

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 XX: Accreditation assessment of Applicant 076 (APL076)

I. Introduction

1. Applicant 076 (APL076), the Inter-American Investment Corporation (IDC Invest, formerly IIC), is an international entity headquartered in the United States of America, the private sector arm of the Inter-American Development Bank Group (IDBG). The applicant was established in 1986 and began operations in 1989 with the mission of promoting the economic development of its regional developing member countries, which are located in Latin America and the Caribbean (LAC). In January 2016, the IDBG consolidated its private sector operations within IDB Invest as a separate entity to better serve the region, clients and partners, and to maximize its development impact. The applicant mainly focuses on infrastructure, energy, transport, water, agribusiness, financial institutions, microfinance, manufacturing, tourism, telecommunication and technology.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 24 October 2017. Accreditation fees were received from the applicant on 18 December 2017, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 26 July 2018 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:** international access;
- (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, equity and guarantees);
- (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 and was assessed by the Secretariat during Stage I under the normal track accreditation process.

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".

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant provided the Agreement Establishing the Inter-American Investment Corporation and Resolution AG-9/15 and CII/AG-2/15, which indicated that the applicant was established in 1986 as an international organization part of the IDBG.

5. On 30 March 2015, the boards of governors of the applicant and the Inter-American Development Bank (IDB) approved the transfer to the applicant of all operational and administrative functions associated with the IDB's private sector and non-sovereign guaranteed (NSG) activities. On 1 January 2016, the IDBG NSG Reform became effective. The applicant and the IDB have entered into service-level agreements whereby the applicant provides certain services to the IDB and the IDB provides certain services to the applicant. Specifically, the applicant provides loan origination, credit risk evaluation and monitoring and other loan administration services for the IDB NSG operations, as well as for the IDB's legacy portfolio operations pursuant to a service-level agreement.

2.2 Institutional presence and relevant networks

6. The applicant encourages the establishment, expansion, and modernization of private enterprises and makes loans, guarantees and equity investments where sufficient private capital is not otherwise available on adequate terms in the market. This comparative advantage supplements the activities of the IDBG and allows the applicant to be a catalyst for attracting various resources in the form of additional financing, technology, and know-how through co-financing and syndication in order to maximize developmental impact.

7. The applicant, as part of its mission, partners with the private sector in countries in LAC to bolster competitiveness and growth while ensuring sustainability. It provides financial products and advisory services to large corporates, financial intermediaries, micro, small and medium enterprises, and partially or wholly-owned state enterprises. The applicant works closely with the private sector to help overcome core challenges to growth, to refine business strategies, and embrace new technologies to improve productivity.

8. In order to advance the GCF objectives, the applicant, if accredited, aims to address key sectors with high relevance for low-emission, climate-resilient and inclusive development highlighted by countries in LAC in their Nationally Determined Contributions. It also intends to offer its experience, institutional know-how and networks to mobilize private sector resources at scale towards high-impact projects and programmes contributing to accelerating the transition of countries in LAC to low-emission, climate-resilient and inclusive development pathways. Particularly, the applicant will engage the private sector in delivering and investing in climate resilience and adaptation.

9. The applicant plans to strategically use GCF concessional resources to tackle financial and non-financial barriers holding back private investments in low-emission and climate resilience activities in countries in LAC. For example, the applicant intends to create markets to generate new opportunities for private investors and financiers in LAC by helping establish or strengthen regulatory and policy frameworks, achieving demonstration effects, promoting competition, and building capacity, knowledge and skills. It also intends to innovate to address market failures by pioneering new or improved technologies, financial instruments or business models.

10. The applicant also takes climate change and gender inclusion as its key priorities and intends to implement gender equality across sectors and champion it at the highest levels of the IDBG's administration. It intends to promote financial inclusion to reach underserved and

under-banked beneficiaries and market segments (e.g., small and medium enterprises, women) by increasing access to appropriate financial services and skills.

2.3 Track record

11. The applicant has experience in attracting, managing and implementing international concessional climate resources from both multilateral and bilateral donors. The applicant's track record in financing climate change-related projects includes:
 - (a) USD 450 million (loans) for the public-private partnership project of Lima Metro Line 2 and Line 4 in Peru;
 - (b) USD 300 million (loans) for the Klabin-Puma Forest Resource Management Project in Brazil;
 - (c) USD 673 million (loans) for Reventazon Hydroelectric Power Project in Costa Rica;
 - (d) MXN 450 million (equity) for the Capital Indigo Private Debt fund; and
 - (e) Loans and guarantees provided for a financing mechanism for small scale photovoltaic solar projects to increase the grid capacity for renewable energy in a country in LAC.

2.4 Potential support to direct access entities

12. The applicant has stated that it intends to raise awareness of the private sector in countries in LAC by informing them of climate finance opportunities and development presented by the GCF. In addition, the applicant intends to strengthen capacities of private banks and financial institutions by supporting them to gain strategic access to and use of climate finance resources for implementation of climate mitigation and/or adaptation interventions. The applicant is also identifying opportunities where direct access entities may act as executing entities for projects the applicant would undertake.

13. The applicant also intends to coordinate with its public-sector counterpart, the IDB, in supporting governments, National Designated Authorities and/or regional entities with information to help inform decision making process for selection of the entities for accreditation to GCF with maximum potential on delivering strong project pipeline, and share knowledge of the engagement with the Private Sector Facility in the GCF.

III. Stage II accreditation review assessment

14. 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.

15. 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

16. The applicant has a well-defined organizational structure appropriate for the scope and nature of its operations. The organization is led by its board of governors, that meets annually, and is composed of representatives of the member countries. The board of directors is the highest executive authority and is composed by 14 members appointed for three-year terms

and who represent the member countries. The minutes and documents of the applicant's board meetings are available on the applicant's website. The board has established the executive management team, which is led by a chief executive officer, who is supported by the following officers: chief investment officer, strategy officer, general counsel and risk and finance officer. Additionally, the applicant has established the following independent oversight instances: at the board level, the audit committee and at the organizational level, the independent investigation and consultation mechanism and the office of evaluation and oversight.

17. The applicant's strategic plan is developed in the context of the IDBG strategic plan. The IDBG has established its corporate results framework for the 2016 to 2019 period. The corporate results framework establishes the results that the IDBG aims to attain in the planning period, and the applicant develops its strategic plan based on the expected contribution to the attainment IDBG goals and objectives. The applicant has appropriate internal planning mechanisms, as well as tools for appropriate monitoring of progress made towards attaining strategic objectives. Finally, the IDBG, and thus the applicant, measure the development impact of their activities with a defined methodology, which produces an annual development effectiveness report (publicly available) as a final result.

18. The applicant prepares its financial statements under the Generally Accepted Accounting Principles. The applicant has a strong technological base that supports its financial management and accounting, including recognized software solutions for financial and risk management, including systems for financial reporting, credit risk management, credit and investment portfolio administration, treasury operations, human resources and travel expenses.

19. The separation of duties and responsibilities in the applicant's payment and disbursements system is well defined. Responsibilities for review, approval and execution of disbursements are appropriately segregated among several authorities. Furthermore, the applicant provided evidence of appropriate internal control and internal audit assurance over payments and disbursements.

20. The audit committee is a standing committee of the applicant's board of directors. The terms of reference were provided by the applicant and demonstrate that the committee's functions are appropriate for effective and independent functioning. The committee's terms of reference establish that it will be composed of three to five members, and independence of members is a critical aspect for appointment. The functions of the committee include oversight of the internal audit, the internal control system, review of financial statements and oversight of the independent assessment of the internal audit function. The applicant's internal audit assurance services are provided by the IDBG's office of the executive auditor.

21. The applicant has a mature internal control framework documented in its operational risk management framework which establishes requirements for internal control assessments, incident data collection, risk metrics and corrective action plans. The applicant's operational risk model is based on assigned responsibilities and accountabilities of business units personnel, risk management units and independent assurance units, such as the internal audit unit.

22. The applicant's procurement guidelines contain the required elements to ensure that procurement activities are undertaken in accordance with best practices. The procurement guidelines provide specific guidance on ethical issues, procurement planning tasks, role of the selection committee, procurement methods, types of contracts, required documentation, and procurement control, audit and accountability assessment. The applicant provided assurance that procurement audit and evaluation engagement are undertaken by the internal audit unit. Finally, the applicant stated that its Procurement Policy applies to all on-lending, investment and technical assistance operations; procurement by the beneficiaries of these operations are covered by the applicant's procurement requirements.

23. The AP finds that the applicant's policies, procedures and capacity fully comply with the GCF basic fiduciary standards on key administrative and financial capacities.

3.1.2 **Section 4.2: Basic fiduciary standards: transparency and accountability**

24. The applicant's code of ethics and professional conduct (IIC Code) was updated in 2016 to achieve closer alignment with the ethical values of the IDBG. The IIC Code establishes standards of ethical conduct that are applicable to all personnel and consultants that work with the applicant. The core values incorporated in the IIC Code are integrity, loyalty, equity, inclusion, impartiality and discretion. In addition, the IIC Code addresses the following workplace issues such as fair treatment, harassment, discrimination, abuse of authority and accountability. The applicant has an established grievance mechanism for issues concerning ethical behaviour that includes procedural guidelines for conflict resolution and conflict resolution system. Finally, the applicant also provided its procedures for the code of ethics dated January 2018.

25. The applicant's code of ethics and professional conduct contains a section on conflicts of interest, including a sub-section that pertains to the applicant's declaration of interests programme. The management of conflict of interests and their resolution is the responsibility of the IDBG's office of ethics, this office is responsible for establishing disclosure requirements, as well as the manner in which conflicts of interest are disclosed and resolved. The code of ethics is effectively communicated to all relevant parties and training exercises of ethical issues are regularly developed (including the issue of reporting incidents of prohibited practices).

26. As part of the IDBG, the applicant has adopted the group policy of zero-tolerance regarding prohibited practices, both internally and in the projects in which it participates. The applicant's procurement policies, anti-fraud and corruption guidelines, code of ethics and anti-money laundering practices demonstrate the organizational culture of zero tolerance to prohibited practices. The applicant's integrity framework contains clear guidelines pertaining to fraud, corruption and collusive and obstructive practices. The applicant, adopting the IDBG policies, has mechanisms in place to investigate and discipline those engaged in prohibited practices. The applicant demonstrates its commitment to avoiding prohibited practices, as a core value, by its membership in the international financial institutions anti-corruption task force and as a party to the agreement for the mutual recognition of debarment decisions.

27. From an operational standpoint the applicant has implemented appropriate procedures to ensure effective internal control over the transactions it executes. Its operational risk management framework (ISO 31000 standard) establishes guidelines for operational risk identification, impact, mitigation, monitoring and reporting. Additionally, the independence and appropriate planning and execution of internal audits provide further assurance of effective internal control.

28. The IDBG's office of ethics is responsible for the investigations process of incidents of violations of the code of ethics as well as of allegations of malpractice. The undertaking of investigations is enhanced by the activities of the IDBG's office of institutional integrity, which also has the authority to undertake investigations. The IDBG's procedures for investigations define clear guidelines for the undertaking of investigations and for their resolution, including:

- (a) A defined sanctions policy;
- (b) A defined whistle-blower policy (further codified in the applicant's staff handbook); and
- (c) Appropriate channels to report incidents (including a dedicated webpage with instructions explaining what and how to report incidents).

29. The applicant's Integrity Framework and Integrity Due-Diligence Guidance documents provide an appropriate definition of prohibited practices, as well as required guidance for the prevention of prohibited practices, which is found by the AP to be aligned with the GCF basic

fiduciary standards, the GCF General Principles on Prohibited Practices⁴ and the GCF Anti-money Laundering (AML) and Countering the Financing of Terrorism (CFT) Policy.⁵ The applicant's Integrity Framework includes critical elements, such as identification of ultimate beneficiaries, consultation of international specially designated persons, evaluation of cross-border ownership structures and Financial Action Task Force peer reviews to determine jurisdictional risk and specific guidance pertaining to the assessment of AML/CFT controls implemented by the applicant's financial institution counterparties (due to the enhanced exposure to AML/CFT risk faced by financial institutions). The applicant's Integrity Framework and AML/CFT guidance documents, enhanced by the oversight of the IDBG's Office of Institutional Integrity, provide the elements for an appropriate AML/CFT framework.

30. The applicant has provided evidence of appropriate "know-your-customer" due diligence procedures in the form of policy documentation, including its due diligence guidelines, due-diligence checklist and a sample due-diligence report. In terms of managing disbursements via wire transfers the applicant has established a mechanism, in collaboration with a leading financial institution, to issue wire transfer instructions, receive timely information regarding execution of instructions and post reconciliation of amounts transferred. This mechanism established provides reasonable assurance of the applicant's ability to effectively control its wire transfer transactions.

31. The AP finds that the applicant's policies, procedures and capacity fully comply with the GCF basic fiduciary standards on transparency and accountability.

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

32. The applicant has a well-established project development policy framework, including strategies, procedures and guidelines that are consistently applied to the project and programs identification and design, project appraisal and approval, as well as monitoring during the implementation phase and evaluation.

33. The project identification takes place within dialogue between the applicant and the country corresponding governmental office and is based on the countries sectorial strategies to enhance private sector participation in support of government development goals.

34. The project approval procedures are contained in the applicant operations manual. The applicant's board is the ultimate authority in project approval. Prior to its board's approval the project is validated by the chief of the development effectiveness division. Each of the applicant's transactions go through several layers of quality review and appraisal, such as review by the credit and investments committees. The information received from the client is verified by the applicant's designated project team or external consultants. As part of the approval process, all projects undergo an ex-ante assessment on the rationale and overarching development objective for the project, expected development and additionality of the impact to the identified baseline scenario of the IDBG-managed trust funds' investments. To evidence its track record in implementing the operational manual, the applicant provided business plans, operating policies and manuals, assessments of environmental and social safeguards (ESS) and project monitoring reports.

35. Project assessment is undertaken through the electronic database tool named development effectiveness learning, tracking and assessment tool, which contains a specific scoring results matrix stating the project's development objective and expected outcomes and outputs. The tool includes the evaluation checklist that validates the quality of the analysis performed and ensures that the results of the projects financed will be properly measured and documented. The checklist includes a series of questions to ensure a consistent project logic,

⁴ Decision B.12/31.

⁵ Decision B.18/10.

quality of the results matrix, as well as adequate monitoring and evaluation plans and proper economic and financial analysis.

36. With regard to the implementation phase, the oversight process of the project where the applicant provides the direct financing would include regularly monitoring, by the applicant, of the implementation, e.g. construction of the project until it reached commercial operation, and receiving, analysing and storing periodic reports on the construction in the electronic database. The applicant prepares the detailed project implementation plans and reports, examples of which were provided to the AP.

37. The applicant's monitoring procedure is contained in the operations manual. The project's results matrix is updated to assess the project's performance against the targets set at approval. Each outcome and output is monitored through specific, measurable, achievable, realistic and time-bound indicators and includes a baseline value and a target to be achieved, as well as a defined source of data or a clear data collection plan. The portfolio management division which is independent from the project origination and investment will gather the information required to update electronic scoring tool and results matrix.

38. The applicant's transactions' supervision is carried out by its portfolio management division, with the assistance and oversight of relevant business units and committees, such as the credit risk division and development effectiveness division. Once the first transaction of the applicant is cleared and passes first disbursement, the project enters into the supervision or monitoring stage.

39. The applicant's evaluation procedures are established on the basis of a newly introduced development effectiveness framework to support the applicant's goal of achieving high development impact and long-term sustainability. Every project has an ex-post evaluation plan aligned with the evaluation good practice standards and in accordance with the office of evaluation and oversight's expanded supervision report guidelines. The evaluation of the projects is based on an assessment of the relevance, effectiveness, efficiency and sustainability of the projects in achieving their development goals, including the information on the greenhouse gas emissions avoided as a result of increased supply of renewable energy.

40. The monitoring and evaluation reports are disclosed at the applicant's website in accordance with its information disclosure procedure. The published reports contain the economic, financial (including audited financial statements), technical, environmental information on the projects, as well as information on handling complaints and legal cases associated with the implemented projects.

41. The project-at-risk function is impeded into the projects supervision process and is performed by the portfolio management division, which is responsible for monitoring the applicant's debt portfolio, including funds provided directly by the applicant, loans from the commercial banks and third-party funds. The applicant has a risk rating system supported by the corresponding manual that ensures that the projects exhibiting significant stress are actively monitored by management and risk ratings are assessed appropriately and timely.

42. In accordance with the risk rating system the applicant's portfolio management division prepares the radar and watchlist projects where the signs of financial distress are developing, or material breach of contractual provisions may have taken place or are expected to take place but has not yet resulted in financial impairment for the organization.

43. The applicant has vast experience in proving project finance and development of the projects to the broad scope of clients, ranging from corporate financing to banks to project financing for energy projects in the LAC region. The applicant has expertise in project identification, preparation and appraisal and implementation of the projects. As of June 2017, approvals for private sector activities of the project portfolio of the IDBG, to which the applicant belongs, amounted at USD 11.6 billion, including projects in infrastructure, financial institutions, agribusiness, and manufacturing sectors and others.

44. The AP finds that the applicant's policies, procedures and capacity fully comply with the GCF specialized fiduciary standard for project management.

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

45. The applicant works mostly with for-profit private sector entities that do not manage grants because it's not part of their core business. Therefore, most of the grant funds that the applicant provides are "in-kind" grants through project advisory services and technical cooperation. Since the IDBG private sector consolidation in January 2016, all of the projects beneficiaries funded by donor funds have been awarded technical assistance under the grant funding. The applicant confirmed to the AP that GCF grant resources will be explicitly limited to advisory services and technical assistance.

46. The advisory services team functions as a specialized business unit dedicated to providing value-added technical and/or financial advisory services to the applicant's clients and target markets.

47. In accordance with its operating policy, the applicant can offer three types of technical and/or financial advisory services:

- (a) Operational support to generate "better projects", e.g., activities supporting the preparation, execution or evaluation of an investment operation;
- (b) Client support to build a "better pipeline", e.g., products for outreach, dissemination, testing innovative approaches, capacity building and training; and
- (c) Research and dissemination to create "better markets", e.g., products and services help deepen the applicant's and clients' knowledge or capacity on a given topic relevant to the applicant goals and strategies.

48. Processing grants for technical and/or financial advisory services projects follows a two-staged approval process that share a similar rationale as the process for approval of investment projects yet simplified. The first stage involves the preparation of a technical and/or financial advisory services project abstract with basic information on the proposed activity and its objectives, and compliance with eligibility requirements and with donor requirements. The second stage, once a funding source has been determined, involves the preparation of a detailed technical and/or financial advisory services project document, for quality review clearance, to be followed by final approval.

49. For advisory services or technical assistance project proposal a separate template is used indicating the execution mechanisms and structure of the grant resources and institution that will serve as an executing agency. The quality review committee performs a grant evaluation for in-kind technical assistance following an established evaluating matrix that serves as the terms of reference for such committee and prepares the quality review checklists for the technical assistance and advisory services proposals using the specific template for this review. The committees' review ensures soundness of the proposal as a whole, including the proposed execution structure, client beneficiaries, parties involved, as well as specific areas of interest.

50. All the advisory services and technical assistance project proposals comply to the criteria of the applicant's operating policy, environmental and social sustainability policy, framework to prevent and combat fraud and corruption, the disclosure of information policy and other policies, regulations and mandates approved from time to time by the applicant's board of governors and the board of executive directors of the corporation. After the quality review clearance, the project would gain approval from the applicable authority depending on the operation.

51. Each advisory service and technical assistance project proposal includes a procurement plan, and in the case of recipient-executed projects it should indicate whether the executing agency will be able to procure goods and services with a procurement revision defined as ex-ante or ex-post.

52. The designated project team leader is responsible for supervision of activities, reporting on the progress of the activities and outputs identified in their results matrices and budgets at least once per year. At the end of the project, the project team leader will also be responsible for producing a project completion report. Grants and co-financing management unit of the IDBG is responsible for coordinating all activities related to grant award procedures, allocations, and monitoring in accordance with the agreement for servicing the applicant and inter-institutional agreement to manage the funds.

53. All the grant-related information, including the name of the donor organisation, eligible countries, approved amount of funding, project technical description, projects' objectives and results, as well as environmental and social risks are disclosed on the applicant's website in accordance with the applicant's disclosure of information policy. The applicant's information disclosure policy is found to be consistent with the requirement in the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms on disclosure of grant information, including the name, address and nationality of the beneficiary, purpose of the grant, amount awarded and the co-financing rate of the cost.

54. The AP finds that the applicant's policies, procedures and capacity fully comply with the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

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

55. In accordance with its charter, the applicant's key functions are the following:

- (a) to assist, alone or in association with other lenders or investors, in the financing of the establishment, expansion and modernization of enterprises, utilizing such instruments and/or mechanisms as the corporation deems appropriate in each instance;
- (b) to facilitate their access to private and public capital, domestic and foreign, and to technical and managerial know-how; and
- (c) to provide technical cooperation for the preparation, financing and execution of projects, including the transfer of appropriate technology.

56. The applicant's credit capacity is reflected by its strong credit rating, at AAA by Fitch Ratings, AA by Standard & Poor's, and Aa1 by Moody's.

57. In terms of funds recipient due diligence for both on-lending and blending operations, the applicant applies the procedures defined in its operations manual, exercising the same diligence and duty of care in the management of any external resource and funds as it does with respect to its own capital. Beyond this, additional requirements and procedures specific from each specific trust fund also apply.

58. The applicant has a risk management framework in place that comprises a series of committees to address different aspects of risks management and controls based on clearly defined guidelines, roles and responsibilities. These committees are the following: operational risk management committee that considers matters relating to the operational risk management framework; operations committee that oversees consistency of the lending programme with its policy and risk framework and reviews individual transactions; finance and asset liability management committee; and credit and investment committee that considers transactions, programmes, facilities and initiatives for credit approval utilizing the applicant's own resources.

59. The applicant has a strong risk management function in place, including the assessment of credit, environmental, social and corporate governance, operational and market risk. The risk

management department is in charge of strengthening the institution's capacity to identify, measure and manage the credit risks of the applicant's transactions portfolio and its treasury activities. It also provides risk management advice on capital adequacy, including the assessment of new financial instruments and initiatives. The applicant's risk management officers issue independent assessment about credit and investment proposals.

60. The analysis of the applicant's lending portfolio is the responsibility of its portfolio supervision committee. The committees' mission is to oversee the performance of the applicant's lending portfolio, including third party funds under management; ensure that the portfolio is accurately risk-rated, valued and provisioned; and discuss and decide actions being taken to protect the applicant's interests as a creditor or investor. To accomplish its mission, the committee takes into consideration the analysis and recommendations made by the credit risk division and portfolio management division resulting from the ongoing project supervision program and monitoring carried out by staff assigned to these functions.

61. Information about beneficiaries and results of projects financed by the applicant can be found on its website in accordance with the applicant's information disclosure policy. This website provides complete information about the whole funded project cycle, including the project name and description, sector, country, beneficiary institutions, expected approval date, and once approved, projects' approval amount, financial instruments applied, and periodic project results and outcomes. The applicant confirmed that the information on the GCF-funded activities will be disclosed on the applicant's website using the same practice.

62. The applicant has a well-developed treasury management system and investment management policy in place that allows the institution to manage investments for all trust funds under its administration. The applicant also counts with duly approved investment guidelines for these funds. The investment performance reports prepared by the applicant were provided for the AP's review.

63. The applicant has established an advanced commercial lending solution system in order to create disbursements for various product types in an efficient and transparent way. The system records data related to the lifecycle of the loans beginning with commitment date and amount as well as other contractual clauses. Once the disbursement transaction is duly authorized in the system, it is transferred via interface to the treasury system where it is funded, and the payment is executed from the applicant's commercial bank. It was observed by the AP that all processes and systems have the proper internal controls and segregation of duties in place.

64. In accordance with the asset and liability management guidelines, finance and asset liability management committee oversees and coordinate matters related to the sustainable financial soundness of the applicant, including the review of processes, decisions and performance pertaining to the finance and treasury activities to ensure that there is an adequate balance between liquidity, risk, and return on the applicant's' short and long-term investment portfolios as well as adequate asset and liability management. Samples of the minutes of recent meetings of the applicant's asset and liability committee were provided and found sufficient to the AP.

65. The applicant has an extensive track record and institutional experience for on-lending and blending resources from international and multilateral sources, including climate concessional funds, such as the Climate Investment Funds, Canadian Climate Fund for Private Sector in the Americas, the Global Environment Facility, China Fund and others. The applicant has expertise in applying each type of financing instrument, including loans, guarantees, equity and technical cooperation grants as described in section 3.1.4 above.

66. The AP finds that the applicant's policies, procedures and capacity comply with the GCF specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

67. The applicant provided its environmental and social (E&S) sustainability policy, which is available on its website. The applicant also provided IDBG's three additional policies: gender equality policy; involuntary resettlement policy; and environment and safeguards compliance policy. The applicant also provided its operations manual which shows that environmental and social issues are embedded in the applicant's operations and communicated across the organization and that the policy is endorsed by its senior management. The applicant's environmental and social safeguard policies and implementation guidelines approved by its senior management contain objectives, principles and comprehensive requirements including the standards for avoidance, mitigation and compensation of harm to people and environment consistent.

68. The applicant provided its E&S review procedure (ESRP) manual, which presents the applicant's environmental and social management system (ESMS) and its E&S appraisal and supervision process. The ESRP manual states that financed projects must comply with the host country's E&S laws and regulations including obligations established under ratified multilateral environmental agreements are specifically stated in the applicant's Policy Directive B.2 of OP-703, which are assessed during the applicant's E&S appraisal process of its investments.

69. The key E&S standards, guidelines and tools that the applicant adheres to are the IDBG's E&S policies; sector guidelines; IFC Performance Standards and Guidelines on Environmental and Social Sustainability; and the World Bank Group/IFC's Environmental, Health, and Safety General and Industry Sector Guidelines. The IDBG's key safeguard policies include OP-703 Environmental Safeguards and Compliance Policy, OP-704 Disaster Management Policy, OP-710 Involuntary Resettlement, OP-761 Gender Equality in Development, OP-765 Indigenous Peoples, and OP-102 Access to Information Policy. These policies and guidelines are publicly available on the applicant's website.

70. The E&S sustainability policy document also states that the environmental, social and governance division of the applicant is responsible for implementing the ESMS and the E&S appraisal and supervision process. The AP found the applicant's ESMS, comprising the environmental and social sustainability policy and IDBG's safeguard policies, to be sufficient to meet the GCF requirements for a maximum E&S risk Category A/I-1 projects/programmes.

3.2.2 Section 6.2: Identification of risks and impacts

71. The applicant's ESRP manual describes its procedure for identification of E&S risks and impacts which is consistent with the performance standards 1 to 8 of the GCF interim ESS. Annex 2 of the ESRP manual contains the applicant's appraisal and supervision process flow diagrams which contains further information on how projects are categorized. The process for screening E&S risks and categorization is briefly described with responsibilities for each step.

72. The procedure details that direct investment transactions (projects) are categorized as A (high), B (medium) and C (low), consistent with the IFC E&S risk categories. When the applicant invests in a financial intermediary, transactions are categorized depending on the risk category of projects of the financial intermediary, giving a categorization of FI-1, FI-2 and FI-3.

73. All of the projects financed by the applicant are screened early and categorized as described above based on type, sector, scale and likely magnitude and significance of potential E&S risk and impacts of the investments. An Environmental and Social Strategy is prepared early in the project cycle, prior to eligibility of the financing. The applicant has also an internal risk-assessment matrix and it is updated regularly during the life of the operation.

74. The applicant provided several sample project documents as evidence of its track record of applying its process to guide staff in identifying the E&S risks and impacts of

projects/programmes as they evolve over the project life cycle, which is consistent with performance standards 1 to 8 of the GCF interim ESS. The applicant also provided a document containing a breakdown of its portfolio by E&S risk category. The E&S risk identification and categorization process is found by the AP to meet GCF requirements for a maximum E&S risk Category A/I-1 projects/programmes.

3.2.3 **Section 6.3: Management programme**

75. Annex 16 of the applicant's ESRP manual contains the guidelines and templates for producing E&S management and monitoring reports. Together with Annex 2, these annexes provide sufficient information on the procedure for managing mitigation measures and actions from the E&S risk assessment to ensure that mitigation actions are documented and tracked in a manner consistent with performance standards 1 to 8 of the GCF interim ESS.

76. The applicant's environmental safeguards and compliance policy requires the development and implementation of an environmental and social impact assessment for all of the applicant's Categories A and high-risk B operations. For lower impact Category B projects, an E&S analysis may be sufficient. For the applicant's Category C projects, confirmation that the investment has all necessary licenses and is in compliance with host country regulation may be sufficient. The applicant's Involuntary Resettlement Policy requires development and implementation of a resettlement plan. The applicant's Disaster Management Policy requires development and implementation of a disaster risk management plan for projects categorized as having high and medium risks. Content of those management plans are specified in the respective implementation guidelines.

77. The project's evaluation of impacts and risks and proposed management programme is summarized in the applicant's environmental and social review summary (ESRS) prepared by the applicant's internal social, environmental and governance specialists. The ESRS is made public prior to project approval by the applicant's board. The ESRS includes an environmental and social action plan (ESAP), which specifies the key management actions to be executed during project implementation (with responsibilities and timeline). The recommendations of the ESRS, including the ESAP, are reflected in the financial documents and are contractually binding.

78. The applicant provided sample summaries of several project documents in E&S risk Categories A and B as evidence of its track record of implementing its institutional process for managing E&S risk and impact mitigation measures and actions stemming from the E&S risk identification process, and of distinguishing between different categories of E&S risk. The E&S risk management function is found by the AP to meet GCF requirements for a maximum Category A/I-1 projects/programmes.

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

79. The applicant provided an organizational chart that identifies individuals, their specific E&S roles and responsibilities and reporting lines of its sustainable environment governance (SEG) division. The applicant provided a list of its key in-house E&S personnel including their biodata and specific areas of responsibility and related competency. The applicant provided two samples of E&S related work carried out by the in-house resource in the form of E&S Project monitoring reports from site visits for two separate projects. The applicant also provided a sample of E&S related work done by an outsourced resource in the form of an E&S due diligence report for a project.

80. The applicant provided information on the SEG Division undergoing one-week training on ISO 14000 ESMS and on 18001 in occupational, health and safety management systems, by a qualified external trainer. The applicant's SEG division team members also participate periodically in trainings conducted during the applicant's Sustainability Week. The applicant provided a link to a page on its website which contains more information regarding the Sustainability Week. The applicant provided sample modules and programmes of the training

conducted for the applicant's E&S and other relevant staff. The AP found that the applicant's organizational capacities and competencies to implement its ESMS are appropriate, including for projects/programmes that are categorized as a maximum E&S Category A/I-1 projects/programmes.

3.2.5 Section 6.5: Monitoring and review

81. The applicant's ESRP manual details the supervision phase which monitors the E&S risks. The role of SEG officers is to monitor, supervise and document the client's E&S performance throughout the life of the applicant's investment to ensure compliance with all E&S requirements. Annex 2 of the ESRP manual on appraisal and supervision process flow diagrams contains information on the procedures to ensure that mitigation and performance improvement measures are completed.

82. The environment and safeguards compliance policy also requires the applicant to monitor implementation of all ESS requirements. Monitoring frequency and arrangements are commensurate to a project's risks and impacts and include: self-reporting; independent monitoring by a third party; and direct supervision by the applicant's staff or consultants. Since 2008, SEG has put in place a systematic monitoring and review process, where results of monitoring activities are documented into a supervision report. Performance is rated according to a 4-tier system ("unsatisfactory", "partially unsatisfactory", "partially satisfactory" and "satisfactory"). Projects which have an unsatisfactory or partially unsatisfactory performance are required to develop and implement a corrective action plan. Projects performances on safeguards implementation are reported at least twice a year to the applicant's senior management.

83. The applicant provided three samples of project monitoring and evaluation reports: an E&S due diligence of a project carried out by an independent E&S consultant, and two environmental and social compliance monitoring reports for two separate projects. All three of these monitoring and evaluation reports include review/monitoring of actions taken for mitigation and performance improvement measures for performance standards 1 to 8 of the GCF interim ESS or information relating to application of this process to monitoring of completion of mitigation and performance improvement measures. The applicant stated that it uses the information and experience gained from supervision and auditing of projects to better inform themselves and externally to its clients. The applicant also shares this information through training courses they deliver annually on E&S risk management geared to private sector clients. The AP found the applicant's monitoring and reporting process sufficient for a maximum E&S risk Category A/I-1 projects/programmes.

3.2.6 Section 6.6: External communications

84. The applicant provided a link to its website which shows its policy of the Independent Consultation and Investigation Mechanism (ICIM), dated 1 January 2016. The ICIM is an impartial body, functionally independent from the applicant's management, with the mandate to investigate allegations by requesters of alleged harm produced by the applicant's failure to comply with the relevant operational policies in its financed operations. The website also serves as the applicant's external communication channel to receive and register complaints.

85. The applicant provided a document which gives information on the ICIM, and describes the process to address and investigate allegations from people and communities that consider the applicant's projects have caused them harm. Two or more people residing in a country where a project financed by the applicant is being carried out can submit a request to this mechanism or a request can be submitted through a representative. The applicant has internal competencies to screen and assess and address issues raised, as needed.

86. The applicant is in the process of developing an information technology platform based on the one that is used by IDBG which includes an automated registry of inquiries, complaints

and responses. This platform will be operationalized in 2019 and will be shared with the GCF. The gap identified is reflected in a corresponding condition of accreditation in section 4.2 below.

87. The applicant's "Public Disclosure of Information Policy" is in line with the Information Disclosure Policy of the GCF, including the duration of disclosure required for Categories A/I-1 and B/I-2 projects/programmes, including the language requirements. The applicant's external website has examples of disclosure and public consultation of E&S assessments of projects/programmes in E&S risk Categories A/I-1 and B/I-2.

88. The applicant's E&S policy includes the requirement for applicant's executing entities to include a project-level grievance redress mechanism. The applicant provided examples of ESAPs which included a grievance redress mechanism.

89. The AP found the applicant's external communication system partly complies with the GCF requirements regarding a maximum E&S risk Category A/I-1 projects/programmes. The corresponding condition is contained in section 4.2 below.

3.3 Gender

90. The applicant provided its "Operational Policy on Gender Equality in Development" adopted in November 2010. The objective of the policy is to strengthen IDBG's response to the goals and commitments of its member countries to promote gender equality and the empowerment of women by applying a gender perspective systematically across its operations. The gender policy commits IDBG, including the applicant, to:

- (a) Promoting attention to gender equality in IDBG-financed projects and analytical work (i.e., gender mainstreaming);
- (b) Seeking opportunities for investments and analytical work that directly encourage gender equality or women's empowerment (i.e., direct investment); and
- (c) Avoiding unintended negative consequences for gender equality in its operations (i.e., gender safeguards).

91. To ensure the successful implementation and monitoring of the policy, IDBG approved the Gender Action Plan for Operations (GAP) for 2014 to 2017 in May 2014. The GAP establishes an overarching framework for the commitments and actions that will ensure the successful implementation of IDBG's Gender Policy in all the above three areas. This action plan is the third version for the IDBG.

92. The applicant provided evidence of its procedure and practice to support the implementation of its gender policy. The applicant in 2017 launched a new campaign on gender entitled "100% committed to gender equality". The applicant's vision for gender is threefold:

- (a) To advance gender equality and empowerment of women in all of the applicant's business operations;
- (b) To be an employer of choice for men and women; and
- (c) To generate and apply practical, solution-based knowledge on key gender gaps in the private sector in LAC.

93. As part of the screening process performed by the applicant's social and environmental safeguards team, officers verify that the projects meet the IFC performance standards, which include gender aspects such as non-discrimination and equal opportunity. Based on the applicant's gender strategic roadmap, the advisory services team helps its clients assess their workforce through a gender lens to address retention problems. For that purpose, the team has relied on the women empowerment tool results and gender appraisal. The former is a tool

designed by the applicant in partnership with the Multilateral Investment Fund,⁶ United Nations Women and the United Nations Global Compact.⁷

94. The applicant also helps financial intermediaries to better serve the women's market. In one specific loan provided to one of the biggest banks in the Dominican Republic, 300,000 small and medium enterprises will be financed, 40% of which will be women-led enterprises. The advisory services team will support the client by helping it obtain the EDGE8 certification (global standard on gender equality). The applicant is supporting this effort as this will help the client to improve its diversity and inclusiveness practices, which in turn will help to better serve the its customers including women. The applicant provided biodata of its key staff in the gender team.

95. The applicant provided examples of its two lending operations that specifically target women among project/programme beneficiaries. The applicant also provided evidence to show that the companies it lends to have non-discriminatory practices in terms of benefits and remuneration for both men and women employees in place. In the case that the investee companies do not have a practice in place to ensure non-discriminatory practices, which is explicit in its policies and/or written procedures, such an action would become required to be included in the ESAP annexed to the loan agreement. The applicant also provided examples of projects linking gender and climate change.

96. The AP found the applicant's gender policy, procedures and competencies to be in line with the GCF Gender policy.

IV. Conclusions and recommendation

4.1 Conclusions

97. 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 requirements of specialized fiduciary standard for project management, the specialized fiduciary standard for grant award and/or funding allocation mechanisms, and the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees;
- (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). The only gap is related to the applicant not having a system to register external inquiries and complaints received along with responses. The applicant indicated that this will be established in 2019; and
- (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the gender policy of the GCF and has demonstrated that it has experience with gender consideration in the context of climate change.

4.2 Recommendation on accreditation

98. The AP recommends, for consideration by the Board, applicant APL076 for accreditation as follows:

⁶ <https://www.fomin.org/en-us/Home/about.aspx>.

⁷ <https://www.unglobalcompact.org/>.

⁸ <http://www.intertek.com/business-assurance/edge-certification/>.

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** large (including micro,⁹ small¹⁰ and medium¹¹);
 - (ii) **Fiduciary functions:**
 - 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, equity and guarantees);
 - (iii) **Maximum environmental and social risk category:** high risk (Category A/I-1) (including lower risk (Category B/I-2¹² and Category C/I-3¹³)); 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) Condition to be met prior to the submission of the first funding proposal to the Board:
 - 1. Provision of evidence by the applicant of the adoption of a register to receive and address external comments, complaints and inquiries on E&S matters for GCF-funded projects/programmes.

99. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition, as identified in paragraph 98 above, and agrees to the recommendation.

⁹ 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”.

¹⁰ 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”.

¹¹ 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”.

¹² 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”.

¹³ 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”.