

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 XI: Accreditation assessment of Applicant 067 (APL067)

I. Introduction

1. Applicant 067 (APL067), Pegasus Capital Advisors (PCA), is an organization headquartered in the United States of America that operates internationally. The applicant provides strategic growth capital to middle-market companies operating in the sustainability and wellness sectors and focuses its investment on investments within both the sustainability sector, such as renewable energy, waste and recycling, and agriculture amongst others.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 14 March 2016. Accreditation fees were received from the applicant on 20 July 2016, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 13 July 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:** international access;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees);
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under 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), “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”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. PCA was created in the form of a limited partnership on 30 March 1999.

2.2 Institutional presence and relevant networks

5. The applicant has a strong international presence through its portfolio companies and investments based in Israel, Peru, Singapore, Thailand, the United Kingdom of Great Britain and Northern Ireland covering activities in Asia, Latin and Central America, the Middle East and Africa.

6. PCA has also been involved in climate change related initiatives with partners such as R20 Regions of Climate Action, Ceres, Principles for Responsible Investment, the Global Impact Investing Network, Confluence Philanthropy and United States Agency for International Development.

7. In order to advance the objectives of the GCF, PCA and its affiliates intend to continue investing in industries and companies that address both climate change mitigation and adaptation, with an expanding focus on sustainable economic development in Least Developed Countries, small island developing States and African countries. The applicant intends to specifically focus on:

- (a) Energy generation and access;
- (b) Energy efficiency;
- (c) Transport;
- (d) Buildings, cities, industries and appliances;
- (e) Enhancing livelihoods;
- (f) Health and well-being and food and water security;
- (g) Infrastructure and built environment; and
- (h) Ecosystem and ecosystem services.

2.3 Track record

8. The applicant's track record in financing climate change-related projects is in Africa, Asia Pacific, Latin America and the Caribbean, Europe and North America. Such track record includes the following:

- (a) USD 50 million to USD 100 million (loans and equity) in sustainable tourism in multiple countries in Africa, Asia Pacific and Latin America;
- (b) USD 50 million to USD 100 million (equity and guarantees) in liquid fuels storage, distribution and marketing in Peru, including operations of private port facility and biodiesel production facility; and
- (c) USD 50 million to USD 100 million (equity and guarantees) in a medical nutrition company that addresses prevalent health ailments due to sanitation, poor water quality and availability, particularly in developing countries.

III. Stage II accreditation review assessment

9. 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.

10. 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

11. The applicant is registered with the Securities and Exchange Commission (SEC), as an Investment Advisor under the United States of America's Investment Advisor Act of 1940. The regulatory requirements, enforced under SEC supervision, provide the framework for the applicant's corporate governance structure.

12. The applicant has an organizational structure that is appropriate for the governance requirements of its main business activities, as a private equity fund manager and investment advisor. The main governance bodies are the Investment Committees and the Compliance Committee. The Partners and Principals are members of the Investment Committees for each of the funds managed by the applicant. Active oversight and strategic supervision of the investments made through the private equity funds is exercised through the applicant's Investment Committees. The Partners, the Chief Compliance Officer and the Associate General Counsel, are members of the Compliance Committee. This committee is responsible for ensuring compliance with all applicable internal and external laws and regulations.

13. The applicant's organization is designed for the management of private equity funds. The Partners and Principals lead the applicant's management and are supported by a balance of control functions (e.g. applicant's Executive, Investment and Compliance Committees) and technical industry expertise units required for assessment and management of private equity investments.

14. The direct participation of the applicant's Partners provides assurance of effective strategic direction; objectives and goals are clearly defined and supported by effective implementation of action plans with specific measurement metrics. The applicant has a well-developed system for receiving regular reports from investee companies that provides the flow of information required to manage a portfolio of equity investments.

15. As mandated by the Investment Advisor Act of 1940, the applicant must prepare its funds financial statements in accordance with the United States Generally Accepted Accounting Principles. Furthermore, the applicant provided a copy of relevant accounting and control manuals that demonstrate the adequacy of its financial management framework.

16. The applicant as an investment advisor, not an operating company, does not audit its financial statements; however, each of the funds under management by the applicant are audited on an annual basis. Furthermore, the investee companies in which the funds invest, each have the appropriate accounting policies and procedures.

17. Given the applicant's fiduciary responsibilities as fund manager, as well as the regulatory framework in which it operates, compliance and appropriate internal control are of strategic importance. The applicant's compliance manual and accounting manual were assessed, and these provide assurance that the applicant has an internal control framework that is appropriate for its operations. Furthermore, the applicant uses a compliance monitoring software and engages, on an annual basis, an independent expert firm to assess the effectiveness of its internal control system.

18. The main direct procurement activity the applicant undertakes is securing professional services (technical expertise) required as part of its activities as a private equity fund manager.

As such, the applicant does not have a documented procurement policy that meets the GCF's requirements. However, the applicant has stated its willingness to develop a procurement policy (including downstream procurement requirement at the investee company level) that satisfies the GCF's requirements.

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

19. The applicant's Code of Ethics is part of its Compliance Manual, which reflects the ethical standards established by both the regulatory environment and industry best practice. All employees and parties working directly for the applicant must comply with the established ethical requirements. Furthermore, detailed guidelines, that regulate the disclosure of conflict of interest are in place. The applicant's ethics and conflict of interest disclosure requirements are clearly communicated to all relevant parties, through policy manuals (mainly through its comprehensive Compliance Manual), written communications and educational activities.

20. The applicant's Compliance Manual provides the channels through which misconduct and breaches of its ethical standards can be reported. Furthermore, both external and internal regulations, provide for whistleblower protection. The applicant's Chief Compliance Officer, who reports to the Compliance Committee, is responsible for heading investigations into allegations of misconduct and regulatory non-compliance, as well as customer complaints. The policies and procedures to undertake investigations are described in the Compliance Manual.

21. The applicant's Compliance Manual contains its Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) policy and guidelines. Although the United States Patriot Act of 2001 does not require a Registered Investment Advisor to develop an AML/CFT policy, given the sensitive nature of this issue, the applicant has implemented appropriate measures to mitigate this risk. The applicant has clearly defined procedures to appropriately respond to regulatory investigations, as well as for suspicious activity reporting. Furthermore, all financial assets that are managed by the applicant are held in custody at recognized financial institutions, which are subject to appropriate AML/CFT regulations and supervised by local banking regulators.

22. The applicant's due diligence process, when considering an investment, is comprehensive. This process includes verifying that the investment does not expose the applicant to the risk of being associated with money laundering and terrorist financing activities. When undertaking the analysis of a potential investment the applicant's portfolio managers must take reasonable steps to verify that the investee is not involved in money laundering or financing of terrorism activities. The applicant actively monitors the Specially Designated Nationals lists issued by the Office of Foreign Assets Control of the United States Department of the Treasury, both at the time of subscribing new investments and annually to verify the status of the investors it is associated with. The applicant has procedures in place to appropriately control the beneficiaries of the wire transfer instructions it issues, and it relies on its banks for correct execution of instructions issued.

23. The applicant's external and internal regulatory environment (including, in addition to the aforementioned regulations, the Foreign Corrupt Practices Act of 1977 of the United States of America) provide assurance regarding the applicant's compliance with the GCF's requirements as they pertain to AML/CFT and prohibited practices.

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

24. In the case of this applicant, a "project" is understood for the purpose of assessing its project management capabilities in the accreditation review to be the identification of an investment opportunity, the due diligence process, the investment decision and the management of the investment (including an appropriate investment exit strategy).

25. The applicant's success as a private equity fund manager is based on its track record of offering investors private equity opportunities that generate the expected results. In order to

achieve this goal all investment recommendations made by the applicant must be based on a comprehensive due-diligence process.

26. The applicant has multiple sources for identifying investment opportunities that contribute to the achievement of its strategy. Once an investment opportunity is identified, a project team will, based on established criteria, evaluate the suitability of the investment opportunity. Those investment opportunities that are found appropriate, are presented to the Investment Committee who decides whether to further invest resources in the due-diligence process.

27. The investment due-diligence process includes, with the assistance of external experts, a review of the elements that are relevant to the specific investment, including but not limited to, a due-diligence of legal, technical and financial elements; and an analysis of the strength of the investee company's strategy. Based on the results of the due-diligence and analysis process, the investment team prepares a business forecast model to evaluate the potential results that can be generated by the investment.

28. The final product of the due-diligence process is an investment memo that is presented for approval to the applicant's Investment Committee. If the decision of the committee is favourable, the applicant will structure the investment, and enter into the required legal and business arrangements. The documentation pertaining to the investment process, provided by the applicant, demonstrates the effective implementation of its investment policies and procedures.

29. The investment team, by leveraging the understanding acquired during the due-diligence process, is best qualified to manage the post-acquisition relationship with the investee company. The management of this relationship is guided by an action plan developed for each investee company, as part of the applicant's investment management procedures. Furthermore, the senior management of investee companies have access to the applicant's technical experts. This working relationship is the basis for the applicant's effective management of its equity investment, which is completed with appropriate investee company reporting requirements and governance provisions (such as holding seats on the investee's board of directors).

30. One or more of the applicant's Partners will regularly monitor the information, pertaining to the investee company and will maintain close contact with the investment team. The direct involvement of the Partners provides, within the context of the applicant's operations, a monitoring instance that is independent from the investment team and from the investee's management team.

31. The applicant regularly provides the investors of each fund under management with relevant information regarding the portfolio companies. Information provided includes quarterly reports on material developments and financial data of portfolio companies. Furthermore, annual meetings are held with the investors of each of the funds, and detailed data on the portfolio companies is provided.

32. The permanent oversight and detailed knowledge the applicant has of the investee companies allows for effective project at risk management. Through this process, the applicant works to detect issues that generate risks for the attainment of investment objectives and implement corrective actions in a timely manner. Furthermore, the applicant includes provisions, in the investment agreements, that provide the required authority to implement the corrective measures.

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

33. The applicant did not apply for accreditation for this standard at this time.

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

34. The applicant has proven experience managing resources provided by qualified investors, and successfully blending these capitals in the private equity funds it manages. The applicant currently manages approximately USD 1.9 billion in four private equity funds.
35. The applicant has a track record of structuring and implementing investment proposals that include equity, loans and guarantees. The diverse portfolio of investee companies in which the private equity funds, under management by the applicant, has invested provide assurance of its ability to structure financing proposals that include equity, loans and guarantees. The applicant provided examples for each type of financial instrument it has utilized as part of the funding invested in portfolio companies, and while equity is the main instrument employed, the documentation provided demonstrates the applicant's ability to incorporate loans and guarantees as part of the funding structure.
36. The applicant's investment due-diligence procedures and track record provide assurance of its ability to understand, and appropriately mitigate, the risks assumed with each investment it pursues, both at the time of initial investment, as well as during the investment holding period.
37. Compliance with the applicable regulatory environment, as well as the terms of the investment agreements executed by the applicant, establish restrictive guidelines regarding the type and manner in which information regarding investment results and beneficiaries can be disclosed. However, the applicant has already implemented procedures to gather non-confidential information, regarding its investments, that is included in its publicly-available annual sustainability report.
38. The applicant's ability to grow, and continue to attract capital from qualified investors, demonstrates its ability to manage funds in a transparent and effective manner. Transparency in the use of funds is enhanced by the applicant's practice of routinely providing all investors with reliable information regarding the use of funds invested. The applicant provided redacted copies of investment reports as evidence. Finally, the regulatory requirements of the SEC provide further assurance regarding the applicant's compliance with its fiduciary duties to investors.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

39. The applicant implemented an environmental, social and governance (ESG) Statement from 2014 to 2016. Building on this plan, it approved its ESG policy and ESG management system (ESG-MS) in 2017. The ESG policy and ESG-MS set the ESG responsibilities, policies, standards and procedures for each stage of the investment cycle; both refer to applicable local and national laws, the International Finance Corporation (IFC) Performance Standards (PS) on Environmental & Social Sustainability (performance standards 1 to 8), the IFC Environmental, Health and Safety Guidelines and the Equator Principles III (EPIII). Other tools are referenced, including the Global Reporting Initiative, the Commonwealth Development Corporation ESG Toolkit for Fund Managers, the United Nations (UN) Sustainable Development Goals, and the policy for responsible supply chains that it is developing with its portfolio companies. The applicant has signed various relevant international statements (e.g., the UN Principles for Responsible Investment and the We are Still In Campaign, demonstrating its commitment to the Paris Agreement and) and collaborates with the UN Environment Programme's Finance Initiative. The ESG policy is found by the AP to be in line with GCF requirements, including performance standards 1 to 8 and the requirements related to environmental and social impact assessment (ESIA). The ESG policy is available on the website. AP has found that the ESG policy and ESG-MS are suitable for the maximum level of E&S risk Category B/I-2 that the applicant is seeking accreditation for.

3.2.2 Section 6.2: Identification of risks and impacts

40. The ESG–MS requires investment opportunities to first be screened against an exclusion list to eliminate certain types of investments (e.g., companies that make use of child labour). The investment professional and ESG manager then complete a screening questionnaire and other screening tasks (e.g., document review and site visit) before categorizing the investment as A, B, or C using IFC and EPIII guidance. The screening result and agreed category are stored in the internal deal folder. The procedure aligns with the requirements of the GCF and the applicant provided an adequate track record showing how it screened existing and proposed new investments into Categories A/I-1, B/I-2, and C/I-3.

3.2.3 Section 6.3: Management programme

41. The ESG–MS outlines requirements over the investment cycle. The investment professional and ESG Manager use a due diligence questionnaire based on the requirements of IFC, EPIII, the Commonwealth Development Corporation ESG Toolkit for Fund Managers, and Invest Europe. Typically, the due diligence entails reviewing the investee’s ESIA and/or other evidence (where there is no ESIA) against the standards; confirming the E&S risk category of the investment; reviewing the investees’ capacity and track record with ESG implementation; and developing a time-bound ESG action plan to fill any ESG gap. Where Category B/I-2 projects/programmes (and Category A/I-1 projects) have identified risks, these are summarized in a risk-and-mitigation register, which notes for each risk the probability, frequency, severity of impact, recommended mitigation measure, and responsible party. The findings are integrated into an investment committee memorandum. If an investment is agreed, ESG conditions are incorporated into the legal agreement, a risk register, and key performance indicators. The investee and the applicant then monitor ESG impacts and mitigation measures over the implementation period, with correction actions applied, as needed. The system aligns with GCF requirements. The applicant provided a sufficient track record showing application of its ESG–MS over the investment cycle. The AP has found that the ESG management programme meets the GCF requirements for Category B/I-2 projects/programmes.

3.2.4 Section 6.4: Organizational capacity and competency

42. The organizational chart locates the ESG responsibilities within the applicant. The sustainability committee provides ESG oversight and quality assurance, whereas the ESG Manager manages and implements the system with the support of other operating advisors. Additional social advisors are expected to be hired in 2018 to complement existing firm-level capacity.

43. ESG training materials, and workshop attendance lists were provided to demonstrate that investment professionals, the investment relations teams, operating advisors, and portfolio companies regularly receive ESG training. The ESG training plan for 2018 was also provided. The applicant engages in ESG networks and other working groups to collaborate and keep informed on ESG best practices. Curriculum vitae of the E&S operating advisors and work samples were also provided. The AP has found that the applicant’s organizational capacities and competencies are sufficient to manage Category B/I-2 projects/programmes.

3.2.5 Section 6.5: Monitoring and review

44. All investees must report to the applicant on their ESG compliance. The applicant also monitors each investee against the ESG–MS requirements and agreed ESG metrics. A data service provider is being hired to develop an online ESG reporting tool to further assist investees to submit ESG data and to help the applicant aggregate this information. The applicant provided a number of monitoring reports to demonstrate its capacity and the capacity of its portfolio companies to conduct ESG monitoring.

45. The ESG–MS provides for third party audits. The effectiveness of the ESG–MS is subject to an annual internal review. The lessons learnt in 2017 were integrated into a 2018 update to

the ESG–MS. The applicant is now considering the selection of a consultant to assist with third-party audits and ESG evaluations at the investee and fund level.

3.2.6 Section 6.6: External communications

46. The applicant indicated that to the best of their knowledge it and its portfolio companies have complied with local and national laws for ESIA-related consultation and information disclosure, providing ESIA reports as evidence of this practice. It now publishes an annual sustainability report, showing further commitment by the applicant to external communications.

47. The applicant confirmed that it and its executing agencies could adopt a public consultation and E&S information disclosure policy in line with the GCF information disclosure policy (IDP) regarding E&S information disclosure and duration for Category B/I-2 projects/programmes.

48. The ESG policy and ESG–MS formally require Category B+ investees as defined in the applicant’s policy to have a communications and grievance mechanism accessible to all stakeholders. The applicant is currently reviewing the grievance mechanisms of all its portfolio companies, aiming to ensure that each has an IFC-compliant grievance mechanism by end of 2018.

49. The investor relations team manages the public website, which provides contact information and serves as the external, entity-wide grievance redress mechanism. There have not been any ESG inquiries or complaints received via the applicant’s website in the last year. The new firm-level (2018) draft grievance redress mechanism and procedure awaits senior management approval. Once approved, the grievance redress mechanism and procedures will align with GCF requirements.

3.3 Gender

50. The revised 2018 diversity and inclusion (D&I) policy awaits approval, replacing an earlier version. It focuses on promoting diversity, equal opportunity, non-discrimination, zero harassment, and flexible work arrangements. The applicant now requires its portfolio companies to report on their D&I policies and on matters related to employment, promotion, and compensation of women and minorities. As this baseline data is collected, the applicant will assist portfolio companies to update their D&I policies, procedures, goals, and targets.

51. Sample D&I training materials were provided to show capacity development at entity- and portfolio-company levels; the 2018 D&I training schedule was also provided. The applicant provided examples of how its portfolio companies have integrated gender and climate change in their activities and projects (e.g., solar street lighting).

52. The applicant’s D&I policy and competencies are partially in line with the GCF Gender Policy. The applicant’s main focus to date has been on the D&I issues of employees, at the entity or portfolio-company levels. The applicant committed to further developing its gender/D&I policy to comply with GCF requirements (e.g., the policy should require a gender assessment at the project-level).

IV. Conclusions and recommendation

4.1 Conclusions

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

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards, and meets the specialized fiduciary standard for project management and the specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees. The gap between the applicant's policies and procedures and the GCF basic fiduciary standards pertains to procurement, specifically the development of a procurement policy that includes provisions of procurement practices that must be followed at the executing entity level (e.g. portfolio company level);
- (b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/I-2), with the main gaps being the final adoption of the draft grievance redress mechanism and procedures (with a register for recording environmental and social-related complaints), and the adoption of a public consultation and information disclosure policy in line with requirements under the GCF IDP for Category B/I-2 projects/programmes; and
- (c) The applicant partially meets the competencies, policies and procedures to implement the gender policy of the GCF, with the main gaps being that the policy needs to require a gender assessment to be conducted at the project-level.

4.2 Recommendation on accreditation

54. The AP recommends, for consideration by the Board, applicant APL067 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** medium (including micro⁴ and small⁵);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management; and
 3. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
 - (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) (including lower risk (Category C/Intermediation (I-3)⁶); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions 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:

⁴ 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".

⁵ 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".

⁶ 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".

1. Establishment of the applicant's grievance redress mechanism and procedures to be applied at the institutional-level, together with a register for recording environmental and social-related complaints;
 2. Approval by the applicant of a consultation and information disclosure policy consistent with the requirements of the GCF IDP requirements for Category B/I-2 projects/programmes;
 3. Revision of the applicant's Diversity and Inclusion policy (or the development of a stand-alone gender policy) consistent with the GCF Gender Policy; and
 4. Development of a procurement policy (including procurement requirements at the executing entity level) that meets the relevant principles in the GCF basic fiduciary standards.
55. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 54 above, and agrees to the recommendation.

4.3 Remarks

56. The AP recommends that the applicant consider further developing the practice of disclosing information regarding investment results and beneficiaries (refer to paragraph 37).