

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 V: Accreditation assessment of Applicant 061 (APL061)

I. Introduction

1. Applicant 061 (APL061), Caixa Econômica Federal (CEF), is a government-owned financial institution based in Brazil, which aims to promote citizenship and sustainable development throughout the country. In particular, the applicant finances projects/programmes in the infrastructure, housing and sanitation sectors.

2. The applicant received support through the GCF Readiness and Preparatory Support Programme (i.e. pre-accreditation support for the institutional gap assessment and action plan). The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 2 February 2016. Accreditation fees were received from the applicant on 15 April 2016, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 3 May 2017 and the applicant was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Brazil;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** large;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and
- (e) **Maximum environmental and social risk category:** high risk (Category A/Intermediation 1 (I-1)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track accreditation process and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “large” is defined as “total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 250 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 (annex I to document GCF/B.07/11), category A is defined as “Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented” and intermediation 1 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established by the Government of Brazil in 1861 and is registered under the Central Bank of Brazil.

2.2 Institutional presence and relevant networks

5. The applicant has a strong national presence in Brazil with locations in 5,561 Brazilian municipalities with 3,391 branches, 3,224 services centres and 18,211 representative offices. This national presence has allowed the applicant to reach the most diverse beneficiaries and contribute to national public policies through the projects it finances.

6. In order to advance the objectives of the GCF, the applicant intends to implement initiatives that have direct and positive impact in the climate change mitigation and adaptation. Particularly, it plans to promote:

- (a) Renewable energy: production, acquisition and installation of energy generating systems through renewable sources: solar, aeolic, and biomass and energy efficiency projects;
- (b) Forest: protection and recovery activities of degraded areas and sustainable restoration and/or handling of forests; and
- (c) Cities: infrastructure, sanitation, solid waste management, landfills and urban mobility.

2.3 Track record

7. The applicant has been working with the government, partner organizations and people at local community level. Aiming for sustainable development, the applicant ran programmes fostering social inclusion, responsible entrepreneurship, and urban development, with a focus on energy generation, energy efficiency, housing, water security, infrastructure, and solid waste management.

8. The applicant has indicated that it has successfully implemented its programmes and projects by maintaining environmental and social safeguard issues. For example, the applicant provided capacity building, social awareness training and knowledge management to beneficiaries during implementation of its projects.

9. The applicant's track record in financing climate change-related projects includes the following:

- (a) USD 9.6 billion (loans) for the Hydroelectric Power Plant Belo Monte in the state of Pará;
- (b) USD 4.98 billion (loans) for the Sanitary Landfill in the state of São Paulo;
- (c) USD 44 million (loans) for Wind Farms Araras in the state of Ceará; and
- (d) USD 8.6 million (loans) for the Porto Nacional Water and Sanitation System in the state of Tocantins.

III. Stage II accreditation review assessment

10. The applicant applied under the normal-track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the accreditation requirements.

11. 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 4.1: Basic fiduciary standards: key administrative and financial capacities

12. The applicant's governance structure is based on the requirements of Brazilian financial regulations and of the Government of Brazil, as its sole owner. The applicant's governance structure includes its Administrative Council, Oversight Council and Executive Board. The Administrative Council retains final authority over all strategic and control functions; the Oversight Council exercises supervision functions over the compliance with regulatory and legal requirements; and the Executive Board is responsible for the execution of the applicant's strategy and control of daily operations.

13. The aforementioned oversight bodies are supported by an organization appropriate for the scope and volume of operations managed by the applicant. The organizational design includes an independent Audit Committee and an independent Risk Committee that report to the Administrative Council. The applicant provided appropriate documentation to demonstrate the functioning of these committees. The executive team is headed by the President, who is supported by the required business and control units, as well as by specialized executive committees such as the Ethics Committee and the Procurement Committee.

14. The applicant's planning procedures are thoroughly documented, and the required organizational resources and technology support the preparation, monitoring and execution of the strategic plan.

15. The applicant prepares its financial statements using the accounting principles defined in the regulations issued by the Central Bank of Brazil; the applicant in compliance with regulatory requirements, publishes semi-annual and annual financial statements. The accounting information system used by the applicant is appropriate for the volume of transactions operated daily by the applicant.

16. The internal audit unit's activities are appropriately planned in the annual audit plan that is approved by the applicant's Audit Committee, and incorporates recommendations made by the Brazilian Comptroller General of the Union (CGU) based on its review of the proposed plan before its approval. The applicant's internal audit unit is organized along geographic lines (national and regional audit offices) and along specialized functions (i.e. Information Technology Audit and Government Funds Audit). The applicant demonstrated that the internal audit procedures include appropriate communication of findings, development of action plans and appropriate follow-up. The main summary report prepared by the internal audit department is the Annual Internal Audit Report, which is also reviewed by the CGU, and approved by the applicant's Audit Committee.

17. The applicant's Oversight (Fiscal) Council comprises five members appointed by the Ministry of Finance, and who have the responsibility and authority to provide external oversight over the applicant's audit activities (including both internal and external audit).

18. The scope of the applicant's operations and its high transactional volume, generate substantial operational risk that is mitigated, and managed, through its internal control system. The applicant's control framework, developed based on the principles contained in the Committee of Sponsoring Organizations framework, and the resources (including human resources, technological tools and extensive procedure manuals) invested in internal control demonstrate the appropriateness of its internal control system. The applicant provided ample evidence of the control procedures implemented, as well as of its effectiveness. Reasonable assurance is provided of the internal control's system capacity for timely detection of irregularities and implementation of corrective actions.

19. The applicant's procurement activities are regulated by internal regulation and by the national regulations applicable to public sector procurement activities. Its procurement policy

establishes the mechanisms that provide reasonable assurance that the vendor selection process is appropriate, that procurement is conducted in a transparent manner and that all suppliers are treated in an equitable manner. The applicant has a specialized procurement department that manages the logistics of the procurement process, and has the technical resources available to assess the reasonability of proposed costs for the projects it finances. The entire procurement process is subject to clearly defined procedural requirements and complies with the procurement regulations applicable to Brazilian public-sector entities. The Ombudsman unit provides appropriate channels for procurement-related complaints and has established procedures, including a reasonable time frame, to respond to complaints it receives.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

20. The applicant has a Code of Ethics, managed by the Internal Affairs Unit, that defines the conduct expected from its employees, directors and suppliers; further expectations of ethical behaviour from employees is defined in the Federal Employee Code of Ethics. The Code of Ethics is communicated through both the applicant's intranet and its webpage has a section dedicated to the Code of Ethics. The Ethics Committee is responsible for ensuring observance of the Code of Ethics. To provide appropriate transparency and communication it publishes (internally and externally) summary reports of the ethic incidents it has decided upon.

21. The Internal Affairs Unit is responsible for the investigations function of all events of reported violations of the applicant's codes that regulate integrity in the discharge of professional responsibilities by employees, directors and suppliers. The investigation process is well documented, and a clear definition of the procedures is contained in the relevant manuals. Furthermore, the investigations process is part of the regulatory and legal framework applicable to public sector companies in Brazil. The applicable framework clearly defines obligations to denounce suspected violations, as well as whistle-blower protection provisions. The applicant provided information of the number of cases investigated in the past three years. This evidences its capacity to detect irregularities and enforce its integrity programme. The information of complaints received is recorded in the Atender system, which is managed by the Ombudsman's office, and information therein contained is accessible to the entire organization.

22. The office of the CGU issued, in June 2017, the Integrity Assessment Report on State Enterprises Number 201601715.⁴ This document contains the findings of the CGU regarding the applicant's organizational framework implemented to ensure compliance with the requirements of the codes and policies that regulate the ethical actions of the applicant's employees, directors and suppliers. This CGU report provides assurance that the applicant has the organizational framework to comply with GCF's Policy on Prohibited Practices.

23. The applicant's anti-money laundering (AML) and countering the financing of terrorism (CFT) policies and procedures are developed based on standards, such as those issued by the Financial Action Task Force and the Bank for International Settlements, and on extensive local regulations. The applicant has appropriate procedures for establishing customer relationships, that include initial information gathering and recording of information in the AML/CFT monitoring system. Furthermore, the required systems and procedures, including appropriate policies for customer record management and reporting of unusual transaction to the national financial intelligence unit are implemented, thus providing for the permanent monitoring of customer's transactions. The monitoring systems provide, as well, for control of wire transfer transactions (both domestic and international wire transfers).

24. AML/CFT is a regular part of employee training programmes. The applicant's AML/CFT training includes formal training on AML/CFT issues, an interactive simulation of real AML/CFT situations and a permanent specialized course aimed at highlighting the importance of

⁴ Refer to <<https://www.poder360.com.br/wp-content/uploads/2018/01/9831-1.pdf>>.

appropriate due-diligence procedures, with special emphasis placed on customer related factors that generate high AML/CFT risk.

3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

25. For the assessment of projects, the applicant undertakes due diligence following established guidelines, including required financial, technical, legal and environmental assessments. The project appraisal and approval guidelines include clearly defined tasks to be completed and the recording of information in the credit support systems.

26. The applicant's project management organization does not include an independent project evaluation unit; however, the AP finds that appropriate mechanisms for independent risk evaluation and audit of project-related activities are in place. If required, the applicant has demonstrated capacity to outsource professional services, such as those that may be necessary to undertake independent project evaluation.

27. The applicant indicates that there is no specific policy for the public disclosure of project information. However, the applicant provided evidence of the disclosure of project related information through its website and its publicly available Sustainability Report.

28. The applicant's project assessment and management procedures are well-documented in its loan related policies and in the procedures used to implement grant award programmes through its Environmental and Social Fund. As a financial institution, the applicant's project assessment and management procedures are contained within the credit and grant approval processes, which include appropriate financial and technical evaluation guidelines.

29. As a financial institution, that serves the Brazilian Federal Government's as a financial partner in the implementation of government programmes, the applicant has developed the required competencies and standard operating procedures to appropriately assess, monitor and evaluate the performance of the implementing and executing entities through to whom financial resources are disbursed. The applicant's project management policies and procedures include project at-risk management tasks that allow for the identification of early warning signs and effective corrective actions.

30. The applicant's procedures to monitor projects provide for appropriate oversight and monitoring of project risks. Periodic reviews aimed at identifying resource inputs, the relevance of project activities and the achievement of project performance indicators are periodically undertaken. The applicant has standardized procedures to undertake project monitoring. Project monitoring is assigned to the business units in charge of the client relationship, with support from the appropriate technical support teams. In order to provide assurance of the effectiveness of the project monitoring activities, the applicant has standardized procedures for project oversight by the independent risk unit, internal audit and, furthermore, is subject to supervision by external oversight bodies and financial regulators.

31. The applicant provided evidence of its track record in implementing projects funded by the Brazilian Federal Government, as well as by international development agencies. Furthermore, the applicant referenced information from a solid waste project financed under the Clean Development Mechanism, with the participation of the International Bank for Reconstruction and Development.⁵ The applicant's track record demonstrates its capacity to adapt its operating policies and procedures to the specific requirements of the provider of funds.

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

⁵ Refer to <https://cdm.unfccc.int/ProgrammeOfActivities/poa_db/Q9LW74OKAXMUZPCE3IJBVS16025HDT>.

32. The applicant's grant award competencies were assessed based on the applicant's track record for grants disbursed by its Environmental and Social Fund (FSA). The policies and procedures, as they pertain to the award and disbursement of grants, assessed are those of the FSA. The applicant disbursed approximately USD 7.0 million in 2016.⁶
33. The grant awards policies and the information of programmes implemented through the FSA funded programmes, demonstrate that the applicant has the required policies and procedures to undertake grant award activities in a manner that is aligned with the GCF requirements.
34. The FSA grant award process is initiated by the definition, by the Environmental and Social Committee, of the annual investment plan based on the approved thematic objectives established in the applicant's strategy. In strict compliance with the approved investment plan, the fund disburses grants in three modalities: Public Selection, Support for Internal Policies and Investment in Sustainable Projects.
35. The Public Selection modality is initiated by the publication of the call for proposals, which is prepared by the Environmental and Social Management Unit (GERSA). The proposals received are pre-qualified by GERSA in terms of the proposal's capacity to meet programme objectives and on the institutional capacity of the bidder. The proposals that are qualified are then evaluated by a Selection Committee, that has the requisite competencies to properly evaluate the proposals in detail. As a result of the Selection Committees evaluation the proposals that will be granted funds are selected. The Environmental and Social Committee ratifies the results. This selection process is supported by publication of the call for proposals, clear definition of selection criteria, the publication of general guidance manual for accessing FSA grants, and a detailed proposal preparation guidance manual. All these documents are readily available on the applicant's website. Furthermore, an appeal process is in place to appeal decisions regarding the Selection Committee's selection.
36. The Support for Internal Policies modality finances projects that are directed to support the achievement of the FSA investment plan through projects defined internally in response to specific project requests made by the internal business units. The GERSA prepares the terms and conditions of the project, and then bidders for project implementation are invited (and in some cases open calls for proposals are issued) to present letters of interest in executing the defining project. The same procedures for bid evaluation and selection are implemented as in the case of Public Selection modality. The final decision for bid selection is made by the Environmental and Social Committee.
37. The strengths of the applicant's internal controls and internal audit function provide the assurance of appropriate control over grant funds, as well as their disbursement and appropriate use.
38. The applicant discloses detailed information on its website regarding the results of the grants disbursed by the FSA, and the entire grant award process is characterized by disclosure of information to relevant parties.
39. The AP notes that the applicant meets the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms specifically with the policies and procedures used for the FSA funded programmes. Furthermore, the applicant has demonstrated its capacity to appropriately document policies and procedures and transfer knowledge and competencies among organizational units. Therefore, the AP considers that the applicant meets the requirements for this specialized fiduciary standard.

3.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

⁶ Refer to <http://www.caixa.gov.br/Downloads/caixa-relatorio-sustentabilidade/Relatorio_de_Sustentabilidade_Caixa_2016_EN.pdf>.

40. The applicant, in response to its role as its country's main public financial institution, and as a financial partner for the implementation of government programmes with social impact, has well-developed credit policies, procedures and a technological platform appropriate for the scope and volume of its operations. Specifically, the applicant has demonstrated its capacity to manage different modalities of on-lending operations. Furthermore, the applicant has demonstrated its capacity to adapt to and manage additional modalities of loan structures, such as the projects developed with international development agency funding and the aforementioned CDM project it managed.
41. The applicant provided documentation regarding its credit policies and procedures (including credit manuals and evaluation reports), and examples of the standardized loan origination, evaluation and monitoring formats used to approve and monitor its loan operations. These documents contain the guidelines for loan operations that are required in a financial institution, such as the applicant. Additionally, copies of credit due diligence reports, credit approval documents and loan monitoring reports were provided for assessment by the AP.
42. Furthermore, copies of loan documents (contracts) were provided for assessment by the AP. These documents demonstrate the applicant's capacity to incorporate into the on-lending structures to which it is a party loans as well as guarantees. The AP's assessment of the documentation provided evidence of the applicant's capacity to meet the GCF specialized fiduciary standard for on-lending using loans and guarantees as the financial instruments.
43. The applicant provided information on the specific risk scoring it applies to its credit customers. This score is used to assess, monitor and evaluate the risk exposure of the applicant's loan portfolio. The availability of the appropriate information, the independence of the internal auditor and of the risk management function and the supervision of the national financial regulators provide assurance of the adequacy of the applicant's risk management environment.
44. The applicant provided information regarding its financial management policies and their implementation. It has clear delegations of power and appropriate separation of functions within its treasury unit, and between the business focused units, operational units, risk management units and control units.
45. The applicant also provided copies of the minutes of its asset and liability management committee meetings which validate the effective functioning of this committee, critical for effective management of banking loan portfolio.
46. The applicant regularly publishes, in accordance with Brazilian regulatory requirements, its Risk and Capital Management Report, which provides information of the risk position of the applicant and the mitigating actions taken. This report responds to Pillar III "Market Discipline" of the Capital Adequacy Framework issued by the Bank for International Settlements. The disclosure of this information demonstrates that the applicant has the required tools to manage the financial risks (including liquidity, operational and credit risk) inherent to the operations of financial intermediaries.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

47. The applicant's environmental and social (E&S) policy approved in 2015 merged and updated two previous, separate policies, which had been in effect for 10 years. The E&S policy, available on the applicant's website, lists responsibilities, objectives, principles and standards. As an Equator Principles Financial Institution since 2009, the applicant applies nine Equator Principles III (EPIII) and performance standards 1 to 8 of the International Finance Cooperation (IFC). The E&S policy is in line with and supports national policies (e.g., environment code,

green protocol and pact to eradicate compulsory labor). The E&S policy is aligned with performance standards 1 to 8 of the GCF interim environmental and social safeguards, and the AP assesses it to be sufficient in addressing different levels of E&S risk, including a maximum E&S risk Category A/I-1. The E&S policy contains an environmental and social impact assessment (ESIA) process, which requires the use of a mitigation hierarchy, evaluation of alternatives, and assessment of cumulative impacts and the impacts of associated facilities.

3.2.2 Section 6.2: Identification of risks and impacts

48. The front-line staff conducts the initial assessment, using an exclusion list to screen out certain types of projects (e.g., use of child labor). The applicant then reviews the provided ESIA against EPIII and the IFC performance standards 1 to 8. There is an E&S manual with a comprehensive checklist and scorecard to support this review. External consultants may also be hired to review the more complicated projects. The potential client's past E&S performance is also reviewed. A potential project is classified by the applicant as Category A/I-1, Category B/Intermediation 2 (I-2) or Category C/Intermediation 3 (I-3). The screening process identifies projects that fall under EPIII. All projects that fall under EPIII are subject to the applicant's ESMS procedures, no matter the type of financial instrument (e.g., loans or guarantees). Sufficient evidence was provided to show the applicant's satisfactory track record of identifying E&S risks and impacts and categorizing projects in line with GCF's requirements for a maximum of Category A/I-1 projects/programmes.

3.2.3 Section 6.3: Management programme

49. The applicant has a comprehensive environmental and social management system (ESMS), comprised of policies, guidelines and procedures to track E&S risks and mitigation measures over the project cycle. For each EPIII project, the applicant first conducts a desk-level risk assessment (e.g., review of the ESIA and environmental and social management plan) and verifies the E&S risk categorization through a field visit. The E&S unit then issues an opinion and, where needed, a corrective action plan for any E&S non-compliance. The E&S findings are considered when the credit committee decides on whether to finance a project. If approved, the legal team integrates any E&S action plan into the loan agreement. If a client fails to comply, legal means can be used to re-establish conformity. The applicant provided an adequate track record of implementing the ESMS and tracking the mitigation measures of its clients in line with GCF requirements for a maximum of Category A/I-1 projects/programmes.

3.2.4 Section 6.4: Organizational capacity and competency

50. The organizational chart shows the key departments and units responsible for implementing the ESMS, along with the reporting lines. The operations department through its sustainability bureau and E&S unit implement the E&S policy and ESMS. The biodata of the five staff in the E&S unit were provided, showing relevant qualifications and experience with performance standards 1 to 8 of the GCF interim environmental and social safeguards. External experts can also be hired to conduct specialist tasks (e.g., anthropologist).

51. The applicant's intranet provides various E&S courses for all employees (e.g., sustainable development of cities). The E&S staff participate in external events to stay up to date with evolving best practices e.g., national, regional, and global Equator Principles meetings. Training materials, participant lists, and meeting agenda were provided to show the E&S training record. Various sectoral guides (e.g., housing and energy) and standardized E&S contract clauses were developed since 2016 to further institutionalise E&S capacity.

52. The AP has found that the applicant's organizational capacities and competencies are sufficient to manage Categories A/I-1, B/I-2 and C/I-3 projects/programmes.

3.2.5 Section 6.5: Monitoring and review

53. The E&S risk assessment manual outlines the project monitoring and review procedure. The executing entity in compliance with EPIII must hire an independent monitoring expert for

Category A/I-1 and for the complicated B/I-2 projects/programmes. The E&S Unit will validate the independent expert's reports. Each mitigation measure is monitored and followed until fully implemented. The ESMP and any corrective action plan will be updated as needed over the implementation period. The E&S unit analyses all the monitoring data before issuing its E&S opinion for project approval and project disbursements. The applicant provided its project-specific monitoring scorecard and sample monitoring reports against EPIII and performance standards 1 to 8 of the IFC for some Category A and Category B projects, showing alignment with requirements under the GCF interim environmental and social safeguards.

54. The ESMS is subject to an annual internal review to assess the adequacy of capital to address E&S gaps and risks. In addition, an in-depth third-party review was conducted in 2014; another is scheduled for 2018. The ESMS revisions over time and the applicant's avid participation in Equator Principles meetings confirm the applicant's continuous learning approach.

3.2.6 Section 6.6: External communications

55. The national environmental authorities require projects to establish a communications mechanism. The applicant also requires its executing entities to develop and implement a communications plan, with communication channels. The applicant is required in accordance with its ESMS to assess the adequacy of the project-level communications and complaints system, the timing and quality of the responses, and the compliance of the communications system to standards. If it is identified that the communications system or the grievances of affected communities have not been sufficiently addressed, a specific action plan is developed to ensure conformity with performance standard 1 or EP6, as applicable. Sample links to project-level communications channels were provided to show a track record of implementing project-level communications and grievance mechanisms.

56. The entity-level ombudsman manual outlines the procedures, timeline, and responsibilities to treat all communications and complaints. Internal and external stakeholders can access the applicant's ombudsman office through the website, or by telephone or national portal. The applicant provided a list of external communications and complaints from June 2011 to November 2015. To date, the applicant has not received any project-related E&S complaint through this entity-level communications and complaints channel. This entity-level grievance redress mechanism complies with GCF's requirements with respect to being culturally appropriate, accessible to all stakeholders, transparent and providing protection against retribution, where needed.

57. The E&S issues of large projects may also be disseminated by the press media, and the applicant will investigate such issues when an E&S issue related to one of its projects arises in the media.

58. The applicant does not currently disclose ESIA documents in line with the GCF information disclosure policy (IDP) for Category A/I-1 projects/programmes. The applicant confirmed that it and its executing agencies could meet GCF's consultation and disclosure requirements under the interim environmental and social safeguards and IDP, including the requirement to provide reports in full and in English and for the specified duration. The applicant will use the GCF IDP requirements as criteria to select executing agencies for any GCF project.

3.3 Gender

59. The applicant signed the United Nations (UN) Women's Empowerment Principles. It implements the national law on protecting women against violence. It has implemented a corporate level diversity program since 2005 to improve performance on gender equity and race discrimination. The applicant has been awarded the Gender Pro-Equity Label by UN

Women and International Labour Organization since 2012 for promoting equality between men and women at the institutional level. Examples were provided showing application of a non-discriminatory principle at the institutional- and project-levels. Other examples were provided to show a track record of projects that specifically target women beneficiaries (e.g., a home-based energy project). The curriculum vitae of two gender staff were provided to show the qualifications and competency to further mainstream gender into the organization.

60. It is noted that most of the applicant's efforts to date on gender mainstreaming are at the institutional level. To align with the GCF Gender Policy, the applicant is in the process of updating its gender policy and gender action plan; the terms of reference for this work were issued in early 2018. The updated gender policy and action plan will apply to all clients, as well as to beneficiaries.

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant meets the requirements of the GCF basic fiduciary standards, the specialized fiduciary standard for grant award and/or funding allocation mechanisms, the specialized fiduciary standard for on-lending and/or blending for loans and guarantees, and partially meets the specialized fiduciary standard for project management. The applicant will need to provide for independent post-implementation project evaluation in order to fully meet the specialized fiduciary standard for project management;
- (b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the high E&S risk (Category A/I-1), with the main gap being not fully meeting GCF's consultation and disclosure requirements under the GCF IDP; and
- (c) The applicant partially meets the requirements of the GCF gender policy, with the main gap being the need to update or revise its gender policy to be in line with GCF Gender Policy requirements and applying it to not only clients, but also beneficiaries.

4.2 Recommendation on accreditation

62. The AP recommends, for consideration by the Board, applicant APL061 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** large (including micro,⁷ small⁸ and medium⁹);
 - (ii) **Fiduciary functions:**

⁷ As per annex I to decision B.08/02, "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".

⁸ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁹ As per annex I to decision B.08/02, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme".

1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management;
 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 4. Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees); and
- (iii) **Maximum environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2¹⁰ and Category C/I-3¹¹); 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 prior to the submission of the first funding proposal to the Board:
 1. Approval by the applicant of a consultation and information disclosure policy consistent with requirements of the GCF IDP for Category A/I-1 and Category B/I-2 projects/programmes;
 2. Approval by the applicant of a revised gender policy consistent with the requirements of the GCF Gender Policy; and
 3. Provision of written confirmation that the applicant has made the required arrangements to ensure that it will secure the engagement of services for a post-implementation independent evaluation for each GCF-funded project/programme.
63. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 62 above, and agrees to the recommendation.

4.3 Remarks

64. The AP notes that the applicant is already taking steps to address the conditions identified in paragraph 62(b) above. Where needed, the applicant is encouraged to seek readiness and preparatory support to assist it with meeting the said conditions.

¹⁰ As per annex I to decision B.07/02, 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”.

¹¹ 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”.