

approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and

- (v) *Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.*

Agenda item 17: Consideration of accreditation proposals

53. The Board took note of the document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03, and Add.04 titled “Consideration of accreditation proposals”.

54. The Board adopted the following decision:

DECISION B.21/16

The Board, having considered document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04 titled “Consideration of accreditation proposals”:

- (a) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:*
- (i) *Applicant 061 (APL061) is Caixa Economica Federal (CEF) based in Brazil, as contained in annex V in document GCF/B.21/17;*
 - (ii) *Applicant 062 (APL062) is the Fondo para la Acción Ambiental y la Niñez (Fondo Acción) based in Colombia, as contained in annex VI in document GCF/B.21/17;*
 - (iii) *Applicant 063 (APL063) is IDFC Bank Limited (IDFC Bank) based in India, as contained in annex VII in document GCF/B.21/17;*
 - (iv) *Applicant 064 (APL064) is the Ministry of Finance and Economic Management (MFEM) based in the Cook Islands, as contained in annex VIII in document GCF/B.21/17;*
 - (v) *Applicant 065 (APL065) is the National Rural Support Programme (NRSP) based in Pakistan, as contained in annex IX in document GCF/B.21/17;*
 - (vi) *Applicant 066 (APL066) is the Nordic Environment Finance Corporation (NEFCO) based in Finland, as contained in annex X in document GCF/B.21/17;*
 - (vii) *Applicant 067 (APL067) is Pegasus Capital Advisors (PCA) based in the United States of America, as contained in annex XI in document GCF/B.21/17;*
 - (viii) *Applicant 068 (APL068) is the Austrian Development Agency (ADA) based in Austria, as contained in annex XII in document GCF/B.21/17;*
 - (ix) *Applicant 069 (APL069) is the Compañía Española de Financiación del Desarrollo S.A. S.M.E. (COFIDES) based in Spain, as contained in annex XIII in document GCF/B.21/17;*
 - (x) *Applicant 070 (APL070) is the Financiera De Desarrollo Territorial S.A. (Findeter) based in Colombia, as contained in annex XIV in document GCF/B.21/17;*
 - (xi) *Applicant 071 (APL071) is the Fundo Brasileiro para a Biodiversidade (Funbio) based in Brazil, as contained in annex XV in document GCF/B.21/17;*
 - (xii) *Applicant 072 (APL072) is the LandBank of the Philippines (LandBank) based in the Philippines, as contained in annex XVI in document GCF/B.21/17;*

- (xiii) *Applicant 073 (APL073) is the Protected Areas Conservation Trust (PACT), based in Belize, as contained in annex XVII in document GCF/B.21/17;*
- (xiv) *Applicant 074 (APL074) is BNP Paribas S.A. (BNP Paribas), based in France, as contained in annex XVIII in document GCF/B.21/17;*
- (xv) *Applicant 075 (APL075) is the Consortium of International Agricultural Research Centers (CGIAR), based in France, as contained in annex XIX in document GCF/B.21/17; and*
- (xvi) *Applicant 076 (APL076) is the Inter-American Investment Corporation (IDB Invest), based in the United States of America, as contained in annex XX in document GCF/B.21/17;*
- (b) *Accredits applicants APL061, APL062, APL063, APL064, APL065, APL066, APL067, APL068, APL069, APL070, APL071, APL072, APL073, APL074, APL075 and APL076 pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund, and subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants;*
- (c) *Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicant seeking to upgrade its accreditation type:*
- (i) *Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), based in Peru, as contained in annex XXI in document GCF/B.21/17;*
- (d) *Agrees to upgrade the accreditation type of Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex XXI in document GCF/B.21/17; and*
- (e) *Recalling decision B.14/08, paragraph (d)(i), decision B.18/04, paragraph (c), and decision B.19/13, paragraph (c), decides that future accreditation decisions by the Board should aim to bring forward accredited entities that fulfil the mandate on balance, diversity and coverage and advance the objectives of GCF and, to that end, decides to prioritize up to the end of the twenty-third meeting of the Board the following, not listed in order of priority:*
- (i) *National direct access entities nominated for accreditation by national designated authorities or focal points of countries that do not have an accredited direct access national entity;*
- (ii) *Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decision B.09/07, paragraph (g) and decision B.10/06, paragraph (h);*
- (iii) *Entities responding to requests for proposals issued by the Green Climate Fund, for example, including a pilot phase for enhancing direct access; a pilot programme to support micro, small, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;*
- (iv) *Accredited entities seeking fulfilment of their conditions for accreditation; and*
- (v) *Accredited entities requesting upgrades in their accreditation scope.*

Agenda item 18: Performance review of the GCF for the initial resource mobilization period

Annex XXI: Accreditation assessment of upgrade application from the Peruvian Trust Fund for National Parks and Protected Areas

I. Introduction

1. The Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), a national entity and an environmental fund located in Peru, has 25 years of experience in catalysing non-reimbursable domestic and international financing for biodiversity conservation, sustainable development and climate change mitigation and adaptation actions in Peru. The applicant, accredited to both the GCF and Adaptation Fund, has partnered with donors at local, national and international levels to provide stable and long-term funding to develop and implement climate change projects and programmes.

2. The applicant was accredited by the Board on 26 March 2015 in decision B.09/07, paragraph (a)(ii), for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The applicant had received a National Designated Authority nomination for its accreditation application from Peru;
- (b) **Track:** fast track under the Adaptation Fund (AF);
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C).³

3. The applicant signed the Accreditation Master Agreement on 19 July 2016, which became effective on 10 October 2016. The applicant has one GCF-funded activity, “Building the Resilience of Wetlands in the Province of Datem del Marañón, Peru” (FP001).

4. The applicant is seeking to upgrade its accreditation type in order to scale up its activities on combating climate change in Peru; increase access to more GCF resources, such as those under the Enhancing Direct Access Pilot Scheme⁴ and channel the resources to national institutions to strengthen stakeholders’ commitment; and better deploy other financial sources from governments and multilateral funds by applying its increasing experience in awarding grants.

5. The applicant submitted its application for an accreditation upgrade to the Secretariat via the Online Accreditation System on 29 June 2017. Accreditation fees for the criteria being sought by the applicant were paid at the time of initial accreditation. The Stage I institutional assessment and completeness check was completed on 30 April 2018 and the applicant was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts”.

⁴ Decision B.10/04.

publication of this assessment. The applicant has applied to be upgraded for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national;
- (b) **Track:** fast track under the AF;
- (c) **Fiduciary functions:** Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
- (d) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2));⁵ and
- (e) **All other criteria for which the applicant was accredited:**⁶ no change.

II. Stage I institutional assessment and completeness check

6. The applicant is eligible for, and applied under, the fast-track accreditation process as an AF entity. Its upgrade application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decisions B.08/03.

2.1 Legal status, registration, permits and licences

7. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was created under the Decree Law (No. 26154) as a fiduciary fund for the conservation, protection and management of natural areas protected by the State.

2.2 Institutional presence and relevant networks

8. The applicant has been working across Peru through its partnerships with public and private institutions, bilateral and multilateral foundations and international organizations. In order to advance the objectives of the GCF, the applicant intends to focus on emissions reduction from forests and land use; increased resilience of health, food and water security; increased resilience of livelihoods of people and communities; and increased resilience of ecosystem services.

9. If upgraded in its accreditation type, the applicant could mobilize more resources and involve more institutions (e.g., ministries, local governments, non-government organizations and small- and micro-sized local business) to co-finance climate change mitigation and adaptation initiatives.

2.3 Track record

⁵ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as “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 intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

⁶ For example, the maximum size of an individual project or activity within a programme and other fiduciary functions.

10. As a GCF accredited entity, the applicant has a GCF-approved project (FP001), which aims to enhance the climate resilience and livelihoods of the indigenous wetlands communities in the Amazon basin while reducing greenhouse gas emissions from deforestation.
11. In addition, the applicant has increasingly gained experience in grant award mechanisms by working with international entities and following donor's guidelines for funding allocations. In its past experience, the applicant has granted funds to:
 - (a) Civil society organizations for a significant number of biodiversity conservation and sustainable development projects;
 - (b) Over 180 initiatives of local organizations and entrepreneurs under the Programme of Sustainable Economic Activities in Peru; and
 - (c) Over 40 indigenous communities in the Amazon area in Peru to reconcile the conservation of natural resources and sustainable business.
12. The applicant's track record in awarding grants includes:
 - (a) USD 37,555 (grants) to the project of Reforestation and Conservation of Polylepis Forests by Breeding Guinea Pigs in the Chiguata District of Arequipa Chiguata in Peru;
 - (b) USD 74,520 (grants) to the project of Strengthening Tourism Enterprises in the Buffer Zone of the Manu Biosphere Reserve in Peru; and
 - (c) USD 339,505 (grants) to the project of Strengthening the Tourism Unit of the National Service of Protected Areas.

III. Stage II accreditation review assessment

13. The applicant applied under the fast-track accreditation process as an AF entity. Its application has been assessed against by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the accreditation requirements.
14. As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

15. Building on the experience gained through its participation in international donor-led grant award programmes, and in alignment with the principles contained in the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms, the applicant developed its own project management manual in 2016, which would apply to grant award programmes the applicant undertakes. In the past an operational manual was developed for each grant award programme guided by the expertise and requirements of the donors.
16. The applicant's project management manual establishes that the initial step for a grant award programme is the approval of the proposed terms of reference (ToRs). The applicant's sustainable development office prepares, in consultation with the NDA, the proposed ToRs, and then obtains the approval of the applicant's executive director, who will either approve the ToRs or, if required, forward it to the donor of funds to obtain approval. For projects within a programme, it is the Director of Sustainable Development who is responsible for approving the ToRs in cases where additional ToRs are required. Once the proposed ToRs are approved the institutional evaluation committee (IEC) and the technical evaluation committees (TEC) are

formed, following established guidelines for the professional requirements of the committee members.

17. Based on the approved ToRs, the applicant's procurement unit prepares competitive bid rules in the format defined in the project manual. Once the bid rules have been prepared they are presented to the IEC and to the TEC for review and comment. Final approval of the bid rules is an attribution of the TEC. Once approved, the bid rules are transmitted to the communications officer for publication, providing assurance that a broad scope of potential proponents are made aware of the bid. Examples of publications of bid rules and calls for proposals are available on the applicant's website. Once the bid rules are published, the applicant opens communication channels to reply to queries regarding the bid rules.

18. Proposals for grant awards are screened by the applicant's administrative units and, if the proposal complies with the procedural and documentation requirements of the bid rules, forwarded to the Institutional Technical Committee (ITC) and to the TEC. The ITC will assess the proponent's institutional capacity to manage the grant-funded project and the TEC will evaluate the technical merits of the proposal. The members of the ITC and the TEC are selected based on defined criteria and include both the applicant's personnel and independent experts as required. The procedural guidelines provide guidance regarding the requirement to evaluate all proposals in adherence to the bid rules and utilizing pre-defined evaluation criteria and forms.

19. The applicant's past experience in managing grant award programmes provides reasonable assurance to the AP of its capacity to undertake the evaluation exercise in an effective and transparent manner. The TEC issues a final evaluation report and recommends to the applicant's executive director the proposals that shall be selected based on an objective scoring mechanism. The executive director approves the recommendations and, if required, presents them to the applicant providing grant funding for final approval. Concurrently the executive director notifies, in writing, the outcome of the grant award evaluation to all participants and the communications department publishes the results of the grant award process on the applicant's (and, if available, the programme's) website.

20. Once the grant award has been formalized through appropriate legal arrangements, the applicant's project management units engage with the beneficiaries and initiate development of the required annual operations plan and the annual procurement plan (e.g., project procurement must be undertaken following the applicant's procurement guidelines). These documents, and the required project progress and financial reports, serve as the basis for the project management activities and for the monitoring and evaluation of the impact of the projects funded with the grant awards. The applicant's project manual establishes the requirements and procedures to follow for fund disbursement, proper accounting and review of the use of funds, and communication channels to provide ongoing support to grant recipients.

21. The applicant's project manual requires that appropriate arrangements are made for independent evaluation of projects, including external audits. Projects are categorized based on size, and all projects with a total cost of USD 100,000 or more are subject to annual external audit, while projects below this threshold are subject to selective external audits. For all projects a mid-term evaluation report and a final evaluation report are required; for the projects above the USD100,000 threshold these evaluations must be undertaken by an independent evaluator, for projects below the threshold the applicant's project management and finance units shall undertake the evaluation. It is noted that the applicant provided examples of evaluation reports for projects developed and implemented in association with international donors.

22. The applicant's project manual provides the guidelines that must be followed for grant-funded project closure. These guidelines include a final project report prepared by the grant recipient, a project closure audit and public disclosure of the project impact and results.

23. The information assessed by the AP demonstrates that through participation in grant award programmes developed with international donors the applicant has gained experience as a grant fund manager, including experience in appropriate financial management, implementing effective controls, evaluating grant proposals, undertaking monitoring and evaluation and reporting on impact and results. An independent evaluation report prepared by the World Bank⁷ in March 2016 comments on the applicant's grant programme management capacity. This evaluation report notes that while the applicant's monitoring and evaluation competencies require further improvement, its "management of project funds, including the project's sub-grants was adequate".⁸ Furthermore, the report mentions that the applicant's internal controls demonstrated effectiveness by detecting and resolving an issue of misuse of funds by a sub-grantee.

24. The applicant's grant award track record includes serving as implementing entity of national conservation projects developed with funds from international entities. The applicant, within the context of these projects, has established a track record of appropriate administration of the grant award processes. The AP assessment draws on the project documentation provided by the applicant for projects funded by, and developed under the guidance of, international entities such as the Global Environment Facility, Kreditanstalt für Wiederaufbau, Conservation International, the Nature Conservancy, the World Wildlife Fund and the United States Agency for International Development. In these projects, the applicant served as fund administrator, project manager and participated in grant oversight, evaluation and award committees.

25. The applicant's project manual, reviewed by the AP, contains the guidelines for managing grant awards and includes all the elements required by the relevant GCF specialized fiduciary standard of grant award and/or funding allocation mechanisms. Furthermore, this manual includes templates of the documentation to be utilized in each grant award, including (but not limited to) evaluation formats, project management formats and sample letters for communication with beneficiaries. The applicant has demonstrated its track record as an implementing entity for grant award programmes developed under the guidance of international entities. However, because the current project manual was adopted in 2016, and due to the lack of track record as it pertains specifically to the procedures established in the referenced manual, the AP recommends a corresponding condition of accreditation (as it pertains to GCF-funded grant programmes and projects) in section 4.2 below.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

26. The applicant provided its updated environmental, social and gender safeguards policies (ESGP) which has been approved by its executive director and adopted in December 2017. The ESGP is an update to the applicant's operational guidelines of environmental, social and gender safeguards (2015) following a decision by the applicant's directors in 2016 to develop a single document with the institutional environmental, social and gender policies and to update the operations manual documents. The applicant's ESGP is the result of the applicant's 25 years of evolving experience in working together with various international organizations that have funded biodiversity conservation and sustainable development programmes and projects in Peru.

⁷ <http://documents.worldbank.org/curated/en/787461467993510881/pdf/ICR3495-P095424-Box394877B-OUO-9.pdf>.

⁸ <http://documents.worldbank.org/curated/en/787461467993510881/pdf/ICR3495-P095424-Box394877B-OUO-9.pdf>.

27. The applicant also provided its updated E&S operations manual, which contains guidelines to implement the applicant's ESGP. The operations manual is divided into four chapters that describe:

- (a) the environmental, social and gender policies adopted by the applicant;
- (b) the guidelines for their appropriate implementation;
- (c) the monitoring and evaluation procedures; and
- (d) the guidelines to implement these policies in programmes or projects executed by other entities.

28. The applicant's E&S standards are described in its ESGP under following eleven principles: evaluation and management of environmental and social impacts and risks; compliance with regulations; biodiversity conservation; climate change; pollution prevention; stakeholder's involvement and participation; gender approach; indigenous or native peoples' cultural heritage; involuntary resettlement and/or restriction to the use of renewable natural resources; and occupational safety. Based on a gap analysis provided by the applicant, eight of these eleven principles correspond to and are consistent with the performance standards 1 to 8 of the GCF interim environmental and social safeguards (ESS).

29. The applicant's directorate of development and supervision (DDS) is in charge of ensuring that all of the applicant's programmes/projects enforce and comply with the ESGP and its operations manual. The applicant held a workshop in October 2016 aimed to validate the ESGP and to train its technical staff and project coordination teams. With the inputs received during the workshop it made the final adjustments to the ESGP and its operations manual following which the ESGP was adopted in 2017 and published recently on the applicant's website.

30. The applicant has demonstrated application of the following elements in its own E&S assessments and those of the executing entities that it oversees: assessment of cumulative impacts; assessment of associated facility impacts; analysis of alternatives; baseline data standards; and mitigation hierarchy. The impacts on associated facility have not been so relevant as the applicant does not finance large infrastructure projects. However, the applicant is committed to applying all these elements as they arise in its or its executing entities' projects. The AP found the applicant's ESMS, comprising the ESGP and the operational manual, to be sufficient to meet the GCF requirements for a maximum E&S risk Category B/I-2 projects/programmes.

3.2.2 Section 6.2: Identification of risks and impacts

31. The applicant's E&S operations manual describes the guidelines and procedures to be implemented by the applicant's institution and partners regarding the enforcement and appropriate implementation of the ESGP in applicant's programmes and projects. The first of three stages for implementing the ESGP is the screening process on identification and evaluation of impacts and risks. This stage includes the process on E&S risk categorization of projects into three categories: I, II and III, which is found to correspond to the GCF E&S risk Categories A/Intermediation 1 (I-1), B/I-2 and C/I-3, respectively, in performance standard 1 of the GCF interim ESS. The applicant's E&S risk category II, which correspond to the GCF E&S risk Category B/I-2, requires the applicant and its executing entities to develop an environmental and social management plan (ESMP); such a requirement is consistent with what is required by the GCF interim ESS.

32. The DDS, through its safeguard specialists in the applicant's organization, is in charge of categorizing the project, both at the concept and project document levels. Once the programme/project E&S risk category has been assigned at the concept level, the DDS safeguard specialists determine the depth of the impact analysis required to design the project's document; prepares the ToRs to formulate the programme/project's environmental and social

impacts assessment and recommends the preparation of an ESMP. Once the programme/project's environmental and social impact assessment is ready, the safeguard specialist assigns the final E&S risk category. In some cases, the donor determines the project's E&S risk category.

33. The applicant provided evidence of the implementation of its E&S risk categorization according to the updated E&S operations manual for the project on mitigating deforestation in Brazil nut concessions in Madre de Dios in Peru, which was categorized by the applicant as an E&S risk Category B project and approved by the Inter-American Development Bank in October 2017. The applicant provided examples of three additional projects whose E&S risk categorization was based on the respective donors' safeguard policies:

- (a) Strengthening sustainable management of the Guano islands, islets and in the Capes National Reserve System approved by the Global Environment Facility and World Bank in 2013 (E&S risk Category B);
- (b) Adaptation to the impacts of climate change on Peru's coastal marine ecosystem and fisheries approved by the AF in 2016 (E&S risk Category B); and
- (c) Building the resilience of wetlands in the province of Datem del Marañón, Peru approved by the GCF in 2016 (GCF E&S risk Category C).

34. For the above three projects, the E&S risk categorization was undertaken by the applicant in accordance with the applicable donor's policies, and were found by the AP to be consistent with the E&S risk categorization process under the applicant's ESGP and operations manual.

35. The applicant's DDS has previous experience in the development of environmental and social risk and impact assessments and ESMPs. These experiences were the basis for the applicant in developing its ESGP operations manual. The applicant's E&S risk identification and categorization process is found by the AP to meet GCF requirements for a maximum E&S risk Category B/1-2 projects/programmes.

3.2.3 Section 6.3: Management programme

36. The applicant's E&S operations manual describes its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process provided, distinguishing between different categories of risk. This stage includes the preparation of an ESMP based on the identification and evaluation of impacts and risks (identified in the first stage described in section 3.2.2 above). This stage introduces the specific environmental and social control measures aimed at preventing, mitigating and/or correcting the identified adverse impacts that may affect or harm biological diversity (ecosystems, species and genes), ecosystem services, scenic beauty, cultural heritage, people's health as well as the Andean peasant and Amazon indigenous communities and native people's systems and lifestyles. The ESMP reflects the assessment of each of the activated ESGP principles identified in the prior stages, and lays down timely prevention and mitigation measures to manage potential adverse impacts. The ESMP also includes a procedure to identify and manage unforeseen impacts, to be activated during the programmes/projects execution stage. For programmes/projects incorporating several subprojects, in which the activities, exact location or size have not yet been identified, an ESMF is prepared.

37. Before adoption of the ESGP principles, the applicant had already gained experience in implementing the World Bank Environmental and Social Safeguards in the project on strengthening biodiversity conservation through the national protected areas programme invoking the World Bank's operational policies OP 4.12 on involuntary resettlement, OP 4.04 on natural habitats, and OP. 4.10 on indigenous peoples. These operational policies are equivalent to performance standards 5, 6 and 7, respectively, of the GCF interim ESS. The applicant also provided the ESMPs for the three projects mentioned in section 3.2.2 above, as evidence of its

track record in implementing mitigation measures for a project's potential environmental and social risks.

38. The applicant's obligation to conduct an external audit every five years to assess the applicant's performance and compliance with its ESGP at the institutional level has been included in its E&S operations manual. The applicant confirmed that it will update the external auditor's ToRs to include an assessment on the effectiveness of its institutional management programme on E&S matters. The applicant also plans to conduct an annual audit for 2018 by a certified auditor as part of the applicant's annual audit, which will focus on compliance with the E&S procedure established in the operations manual. The audit report is expected to be available in 2019. The E&S risk management function is found by the AP to meet GCF requirements for a maximum E&S risk Category B/I-2 projects/programmes.

3.2.4 **Section 6.4: Organizational capacity and competency**

39. The applicant provided its institutional organizational structure wherein key units, departments, senior and line management personnel who are responsible for implementing the ESMS, along with their authority and reporting lines, is identified. The applicant's DDS is responsible for ensuring the best technical use of resources invested in all programmes and projects, through technical follow-ups and monitoring. This DDS also oversees the ESGP compliance in all programmes and projects implemented by the applicant. For this purpose, it has designated one of its programme officers as safeguard expert specialized on environmental management in biodiversity conservation and climate change projects. A brief biodata of this professional, as well as two examples of ESMPs done by this professional were provided. The applicant also provided biodata of its E&S specialists. The applicant engages external consultants specialized on safeguards; the first pool of these consultants was established in 2016. The applicant provided a list of these consultants and their terms of reference as well as sample of work done by one of the consultants.

40. The applicant conducted two training workshops addressed to its technical staff, project's coordination teams and a selected pool of specialists in environmental and social safeguards and gender approach. The first workshop was financed by Deutsche Gesellschaft für Internationale Zusammenarbeit in 2016 and the second one was financed by the AF in 2017. The AP found that the applicant's organizational capacities and competencies to implement its ESGP are appropriate, including for projects/programmes that are categorized as maximum E&S risk Category B/I-2 projects/programmes.

3.2.5 **Section 6.5: Monitoring and review**

41. The applicant's ESGP operations manual describes its monitoring/supervision, evaluation, and reporting procedure that instructs staff on how to systematically track completion of mitigation and performance improvement measures, including roles and responsibilities. Every programme/project implemented by the applicant includes a plan to monitor and measure E&S risk mitigation measures according to the ESGP. Monitoring is carried out throughout the programme/project's execution by the programme/project coordination team. The team carries out evaluations every six months, which are reported in the applicant's management every six months. Both reports introduce the corrective measures that are required to guide the programme/project towards the accomplishment of its stated objectives. The mid-term and final external evaluations of safeguard's performance are carried out for each project which are sent to the donors for their no-objection.

42. The applicant has prepared a number of templates to follow up the implementation of each of the ESGP principles and further detailed in the corresponding annexes in the ESGP. These templates help to simplify and standardize analysis, implementation, monitoring and evaluation tasks by the programmes/projects coordination teams and the DDS team. The templates also contribute to review all the elements necessary for compliance with ESGP

activated in each programme/project, and also for monitoring and evaluating the latter's performance.

43. The DDS evaluates the programme/project's environmental and social performance, so as to comply with all ESGPs. To carry out such oversight and evaluation tasks, the DDS appoints a safeguard specialized professional and external advisors specialized in environmental and social safeguards, so that all standards required by the ESGPs are fully complied with.

44. The applicant provided the 2015 and 2016 annual safeguards performance monitoring reports for the World Bank financed project mentioned earlier, which were sent to the World Bank as part of the annual management reports, prepared by the project coordination team with support of the DDS. The applicant also provided examples of project's final evaluation reports addressing safeguards performance. The AP found the applicant's monitoring and reporting process sufficient for a maximum E&S risk Category B/I-2 projects/programmes.

3.2.6 Section 6.6: External communications

45. The applicant's website has an online form that allows users to make suggestions, queries, information requests and complaints regarding any matter. The form is automatically sent to the administration and finance director and the DDS, who have a time limit of three days to reply. E-mail records are kept in the applicant's central server. Monthly backups are done so that e-mail exchanges through these accounts are registered for historical verification. The same online forms to register inquiries or complaints will be used for GCF-funded activities.

46. The first principle in the ESGP states, "evaluation and management of environmental and social impacts and risks", all programmes/projects to be implemented by the applicant must have a complaints and suggestions management mechanism. The specific guidelines to develop this mechanism are described in an annex of the E&S operations manual. As an example of the implementation of this procedure, for the project on mitigating deforestation in Brazil nut concessions in Madre de Dios, Peru, a field notebook was produced and distributed among the beneficiaries which contained, among other items, a mechanism for receiving complaints and suggestions form. The applicant indicated that for the period of 2015 to 2017 it has not received any inquiries or complaints.

47. The E&S operations manual requires that a consultation and participation plan is prepared, including a schedule for visits to the project's intervention areas, with dates for the various consultation and participation process stages. In addition, it includes a description of the procedures for summoning stakeholders and the institution's functions during the consultation.

48. The ESGP guidelines require the applicant and its executing entities to publish on their websites the environmental and social impact assessment as well as the ESMP and ESMF of the programmes/projects, at least 40 days in advance to its submission of the project document to the applicant's board. This exceeds the time requirement in the GCF Information Disclosure Policy (IDP), particularly for projects of E&S Category B/I-2, wherein the required disclosure period is 30 days. As the applicant was accredited for E&S risk Category C/I-3 by the GCF, it has not had the opportunity to disclose E&S information following its own ESGP for GCF projects/programme. However, the applicant provided evidence to demonstrate that in order to obtain approval for the project titled Securing the Future of Peru's Natural Protected Area, financed by the Global Environment Facility through the World Wildlife Fund – United States, the applicant had disclosed the project's ESMF on its website for 40 days before its board's approval.

49. The requirement for projects implemented by the applicant or projects executed by its executing entities to have a grievance redress mechanism (GRM) in its projects is stated in the first policy principle of the ESGP, assessment and management of environmental and social impacts and risks. In addition, the applicant's operations manual also describes this GRM

requirement. The applicant provided an example of a project indicating the applicant's practice on establishing GRMs at the project level.

50. The AP found that the applicant's system of external communication is sufficient for a maximum E&S risk Category B/I-2 projects/programmes.

IV. Conclusions and recommendation

4.1 Conclusions

51. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant partially meets the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms. In order to fully meet this specialized fiduciary standard the applicant must provide evidence of effective implementation of the grant award procedures it has developed; and
- (b) The applicant meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/I-2).

4.2 Recommendation on accreditation

52. The AP recommends, for consideration by the Board, PROFONANPE for an upgrade in its accreditation type, as originally accredited in decision B.09/07, paragraph (a)(ii), as follows:

- (a) **Accreditation type:**
 - (i) **Fiduciary functions:**
 1. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (ii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/I-3⁹)); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition(s). The AP will thereafter assess whether the condition(s) has/have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:
 - (i) Conditions to be met on an annual basis for three consecutive years starting from the date of the first disbursement by the GCF for the first approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:
 1. Provision by the applicant of an attestation letter issued by an external auditor which certifies that no duplication of grants awarded for the same activity has occurred, and that no retroactive grant award has been made for activities under implementation or completed at the time of application for the grant by the grant proponent; and
 2. Provision by the applicant of an attestation letter issued by an external auditor which certifies that the applicant has complied with the grant

⁹ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

award guidelines established in its project procedures manual adopted in 2016, including procedures on the disclosure of material non-compliance.

53. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 52 above, and agrees to the recommendation.