

Annex XI: Accreditation assessment of applicant 114 (APL114)

I. Introduction

1. Applicant 114 (APL114), the Inter-American Institute for Cooperation on Agriculture (IICA) is a regional direct access entity based in Costa Rica. Founded in 1942, the applicant specializes in agriculture with a mission to encourage, promote and support its member countries to achieve agricultural development and improve rural welfare in the Americas. To achieve its mission, the applicant aims to undertake programmatic actions to assist its member countries in areas of bioeconomy, rural development, family farming, international agricultural trade, climate change, gender and youth, natural resources management, agricultural health, food safety, technology and innovation.

2. The applicant submitted its application for accreditation to GCF via the online accreditation system on 29 November 2017. Accreditation fees were received from the applicant on 18 October 2018, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 17 November 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, regional. The applicant received a national designated authority or focal point nomination for its accreditation application from Costa Rica, Mexico, Suriname and El Salvador;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** small;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (category C).³

II. Stage I institutional assessment and completeness check

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

¹ 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 USD 10 million and up to and including USD 50 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, 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.”

- (c) “Policy on Prohibited Practices” (decision B.22/19);
- (d) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (e) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (f) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (g) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (h) “Gender Policy and Action Plan” (decision B.09/11); and
- (i) “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 was established under the Convention on the Inter-American Institute for Cooperation on Agriculture opened for signature by the Member States of the Organization of American States on 15 January 1944.

2.2 Institutional presence and relevant networks

5. The IICA regional framework of operations is supported by agreements signed with 34 Member States, including Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, United States of America, Uruguay, Venezuela, and one permanent office for Europe in Spain.

6. In 1979, the Inter-American Board of Agriculture (IABA) was created as the highest governing body, composed of representatives of 34 Member States, engaged in agricultural and rural development. The IABA is constituted by the Ministers of Agriculture, who define overarching country-level priorities for IICA technical cooperation. This includes facilitating horizontal coordination between actors in the agricultural sector and other public institutions, including national designated authorities (NDAs), to reinforce dialogue, planning and action on shared expected results in natural resources, risk management and common areas in natural environmental and social development.

7. The applicant receives grants and funds from a diverse group of multilateral and bilateral donors, national governments, as well as private sources (e.g. individuals, foundations and corporations). The largest institutional donors are the United States Department of Agriculture, the International Fund for Agricultural Development, the European Union, Agence Française de Développement and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH.

8. As of May 2021, IICA had 500 employees distributed at its headquarters in Costa Rica and 34 regional offices. The applicant works closely with and supports its 34 Member States. With official representatives, technical and administrative personnel present in each Member State responsible for implementing IICA’s strategy in the region, the applicant aims to achieve a competitive, inclusive and sustainable agriculture sector that contributes to economic growth and development, as well as to foster greater rural well-being and sustainable management of its natural capital.

9. To increase its presence in countries and facilitate regional collaboration, the applicant works with multiple stakeholders, such as ministries of agriculture, private sector, government institutions, international organizations, non-governmental organizations and research centres.
10. The applicant is strongly committed to aligning its objectives with the objectives of the Paris Agreement and undertaking programmatic actions aligned with member countries' Country Programmes. As most Latin American and Caribbean (LAC) member countries' Country Programmes include and emphasize agriculture as a priority sector, the applicant aims to support member countries in promoting sustainability of agriculture and natural resources, particularly water and soil, through strengthening intersectoral coordination among public sector, private sector and civil society.
11. For example, the GCF Country Programmes for Belize and Jamaica include IICA as a strategic institution to contribute to national achievements on agriculture climate change mitigation and adaptation national priorities. Belize's pipeline of projects and programmes for GCF funding includes the national initiative "Establishing Climate Change Resilient Model Communities across Rural Belize" proposed by the Caribbean Community Climate Change Centre, a GCF accredited entity, and indicates the applicant, which has achieved cross-cutting results in land use and forestry, agriculture and water resources impact areas, as a potential executing entity.
12. In order to advance the objectives of GCF, the applicant intends to:
 - (a) Support national authorities in developing strategies and policies related to climate change for the achievement of countries' Nationally Determined Contributions, Nationally Appropriate Mitigation Actions and National Adaptation Plans;
 - (b) Promote agriculture and livestock production systems with lower carbon and energy footprints;
 - (c) Reduce the vulnerability and increase resilience of rural economic systems by focusing on traditional communities, peasants, indigenous populations and women heads of household;
 - (d) Support adaptation and mitigation synergies, including effective management of soil and water resources, improving the capacity of innovation systems, strengthening climate information systems and integrated risk management programmes;
 - (e) Promote projects and business initiatives on eco-services, eco-tourism and green businesses; and
 - (f) Strengthen the readiness of national agricultural sectors for project development and implementation with capacity to access international funds.

2.3 Track record

13. Since its foundation more than 70 years ago, the applicant has specialized in agriculture and acted as an organizer, mobilizer and encourager for activities related to sustainable agriculture and rural development of its member countries. It integrates science and knowledge management to support informed and effective decision-making on policies and investments and assists the groundwork for the agriculture sector. In addition, the applicant builds collaborative channels to provide cooperation services and technical support in areas of environment biodiversity, international agriculture trade, gender and youth and climate change. The five largest projects implemented by IICA in the last three years were in Barbados, Guatemala, Haiti, Honduras and Nicaragua.
14. The applicant's track record in financing sustainable development and climate change-related projects to date includes the following:

- (a) USD 4.98 million (grants) for the Sustainable Access to Renewable Thermal Energy in Peru;
 - (b) USD 7.68 million (grants) for the project for Development of Irrigated Agriculture under Sustainable Scenarios in Brazil;
 - (c) USD 19.44 million (grants) for the Programme on Family Agriculture for Productive Chains in El Salvador;
 - (d) USD 33.87 million (grants) for the Solidarity Grant for Productivity project in Honduras; and
 - (e) USD 41.39 million (grants) for the Technical Cooperation Project for Water Sector Development and Institutional Strengthening with the Scope of the Ministry of National Integration in Brazil.
15. In addition to the applicant's track record as an implementing entity for climate change projects/programmes, it has completed the Financial Management Capacity Assessment to serve as a Readiness Delivery Partner for the GCF Readiness and Preparatory Support Programme. The applicant prepared the readiness proposal "Strengthening the foundation for a climate responsive agricultural sector in the Caribbean" for 14 CARICOM Member States and has obtained support from 10 countries and financial support for up to USD 1.04 million as of May 2020. This readiness proposal represents an important milestone to develop a pipeline of projects for the Latin American region.

III. Stage II accreditation review assessment

16. 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 GCF policies and standards identified in paragraph 3 above.
17. As part of this assessment, the AP consulted the applicant's website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Basic fiduciary standards: key administrative and financial capacities

18. The applicant's governance and organizational structure is appropriate for its purpose and scope of activities. The applicant's ranking governance authority is the Inter-American Board of Agriculture (IABA). The IABA is composed of representatives from the 34 Member States. The IABA's authority and responsibilities are defined in the relevant provisions of the Convention on the Inter-American Institute for Cooperation on Agriculture and the IABA Rules of Procedure (1). The IABA is mainly responsible for providing strategic and policy direction, appointment of the Executive Committee (EC) and bi-annual budget approval. The IABA relies on the EC for detailed annual oversight of the applicant's operations. The EC is regulated by its Rules of Procedure (2) and meets on an annual basis. The EC is composed of 12 members and its main responsibilities include monitoring the execution of policy and strategy directives issued by the IABA and approval of the General Directorate's annual report. In addition to the IABA and the EC, the applicant has an established Audit Committee and a Management Advisory Committee; both of these governance organs have their own statute and rules of procedure which provide for their independence from the applicant's executive management. The applicant's executive management is the responsibility of the Director General, who is supported by a clearly defined organizational structure composed of technical units, support

and regional coordination units (the applicant has offices throughout the Americas and exercises oversight from its headquarters in Costa Rica).

19. The applicant's long-, medium- and short-term objectives are established by the IABA and the EC. The General Directorate is responsible for the achievement of the objectives established by the IABA and the EC, through the execution of specific results-based projects that are monitored on a regular basis. In order to ensure that the set objectives are effectively reached, the Director General issues directives for the development of strategic and annual plans. Furthermore, the progress made towards achievement of objectives is annually reported by the Director General to the IABA, the EC and the Organization of American States (OAS). To provide evidence of the quality and content of its planning process the applicant provided a copy of its 2010–2020 Strategic Plan; this plan covers the applicant's economic and operating environment, the institutional capacity and modernization efforts required for successful execution of the Plan, and an analysis of the possible implementation scenarios and the need for institutional adaptability to changing conditions. Overall, the 2010–2020 Strategic Plan demonstrates that the applicant's planning and execution procedures are appropriately developed. Finally, the applicant prepares annual budgets and plans which are managed with the use of its SAP financial system and align with the annual milestones required to achieve the longer-term objectives.

20. The applicant's financial statements are prepared in accordance with the generally accepted accounting principles in the United States of America

21. The applicant's financial guidelines establish that accounting records shall be prepared for each activity, project, programme, office location and funding source. The accounting system shall generate the reports required to satisfy the applicant's internal information requirements, as well as the requirements of Member States, funding sources, observers and donors. The applicant uses the SAP system for its accounting record-keeping and reporting.

22. The applicant provided a summary and samples of the main reports generated by its SAP system. The applicant's appropriate reporting capacity is effectively demonstrated. In addition to generating standard accounting reports and financial statements, the applicant's system generates specialized reports required for effective management of its multi-country, multi-currency and funding sources diversity.

23. The applicant's financial guidelines define relevant procedures for proper administration of payments and disbursements. Furthermore, the applicant's SAP financial accounting system, implemented in all its country offices, provides the required internal controls to ensure that payments and disbursements are executed in accordance with the established approval requirements and limits. The payment and disbursement procedures implemented by the applicant include proper segregation of disbursement responsibilities and authorities. Further assurance is provided by the periodic audits by the Internal Audit Department of the applicant's payments and disbursements (applicant provided a sample audit report for AP assessment).

24. The applicant's Audit Committee statute establishes that the Committee will be composed of three members, none of the same nationality, elected by the Executive Committee for six-year terms and they shall fulfil their oversight responsibilities with complete independence from the applicant's management team. The members of the Committee "shall be a high-ranking official of the office or entity responsible for examining the accounts for the public administration of the Member State of which he is a national."⁴ The Audit Committee is mainly responsible for exercising oversight of the internal and external audit activities. The

⁴ See at <http://repositorio.iica.int/bitstream/handle/11324/3128/estatuto_CRA_ing.PDF>.

Audit Committee meets at least once a year and presents a written report to the Executive Committee (applicant provided samples of the Audit Committee Reports).

25. The Internal Auditor, and the staff necessary to perform the required audit functions, are appointed by and report to the Director General. The Internal Audit Department executes its functions in accordance with the guidance of the applicant's Audit Manual (approved by the Director General) and chapter five of the Financial Rules, (approved by the Executive Committee). The internal audit unit executes its reviews in accordance with international auditing standards and ensures that the audit procedures applied are regularly updated to incorporate changes in internal audit best practices. The Internal Audit Department prepares and executes annual audit plans that are reviewed and approved by the Director General.

26. Coordination of internal audit activities is achieved through an effective audit planning process and communication of audit requirements; when audits involve missions to country offices, appropriate coordination is secured with the relevant headquarter and country parties. The Internal Audit Department maintains records of its findings, the status of resolution and a summary of pending actions which enables appropriate monitoring of management's attention to the audit recommendations and implementation of appropriate follow-up actions. It is also important to note that the reviews of the internal audit unit are subject to oversight by the Audit Committee.

27. The applicant provided copies of its external audit financial reports for the period from 2013 to 2019 thus demonstrating that it consistently engages an external audit firm to review its financial accounts. The applicant provided the terms of reference of a bid for external audit services that corroborate the applicant's commitment to engage competent external auditors and provide the conditions for an independent assessment of its financial statements. The applicant provided, for AP assessment, a copy of the Management Letter issued by the external auditors as part of the 2019 year-end audit. In this letter, it is demonstrated that the external auditors issue relevant recommendations regarding the applicant's internal controls over its accounting processes and reports. The assurance provided by the external audit engagements is supported by the review the Audit Committee undertakes of the external auditor's findings and reports.

28. The applicant's corporate governance structure provides the appropriate strategic, executive and oversight bodies to ensure a functional control framework. The top governance structure includes the Inter-American Board of Agriculture, the Executive Committee and the General Directorate. Each of these governance bodies has its own rules of procedure that define roles for strategic guidance, executive management, control and institutional oversight. Additionally, the oversight of the Audit Committee and the Internal Audit Unit provide essential oversight support. The applicant's Financial Management Guidelines contain adequate guidance for an effective internal control environment, including clear segregation of incompatible duties. The applicant is in the process of implementing substantial enhancements to its risk management and internal control framework. In the past twelve months, a risk management manual has been approved, a Risk Committee established and the automated risk management system is expected to be operational in December of 2021. The applicant's internal processes used in core financial management areas, facilitate appropriate identification and assessment of required controls, which are well supported by its SAP financial management system.

29. The applicant's procurement activities are regulated by its Manual for the Procurement of Goods and Services (updated 2017) and by an executive order that regulates procurement of consultancy services. The procurement manual contains procedures that are aligned with international best practices for procurement that contribute to the applicant's efficiency. The applicant's procurement manual defines the requirements of different types of procurement, specifically procedures for three main categories of procurement practices are defined: (i) direct procurement, (ii) comparative procurement, and (iii) institutional bidding. The applicant has established two procurement-specific oversight committees, the Institutional Procurement

Committee and the National Procurement Committee. The Institutional Committee exercises oversight of all the applicant's procurement policies and procedures, as well as approving purchases at headquarters above an established threshold, The National Committees are responsible for procurement oversight in their countries or the projects under their country office's responsibility. Procurement information and records are recorded in the applicant's SAP system. The records are available for review and verification by all applicant employees and officers authorized to access this data. The applicant's Policy on the Protection of Whistle-blowers and Witnesses, in Articles III, IV and in its Complaint Management Procedure, is applicable to procurement disputes.

30. In response to the GCF assessment process the applicant implemented required enhancements to its procurement procedures in order to ensure proper oversight of executing entities' procurement activities. Specifically, the applicant upgraded the guidelines it uses to evaluate and select project executing entities, including the assessment of executing entities' procurement capacities. Furthermore, detailed guidance for verifying and selecting executing entities was also added to the relevant operational manuals.

31. 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 key administrative and financial capacities.

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

32. The applicant's code of ethics establishes the ethical standards expected to be upheld by the applicant's employees, officers and third parties that have contractual relationships with the applicant. The code of ethics defines general professional behaviour expected as well as professional conduct in relationships with co-workers, suppliers, strategic partners, external authorities and in situations that may present moral and ethical dilemmas. In addition to providing guidance for appropriate behaviour the applicant's Code of Ethics covers conflicts of interest, use of institutional resources and fraud. Also, the Ethics Committee and its functions are defined in the code of ethics, as well as the procedures for investigations and the protection of whistle-blowers. The terms of reference of the Ethics Committee were updated in 2019 and, based on the specific guidance provided by the terms of reference, the Ethics Committee held its first meeting in 2019; the applicant provided a copy of minutes of this meeting that demonstrate it is now a functioning committee.

33. The applicant issued its Conflict of Interest Policy in November of 2020. This policy is applicable to all applicant employees, officers and third parties with whom the applicant maintains a contractual relationship. The policy defines what constitutes a conflict of interest and categorizes them into real, potential and perceived levels. The policy also provides clear guidance on the identification and reporting of conflict of interests, as well as the procedure to report and resolve conflict of interest situations. The investigation, if required, of any potential conflict of interest situation will be investigated by the Ethics Committee, and specialized communications channels have been established to place conflict of interest complaints.

34. The applicant has a well-developed Anti-Fraud and Anti-Corruption Policy dated November 2020. This policy complies with most of the requirements of the GCF Prohibited Practices Policy; however, there are specific practices such as coercive practices, collusive practices, obstructive practices and harassment that need to be specified in the applicant's prohibited practices policy. The applicant has provided its draft Prohibited Practices Policy that meets international requirements and standards as established by the GCF. The applicant's Anti-Fraud and Anti-Corruption Policy, together with its draft Prohibited Practices Policy provide a well-founded basis for effective prevention of financial mismanagement and prohibited practices. The approval of the applicant's prohibited practices policy by its Director General is a requirement for full compliance with the GCF Prohibited Practices Policy.

35. The applicant's whistle-blower policy, updated in November 2020, further develops the institutional whistle-blower provisions found in the applicant's Code of Ethics. The updated 5policy clearly establishes the framework for presenting complaints, the process to be followed for investigating and resolving complaints and the protections afforded to whistle-blowers. The whistle-blower guidance encourages all individuals within the scope of applicability of the whistle-blower policy to present justified complaints related to unethical behaviour observed. The scope of applicability includes both applicant employees and officers, as well as third parties with a contractual relationship to the applicant. The complaints are presented to the Ethics Committee either through a dedicated email or the section in the applicant's website designed to receive complaints. The Ethics Committee, following the procedure detailed in the annex to the whistle-blower policy, will investigate the alleged wrongdoing. Additionally, this policy contains clear guidance for the protection of whistle-blowers against retaliation and the remedies available, the obligations of cooperating with investigations, and the appropriate provisions to protect the confidentiality and privacy of the accused individual.

36. The annex "Procedure for the Processing of Reports or Complaints", found in its whistle-blower policy and publicly available on its website, provides the applicant's documented procedure for the undertaking of investigations. The Ethics Committee is responsible for receiving complaints through the previously mentioned channels and investigating the allegations; sufficient organizational safeguards are established to ensure the independence of the committee and the chair of the committee reports directly to the Director General. The published investigations procedure provides clear guidance for the process to receive complaints, initiate an investigation process and issue a resolution regarding the complaint. A case file is to be opened for every complaint received and appropriate records are to be kept of the entire investigation. Execution of the investigation process can be delegated by the Ethics Committee to an organizational unit that has more relevant competencies to undertake the investigation. The applicant's whistle-blower policy provides the required safeguards for individuals under investigation to protect their privacy during the investigation process and after finalization.

37. The applicant provided a copy of its Policy for the Prevention of Money Laundering and Financing of Terrorism, updated in November 2020. This policy is developed based on anti-money laundering and countering the financing of terrorism standards (AML/CFT) contained in the relevant provisions of the Charter of the Organization of American States (OAS), the Charter of the United Nations (UN), and the recommendations of the OAS and the Financial Action Task Force (FATF). The policy establishes the principles and procedures that will be observed to prevent illicit use of the applicant's projects and programmes. To ensure appropriate application of this policy and know your customer (KYC) procedures, templates and guidance have been developed. The administration sections of the applicant's headquarters and country delegations are responsible for the proper implementation of the AML-CFT policy and the Internal Audit Department is responsible for ensuring compliance with the AML-CFT provisions. The Director General (or the individual to whom the Director General delegates this responsibility) shall be informed of AML-CFT issues, including recommendations to improve the AML-CFT mechanisms to ensure that the risk is mitigated. The AML-CFT policy includes clear provisions regarding the applicant's obligation to cooperate with national and international authorities in the investigation of AML-CFT cases, as well as provisions for the maintenance of AML-CFT records for a five-year period, or longer if contractually obligated. It is important to note that the applicant's operations are not materially exposed to AML-CFT risks. Its operating environment is positively influenced by the Member States and recognized international entities from which it receives funding.

38. 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

Whistle-blowers and Witnesses,⁵ the Policy on Prohibited Practices⁶ and the AML/CFT Policy.⁷ The relevant gap is identified in paragraph 34 above and will be reflected by the corresponding condition of accreditation in section 4.2.

3.1.3. Specialized fiduciary standard for project management

39. The applicant's manual for externally funded projects will be followed for the identification, assessment and design of GCF funded projects and programmes. The project manual is complemented by the applicant's guidance documentation for the identification of expected results and development of monitoring and evaluation indicators. In accordance with the procedures defined in the applicant's project manuals, Project Support Teams undertake multidisciplinary research efforts, based on the project's objectives and complexity, to appraise proposals received. Additionally, the Technical Cooperation unit reviews project proposal information provided and determines that there is alignment with the results the applicant seeks to achieve through the projects it implements. The applicant is in the process of developing a project specific risk matrix and action plan. The applicant's newly developed (November 2020) risk management documentation contains a specific chapter on identification and mitigation of project management risks, this chapter provides guidelines for assessing project risks and designing mitigation actions. Documentation for four projects executed by the applicant was provided demonstrating capacity to appropriately identify, assess and design projects and programmes.

40. The applicant has a proven track record of using a results-based management strategy. Based on this strategy it has designed and implemented its operational policies and guidelines, as well as its information systems, to enable the management reporting and decision-making that makes extensive use of objectives, results and indicators. This same strategy is adopted for the applicant's management of its projects and programmes. The project appraisal, design and approval process makes effective use of objectives, indicators, baselines, targets and results. To further enhance this strategy the applicant updated, in 2021, its guidance material for the development of indicators and definition of expected results.

41. The previously mentioned project management manuals include an appropriate project preparation framework and guidance for the identification of expected results and development of project monitoring indicators. The applicant's project management procedures are supported by the "Unified Institutional Management System" (SUGI). This platform consists of a computerized system used to standardize the planning process for each project, with the necessary monitoring and control mechanisms, through an online platform accessible to all applicant units (Headquarters and Offices in the Member Countries) which are responsible for the implementation of externally funded projects. To further demonstrate its project management oversight and control capacities the applicant provided copies of the project templates and project implementation plans. Project oversight is exercised on a permanent basis aided by the applicant's information systems (SAP and SUGI). Through the monitoring and evaluation unit (PMED) the applicant exercises monthly oversight of projects. Furthermore, SAP and SUGI update business intelligence dashboards every 24 hours for use by project managers. In addition, the applicant publishes project status information on its website at <http://apps.iica.int/dashboardproyectos>. Although information provided via the website is not consistent across projects, it does demonstrate the applicant's capacity to effectively publish comprehensive project execution status reports for GCF funded projects, in alignment with GCF requirements. Finally, the applicant has established procedures for project closure and for recording lessons learned.

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.

42. The applicant's Planning, Monitoring and Evaluation Division (PMED) is responsible for Monitoring and Evaluating projects and programmes. The applicant's updated (February 2021) Evaluation Policy and updated (March 2021) PMED guidance document provide an appropriate framework and guidance for the PMED to undertake its monitoring and evaluation functions. The structure of the PMED, and the manner in which it will independently execute project monitoring and evaluation, is clearly detailed in the documents previously mentioned. The roles and responsibilities defined for the PMED, and the information available in the project information systems, provide reasonable assurance of the appropriate competency of the applicant's monitoring and evaluation function. The applicant's financial management and project management systems record critical information required for effective monitoring and evaluation (i.e. information such as project status, budget execution, and measurement of project indicators and results). The applicant provided examples of project monitoring dashboards drawn from its business intelligence application, as well as examples of midterm monitoring reports and final evaluation reports. It is relevant to note that the applicant updated its policy for publication of monitoring and evaluation reports, this updated policy emphasizes the relevance of transparency and sharing of knowledge as critical priorities.

43. The PMED serves as the applicant's in-house independent project evaluation unit. Project evaluations are undertaken independently, and the PMED's evaluations are guided by the institutional evaluation policy (which serves as the PMED's Evaluation Terms of Reference), the unit's operational documentation and the obligation of delivering formal evaluation reports. The evaluation policy establishes the independence of evaluation exercises, the evaluation criteria and the objectives of the evaluation reports. The evaluation responsibilities are divided into strategic and operating levels. The Director General is responsible for ensuring that proper evaluations are executed and that institutional resources are available for evaluation activities. At the operating level the PMED is responsible for ensuring compliance with the evaluation policy, fostering a culture of evaluation of project results, proposing an annual institutional evaluation plan and leading the evaluation of technical cooperation projects.

44. The applicant's risk management guide and its business intelligence application, which integrates relevant project risk management information from the applicant's transactional information systems (SAP, SAPIENS and SUGI) systems), provide the framework and timely information for effective project risk management.

45. The applicant's Guide to Risk Management (November 2020) provides specific guidance for the management of project risks. Additionally, the applicant provided document "Risk management implementation of projects: roadmap: 2020-2021" which establishes the dates for full implementation of the applicant's updated project risk management capacities. This roadmap establishes that by the end of the current year the applicant will have fully implemented its updated project risk management framework. The updated risk framework will provide project risk management capacities, supported by a fully automated risk management system, and independent from the project execution units.

46. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully meet the specialized fiduciary standard for project management.

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

47. 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, equity and/or guarantees)

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

3.2 Environmental and social safeguards

3.2.1. Environmental and social policy

49. The applicant applied for environmental and social (E&S) risk category C and hence does not require a stand-alone E&S policy. Nevertheless, the applicant has a well-developed Environmental and Social Sustainability Policy in place that was established in November 2017 and updated in November 2020. The policy contains the principles for projects' ESS risk categorization, the use of the International Finance Corporation performance standards (PS1–8), implementation of the environmental and social considerations of the Policy in the applicant's processes for selection and management of initiatives and technical cooperation projects. The Policy demonstrates the applicant's commitment to complying with national laws and regulations of the international financial institutions, gender equality and labour working conditions. The Policy is available on the applicant's website and applies to the applicant and to its executing entities.

50. The environmental and social sustainability policy covers the full project cycle including:

- (1) Preliminary environmental review and classification;
- (2) Environmental impact assessment formulation;
- (3) Final environmental technical review clearance;
- (4) Monitoring of the effectiveness of mitigation measures and reporting on the Environmental Management Plan;
- (5) Final report/lessons learned; and
- (6) Post-project evaluation of environmental impact.

51. The AP finds that the applicant's environmental and social management system, comprising the environmental and social policy, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and interim GCF ESS standards for maximum E&S risk category C projects/programmes with respect to performance standards (PS) 1–8.

3.2.2. Identification of environmental and social risks and impacts

52. All the applicant's projects/programmes are subject to E&S screening. The applicants' Environmental and Social Sustainability Policy (ESSP) defines the framework for E&S risk identification and assessment and the responsibilities of the applicant and the executing entities. It provides the definitions of the E&S risk categories A, B and C. The applicant has an institutional system in place guided by the Management Programme document describing the process of the assessment of the ESS risks and their mitigation management for the projects in various sectors against PS1–8.

53. The applicant has in place the screening tools and guidance, including the screening report template, which provide a full safeguards' checklist and guidance on how to assess risk consequence and likelihood and how to categorize projects/programmes from A (high risk) to C (low risk). The process of the identification of the environmental and social risks in the applicant's projects is undertaken in accordance with the Environmental and Social Review Form (ESRF). The designated project leader/staff member reviews the project against the criteria included in the supporting checklist to identify project type, analyses the project components, objectives and outcomes. Based on this analysis the designated staff member for

category C projects provides the certified statement that the project has minimal or no adverse environmental and social impacts. The applicant provided several examples of project documents, mostly categorized as C and focused on capacity development and climate resilience/adaptation research, to demonstrate its track record with impact identification and categorization.

54. 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 interim GCF ESS standards for maximum E&S risk category C projects/programmes with respect to performance standards 1–8.

3.2.3. Environmental and social management programme

55. Category C projects/programmes, once screened, typically do not require any further E&S assessment and only need to apply standard best practices. However, the applicant has well developed management programme guidelines for the incorporation of structured risk management into its projects and units. According to the applicants' guidelines for risk management the following steps to develop a response plan are indicated:

- (1) Identify the most appropriate management strategy for the prioritized risk;
- (2) Identify a tangible response, the time and cost of which can be estimated;
- (3) Identify an indicator (trigger) for each response, which would allow for identifying the best moment in time to implement the response (generate an alert);
- (4) Identify the person responsible for implementation and follow up; and
- (5) Determine the approximate cost of the response action (a key prerequisite for the plan).
- (6) The cost of a response should never exceed that of the potential risk (should it materialize).

56. Based on this assessment a risk response plan for a particular project is prepared and the AP has been provided with the standardized template used.

57. All risks identified in the planning module become an integral part of the institutional monitoring module, which is overseen by the planning, monitoring and evaluation division (PMED). Risk monitoring involves continuously following up on the risks identified for each project or technical cooperation action, via the customized monitoring module.

58. Throughout a project's implementation, the person responsible must report on the activation of an associated risk or the likelihood of its occurrence. Should any risk arise that has not been reported, or if the PMED is not alerted in a timely manner, the unit responsible for the project's implementation will assume responsibility for the consequences.

59. The applicant provided examples of the risk response plan and its application in projects implemented in the agricultural sector.

60. The AP finds that the applicant's management programme, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and interim GCF ESS standards for maximum E&S risk category C projects/programmes with respect to performance standards 1–8.

3.2.4. Monitoring and review

61. The applicants' E&S monitoring process is undertaken in accordance with the Environmental Social Sustainability Policy (November 2020) that defines a process of project

implementation and provides the general guidelines for conducting project monitoring. The applicant has also provided an Environmental and Social Safeguards document including the section (Monitoring and Review) of this document that contains a description of the monitoring process, including conducting site visits, reviews and preparation of the environmental management plan (EMP).

62. The evaluation of project risks is undertaken in accordance with the applicant's Guide to Risk Management. As indicated in this Guide, project monitoring, including environmental and social risks, is ongoing. For category C project monitoring, it is recommended that projects have a category review and confirmation one year after the first risk category identification and subsequently on an annual basis. This review is conducted using the standardized template for monitoring and review of category C projects to confirm that they should remain in the low-risk category (C). If the project appears to move to a higher risk category (A or B), the applicant will prepare the appropriate documentation and then follow the process for category B or A projects.

63. Once the monitoring report is prepared it is presented to the applicants' institutional authorities for their approval. Records of the application of the standardized E&S monitoring template for the preparation of monitoring reports for category C projects were provided.

64. 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 interim GCF ESS standards for maximum E&S risk category C 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

65. The applicant's external communication process is based on the IICA communications policy and guide for spokespersons, IICA Policy Protection for Whistle-blowers, Environmental and Social Safeguards policy and Grievance Redress Mechanism procedure. In accordance with the Environmental and Social Safeguards Policy the report on any inquiries and complaints is reviewed by the Director of the Human Talent division, Legal Unit, the coordinator of the ad hoc team on environmental and social safeguards, as well as manager of Climate Change and Natural Resources programme. The applicant is using the established mechanisms to ensure confidentiality, transparency, respect for human rights, objectivity, impartiality, integrity and due process.

66. In order to be fully compliant with the GCF E&S Standards the applicant adopted the new Grievance Redress Mechanism (GRM) procedure on 20 April 2021 for project level grievances. The document contains a description of the scope and application, principles, compliance process, role of the Ethics Committee in considering and resolving project-related E&S complaints, and record keeping. The process flowchart in the grievance redress mechanism document mentions that the complaints relevant to implementation of the E&S Sustainability Policy are being considered by the Ethics Committee.

67. For ease of accessibility the applicant has included a mechanism on its official internet page (Reporting/Complaints menu) and has created a specific email address to submit reports or complaints to be sent to the Ethics Committee for its consideration. In addition the IICA is committed to provide easily accessible and simple information to communities that have limited access to internet platforms or that are marginalized, thus ensuring the principle of equal treatment. The GRM procedure contains a standardized template for registering E&S complaints, and serves as a basis for grievances and complaints resolution and recording.

68. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism fully meets the GCF Environmental

and Social Policy, interim GCF ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category C projects/programmes with respect to performance standards 1–8.

3.2.6. Organizational capacity and competency

69. The applicant has a strong ad hoc team that focuses on the environmental and social safeguards, climate change and productive risks programme, bioeconomy programme and includes the specialists of the IICA representations in Brazil, Colombia, Ecuador and Uruguay. The team has extensive expertise in various sectors and types of projects, including: renewable energy, energy efficiency, natural resources, agriculture, bioenergy and biosafety.

70. The main responsibilities of the ad hoc team in environmental and social matters will be to:

- (a) Develop appropriate and efficient measures to avoid, or if not possible, to at least minimize, mitigate or offset negative social and environmental impacts, in line with the performance standards that have been adopted;
- (b) Identify opportunities that produce additional environmental and social benefits;
- (c) Monitor compliance with environmental and social commitments during the execution of its projects;
- (d) Monitor compliance with these commitments in projects executed by counterparts; and
- (e) Support countries' rural development.

71. If the project is being implemented in geographies or contexts where Indigenous Peoples are involved, in the context of the environmental impact assessment an Indigenous People's Plan (IPP) will be formulated and monitored by qualified professionals, in consultation with stakeholders and the communities. The draft IPP will be disclosed in a timely manner, before appraisal formally begins. The plan must include specific measures to monitor the benefits/risks affecting indigenous peoples throughout project implementation and to develop specific mitigation actions, culturally appropriate benefits/compensation, including grievance, monitoring and evaluation and budget arrangements.

72. The AP finds that the applicant's organizational capacity and competency, supported by evidence of its track record, fully meet the GCF ESS standards for maximum E&S risk category C projects/programmes with respect to performance standards 1–8.

3.3 Gender

73. The applicant has developed and institutionalized its Gender Policy, which sets the principles, objectives and guidelines related to gender. The Policy recognizes that gender aspects influence women's and men's access to and control over decisions, resources, and all other relevant information and tools, and that the impacts of climate change can exacerbate existing gender inequalities. It also acknowledges that climate change initiatives are more sustainable, equitable and likely to succeed when gender equality and women's empowerment are considered, therefore women should be effectively engaged in discussions and decisions that affect them. The Gender Policy is closely aligned with the United Nation Sustainable Development Goals (SDGs), and with the existing relevant frameworks, policies and standards of GCF.

74. The specific objectives of the Gender Policy focus on the need to (a) advocate for gender equality and equity in the exercise of rights and for equal opportunities and treatment in all areas of the applicant's work; (b) increase awareness of and capacities to carry out strategic

actions related to gender topics in the Institute's management and technical cooperation actions; (c) ensure that gender equity and equality is integrated into all of the applicant's policies, programmes, projects, technical cooperation practices, and internal management; and (d) carry out continuous communication, training and awareness-raising activities necessary to implement this policy at the internal and external levels.

75. To ensure full application of the gender policy, the applicant has developed a mainstreaming network of professionals that allows to address the topic of gender and rural women throughout the continent. Specialists in topics such as territorial development, family agriculture, sustainable development, environment and health, international cooperation, gender and youth, support technically the execution of programmes, projects and activities that the applicant promotes to improve the living conditions of rural women and reduce gender gaps in rural areas. The CVs and brief description of the competencies of the relevant staff members provided to the AP demonstrate that the specialists responsible for overseeing implementation of the applicant's Gender Policy have extensive knowledge and experience for establishing the gender action plans (and appropriate indicators) and monitoring their implementation.

76. For non-discriminatory practices in terms of benefits and remuneration for both men and women the applicant's Gender Policy provides rules for salaries based on the categories of positions and each employee's level of responsibility and performance with no distinction on the basis of gender.

77. The applicant has developed a number of projects and programmes oriented to gender equality and presented the relevant project documents. These are a number of capacity-building and research programmes on innovation models combining value chains, diversification, climate change, as well as research programmes in the agricultural sector.

78. For evidence of the track record of the gender action plan the applicant has provided the document titled Gender Action Plan Examples that contains a description of the parameters to be monitored and reported during the project implementation. In addition, the applicant has provided a comprehensive report on the strategy for gender and rural women in agricultural development and rural territories stipulating implementation measures for the technical cooperation programmes. Further, the report on the Emprendedur Hondural programme (a sustainable rural development programme for the southern region of Honduras, financed by IFAD and developed by the applicant) provides information on the results of implementing gender action plans in development programmes.

79. 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 recommendation

4.1 Conclusions

80. The AP concludes, following its assessment of the application against the standards of GCF in accordance with the accreditation requirements identified in paragraph 3 above:

- (a) The applicant partially meets the requirements of the basic fiduciary standards, the Policy on the Protection of Whistle-blowers and Witnesses, the Policy on Prohibited Practices, the AML/CFT Policy, as it's prohibited practices policy is still in draft form and is pending formal adoption and approval by its Director General;

- (b) The applicant meets Environmental and Social Policy, interim ESS standards and the Information Disclosure Policy on disclosure of E&S information in relation to the minimal to no E&S risk (category C). The applicant demonstrates a greater degree of E&S policy and E&S management system maturity than is required by the Environmental and Social Policy and interim ESS standards for category C against which the applicant is seeking accreditation. Building on its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, seek an upgrade in accreditation for high E&S risk (category B/I-2)]; and
- (c) The applicant has demonstrated that it has a policy, procedures and competencies in order to implement its gender policy, which is found to be consistent with the updated GCF Gender Policy, and has demonstrated that it has experience in gender consideration in the context of climate change.

4.2 Recommendation on accreditation

81. The AP recommends, for consideration by the Board, applicant APL114 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** small⁸ (including micro);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards; and
 2. Specialized fiduciary standard for project management; and
 - (iii) **Maximum environmental and social risk category:** minimal to no risk (category C/I3).
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the condition below. The AP will thereafter assess whether the condition has been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:
 - (i) Condition to be met prior to the effectiveness of the accreditation master agreement during stage III of the accreditation process:
 1. Provision by the applicant of evidence that its Director General has approved the applicant's Prohibited Practices Policy and that such policy is adopted by the applicant.

82. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 80 above, and agrees to the recommendation.

⁸ 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."