banking Association.
mitigate risks.
No gender strategy is in place at this stage.

**Strengths for GCF engagement**

- UBA can demonstrate its legal status.
- UBA seems to meet the GCF basic fiduciary standards, as it whether already has the required capacity or is about to implement the missing elements (external audit and procurement procedures, anti-money laundering and anti-terrorist financing policy).
- UBA already has some project management processes in place, namely project oversight and control procedures and project-at-risk systems and related project risk management capabilities.
- UBA has a process in place for low risk investments, projects and programmes which is a management programme to identify risks in place as well as a monitoring and review process to mitigate risks.

<table>
<thead>
<tr>
<th>Technical gaps</th>
<th>Evidence gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic minimum requirements:</strong></td>
<td><strong>Basic fiduciary standards:</strong></td>
</tr>
<tr>
<td>- No track record of implementation of climate-related projects</td>
<td>- Clarify external audit procedure “in due order”</td>
</tr>
<tr>
<td>- No track record of administration of financial instruments</td>
<td>- Clarify procurement procedure “in due order”</td>
</tr>
<tr>
<td>- No track record of access and management of domestic or international resources</td>
<td>- Clarify anti-money laundering and anti-terrorist financing policy “in due order”</td>
</tr>
<tr>
<td><strong>Basic fiduciary standards:</strong></td>
<td><strong>Specialised fiduciary standards:</strong></td>
</tr>
<tr>
<td>- Limited financial management and accounting capabilities</td>
<td>- No evidence of monitoring and evaluation functions</td>
</tr>
<tr>
<td><strong>Specialised fiduciary standards:</strong></td>
<td><strong>ESS:</strong></td>
</tr>
<tr>
<td>- No project preparation and appraisal procedures</td>
<td>- Clarify inconsistency between stated presence of management programme and absence of basic processes in place to identify the risks and potential impacts of investments, projects and programmes</td>
</tr>
<tr>
<td>- Partial implementation of monitoring and evaluation functions of projects</td>
<td><strong>Gender:</strong></td>
</tr>
<tr>
<td><strong>ESS:</strong></td>
<td>- Clarify policy, strategy or action plan to ensure gender mainstreaming in operations “in due order”</td>
</tr>
<tr>
<td>- No evidenced experience with projects that cover any of the 7 IFC Performance Standard risk areas</td>
<td></td>
</tr>
<tr>
<td>- No organisational capacity and competency processes</td>
<td></td>
</tr>
<tr>
<td>- No external communications systems and procedures</td>
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<tr>
<td><strong>Gender:</strong></td>
<td></td>
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<tr>
<td>- No evidenced experience with gender and</td>
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</table>
climate change

- No gender policy in place
**Uzbekistan Fund for Reconstruction and Development (UFRD)**

**Organisation profile**

The Uzbekistan Fund for Reconstruction and Development of the Republic of Uzbekistan (UFRD) provides debt financing for modernisation and technical upgrade of projects in sectors including energy, chemicals and non-ferrous metallurgy. It was founded in 2006 as a financial institute under the Cabinet of Ministers of the Republic of Uzbekistan. The main objectives of UFRD include: contributing to sustainable growth, supporting industrial development and introduction of advanced, energy efficient technologies. UFRD provides assistance with its expertise, analysis and liaison with local institutions at all levels.

**Self-assessment interview team**

- Nurbek Darvishev – Chief of Investment Analyst at UFRD (contact person for further communications)
- Sh. Vafaev – Executive Director at UFRD
- B. Khodjaev – Deputy Head of the Department at UFRD

**Planned engagement with the GCF**

UFRD is very interested in engaging with the GCF (5/5) but is concerned that it does not have the capacity to become a national AE. They did not engage in the first assessment workshop held on 29 September 2016 but they did participate in the institutional assessment kick-off workshop on 7 July 2017, and state that they are well aware about the GCF, the national AE application process and the opportunities it offers (4/5). UFRD has a track record of climate change mitigation projects including on renewable energy, energy efficiency and infrastructure. The organisation also has experience in receiving and administering financial instruments (loans, equity financing) and in accessing and managing domestic and international resources. The institution has implemented large projects so far and intends to implement medium and large projects. Their past climate change investment, projects and programmes had a medium level of social and environmental risk. To further engage with the GCF, UFRD mentioned that they would need support with the basic fiduciary standards (key administrative and financial capacities, transparency and accountability), specialised fiduciary standards (project management) and environmental and social safeguards (ESS) (for low risk-level projects and medium to high risk-level projects). As a governmental organisation, UFRD is dependent on the Government’s endorsement for further cooperation on accreditation matters within the framework of this project. The lack of government approval or lengthy coordination time may become a deal breaker to obtain support for accreditation within this project.

**Readiness for planned GCF engagement**

In terms of basic fiduciary standards, UFRD is aligned with most of the key administrative and financial capacities but has substantial gaps when it comes to transparency and accountability.

Regarding specialised fiduciary standards, UFRD aligns with most of the GCF criteria for project management, except for project-at-risk systems and related project risk management capabilities. It has not provided grants since its establishment and hence cannot align with GCF standards in that respect. UFRD also does not have experience with on-lending but it co-finances investment projects.
UFRD’s ESS for low-risk projects are globally in line with GCF requirements, but not for medium and high-risk projects.

Finally, UFRD does not have a gender policy or experience in mainstreaming this dimension into projects.

### Strengths for GCF engagement
- UFRD can demonstrate its legal status.
- UFRD has a track record of climate projects.
- UFRD has experience in receiving and administering financial instruments.
- UFRD has experience in accessing and managing domestic and international resources.
- UFRD seems to match the GCF basic fiduciary standards in terms of key administrative and financial capacities (general management and administrative capacities, financial management and accounting, external audit, internal control framework).
- Regarding specialised fiduciary standards, UFRD aligns with most of the GCF criteria for project management (project preparation and appraisal, project oversight and control, monitoring and evaluation).
- In terms of ESS for low-risk projects, UFRD has processes to identify risks and impacts, to ensure the organisational capacity and competency to mitigate risks and to implement monitoring and review of projects.

### Technical gaps
- Basic fiduciary standards:
  - no independent audit committee
  - no separate internal document specifying UFRD’s procurement policy
  - no code of ethics
  - no disclosure policy of conflict of interest
  - no capacity to prevent or deal with financial mismanagement
  - no investigation function
- Specialised fiduciary standards:
  - no project-at-risk systems and related project risk management capabilities
- ESS for low-risk projects:
  - no management programme for identified risks and impacts
- ESS for medium/high-risk projects:
  - no overarching environmental and social policy
  - no indication provided on other ESS for such project type
- Gender:

### Evidence gaps
- Basic fiduciary standards:
  - Demonstrate how/if national normative standards and requirements on anti-money laundering and anti-terrorist financing apply at the organisation’s level
- Specialised fiduciary standards:
  - Demonstrate extensive and successful experience of co-financing large-scale investment projects, including with facilitating arrangement of consortium of investors to blend financial resources
- ESS for low-risk projects:
  - Demonstrate how external communications procedures enable to efficiently communicate on projects’ environmental and social issues
• no gender policy or experience in mainstreaming gender and climate change