

## Annex II: Accreditation assessment of applicant 099 (APL099)

### I. Introduction

1. Applicant 099 (APL099), La Banque Agricole (LBA) (formerly, Caisse Nationale de Crédit Agricole du Sénégal (CNCAS)), is a direct access, private sector entity based in Senegal. The applicant specializes in the financing of agricultural value chains with the aim of promoting activities in rural areas of Senegal and improving economic, social and environmental development and sustainability. The applicant promotes responsible and sustainable investments, resulting in an increased number of projects to upgrade agricultural infrastructures with increased resource efficiency and greater adoption of clean and environmentally sound technologies. In order to contribute to the priority sectors of Senegal's economy, the applicant provides investments in the areas of clean energy, energy generation and access, agricultural practices, infrastructure modernization, waste management and resource efficiency, clean technologies and adaptation to climate change.

2. The applicant submitted its application for accreditation to the Secretariat via the online accreditation system on 5 June 2018. Accreditation fees were received from the applicant on 28 January 2019, thereby launching the Stage I institutional assessment and completeness check. Stage I was completed on 7 February 2020 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 GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Senegal;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards; and
  - (ii) Specialized fiduciary standard for on-lending and/or blending (for loans); and
- (e) **Maximum environmental and social risk category:** minimal to no risk (intermediation 3 (I-3)).<sup>3</sup>

### 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 in accordance with the GCF policies and standards below:

- (a) "Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards" (decision B.07/02);

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<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme".

<sup>2</sup> Decision B.07/02.

<sup>3</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), 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".

- (b) “Guidelines for the operationalization of the fit-for-purpose accreditation approach” (decision B.08/02);
- (c) “Interim Policy on Prohibited Practices” (Exhibit A of the accreditation master agreement considered in decision B.12/31);
- (d) “Policy on Prohibited Practices” (decision B.22/19);
- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Environmental and social management system: Environmental and Social Policy” (decision B.19/10);
- (h) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (i) “Gender Policy and Action Plan” (decision B.09/11); and
- (j) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

## 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 (formerly, CNCAS) was established as a public limited company under the Dakar Trade and Personal Property Credit Register (Ref. SN-DKR84/B/130).

5. As part of the implementation of the applicant’s strategic plan titled “Synergie 2022”, the applicant has changed its corporate name, logo and signature to La Banque Agricole to better reflect and reaffirm its commitment to contributing to the sustainable growth of Senegal’s economy, particularly through the growth of its operations in the agriculture sector and climate finance. The applicant’s change of name was certified under the Dakar Trade and Personal Property Credit Register on 11 September 2019 (Ref. No. 2712/2019). The applicant has confirmed that the change of its name does not affect its policies, operational procedures and internal organizational structure and capacities compared with those in effect under CNCAS. As part of the Stage III legal arrangements, should the Board accredit the applicant, the Secretariat will seek a legal opinion to confirm the statement provided by the applicant and any other relevant matters, such as its independent legal status prior to signing the accreditation master agreement.

## 2.2 Institutional presence and relevant networks

6. The applicant, with over 300 employees and 38 local offices and agencies, has a broad national network to fulfil its mission of financing and improving the rural economy in Senegal. The applicant has developed partnerships with various stakeholders (e.g. governments, local enterprises, non-governmental organizations and international financial institutions) to diversify its sources of funds and investments.

7. The applicant is strongly committed to the realization of the nationally determined contributions of Senegal. In order to assist the country to achieve its objective of reducing national greenhouse gas emissions by 21 per cent and reducing the vulnerability of Senegal’s economy, which is heavily reliant on agriculture and fisheries, the applicant aims to actively participate in projects covering adaptation, mitigation and cross-cutting areas with a focus on agriculture, land-use management, conservation of natural resources, and fisheries.

8. In order to advance the objectives of GCF, the applicant intends to leverage GCF finance to undertake the following activities:
- (a) Developing, constructing, operating and maintaining, for a period of 25 years, an independent kinetic power plant of 5-megawatt capacity. The project will facilitate the transfer of new technology to Senegal, which could contribute to the improvement of the energy mix and increase the share of renewable energies in electricity generation;
  - (b) Installing a solar energy supply solution for the Guédé Chantier pumping station to enable full solarization of two of the four existing pumps using a photovoltaic pumping system to achieve a significant decrease in the cost of energy based on actual average consumption;
  - (c) Partially renewing a fleet of trucks to mitigate carbon dioxide emissions, reduce pollution and the risk of accidents, and increase energy efficiency;
  - (d) A project to transition from diesel pumps to solar pumping equipment for agricultural irrigation: the applicant aims to scale-up an existing pilot project under implementation in the Niayes Arrondissement to other areas in Senegal in order to address the needs expressed by farmers and contribute to greenhouse gas emissions reductions;
  - (e) Promoting young women- and women-owned start-up companies in the climate change resilient space by funding innovative technologies in the production and processing of agricultural and forestry products; and
  - (f) Scaling-up the applicant's biodigester installation programme in rural zones with funding from small- and medium-sized enterprises specializing in the production of domestic gas for cooking and lighting, as well as the production of organic fertilizers marketed by producers.
9. In addition, the applicant plans to stimulate additional adaptation initiatives by utilizing GCF resources and sharing its experience in the agriculture and forestry fields (particularly in adaptative technologies in the process of products, such as the use of improved seeds), with its stakeholders. It also plans to develop a partnership with other GCF accredited entities and implement an action plan focused on achieving Senegal's climate change objectives using GCF resources with the support of the Ministry of Environment and Sustainable Development of Senegal.

## 2.3 Track record

10. The applicant is strongly committed to responsible and sustainable investments. It promotes clean energy investments that are applicable to the agriculture sector and supports innovative projects that have a transformative impact across the entire value chain, from land management to processing and marketing of agricultural products.
11. The applicant's track record in financing sustainable development to date includes implementing – in line with its environmental and social management system and sustainable governance objectives – the following projects:
- (a) USD 31.17 million (loans) for the Textile Fibres Development Corporation (La SA SODEFITEX) for a cotton farming project in Senegal;
  - (b) USD 13.1 million (loans) for an agricultural project by La SA SODEFITEX in Senegal;
  - (c) USD 8.6 million (loans) for the SEDAB Limited Liability Company for a fertilizer marketing project in Senegal; and

- (d) USD 6.9 million (loans) for an agricultural project in Senegal as part of the implementation of the Banque Ouest Africaine du Développement (West African Development Bank) special programme for food security in the West African subregion.

### III. Stage II accreditation review assessment

12. 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 GCF in accordance with the accreditation requirements set out in the GCF policies and standards identified in paragraph 3 above.

13. During and as an outcome of the Stage I assessment, the Secretariat recommended that the applicant consider applying for the medium E&S risk category (intermediation 2 (I-2))<sup>4</sup>, including minimal to no risk (I-3). Following further discussion between the applicant and the AP during Stage II (Step 1), the applicant decided to apply for the medium risk category. As such, the Stage II (Step 1) AP review was conducted against the medium risk category (I-2).

14. As part of this assessment, the AP consulted the applicant's website and third-party websites, where appropriate, to complement the information provided in the application.

#### 3.1 Fiduciary standards

##### 3.1.1. Basic fiduciary standards: key administrative and financial capacities

15. LBA is a limited company licensed to operate as a bank in Senegal. It is regulated by the Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest (BCEAO)) and is fully compliant with BCEAO and the West African Monetary Union (WAMU) banking rules and regulations. Prior to September 2019, the applicant was known as CNCAS. As indicated in section 2.1 above, the name of the applicant was changed to LBA to better reflect the nature of its business. As such, the change was for branding purposes and the applicant has stated that all the policies and procedures that applied to CNCAS apply equally to LBA following the name change.

16. While LBA is majority-owned by State-controlled entities, it is managed as a private company. Shareholders include the State of Senegal, BCEAO, Banque Ouest Africaine du Développement (the West African Development Bank) and the Agence Française de Développement. LBA has 11 directors on its board, including a chairperson. Most directors are representatives of the shareholders, but there are currently two non-shareholder directors. Both the Senegalese Minister of Economy and Minister of Agriculture are board directors. Under new BCEAO regulations, one third of the directors must be independent. LBA is currently recruiting new independent directors to ensure compliance with this regulation by June 2020, when the number of board directors will be increased to 12, with 4 of them being independent. Directors serve for a three-year term and receive a modest fee for each meeting they attend.

17. There are three sub-committees of the LBA board: audit; risk and portfolio supervision; and organization and human resources. Each sub-committee has a minimum of three members, including at least one independent member with specific knowledge of the respective discipline. The applicant is managed by a team headed by a General Manager who is appointed by the

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<sup>4</sup> As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), 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".

board. There are four key management committees covering internal audit; compliance, control and risk; quality control; and strategy. There is also an ethics committee, established in July 2018 with four members, which reports to the General Manager and is operationally under the board audit committee.

18. LBA has provided a comprehensive 2018–2022 business plan outlining its mission to be the leader in agricultural value chains, as well as the chosen partner of the State of Senegal in the structural transformation of the economy while providing excellent service to its customers and employees. The online information technology platform Synergie 2022 is used to record and facilitate implementation and progress of the various projects in the annual action plans resulting from the strategy, and to align them with associated budgets. The platform allows deliverables to be shared with staff and is used to generate weekly reports for departmental managers and semi-annual and annual reports for senior management and the board. The applicant’s management produces a pre-established schedule of steering committee meetings to implement, monitor and evaluate departmental objectives and targets.

19. The applicant’s financial accounts and annual reports are prepared in accordance with the accounting rules of the Organisation pour l’Harmonisation en Afrique du Droit des Affaires (Organization for the Harmonization of Business Law in Africa (OHADA)) as required within WAMU. The OHADA accounting rules are fully aligned with the International Financial Reporting Standards (IFRS). A financial report application called “SAP Business Object” is used to produce detailed financial management reports on a regular basis. The internal audit function is governed by a comprehensive charter in accordance with the WAMU Banking Commission’s rules on internal controls of credit institutions and consistent with the guidelines of the Institute of Internal Auditors. LBA’s audit committee is responsible for reviewing and monitoring the findings and recommendations of the internal auditors. Detailed internal audit plans have been provided by the applicant for 2016–2018 and demonstrate how progress on the implementation of recommendations is closely monitored.

20. Information on detailed procurement policies and procedures has been provided by the applicant, together with two sets of procurement documents which demonstrate an effective track record of applying adequate procurement processes. However, LBA does not currently have procedures to oversee and assess the procurement processes of executing entities.

21. The AP finds that the applicant’s policies, procedures and capacity, supported by evidence of its track record, partially meet the GCF basic fiduciary standards on key administrative and financial capacities. The relevant gap is identified in paragraph 20 above and is reflected by the corresponding condition for accreditation in section 4.2.

### 3.1.2. **Basic fiduciary standards: transparency and accountability**

22. The applicant’s comprehensive code of conduct addresses conflicts of interest, disclosure procedures and protection of whistleblowers, fraud management and prohibited practices. The code of conduct is provided to all staff and contractors who work for and with the applicant and who are all required to sign a certificate confirming that they will adhere to the code. As such, LBA is an organisation with a culture conducive to high ethical standards. There have been no breaches of the code in the past three years and only one previous minor case of conflicts of interest involving family members working in the same area, which was resolved when the persons involved resigned.

23. LBA has sound policies and procedures for detecting possible fraud, and the applicant’s management has committed to upholding the GCF Policy on Prohibited Practices.<sup>5</sup> The applicant has not been able to demonstrate a track record of managing investigations because, as mentioned in paragraph 22 above, there have been no breaches of its code of conduct or

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<sup>5</sup> Decision B.22/19 and annex XIV thereto.



reported cases of fraud to investigate. However, the applicant has provided information on the detailed procedures for handling investigations of possible fraud and malpractice. Possible incidences of fraud can be reported via various dedicated means, including on the applicant's website. This sets in motion a process where the management rules, steps, risks, controls, key documents and players are identified at the outset. A preliminary investigation is then conducted, followed by interviews and an in-depth analysis of the facts and findings. The investigation function is headed by the Director of Audit and Inspection who reports to the General Manager and the audit sub-committee of the board. As a result of the GCF accreditation process, the applicant's information technology department is in the process of publishing the terms of the applicant's investigations process on the LBA website.

24. The applicant's policy on anti-money-laundering and countering the financing of terrorism (AML/CFT) meets the requirements of the GCF Policy on Prohibited Practices. Together with its associated "know-your-customer" (KYC) procedures, the applicant complies with local and international banking regulations in this area. The applicant provided copies of electronic fund transfers that demonstrated the fully functional monitoring system for fund transfers.

25. LBA has a successful track record of working as a financial intermediary with three international development agencies: the West African Development Bank, the Arab Bank for Economic Development in Africa and Agence Française de Développement.

26. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the GCF basic fiduciary standards on transparency and accountability, the GCF Policy on the Protection of Whistleblowers and Witnesses,<sup>6</sup> the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy.<sup>7</sup>

### 3.1.3. **Specialized fiduciary standard for project management**

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

### 3.1.4. **Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

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

### 3.1.5. **Specialized fiduciary standard for on-lending and/or blending (for loans)**

29. LBA is licensed in Senegal to provide on-lending as part of its activities as a financial institution. As mentioned in paragraph 25 above, LBA has a successful track record of channelling on-lending funds from international development agencies to end beneficiaries, primarily for agricultural and energy efficiency projects in Senegal. LBA has provided information on its policies and procedures for financial management and on-lending, including its sustainable and responsible investment policy and credit instruction procedures. The examples of on-lending due diligence provided by the applicant demonstrate its effective credit assessment and processes.

30. LBA reviews the credit portfolios of intermediaries and develops refinancing relationships in accordance with its credit risk assessment procedures. LBA also analyses the financial statements of intermediaries and reviews the nature and volume of credits provided by the intermediary. However, LBA does not currently have formal procedures for evaluating the loan portfolios of executing entities, but is willing to establish a framework for such evaluations for GCF-funded projects/programmes.

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<sup>6</sup> Decision B.21/25 and annex II thereto.

<sup>7</sup> Decision B.18/10 and annex XIV thereto.

31. The applicant has provided its investment management policy, which has been reviewed by the AP. However, the applicant is not regularly active in investing in market securities. When it does, it only invests in fixed-income securities that can be refinanced with the Central Bank of West Africa. As such, the applicant's investment management policy is conservative and low risk. Risk assessment and management are part of the applicant's overall control framework. The risk management policy has been provided by the applicant and reviewed by the AP together with the applicant's risk management strategies for recent years.
32. Evidence has been provided of the monitoring and evaluation function of projects supported by the applicant's on-lending programmes. The reports indicate the final beneficiaries of the funds provided. The on-lending programmes are well supported by sound asset liability management policies. The applicant has an effective and well-functioning asset liability committee and minutes of a recent committee meeting have been provided. The committee will meet at the end of June 2020 to review the half-year results. The applicant also provided details of the adequate segregation of duties of the treasury function from lending and operations.
33. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the GCF specialized fiduciary standard for on-lending and/or blending for loans. The relevant gap is identified in paragraph 30 above and is reflected by the corresponding condition for accreditation in section 4.2.

## 3.2 Environmental and social safeguards

### 3.2.1. Environmental and social policy

34. The applicant's "Environmental and Social Management System Environmental and Social Policy Note" (ESMS/E&S Policy Note) of 2018, was updated in May 2020. It outlines the applicant's commitment to sustainable development and related principles. The focus of the ESMS/E&S Policy Note is on complying with national and international requirements, applying International Finance Corporation (IFC) Performance Standards 1 to 8 (PS 1–8), analysing E&S risks in all credit operations and within all partnerships, and preventing or minimizing negative E&S impacts. The ESMS/E&S Policy Note describes the roles, responsibilities and procedures. The applicant also provided a copy of some related policies (e.g. the sustainable and responsible investment policy of 2018). All staff have been informed about the ESMS/E&S Policy Note, which is available on the applicant's website.
35. The AP finds that the applicant's ESMS/E&S Policy Note, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy<sup>8</sup> and GCF interim environmental and social safeguards (ESS) standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

### 3.2.2. Identification of E&S risks and impacts

36. The ESMS/E&S Policy Note provides an exclusion list similar to that of IFC; a proposal will be rejected if it includes activities listed on the exclusion list. Allowable projects then undergo an E&S screening procedure. The risks under each performance standard are assessed and assigned a score. All risk scores and the scale and nature of the proposed activity are considered when classifying a project from I-1<sup>9</sup> (high risk/activities that are likely to have significant adverse E&S effects) to I-3 (low risk or activities with little to no negative E&S

<sup>8</sup> Decision B.19/06 and annex X thereto.

<sup>9</sup> As per annex I to decision B.07/02, 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".

impacts). The ESMS/E&S Policy Note contains the E&S screening form. Project officers complete the intranet version of the screening form, which records the screening results. The project category is then reviewed by the Environmental Unit. The applicant provided two I-2 project examples of applying its screening and categorization framework (namely, a project on the production of organic bananas funded through a loan using a line of credit from Agence Française de Développement, and a solar pump energy project).

37. The AP finds that the applicant's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

### 3.2.3. Management programme

38. The ESMS/E&S Policy Note describes the institutional process for E&S management and provides a flow chart showing all the steps, stages and decision points. The stages include initial review (as described in section 3.2.2 above), due diligence, credit decision, disbursement and monitoring. The due diligence on projects/programmes categorized as I-3 entails checking whether the activity/client includes activities listed on the exclusion list and whether the client complies with the applicant's E&S requirements. The due diligence on projects/programmes categorized as I-2 also entails an in-depth analysis, including a site visit by the applicant's E&S staff and a comprehensive desk review (e.g. a review of the client's environmental and social impact assessment, E&S performance, stakeholder engagement and labour practices). External experts can be hired to support the E&S due diligence in the case of higher-risk projects. The recommendations and environmental and social action plan (ESAP) are documented on the E&S screening form and shared with management and stakeholders.

39. The applicant's decision-making body (Credit Committee) considers the E&S findings when making the funding decision. All loan contracts include generic E&S provisions to ensure compliance with the exclusion list and national laws. The Environmental Unit and the legal officer ensure that E&S conditions and the ESAP (where relevant) are annexed to the loan contract. The ESMS/E&S Policy Note provides a template to develop an ESAP. The applicant provided two sample ESAP reports (e.g., for a project on the production of organic bananas and solar pump project).

40. The ESMS/E&S Policy Note was updated in 2020 to provide more detailed tools and procedures to cover the IFC PS 1–8, the GCF Environmental and Social Policy and the GCF interim ESS standards. For instance, the ESMS/E&S Policy Note now explicitly requires the applicant to assess cumulative impacts and the impacts of associated facilities and use a mitigation hierarchy to manage negative impacts. This represents a gap and the applicant will need to demonstrate a track record of applying the updated tools and procedures of the updated ESMS/E&S Policy Note.

41. The AP finds that the applicant's environmental management programme fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8. However, the applicant needs to demonstrate a track record of implementing the updated tools and procedures. The relevant gap is identified in paragraph 40 above and is reflected by the corresponding condition for accreditation in section 4.2.

### 3.2.4. Monitoring and review

42. The E&S monitoring objectives include assessing the E&S impacts of projects/programmes, assessing the client's progress in, and compliance with, the ESAP, and identifying and reporting on changes that could lead to new impacts. The ESMS/E&S Policy Note provides the related tools (e.g. performance indicators) and templates (e.g. a template to



monitor E&S performance covering IFC PS 1–8 and a template to report on ESAP implementation).

43. E&S issues are monitored by the applicant’s project staff and E&S staff on an annual basis (or according to the frequency stipulated in the loan contract). The E&S staff manage and follow up on the monitoring process. An external consultant or the local national agency may assist with E&S monitoring in the case of higher-risk projects. Various types of reports are prepared, including an annual report on the performance of the ESMS/E&S Policy Note, an annual E&S performance monitoring report and accident reports. The three types of E&S reports document lessons learned.

44. The applicant provided two sample E&S monitoring reports on the implementation of the ESAP for a project on the production of organic bananas and one E&S monitoring report for a solar pump project (two E&S risk category I-2 projects). The applicant provided a recent example of an external review on the implementation of the ESAP showing lessons learned from a project financed by Agence Française de Développement.

45. The AP finds that the applicant’s system of monitoring and review, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

### **3.2.5. External communications, consultations, information disclosure and grievance redress mechanism at the institutional level**

46. The applicant provided its general complaints management procedure. The ESMS/E&S Policy Note contains the E&S complaints mechanism: “Mechanism for handling complaints and grievances related to Bank financing”. The E&S complaints mechanism provides the timelines for processing inquiries and complaints. The applicant’s code of conduct and E&S complaints mechanism provide whistleblower protection, including protection from retaliation and provisions for preserving confidentiality.

47. All inquiries and complaints received by physical or electronic mail are sent to the General Manager, who then forwards the matter to the Audit and Inspection Division (DAI). DAI maintains the inquiry/complaints register. Both DAI and the Compliance and Control Division (DCCP) respond to a complaint. The investigators within DAI and DCCP operate and act independently, and separately from project/programme operations. If there is a serious E&S issue, the project officer may need to investigate the matter further and discuss with the client whether to implement a corrective action plan. Where needed, the applicant can also contract an independent expert to resolve a complicated matter. The applicant provided the curriculum vitae of the five officers from DAI and DCCP who manage the E&S complaints mechanism.

48. The E&S complaints mechanism applies to all partners, including financial intermediaries, and requires the establishment of a project-level complaints mechanism. Complainants are in general encouraged to resolve issues at the project level; if a grievance cannot be resolved at the project level, it can be submitted to the applicant’s entity-level channel. The applicant indicated that in line with its ESMS/E&S Policy Note, it builds the capacity of its clients to establish an independent, project-level complaints mechanism, where needed.

49. The applicant provided a register of complaints for 2017 to 2019. The register shows the date of receipt of the complaint, the name of the complainant, the issue raised, the date of transmission to the General Manager and the decision/resolution. To date, the applicant has not received any E&S project-level complaints on its external communications channel.

50. The principles of the applicant’s communications policy are in line with best practices for information disclosure (e.g. the need for clarity, transparency, comprehensiveness,

relevance, timeliness and interaction). The communications channels include the applicant's website, social networks, reports, seminars, public information displays and press releases. The ESMS/E&S Policy Note commits the applicant and its executing entities to establishing and implementing a stakeholder engagement plan based on IFC PS 1–8. The updated ESMS/E&S Policy Note contains a revised information disclosure policy in line with the requirements of the GCF Information Disclosure Policy<sup>10</sup> for category I-2 projects/programmes. This represents a gap in track record and the applicant will need to demonstrate implementation of the revised information disclosure policy when it submits its first GCF project/programme.

51. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism at the institutional level, supported by evidence of its track record, partially meets the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8. The gap related to track record is identified in paragraph 50 above and is reflected by the corresponding condition for accreditation in section 4.2.

### 3.2.6. Organizational capacity and competency

52. The applicant provided its organizational chart, showing the reporting lines for E&S-related matters. The ESMS/E&S Policy Note summarizes the E&S responsibilities over the loan cycle (e.g. from initial review to disbursement). In brief, the applicant's executive board and/or senior management ensure the availability of E&S human and financial resources. The Inspection and Audit Department ensures compliance with policies, while the Compliance and Control Division ensures compliance with operational procedures.

53. The Management Control, Studies and Strategy Department implements, monitors and continuously improves the ESMS/E&S Policy Note. Specifically, the Head of the Department assesses E&S impacts; reviews E&S documents; determines E&S loan clauses; conducts site visits on higher-risk projects; compiles data for the E&S reports; provides or coordinates E&S training; and supports other departments to conduct E&S tasks. The E&S monitoring and evaluation officer monitors and ensures compliance with E&S requirements. The applicant provided the curriculum vitae of the Head of the Department and the curriculum vitae of the E&S monitoring and evaluation officer to demonstrate its E&S capacity.

54. The loan officer reviews the ESAP with the client, conducts E&S compliance field visits and ensures the integration of E&S considerations into credit procedures.

55. All staff receive general training on the ESMS/E&S Policy Note; some staff receive in-depth E&S training, based on their E&S role. The ESMS/E&S Policy Note contains the generic training plan. The applicant also provided its E&S training plan for 2020. The training plans list the targets of the training (e.g. the Audit Department or project officer) and the applicable training modules (e.g. E&S risk categorization and IFC PS 1–8). The applicant provided two training reports, with participant lists, to demonstrate E&S capacity development. The applicant confirmed that in line with its ESMS/E&S Policy Note, the capacity of its executing entities to implement E&S requirements will be appraised during the due diligence process related to potential projects/programmes seeking GCF financing, and strengthened, where needed.

56. The AP finds that the applicant's organizational capacity and competency, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim ESS standards for a maximum E&S risk category I-2 projects/programmes with respect to GCF performance standards 1–8.

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<sup>10</sup> Decision B.12/35 and annex XXIX thereto.

### 3.3 Gender

57. The applicant provided its gender policy adopted in 2018. The policy principles include: reducing gender inequalities; establishing a chain of accountability; and allocating human and financial resources. The gender policy also includes a gender action plan. The strategy to implement the gender policy consists of three components:

- (a) Institutionalizing gender (e.g. conducting gender training; establishing a focal point system; conducting gender analysis; and integrating gender into policies, procedures, results, evaluations and reporting);
- (b) Mainstreaming gender at the decentralized level (e.g. supporting each branch to develop and monitor a gender action plan); and
- (c) Disseminating gender knowledge and good practices.

58. The applicant implements a non-discrimination policy by implementing the related provisions of its code of ethics, code of conduct and gender policy. The three documents highlight that staff must avoid all forms of discrimination based on gender. They also recommend prioritizing vulnerable people and indicate that salary and benefits are governed by job classification, merit and the applicant's salary scale.

59. The applicant provided the terms of reference and curriculum vitae of the gender consultant hired to develop its gender policy; the same gender expert continues to provide the applicant with gender expertise on an ad hoc basis. The interim gender focal point is the focal point for environment-and-climate-related matters, who coordinated the development of the gender policy. This represents a capacity gap and the applicant will need to strengthen its gender mainstreaming capacity by designating a permanent gender focal point, establishing a gender committee, and conducting gender training, as foreseen in its gender policy.

60. The applicant is reviewing existing gender resources and tools (e.g. GCF guidance on mainstreaming gender in GCF projects). The applicant will need to adapt and adopt gender tools and procedures to implement its gender policy and comply with the Updated GCF Gender Policy (e.g. gender screening tool; gender analysis/assessment guidelines). The applicant will also need to provide a dedicated budget line to implement its gender policy.

61. The applicant has financed projects with gender elements for 30 years. For instance, it provided financing to women's groups and young people in its Federation of Maize Producers project. Its Fédération des organisations productrices BIO (FOPROBIO) project supported equitable conditions for small and medium-sized producers of hibiscus, baobab, dates and moringa, with this work mainly implemented through a women's cooperative of producers and processors. Its Kuwait Fund for Economic Development project provided micro credits and small loans to women for agricultural processing, storage and marketing of food products (e.g. a woman's yoghurt business).

62. The AP finds that the applicant's gender policy, procedures and capacities partially meet the Updated GCF Gender Policy. The relevant capacity gap identified in paragraph 59 above and the tools and procedural gaps identified in paragraph 60 above are reflected by the corresponding conditions for accreditation in section 4.2.

## IV. Conclusions and recommendation

### 4.1 Conclusions

63. 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, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices, the GCF AML/CFT Policy and the specialized fiduciary standard for on-lending and/or blending for loans. As reflected in paragraphs 20 and 30 above, the applicant does not currently have procedures to oversee and assess the procurement processes of executing entities; and does not have formal procedures for evaluating the loan portfolios of executing entities. The related gaps are addressed in the corresponding conditions for accreditation in section 4.2;
- (b) The applicant partially meets the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk category I-2. The gaps related to the need to demonstrate a track record of applying the tools and procedures of the updated ESMS/E&S Policy Note are reflected in paragraphs 40 and 50 above and addressed in the corresponding conditions for accreditation in section 4.2; and
- (c) The applicant has demonstrated that it partially meets the requirements of the Updated GCF Gender Policy. The gaps relate to strengthening its gender mainstreaming capacity and to developing and applying gender tools and procedures and are reflected in paragraphs 59 and 60 above and addressed in the corresponding conditions for accreditation in section 4.2.

## 4.2 Recommendation on accreditation

64. The AP recommends, for consideration by the Board, applicant APL099 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or activity within a programme:** small (including micro<sup>11</sup>);
  - (ii) **Fiduciary functions:**
    1. Basic fiduciary standards; and
    2. Specialized fiduciary standard for on-lending and/or blending (for loans); and
  - (iii) **Maximum environmental and social risk category:** medium risk (I-2) (including minimal to no risk (I-3)); 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 with the submission of the first funding proposal to GCF:
    1. Provision of evidence by the applicant of the adoption of procedures to oversee and assess the procurement processes of executing entities and beneficiaries of GCF projects/programmes;

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<sup>11</sup> 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 Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme”.

2. Provision of evidence by the applicant of the adoption of procedures for evaluating the loan portfolios of executing entities for GCF projects/programmes;
3. Provision of evidence by the applicant of applying the updated tools and procedures of the updated ESMS/E&S Policy Note in the development of its first funding proposal submitted to GCF. Relevant evidence includes the environmental and social management framework or environmental and social management plan, showing E&S risk and impact identification, assessment and management, and E&S information disclosure;
4. Provision of evidence by the applicant that it has developed gender procedures and tools;
5. Provision of evidence by the applicant of applying the gender procedures and tools in the development of the first funding proposal submitted to GCF. Relevant evidence includes an adequate project-/programme-level gender action plan and associated budget; and
6. Provision of evidence by the applicant of building its gender mainstreaming capacity. Relevant evidence must include at least:
  - a. Designation of a gender focal point with gender expertise within the applicant's organization;
  - b. Establishment of a gender committee (e.g. adoption by senior management of the terms of references for the gender committee); and
  - c. Provision of a gender capacity development plan for the headquarter and branch-levels and evidence of the initiation of the implementation of the gender capacity development plan. Relevant evidence must include evidence from at least one gender training activity.

65. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 64 above, and agrees to the recommendation.

### 4.3 Remarks

66. The applicant may wish to seek, through a Readiness and Preparatory Support Programme proposal made by the national designated authority, support to address the accreditation conditions identified in paragraph 64(b)(ii)(4) to (6) above.

67. The applicant is already taking steps to meet the conditions identified in paragraph 64(b)(ii)(1) and (2) above.