

Annex III: Accreditation assessment of applicant 106 (APL106)

I. Introduction

1. Applicant 106 (APL106), the Development Bank of the Philippines (DBP), is a national direct access entity based in the Philippines. The applicant is a state-owned development financial institution with a vision of influencing and accelerating sustainable economic growth through the provision of resources and services for the continued well-being of people in the Philippines. The applicant's primary objective is to provide banking services principally to cater to the medium- and long-term needs of agricultural and industrial enterprises, with an emphasis on small and medium-scale industries. The applicant has made significant efforts to integrate considerations for environment, climate change and sustainable development in various aspects of its operations, and it encourages its partners and clients to exercise environmental and social (E&S) responsibility in the pursuit of their business.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 27 April 2018. Accreditation fees were received from the applicant on 21 September 2018, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 29 August 2019 and the applicant was progressed to 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 the Republic of the Philippines;
- (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 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

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 US\$ 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."

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);
 - (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” (AML/CFT 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 E&S information; and
 - (i) “Gender Policy and Action Plan” (decision B.09/11).

2.1 Legal status, registration, permits and licences

4. The applicant has provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established by the means of and operates under the provisions of the 1986 Revised Charter of the Development of the Philippines, Executive Order No. 81, Series of 1986 as amended by the Republic Act No. 8523.

2.2 Institutional presence and relevant networks

5. The applicant, with a network of 129 branches and 11 branch-lite units, continues to enhance its mandate as an infrastructure bank to support the country’s infrastructure requirements. It intensifies development lending to infrastructure projects through loans syndication and partnerships with government agencies and private investors. The applicant also focuses on other critical sectors and industries with accelerated lending in the public sector, such as to local government units, water districts, and electric cooperatives.

6. The applicant is strongly committed to contributing to the realization of the nationally determined contributions of the Philippines. It intends to deploy GCF resources for projects in the Philippines that are considered risky due to financial, social or market barriers, but which have significant potential impacts on climate change mitigation and adaptation. It also aims to mainstream innovative activities and climate finance to increase resilience of the least developed and most vulnerable communities.

7. In order to advance the objectives of GCF, the applicant aims to leverage GCF finance to implement a shift to low-emission development pathways and support climate-resilient sustainable development through the following avenues:

- (a) Replicating and scaling up successful investments that have demonstrated potential for significant greenhouse gas emission reductions;

- (b) Promoting private sector engagement and investments by utilizing loans and guarantees provided by GCF to de-risk investments and encourage innovation by overcoming scale problems and fragmentation in the supply chain; and
 - (c) Developing public-private partnerships for infrastructure resilience, clean energy, and supporting sustainable communities.
8. Furthermore, the applicant intends to consider projects in the following areas for GCF:
- (a) Re-hybridization of power plants in off-grid areas;
 - (b) Modernization of public transport vehicles;
 - (c) Water supply projects in areas covered by water districts;
 - (d) Energy efficiency projects;
 - (e) Retrofitting of factories and buildings of micro, small and medium-sized enterprises to increase their climate resilience; and
 - (f) Investments in integrated resource recovery facilities for solid waste management (e.g. recycling, composting, and biogas-to-energy).

2.3 Track record

9. The applicant, as a government-owned development bank, is committed to supporting various governmental development initiatives. It has focused on projects directed at establishing the infrastructure for growth in priority sectors, such as transportation and logistics, environment, social services, community development, and small and medium-sized enterprises (SMEs).
10. The applicant's track record in financing sustainable development and climate change-related projects to date includes:
- (a) USD 347 million (loans) to a private infrastructure development corporation for an urban motorway construction project in the Philippines;
 - (b) USD 200 million (loans) for an electric power generation, transmission and distribution project in the Philippines;
 - (c) USD 95.4 million (loans) for a water collection, treatment and supply project in the Philippines;
 - (d) USD 60 million (loans) for electric power generation from renewable sources, transmission and distribution project in the Philippines; and
 - (e) USD 270,000 (approximately) Credit Surety Fund, a guarantee mechanism, to support loans of micro, small and medium-sized enterprises that are unable to offer acceptable collateral to banks.
11. The applicant has experience with projects/programmes related to the following GCF results areas:
- (a) Mitigation: reduced emissions from:
 - (i) Energy generation and access;
 - (ii) Transport; and
 - (iii) Buildings, cities, industries and appliances; and
 - (b) Adaptation: increased resilience of:
 - (i) Health, food and water security;

- (ii) Infrastructure and built environment; and
- (iii) Ecosystems and ecosystem services.

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 below:

- (a) GCF policies and standards identified in paragraph 3 above except for paragraph 3(c) as that policy was no longer valid and superseded by that in paragraph 3(d) at the time the application entered stage II (step 1); and
- (b) “Updated Gender Policy and Action Plan 2020–2023” (decision B.24/12).

13. The AP conducted a virtual site visit to facilitate its review of the applicant during stage II (step 1). During the site visit, the AP assessed various processes and procedures, and conducted a number of interviews with the applicant’s staff to determine whether the applicant’s institutional systems meet the relevant GCF fiduciary, environmental, social and gender standards as indicated in paragraph 12 above. Particular emphasis of the review was placed on the applicant’s fiduciary, transparency and accountability systems. During the virtual site visit, the AP also discussed the applicant’s potential project pipeline, taking into account the Government of the Philippines’ programming process with GCF, with the participation of the national designated authority.

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

3.1 Fiduciary standards

3.1.1. Basic fiduciary standards: key administrative and financial capacities

15. The applicant is a national development bank that is a government-owned corporation subject to the directives of the central bank of the country (Bangko Sentral ng Pilipinas [BSP]). The applicant has the ambition to become a one trillion peso bank by 2022 (USD 20 billion). Its board of directors, consisting of nine members with at least four members from the private sector, is appointed by the President of the country. The applicant was established over 70 years ago, and its strategic direction and priorities are aligned with the objectives of the country’s long-term vision and aspiration – AmBisyon Natin 2040.⁴ The planning process of the applicant is based on a well-defined, top-down and bottom-up process that results in long- and short-term directions. The results are cascaded down to business units as inputs to annual departmental business plans and budgets, whose implementation is monitored through quarterly reports, semi-annual evaluations and a performance scorecard.

16. The applicant has eight board committees including:

- (a) The Executive Committee, which is tasked with reviewing the short- and long-term plans prepared by management;
- (b) The Audit and Compliance Committee, which provides oversight over the applicant’s financial reporting and control, the external audit functions conducted by the supreme

⁴ AmBisyon Natin 2040. *About AmBisyon Natin 2040*. Available at <<http://2040.neda.gov.ph/about-ambisyon-natin-2040/>>.

- audit institution of the government, and two internal functions: the Internal Audit Group (IAG), and the Compliance Management Group;
- (c) The Risk Oversight Committee, which oversees the adequacy and effectiveness of risk policies, procedures and controls as well as ensuring that such policies, procedures and controls are implemented;
 - (d) The Information Technology Committee, which ensures that the directions set for information technology (IT) are aligned with, and will sustain, the applicant's goals and objectives; and
 - (e) The Development Advocacy Committee, which is the unifying and focal body in spearheading the applicant's drive towards accomplishing its development mandate.
17. The Management Committee is the highest approving authority at management level, and it has three subcommittees: the Asset Liability Management Committee, the Credit Committee, and the Information Technology Steering Committee.
18. The audited financial statements for 2017 and 2018 of the applicant were prepared according to the Philippine Financial Reporting Standards. They are consistent with prior years and contained in the applicant's 2018 Annual Report, which is available on the public website. They were accompanied by a positive audit opinion issued by the national government auditor, the Commission on Audit (COA). The opinion also covered the notes to the financial statements, although these were not in the annual report, and nor was there a ready reference where they could be located on the website. The applicant has agreed to incorporate a website link to the notes in the 2019 financial statements because the notes are an integral part thereof. The IAG reported that the audits completed in 2019 did not disclose any material or significant findings, issues or observations related to financial accounting.
19. Reviews of the applicant's IT systems by COA, Bangko Sentral ng Pilipinas, and IAG have reported deficiencies related to both the IT and management information systems. The applicant has responded to the AP that it is addressing these weaknesses. In 2019, the internal audit pass rate for IT improved somewhat compared to previous years.
20. The applicant has an Audit and Compliance Committee (ACC) with appropriate terms of reference. Its duties and responsibilities relate to: internal control; financial statements; internal audit; and the Office of the Compliance Officer. It is an active committee that meets monthly and provides effective board-level oversight.
21. IAG is composed of three departments responsible for audits of credit, operations and IT. An external review conducted in 2018 concluded that IAG generally conformed to international standards and was better than the global performance for eight attributes of excellence. In 2019, IAG released 120 internal audit reports.
22. In 2016, a large number of outstanding internal audit recommendations required actions by management. These were tracked and reported to ACC. Since then, management has taken corrective actions, and the statistics on outstanding internal audit recommendations have continued to improve.
23. The external audit is conducted by COA according to the International Standards of the International Organization of Supreme Audit Institutions. COA has a permanent presence in the applicant and issues recommendations. It reports on those recommendations that are not implemented in the following years.
24. The applicant does not have an overarching internal control framework, and argues that the directives of the BSP and COA cover the essential aspects of an internal control framework. The accreditation review established that essential control framework elements in terms of oversight committees, documentation of procedures, and segregation of duties exist.

25. The applicant's internal procurement follows the national legislation, which includes settlement of disputes. The national procurement legislation is supplemented by the applicant's internal circulars and guidelines. There is an adequate first line of control over procurement and, while the second and third lines of control exist, they are less robust.

26. During the virtual site visit, the applicant agreed to create the specific procedures, guidelines and methodologies for overseeing, assessing and reviewing the procurement procedures of executing entities, project sponsors and beneficiaries. Once these procedures and guidelines have been developed and implemented by the applicant for a period of time, their application can be demonstrated.

27. The AP finds that the applicant's policies, procedures and capacity, supported by a track record, partially meet the basic fiduciary standards on key administrative and financial capacities. The relevant gaps are identified in paragraphs 19, 21 and 26 above and are reflected in the corresponding conditions of accreditation in section 4.2.

3.1.2. Basic fiduciary standards: transparency and accountability

28. The applicant is subject to the Code of Conduct and Ethical Standards for Public Officials and Employees under Republic Act No. 6713. The provisions of this act are institutionalized in the applicant's Manual on the Code of Ethics, which affirms the policy of the State. The provisions are applicable to officers and employees of the applicant as well as members of its board. The Governance Committee deals with violations under the Code of Ethics.

29. The applicant's Manual on the Code of Ethics has a provision that states that it should be updated at least annually, but this has not occurred for years. The Manual on the Code of Ethics is not applicable to individuals contracted or functionally related to the applicant, such as suppliers, contractors or executing entities that implement projects financed directly or indirectly by the applicant, which is a requirement of GCF. The AP was informed that the Corporate Governance Office provides advice, guidance and opinions on ethics matters contained in the Manual on the Code of Ethics, but these are not clearly communicated. To rectify these weaknesses, the applicant informed the AP that it is in the process of:

- (a) Updating its Manual on the Code of Ethics and the related sections in the Manual of Corporate Governance, including specifying and communicating that the Corporate Governance Office has the responsibility to advise and to provide guidance and opinions on ethics matters; and
- (b) Making the relevant provisions of its Code of Ethics applicable to third parties such as consultants, independent experts and executing entities through contracting provisions.

30. The applicant is subject to government systems, policies and procedures that are equivalent to having a policy of zero tolerance against fraud and corruption. Certain aspects of this, such as a restricted gifts policy, are actively communicated. Other aspects, including instructions on how to raise allegations and complaints relating to fraud and wrongdoings, could be emphasized more. The applicant informed the AP during the accreditation review that it would give greater emphasis to its policy of zero tolerance against fraud and corruption in its external communication, including in its annual report and on its website. However, commitments to do so by certain dates had not been met at the time of concluding the application review under stage II (step 1).

31. The applicant has a system for dealing with customer complaints through its branches. These include complaints related to banking as well as those relating to ethics violations, misconduct, malpractice, whistle-blowing, and allegations of fraud and corruption. Complaints are lodged with a customer service officer who carries out the first triage. Complaints are then allocated internally to incident response teams (IRT), which include the staff of departments responsible for providing the service that is the subject of complaint. The IRT also consists of

subject matter experts (e.g. ICT Management Group, Systems and Methods Department, Information Security Risk Management Department) and independent bodies (i.e. Legal Services Group, Internal Audit Group, Compliance Management Group) depending on the nature of the complaint. The independence of the IRT in relation to the subject of the complaint needs to be clarified. The applicant has not demonstrated that there are investigative procedures and guidelines for the IRTs despite the fact that investigations are only a part-time activity for the staff involved. The Customer Experience Management Department monitors and reports on the complaints to both the Management Committee and the BSP, which gives some degree of independence to these investigations.

32. Complaints can also be made through the “contact us” page on the applicant’s website. However, the page does not give any guidance to complainants on what the procedures are or what various avenues, rights and possibilities exist for lodging a complaint or an appeal to the applicant or to other government bodies, including the BSP. The applicant repeatedly agreed to update its website during the accreditation review, but this had not occurred at the time of concluding the application review under stage II (step 1).

33. Complaints relating to ethics violations, misconduct, malpractice, whistle-blowing, and allegations of fraud and corruption are endorsed to the Office of the Corporate Secretary, which then conducts a preliminary investigation and elevates the issue to the Legal Service Group for further investigation if necessary. Administrative cases are investigated by the Administrative Legal Department, which has the full independence, authority and staff to do so. Violations are reported to and dealt with by the Governance Committee.

34. The applicant has policies and procedures in place on anti-money laundering and countering the financing of terrorism (AML/CFT). These include a document of more than 700 pages titled Money Laundering and Terrorism Financing Prevention Program, which is equivalent to a full treatment of what constitutes AML/CFT and includes the related procedures of the applicant. At both corporate and branch level, there are procedures related to countering both money laundering and the financing of terrorism. Suspicious transactions are reported to the Anti-Money Laundering Council (AMLC). The Compliance Management Group conducts compliance testing related to AML activities and reports these to the ACC. An internal audit report issued in March 2018 included an “acceptable” overall assessment for the Anti-Money Laundering Department.

35. In 2015, to address weaknesses in the applicant’s AML risk management and controls, the BSP required the applicant “to provide quarterly updates to the Bangko Sentral ng Pilipinas until determination of its satisfactory resolution/closure of the issues” raised in relation to procedures and practices regarding AML/CFT. The applicant’s AML risk rating has not yet improved at the time of the assessment but the number of cited recurring findings has decreased as per results of latest examination.

36. The AP finds that the applicant’s policies, procedures and capacity partially meet the basic fiduciary standards on transparency and accountability, the Policy on the Protection of Whistleblowers and Witnesses,⁵ the Policy on Prohibited Practices,⁶ and the AML/CFT Policy.⁷ The relevant gaps relating to:

- (a) Need to address weaknesses within the applicant’s IT systems;
- (b) Need to create specific procedures, guidelines and methodologies for overseeing, assessing and reviewing the procurement procedures of beneficiary institutions, executing entities, or project sponsors or beneficiaries, and demonstrate a track record for their implementation;

⁵ Decision B.21/25 and annex II thereto.

⁶ Decision B.22/19 and annex XIV thereto.

⁷ Decision B.18/10 and annex XIV thereto.

- (c) Need to update the Manual on the Code of Ethics and make the provisions applicable to all individuals contracted or functionally related to the applicant, such as suppliers, contractors or executing entities that implement projects financed directly or indirectly by the applicant;
- (d) Need to communicate who or which office is in charge of providing advice, guidance and opinions on ethics matters;
- (e) Need to emphasize its zero tolerance policy on fraud and wrongdoings, and provide information on lodging complaints via the website related to ethics violations, misconduct, malpractice, whistle-blowing, and allegations of fraud and corruption, including explanations of the options available, the applicable whistle-blower protection, and how the investigative procedure works;
- (f) Need to clarify that the Incident Response Teams are independent from the activities they investigate, and need to have investigative procedures and guidelines for their activities; and
- (g) Need to resolve the issues raised in 2015 by the BSP in relation to procedures and practices regarding AML/CFT;

are identified in paragraphs 29, 30, 31, 32, and 35 (also summarized in (a) through (g) of this paragraph) and are reflected in the corresponding conditions of accreditation in section 4.2. The relevant gap in the track record relating to AML/CFT is covered in paragraph 35 above and is also reflected in the corresponding condition of accreditation in section 4.2.

3.1.3. Specialized fiduciary standard for project management

37. The DBP board of directors and management provide an oversight function on projects implemented by the applicant. Moreover, Government oversight is exercised by the Department of Finance and the National Economic Development Authority.

38. The applicant has a well-documented policy framework that guides its project management operations for various investment programmes aligned with the National Government's priority areas, such as infrastructure, power, water, environment, health, education, SMEs and housing. These programmes were co-financed by various bilateral/multilateral institutions, such as the Asian Development Bank, Japan Bank for International Cooperation, and World Bank, among others, which provided the long-term funding needed for said investments; disbursements for the above programmes have been ended by now.

39. The policy framework for the DBP investment programmes includes: project preparation and appraisal guidelines; a credit policy; a loan and security policy; guidelines on the applicant's product design and development lifecycle; and a project evaluation policy.

40. To fulfil all GCF criteria and requirements, the applicant has updated its project management policy framework, and has established a consolidated manual specifically for GCF projects/programmes called The Project Management and Implementation Manual for the Green Climate Fund (PMIM). It has also established specific policies and procedures relating to the management of financial resources, including: the audit of the disbursements under projects; procurement guidelines; project monitoring and evaluation; project closure and independent evaluation of project results; and a project information disclosure policy.

41. Within its corporate organizational structure, the applicant will establish a new unit: the Green Climate Fund Project Management Office (GCF PMO). The GCF PMO will be a primary contact point between the applicant, national designated authority and GCF, and will be fully dedicated to the implementation of GCF-funded projects/programmes. The GCF PMO will be led by a project manager, supported by a project coordinator, and with personnel mapped from the

applicant's units to perform specific implementation functions and extend technical support in the areas of procurement, financial management, and environmental and social safeguards (ESS) management, among others. DBP may recruit technical consultants to provide specialized support to the GCF PMO during project implementation. The applicant, as the implementing entity, executing entity and/or project proponent, will be responsible for the implementation of the subprojects, including the monitoring and progress reporting requirements of projects, and for ensuring compliance with the loan agreements.

42. In accordance with the PMIM, the appraisal report preparation will be coordinated by the GCF PMO, which will conduct the background, credit, bank and court checks on the project proponent. Depending on the complexity of the project, the account officer will: develop the financing structure appropriate for the project in the form of a term sheet; identify and assess the key risk areas associated with the project, including the impact of forecasted economic trends and the strength of competitors; determine potential risks, and assess their level of severity and probability of their occurrence; and develop the risk management plan. As part of the accreditation process, the applicant has developed a standardized template for the preparation of the appraisal report for the projects as an annex to the PMIM. However, the applicant has not yet provided the project appraisal report prepared in accordance with the standardized template. This constitutes a gap in providing evidence of the track record of implementation of the project appraisal procedures.

43. In the event that an executing entity undertakes a project, the GCF PMO will also undertake the due diligence of the executing entity and assess the willingness, capability and commitment of the executing entity to comply with provisions of the applicant's PMIM, anti-fraud policies and systems, environmental, social and gender safeguards, and other relevant policies.

44. The approval of the financing of the particular GCF project/programme will be undertaken by the Management Committee, Credit Committee and board of directors for credit-related transactions. Every concept note and draft funding proposal should contain the results framework document detailing the intended project objective/goal, and indicative impact indicators with baseline and targets should be developed in coordination with the executing entity or project proponent. The applicant's Management Committee will undertake the quality review of the project documentation and, upon positive review, should seek the endorsement/no-objection letter from the country's national designated authority for the project/programme proposal.

45. The project implementation supervision is supported by the applicant's accounting and financial systems. For each project, the project development management unit will develop the annual financial plan, and the finance unit will prepare the project audited financial statements every six months. The GCF PMO will prepare the physical progress reports and procurement progress reports on a semi-annual basis.

46. The applicant's monitoring reports will be prepared in accordance with each project results framework and use the standardized template provided by the GCF PMO. The assigned programme officer will check the development of the projects against the set of objectives in the results framework, as well as adjust the project/programme design, targets and activities, as necessary. Viability indicators, such as financial and economic rate of return and net present values of subprojects funded, will be calculated. At the midterm, the GCF PMO will report on the implementation lessons, issues, constraints and impacts, and on the remedial measures undertaken and mitigation measures proposed. However, the applicant has not provided evidence of the implementation of the standardized monitoring template at the project level. This constitutes a gap in providing evidence of the track record of implementation of the project monitoring procedures.

47. The independent external evaluation of the project results and lessons learned at the midterm and the end of the project implementation period will be conducted by a third party in accordance with the evaluation procedure in the PMIM and the newly developed terms of reference for the independent evaluation. However, no evaluation reports have yet been prepared by an independent organization. This constitutes a gap in providing the evidence of the implementation of the evaluation procedures.

48. The applicant has developed a new information disclosure policy that establishes the standardized template for the publication of the monitoring and evaluation reports on the DBP website. However, evidence of the publication of the monitoring and evaluation reports has not been provided. This constitutes a gap in providing the evidence of implementation of the information disclosure policy.

49. The AP finds that the applicant's policies, procedures and capacity fully meet the specialized fiduciary standard for project management. However, the AP finds that the applicant's track record is insufficient. The relevant gaps are identified in paragraphs 42, 46, 47 and 48 above and are reflected in the corresponding conditions of accreditation in section 4.2.

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

50. 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 and guarantees)

51. The applicant's policies and procedures for its on-lending and blending operations are detailed in two main documents: PMIM, and Credit Policy. The applicant has also provided a series of policy, guidance and rating systems that outline its financial risk management policies and procedures.

52. The applicant will undertake the financing to the eligible executing entity or project proponents of the subprojects through retail forms of lending and wholesale lending. Under retail lending, the applicant will work through its network of branches to extend loans to public and private sector projects. Eligible borrowers will undergo the standard creditworthiness assessment and financial evaluation established by the applicant's Credit Policy and PMIM.

53. The wholesale facility will provide long-term financing to eligible private financial institutions (PFIs), including thrift and rural banks, for relending to eligible sub-borrowers and subprojects. It would thus increase credit flow to regions and private borrowers that are currently not serviced by the retail branches of the applicant. The applicant may choose to offer larger/more-established PFIs a line of credit with similar terms including maturity and grace period under the terms of the sub-loan agreements and collaterals provided by the PFIs. The PFIs will undergo the applicant's due diligence process against the set of evaluation criteria, such as high profitability, low past-due rate, low capital-to-risk assets ratio, compliance to the BSP minimum capital requirement, and positive balance sheet.

54. The applicant's guidelines and procedures for managing its investment portfolio are contained in the following main documents: Credit Policy on Investment in Fixed Income Securities; Portfolio Quality Rating System Policy; and Single Borrower's Limit. The policies describe the maximum exposure for individual borrowers (20 per cent of DBP net worth for retail borrowers and 35 per cent for wholesale borrowers). The policies also define the industry exposure limits and a system for determining the overall portfolio quality rating. According to the financial risk strategy, DBP carefully manages market risks and works on optimizing the resources in a conservative manner.

55. Among the key components of the applicant's financial risk management is its adherence to the guidelines and requirements of Basel III, which aims to reinforce the strength of the banking sector. The applicant has an active Asset and Liability Management Committee (ALMC) in place, which ensures that the applicant is able to meet its obligations and maintain its solvency under stressed circumstances. The records of ALMC meetings have been provided. The applicant has also provided three ALMC reports (Capital Adequacy Ratio based on Basel III (overall investments); a report on the interest rate gap for the foreign currency deposit unit; and a report on the applicant's liquidity position) that provide the evidence that the treasury and investment portfolio is adequately monitored from the perspective of the ALMC.

56. There is a proper segregation of duties and responsibilities of the front office, middle office, and back office performed by different departments of the applicant. The applicant observes the regulations of the BSP and the Philippines Securities and Exchange Commission.

57. The applicant has revised its information disclosure policy, which now includes provisions for public disclosure on its website, and information regarding its decisions on on-lending and guarantee operations, as well as information on beneficiaries and results of projects/programmes that could be funded by GCF. However, public disclosure of information on beneficiaries and results of projects/programmes can be demonstrated only during and at the end of implementation of GCF-funded projects/programmes. This constitutes a gap in implementation of information disclosure policies.

58. The applicant has obtained financial resources from various multilateral and bilateral institutions, such as the Asian Development Bank, Japan Bank for International Cooperation, World Bank, and Swedish International Development Cooperation Agency, among others, which provide long-term funding needed for investments, especially in infrastructure, social services, SMEs and environment. The track record of undertaking on-lending and providing financial guarantees has been provided in the form of lending and guarantee agreements, as well as due diligence and appraisal reports of the approved investments. In November 2019, the applicant issued DBP Sustainability Bonds, which raised PHP 18.125 billion (USD 362.5 million) to finance new development programmes/projects.

59. The AP finds that the applicant's policies, procedures and capacity fully meet the specialized fiduciary standard for on-lending and/or blending for loans and guarantees. However, the AP finds that the applicant's track record is insufficient. The relevant gap is identified in paragraph 57 above and is reflected in the corresponding condition of accreditation in section 4.2.

3.2 Environmental and social safeguards

3.2.1. Environmental and social policy

60. The applicant has provided its 2016 Environmental Policy Statement and 2016 Social Policy Statement, both available on its website. The policies commit the applicant to the following: integrating E&S protection and sustainable development into all services; identifying E&S impacts and risks as part of risk management and due diligence; monitoring and evaluating E&S performance; complying with environmental laws and agreements; and continuously improving its environmental management system (EMS), which has been certified under ISO 14001 since 2002. The applicant has provided an environmental, social and gender framework (ESGF) for GCF, with 15 annexes to support implementation. The ESGF for GCF incorporates the International Finance Corporation's performance standards 1–8, and explicitly commits to assessing cumulative and associated-facilities impacts and to applying a mitigation hierarchy to manage impacts. As of 2018, the applicant no longer funds projects that generate power from non-renewable energy.

61. The AP finds that the applicant's environmental and social management system, comprising the Environmental Policy Statement, Social Policy Statement, EMS and ESGF for GCF, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1-8.

3.2.2. Identification of environmental and social risks and impacts

62. The applicant's credit policies and guidelines, Manual on Environmental Due Diligence in Project Evaluation, Manual on Social Due Diligence of Development Projects, and Environmental Aspect and Impact Register Procedure provide a comprehensive institutional framework to identify environmental and social (E&S) risks and impacts. This framework provides the E&S screening policy, categorization procedure, exclusion list, guidance, screening tools (e.g. a procedure to calculate impact significance), and the screening report template. This framework applies to all projects/programmes. The ESGF for GCF categorizes activities from A to C, with category A projects likely to have significant adverse E&S impacts (i.e. high risk), and category C defined as low risk. Account Officers in Lending Units screen the proposed project and determine its E&S risk category. The screening report is either retained with the Account/Loan Officer (if category C) or forwarded to the Lending Program Management Group (LPMG) for validation and further assessment of medium and high E&S risk projects. In the case of GCF-funded projects, all project screening reports shall be submitted to the LPMG/GCF PMO for further evaluation. The Quality Management Department (QMD) performs quality/value realization reviews of LPMG's lending programmes, regardless of fund source, including information on E&S risks and the developmental impacts of projects funded under the programmes. QMD is also responsible for reviewing the Environmental Aspect and Impact Register on an annual basis or when there is a change that could modify the E&S impacts.

63. The applicant has provided a completed impact register and the screening reports for several category B project loans, including an integrated market, a green building, a 1,000 kWp solar system project, and an energy-efficient street-lighting project. It has provided a list of projects categorized from A to C using its country system and also a list of projects categorized using the standards of the Japan International Cooperation Agency and the World Bank.

64. 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 maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1-8.

3.2.3. Environmental and social management programme

65. The 2016 Manual on Environmental Due Diligence in Project Evaluation and 2016 Manual on Social Due Diligence of Development Projects provide a full description of the institutional process for E&S management. The ESGF for GCF bundles the procedures under one title and 15 annexes, and also addresses requirements under the GCF Environmental and Social Policy and GCF interim ESS standards with regard to the need for a project-level grievance redress mechanism (GRM). Guidance and templates are provided (e.g. flow chart; templates for the project assessment report and resettlement action plan; guidance related to free and prior informed consent; and standard covenants). The due diligence may include site visits and client meetings. The Environmental Unit/LPMG will prepare the project assessment report. This assessment report will: summarize the E&S findings, including the environmental and social impact assessment; recommend mitigation measures; identify monitoring indicators; and identify the actions needed at different stages. The assessment report will be sent to the lending unit, which will integrate the E&S requirements into the loan application. The lending unit will

forward the proposed application to the Executive Credit Committee, which will consider the assessments from various units and decide on the loan application.

66. The applicant has provided the due diligence assessment of several category B/I-2 projects involving loans, including a hospital building, a desalination plant, a 25.6 MW solar project, and two mini-hydropower projects. It has also provided: a credit application showing the integration of the E&S due diligence results into a loan request; and an E&S gap assessment and corrective action plan against World Bank E&S safeguards standards – specifically, the following Operational Policies (OP): OP 4.01 (Environmental Assessment); OP 4.04 (Natural Habitats); OP 4.36 (Forestry); OP 4.20 (Indigenous Peoples); OP 4.12 (Involuntary Resettlement); and OP 7.60 (Projects in Disputed Areas).⁸ The applicant does not have a track record on E&S management for its projects involving guarantees. However, the applicant's track record on E&S management for its projects involving loans is sufficient evidence, as guarantees are a form of unfunded loan, and thus this has not been identified as a gap in the track record with respect to guarantees.

67. The AP finds that the applicant's environmental and social management system, comprising the Environmental Policy Statement, Social Policy Statement, Manual on Environmental Due Diligence in Project Evaluation, Manual on Social Due Diligence of Development Projects, and ESGF for the GCF, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1–8.

3.2.4. Monitoring and review

68. The applicant's 2019 Monitoring and Evaluation Policy on Development Impacts of Loans, and 2014 Manual on Environmental Performance Monitoring provide the report templates and sample indicators for E&S monitoring. The ESGF for GCF adds a template to monitor against performance standards 1–8. During proposal preparation, the lending unit and the client will agree the E&S indicators and monitoring schedule. The lending unit will integrate the E&S indicators into the project file. In conjunction with the lending unit and client, the Environmental Unit will manage, oversee and monitor E&S performance through annual site visits for category A and B projects, and site visits as needed for category C projects. E&S monitoring is also performed by the Account/Loan Officer via the Term Loan Review (TLR), which entails project monitoring visits and interviews with the borrower. Monitoring information from the TLR are forwarded to/consolidated by LPMG for analysis and reporting. To demonstrate its track record, the applicant has provided E&S monitoring reports and corrective action plans for projects focused on waste sorting and recovery, energy transmission, groundwater development, and pollution control.

69. The policy and guidance listed in paragraph 62 above and the ESGF for GCF projects/programmes provide for the evaluation of mitigation measures and EMS. The Quality Management Department conducts the value realization review, whereas a third party conducts independent external evaluations. A sample internal EMS audit report has been provided, confirming the applicant's compliance with its EMS and that it has improved its EMS over time (for example, a screening procedure was added in 2015 to ensure that E&S risks are identified during the design phase). An external evaluation conducted on a Japan International Cooperation Agency programme has been provided to demonstrate that the lessons learned therein have been integrated into subsequent programmes.

70. 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

⁸ World Bank. 1997. *Introduction to Environmental and Social Assessment Requirements and Procedures for World Bank-Financed Projects*. Available at <http://documents1.worldbank.org/curated/zh/479901468174250106/pdf/multi0page.pdf>.

interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1–8.

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

71. The applicant's institutional GRM comprises circulars, guidance and procedures, which are integrated into its 2019 Financial Consumer Protection Framework. The framework: commits users to transparency, protection of information, and fair treatment; outlines the roles and responsibilities; provides the procedure to receive, analyse, monitor, resolve or escalate complaints; and provides templates to register, track and summarize complaints. The framework allows complaints to be received by walk-in, telephone, mail or email. The applicant's website provides online guidance, a process flow chart, and a portal to submit complaints. The ESGF for GCF provides the DBP Environmental and Social (E&S) Grievance Mechanism, which requires executing entities to have an adequate GRM.

72. The AP has determined that the complaints management system is sufficiently independent from operational staff. The DBP Board of Directors sets the strategy, the Risk Oversight Committee monitors effective implementation, and the Management Committee oversees execution of the strategy. The Compliance Management Group ensures that operations are consistent with regulations, while the Internal Audit Department assesses whether actions taken were adequate. The Customer Experience Management Department (CEMD) is responsible for implementation, assessing the eligibility of a complaint and then forwarding it to the appropriate office for resolution. The CEMD will forward E&S complaints to the Environmental Unit, which will then forward the complaint to the responsible office. A customer service officer will then investigate the complaint, recommend a resolution, update the complaints log, and report to management, the CEMD and the Environmental Unit. The CEMD and Environmental Unit will monitor and track the actions taken by the office responsible, follow up on unresolved complaints, analyse recurring complaints, and provide monthly and quarterly reports to the Management Committee, Development Advocacy Committee and board of directors. The ESGF for GCF adds that the GCF PMO will monitor and coordinate with the executing entity to resolve E&S grievances.

73. The applicant has provided sample curricula vitae of CEMD staff, showing relevant training and experience. The applicant has provided a register of complaints from 2017 to 2019, showing the type and status of complaints and the solutions provided. To date, the applicant has not received any E&S complaint on its institutional external communications system.

74. The applicant has complied with the national regulation for E&S information disclosure and public consultation. The ESGF for GCF projects/programmes incorporates GCF requirements, requiring executing entities to consult stakeholders over the project cycle and to disclose E&S information in line with GCF requirements for category B/I-2 projects/programmes. As the consultation and information disclosure requirements of the ESGF for GCF are new, the applicant could not demonstrate implementation. This constitutes a gap in the track record.

75. The AP finds that the applicant's system of external communications, consultations, information disclosure and GRM at the institutional level fully meets the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1–8. However, the AP finds that the applicant's track record is insufficient. The relevant gap is identified in paragraph 74 above and is reflected in the corresponding condition of accreditation in section 4.2.

3.2.6. Organizational capacity and competency

76. The project-related E&S functions are under the Environmental Unit. Of note, the applicant's board established the Environment and Climate Change Department in 2019, elevating the E&S function to a stand-alone department within the LPMG. The new Environment and Climate Change Department is awaiting approval from the National Government. The applicant will establish a PMO under the LPMG for any GCF-supported activity. This office will support the E&S tasks.

77. The lending units supervise the loan accounts and ensure that clients comply with applicable policies, loan covenants, and, where relevant, international standards. The applicant's E&S requirements are passed along to any financial intermediary, with the financial intermediary having to ensure that its clients comply with the applicant's E&S requirements.

78. The applicant has provided the curricula vitae, certificates of experience and work samples of seven in-house E&S staff, confirming E&S expertise and ongoing E&S professional development. The applicant has provided the agenda of an internal credit risk management course conducted in 2019, which included sessions on E&S screening and project assessment. A copy of the E&S training materials and the list of participants has also been provided.

79. 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 maximum E&S risk category B/I-2 projects/programmes with respect to performance standards 1-8.

3.3 Gender

80. In the Philippines, the national framework for gender mainstreaming is comprehensive and mandatory. It includes:

- (a) Act No. 7192 s. 1992: Act Promoting the Integration of Women as Full and Equal Partners of Men in Development and Nation Building and for Other Purposes;
- (b) Republic Act No. 9710 (2010) (Magna Carta of Women): Approving and Adopting the Implementing Rules and Regulations for Act No. 7192;
- (c) Philippine Plan for Gender-Responsive Development (1995-2025); and
- (d) Harmonized Gender and Development Guidelines for Project Development, Implementation, Monitoring and Evaluation (second edition).

81. The national framework, the applicant's Code of Ethics, and the ESGF for GCF projects/programmes require non-discriminatory practices for benefits and remuneration. The applicant's 2019 Gender and Development Policy Statement commits to the national gender framework. The applicant has developed a gender and development framework to integrate the national requirements into its policymaking, planning and budgeting. The E&S project screening and assessment process require that the potential gender-related impacts be identified and mitigated. The Manual on Social Due Diligence of Development Projects outlines the elements of a gender-responsive project/programme, requires gender analysis and integration of gender goals and indicators, and provides various gender tools and resources (for example, a checklist to evaluate the gender-responsiveness of a project). The applicant has adopted the national 2019 Handbook on the Application of the Enhanced Gender Mainstreaming Evaluation Framework to guide gender monitoring and review, and the ESGF for GCF requires gender-sensitive consultations and a project/programme-level gender action plan.

82. The applicant established a Gender and Focal Point System in 2014. It has provided the curriculum vitae of its gender focal point, who is also the focal point for the Philippine Commission on Women. The applicant has provided evidence of having conducted gender activities and gender training events from 2016 to 2019 at the applicant's head office and at provincial centres. Copies of some gender training materials and lists of participants have been provided. The applicant has provided its institutional gender audit for 2016–2018, which showed areas of strengths and areas where its gender performance required strengthening. The applicant has a “gender and development corner” on its website, which provides gender resources, including the gender policy statement and information on its gender programmes. The applicant has provided two project examples that have benefited women. Its Inclusive Lending for Aspiring Women Programme has supported women entrepreneurs, providing a customized repayment schedule to better serve female clients. Its Credit for Better Health Care Programme has provided grants to train local governments on budgeting skills for gender and development. These two project examples are also sufficient evidence on the applicant's track record on gender mainstreaming for the applicant's projects/programmes involving loans. The applicant does not have a track record on gender mainstreaming for its projects involving guarantees. However, the applicant's track record on gender mainstreaming for its projects/programmes involving loans is sufficient evidence for track record for guarantees, as guarantees are a form of unfunded loan, and thus this has not been identified as a gap in the track record with respect to guarantees.

83. The AP finds that the applicant's gender policy, procedures and capacities, supported by evidence of its track record, fully meet the Updated GCF Gender Policy.

IV. Conclusions and recommendations

4.1 Conclusions

84. The AP concludes, following its assessment of the application against the standards of GCF in accordance with the accreditation requirements identified in paragraph 12 above, the following:

- (a) The applicant partially meets the requirements of the basic fiduciary standards, the Policy on the Protection of Whistleblowers and Witnesses, the Policy on Prohibited Practices, and the AML/CFT Policy. The gaps relate to IT, providing oversight over procurement by executing entities, updating the Manual on the Code of Ethics, and the anti-fraud and AML procedures, as identified in paragraphs 19, 21, 26, 29, 30, 31, 32, 35 and 36 above and addressed in the corresponding conditions of accreditation in section 4.2;
- (b) The applicant partially meets the requirements of the specialized fiduciary standard for project management and specialized fiduciary standard for on-lending and/or blending for loans and guarantees. The gaps relate to providing the appraisal report, monitoring reports, evaluation report prepared in accordance with the standardized templates contained in the PMIM, as well publication of the monitoring and evaluation reports in accordance with the information disclosure policy, as identified in paragraphs 42, 46, 47, 48 and 57 above and addressed in the corresponding conditions of accreditation in section 4.2;
- (c) The applicant partially meets the requirements of the GCF Environmental and Social Policy, interim ESS standards and Information Disclosure Policy on disclosure of E&S information in relation to medium E&S risk (category B/12). The gap in the track record relates to the applicant conducting public consultation and disclosing E&S documents in line with its new ESGF for GCF, the GCF Environmental and Social Policy, the GCF

interim ESS standards and GCF Information Disclosure Policy, as reflected in paragraph 74 above and addressed in the corresponding conditions of accreditation in section 4.2; and

- (d) The applicant has demonstrated that it has a gender policy and the procedures and competencies to implement it, which are found to be consistent with the Updated GCF Gender Policy, and it has demonstrated that it has experience in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

85. The AP recommends, for consideration by the Board, applicant APL106 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** medium (including micro⁹ and small¹⁰);
 - (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 and guarantees);
 - (iii) **Maximum environmental and social risk category:** medium risk (category B/I-2) (including lower risk (category C/intermediation 3 (I-3)¹¹));
- (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 signature of the accreditation master agreement during stage III of the accreditation process:
 - 1. Provision of evidence by the applicant that it has taken adequate actions to address the weaknesses identified by COA relating to the Commission's "Information Systems Audit Report on the Bank covering the period January 2017 to August 2018." Such evidence may include the latest status report provided by the applicant's staff to COA on the weaknesses identified in the report;
 - 2. Provision of the documentation of adequate procedures, guidelines and methodologies to be applied within the applicant for overseeing, assessing and reviewing the procurement procedures of executing

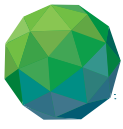
⁹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including US\$ 10 million for an individual project or an activity within a programme."

¹⁰ 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 GCF, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme."

¹¹ As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts," and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts."

- entities, project sponsors or beneficiaries. Such documentation may include an insertion into the applicant's PMIM for GCF;
3. Provision of the relevant sections of the DBP Code of Ethics that are applicable to executing entities and third parties involved in the applicant's funded projects/programmes;
 4. Provision of a copy of the communication of the applicant having informed its employees, executing entities and third parties contracted with the applicant's projects/programmes as to who or what function within the applicant's organization is responsible for providing advice and guidance on ethics matters. This should be conducted by internal communication, contracts or reference to the applicant's website;
 5. Provision of evidence that the applicant has created an avenue for staff and the public to raise allegations of wrongdoing, suspected ethics violations, misconduct, and any kind of malpractice through its official website. Such evidence shall include demonstration that the applicant's official website has references to whistle-blower policies, provisions and protection (including those available through other government agencies), as well as how complaints are to be handled and investigated by the applicant;
 6. Provision of evidence that the applicant has a strong commitment to zero tolerance against fraud and corruption. Such evidence may include a copy of the applicant's annual report and publication on the applicant's website, both of which would contain declarations of the applicant's commitment to zero tolerance of fraud and corruption;
 7. Provision in the form of a legal opinion from the legal team of the applicant that the incident response teams responsible within the applicant's organization for conducting investigations have sufficient oversight from the Operational Risk Management Department to ensure independence and procedural consistency; and
 8. Publication on its website of the guidelines for the incident response team staff conducting the investigative review of cases under the Integrated Incident Management Framework, including standardized procedures for handling the investigations, safeguarding evidence, and the actions required before, during and after the investigation process;
- (ii) Condition to be met on an annual basis starting with the beginning of financial year 2022 until the BSP provides an improved AML rating:
1. Provision of a copy of the latest response by the applicant to the BSP relating to BSP's AML-related findings as reflected in the applicant's Letter of Commitment to the BSP;
- (iii) Condition to be met on an annual basis starting with the beginning of financial year 2022 until the BSP provides an improved rating for the applicant's IT systems including the security thereof:
1. Demonstration that the applicant is taking adequate measures to improve its IT systems and security. This is to be done by:
 - a. Provision by the applicant of a copy of the latest annual internal audit report that demonstrates the ratings for IT audits conducted during the year reported upon;

- b. Provision by the applicant of a copy of the latest response by the applicant to the BSP relating to IT; and
 - c. Provision by the applicant of a brief status report on the applicant's transitioning to a revised enterprise resource planning system;
- (iv) Condition to be met with the submission of the first funding proposal to GCF that is categorized as E&S risk category B/I-2:
 - 1. Provision of evidence by the applicant of having conducted public consultation and disclosure of E&S assessment documents for the project/programme submitted to GCF, consistent with the requirements of the applicant's ESGF for GCF and the GCF Information Disclosure Policy for E&S risk category B/I-2;
- (v) Condition to be met prior to the first disbursement by GCF for the first executed funded activity agreement for a project/programme to be undertaken by the applicant:
 - 1. Provision of a sample project appraisal report prepared in accordance with the updated PMIM and the standardized template for project appraisal reports contained therein;
- (vi) Conditions to be met within two (2) years of the first disbursement by GCF for the first approved project/programme to be undertaken by the applicant:
 - 1. Provision of the Updated Manual on Code of Ethics and the related sections in the Manual of Corporate Governance;
 - 2. Provision of two monitoring reports prepared in accordance with the applicant's updated PMIM, in particular, the standardized template for monitoring reports contained therein; and
 - 3. Provision of evidence demonstrating that two monitoring reports have been published on the applicant's website in accordance with the applicant's information disclosure policy;
- (vii) Condition to be met within three (3) years of the first disbursement by GCF for the first executed funded activity agreement for a project/programme to be undertaken by the applicant:
 - 1. Demonstration for two consecutive years that the applicant is effectively overseeing, assessing and reviewing the procurement procedures of executing entities, project sponsors or beneficiaries of the first executed funded activity agreement for a project/programme to be undertaken by the applicant; and
- (viii) Conditions to be met within one (1) year of completing implementation of the first project/programme for which the first funded activity agreement has been executed:
 - 1. Provision of an independent evaluation report for a project/programme that has been prepared in accordance with the applicant's PMIM and the terms of reference for the independent evaluation; and
 - 2. Provision of evidence by the applicant demonstrating the publication on the applicant's website of an independent evaluation report for a project/programme that has been prepared in accordance with the applicant's information disclosure policy.



86. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 85 above, and agrees to the recommendation.