



**GREEN  
CLIMATE  
FUND**

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# Consideration of accreditation proposals and activities – Addendum I

## Accreditation assessment of APL173

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### **Summary**

This document contains the accreditation assessment conducted by the Secretariat and the Accreditation Panel in accordance with decision B.31/06, and the recommendation by the Accreditation Panel for accreditation of applicant 173 (APL173), Banco de Desarrollo del Ecuador B.P. (BDE), based in Ecuador.

## I. Introduction

1. Banco de Desarrollo del Ecuador B.P. (BDE) is a public financial development institution with the objective of financing investments in infrastructure and public services, as well as housing, especially those of social interest that contribute to the economic and social development of Ecuador, prioritizing the execution of projects of the decentralized autonomous governments (GADs). It also finances pre-investment activities and provides technical assistance.

2. The applicant submitted its application for accreditation to GCF via the Digital Accreditation Platform on 1 March 2024. Accreditation fees were received from the applicant on 10 October 2024, thereby launching the Stage I institutional assessment. Stage I was completed on 22 August 2025, and the applicant 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 GCF fit-for-purpose approach:<sup>1</sup>

- (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Ecuador;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or programme:** medium;<sup>2</sup>
- (d) **Fiduciary functions:**<sup>3</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms;
  - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans);
- (e) **Maximum environmental and social (E&S) risk category:** medium risk (intermediation 2 (I-2));<sup>4</sup> and
- (f) Indicative result areas for intended projects/programmes with GCF:
  - (i) Energy generation and access;
  - (ii) Transport;
  - (iii) Buildings, cities, industries and appliances;
  - (iv) Forests and land use;
  - (v) Livelihoods of people and communities;

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<sup>1</sup> Refer to section 4.2 below for the scope of accreditation recommended by the Accreditation Panel.

<sup>2</sup> As per annex III to decision B.31/06, "medium" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 50 million and up to and including USD 250 million for an individual project or programme".

<sup>3</sup> Decision B.07/02.

<sup>4</sup> As per the Revised Environmental and Social Policy adopted in decision B.BM-2021/18, 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 impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented."

- (vi) Health, food and water security;
- (vii) Infrastructure and built environment; and
- (viii) Ecosystems and ecosystem services; as well as
- (ix) Public and private types of projects/programmes.

## II. Stage I institutional assessment

3. The applicant applied and was assessed by the Secretariat during Stage I under the normal track accreditation process in accordance with the following GCF policies and standards to the extent applicable to accreditation:

- (a) Updated Strategic Plan for the GCF 2024–2027 (decision B.36/13);
- (b) Updates to the accreditation framework (decision B.31/06); and
- (c) Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach (decision B.08/02).

### 2.1 Legal status, registration, permits and licences

4. Banco de Desarrollo del Ecuador B.P. (BDE) was created pursuant to Executive Decree No. 867, issued on 30 December 2015 and published in the Official Register Supplement No. 676 of 25 January 2016. Pursuant to Executive Decree No. 867, BDE was established as part of the reorganization of, and is the legal successor to, the State Bank (created pursuant to Emergency Decree No. 2 published in the Official Gazette No. 930 on 7 May 1992). BDE is an entity of the public financial sector, with its own legal personality and administrative, financial and budgetary autonomy. In addition to its by-laws, its Board of Directors and powers exercised by its shareholders in general meetings, BDE is governed by the Constitution of the Republic of Ecuador, Executive Decree No. 867, the Organic Monetary and Financial Code and is subject to authorization by the Superintendency of Banks of Ecuador.

5. The applicant has indicated and provided evidence that it has independent legal personality and legal capacity to enter into legal arrangements directly with GCF. In accordance with the transitional arrangements in respect of the revised accreditation framework adopted in decision B.42/13 paragraph (m) and set out in annex VI to that decision, if approved, the applicant's accreditation will be deemed to be complete on the date that GCF issues a confirmation/certificate evidencing the applicant's accreditation.

### 2.2 Institutional presence and relevant networks

6. BDE operates nationally through its headquarters and a network of regional (zonal) offices, supported by 617 employees<sup>5</sup>. It finances pre-investment, investment in infrastructure, as well as public services and housing programmes and projects, particularly those aimed at social interest and territorial development, and technical assistance. In accordance with its institutional mandate, BDE prioritizes the financing and implementation of public investment projects promoted by GADs, contributing to the country's economic and social development.

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<sup>5</sup> As at 21 May 2026.

7. At the international level, BDE carries out coordinated actions with strategic partners of international development banking, with the objective of diversifying sources of financing and offering programmes with adequate financial, technical and socioenvironmental conditions that guarantee the efficiency and effectiveness of lending (pre-investment and investment) and non-lending (technical assistance) interventions.

8. The bank's main international strategic partners include multilateral development banks, such as the Inter-American Development Bank (IDB) and the Development Bank of Latin America (CAF), as well as bilateral development banks, including the European Investment Bank (EIB) and the Agence Française de Développement (AFD). These relationships are reflected in financing programmes and initiatives in sectors such as water and sanitation, environmental sanitation, sustainable mobility and energy, and form part of the bank's regular activities to mobilize national and international resources aligned with public policy and climate objectives.

9. BDE intends to propose programmes and projects to GCF that are aligned with Ecuador's national development priorities and climate change strategies, including its nationally determined contribution and national adaptation plan. As described in its institutional planning and portfolio analysis, the bank's intended programming with GCF focuses on adaptation and mitigation investments in sectors such as water and sanitation, irrigation and flood control, sustainable urban mobility, renewable energy, solid waste management and sustainable housing, primarily implemented by GADs and other public entities, using a combination of financing and technical assistance instruments.

## 2.3 Track record

10. BDE has experience in financing and implementing public investment projects in climate-relevant sectors, including drinking water supply, environmental sanitation, wastewater treatment, solid waste management, irrigation and flood control, sustainable urban mobility, renewable energy, social housing and other infrastructure and services that support sustainable development. The applicant's investment portfolio and programmes show that these projects have been executed primarily by GADs and public entities throughout the country, reflecting its established track record in financing public investment projects that contribute to climate change adaptation and mitigation, as follows:

- (a) USD 203 million (loans) for the Drinking Water and Environmental Sanitation Management Program (PROGAPSA), co-financed with EIB and the Municipal Investment Fund, where the applicant acts as financier, supporting water, sanitation and solid waste services.
- (b) USD 161.7 million (concessional loans) for the Environmental Sanitation Program for Community Development (PROMADEC IV), a nationwide programme where the applicant acts as financier, supporting wastewater treatment, drinking water supply and solid waste management infrastructure;
- (c) USD 125 million (loans) for the Drinking Water and Sanitation Investment Programme in Ecuador (PASBID), co-financed with IDB, where the applicant acts as financier, supporting water, sanitation and solid waste services;
- (d) USD 84 million (loans) for the Multisector Investment Program, co-financed with AFD, where the applicant acts as financier, supporting climate-relevant investments in water, sanitation, urban regeneration and mobility;

- (e) USD 80 million (loans) for the Provincial Rural Roads Program (PROVIAL II), co-financed with IDB, where the applicant acts as a financier, supporting sustainable rural road infrastructure and environmental management capacity of GADs;
- (f) USD 54.8 million (loans) for the Minas de Huascachaca Wind Farm Project – Phase II B, where the applicant acts as co-financier, supporting the construction and operation of a 50 MW wind power facility (total USD 99.5 million);
- (g) USD 31 million (loans) for the Sustainable Urban Mobility Programme for (PMUS – Cuenca), co-financed with German development bank KfW, where the applicant acts as financier, supporting low-emission urban transport infrastructure; and
- (h) USD 12.3 million (grants) under the BDE Green Award programme, where the applicant acts as programme manager, supporting projects contributing to climate change mitigation and adaptation.

### III. Stage II accreditation review assessment

11. 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 requirements in accordance with the following GCF policies and standards to the extent applicable to accreditation:

- (a) GCF policies and standards identified in paragraph 3 above;
- (b) Policy on Prohibited Practices (decision B.22/19);
- (c) Anti-Money Laundering and Countering the Financing of Terrorism Policy (AML/CFT Policy) (decision B.18/10);
- (d) Policy on the Protection of Whistleblowers and Witnesses (decision B.BM-2018/21);
- (e) Comprehensive Information Disclosure Policy of the Fund (decision B.12/35) regarding the disclosure of E&S information;
- (f) Updated Gender Policy and Gender Action Plan 2020–2023 (decision B.24/12);
- (g) Revised Environmental and Social Policy (decision B.BM-2021/18); and
- (h) Evaluation Policy for the GCF (decision B.BM 2021/07).

12. 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

13. BDE is a State-owned development bank with administrative, financial and budgetary autonomy. Established in 1979 as the Banco del Estado, it was restructured and renamed BDE in 2015 as part of Ecuador’s public financial system reforms. BDE finances investments in infrastructure and public services, as well as housing, with priority given to the execution of projects by GADs established under the Constitution. It also finances pre-investment activities and provides technical assistance. BDE operates in line with the provisions of the Organic Monetary and Financial Code, the regulations issued by the Monetary and Financial Policy and Regulation Board and the Superintendency of Banks of Ecuador. It has close to 617 employees across the headquarters and the zonal branches. In 2025, the bank approved 359 operations for

a total of USD 505.5 million while the loan portfolio reached USD 1.7 billion, with 96 per cent allocated to public investment.

14. BDE is governed by the General Shareholders' Meeting while its administration is exercised through its Board of Directors (BoD) and the General Management in accordance with its by-laws. The BoD is composed of up to seven members, with a quorum of at least four. Four members are appointed by the central government, and three are representatives from the GADs (who are elected for two-year terms), reflecting the bank's ownership. The terms of reference of the BoD are contained in the by-laws. The Chair of the BoD is the Minister of Finance and Economy. Board members are qualified by the Superintendency of Banks through individual resolutions. The AP noted a high turnover of BoD members in recent years, reflecting political appointments and electoral cycles, as well as relatively short appointment terms of the representative Board members. The General Manager is appointed by the BoD and must meet the requirements established in the Organic Monetary and Financial Code.

15. The BoD is supported by several committees such as the Compliance Committee, Ethics Committee, Integral Risk Management Committee, Audit Committee and Committee of Information Security. The committees' activities and number of meetings are documented in the annual reports of the applicant. The organizational chart is made available on the bank's website and in its annual reports, and delineates governance and operational roles as well as reporting lines. BDE has formalized its Corporate Governance Code and publishes key corporate governance indicators on its website.<sup>6</sup>

16. The strategic framework of the bank is reflected in the Institutional Strategic Plans developed in accordance with national regulations and the guidelines issued by the National Secretariat for Planning and Development. Institutional Strategic Plans for 2023–2025 and 2026–2029 were shared with the AP. The plans have four pillars: (a) social impact (Key Performance Indicator is a portfolio of investments); (b) clients (Key Performance Indicators are related to investments in different sectors and new products/programmes launched); (c) institutional capacity and processes; and (d) optimized financial management. There are no specific objectives related to climate change, although the 2026–2029 Plan recognizes the importance of channelling resources towards climate change adaptation and mitigation projects and recognizes sustainability as an increasingly relevant factor. The Institutional Strategic Plan is operationalized through the three-year Institutional Business Plan and annual operating plans, which are more specific planning documents. The annual operating plans contain operational objectives for each administrative unit, showing close to 130 tracked indicators for 2026, grouped along the four pillars of the Institutional Strategic Plan mentioned above. The bank has a specialized Planning Management Unit that is responsible for monitoring the execution of the annual plans on a quarterly basis, based on an internal strategic planning procedures manual. An internal evaluation document reviewed by the AP confirms tracking of performance against set objectives, and the bank's annual reports present a comparison of the objectives set against the actual results achieved.

17. As a regulated financial institution, BDE's accounting framework is guided primarily by the Organic Monetary and Financial Code and the regulations issued by the Monetary and Financial Policy and Regulation Board. The bank maintains several detailed manuals for the administration of the chart of accounts, supporting ledgers and execution of accounting processes. BDE has been using Control Gerencial/Web (CG/Web) system as its accounting and financial information system since 2008. Developed by a local information technology company, it is a web-based application available through the institutional portal, with modules for budgeting, accounts payable, treasury and tax management, supported by an up-to-date user manual. BDE maintains a business disaster recovery plan which includes the system being able

<sup>6</sup> See <https://bde.fin.ec/en/indicadores-de-gobierno-corporativo/>.

to operate within an alternative cloud environment. The Accounting Department, with its 10 staff, is in charge of the operation of the CG/Web system, while the Information Systems Unit ensures the operability of the technological platform.

18. BDE annual financial statements are prepared in accordance with the accounting standards and practices established by the Superintendency of Banks of Ecuador and the Financial Policy and Regulation Board. These are broadly aligned with the International Financial Reporting Standards in terms of underlying principles, but incorporate more prudential regulatory adjustments in areas such as credit loss provisioning, asset classification and valuations. International Financial Reporting Standards are applied for matters not covered by the accounting standards of the Superintendency. Management letters from the auditors were reviewed by the AP. The bank's quarterly and annual financial statements, together with unqualified auditors' opinions, are publicly available.

19. The Audit Committee operates on the basis of a BoD resolution which specifies its composition and responsibilities. The committee consists of three members and is chaired by an independent member, meeting at least once every two months. The committee reviews quarterly internal audit (IA) reports and follow-up actions, evaluates corporate governance, risk management and internal control processes, reviews key audit findings and approves IA annual plans. Minutes of committee meetings shared with the AP as well as statements of the committee's activities contained in the annual reports of the applicant attest to the functioning of the committee.

20. The bank's IA function reports to the BoD with a functional oversight of the Audit Committee. It operates on the basis of the Organic Statute of Process-Based Organisational Management, which contains its terms of reference. The Head of IA is supported by five staff. The AP was provided with IA plans for 2023–2025 with an internal procedures manual as the guiding document, which reflects the risk-based approach to the planning process. IA review areas repeat every year, and some repeat on a quarterly or semi-annual basis, strictly in line with the regulatory requirements, with over 40 reports prepared per year. BDE provided examples of 2025 IA reports such as the semi-annual anti-money-laundering report, quarterly integral risk reviews and quarterly reviews of the computer resources and information systems. The bank maintains a procedure manual for the monitoring and control of audit recommendations (internal and external) and provided a quarterly report tracking recommendations made by the Superintendency of Banks, IA and the external auditor, in addition to the more detailed matrices showing the status of recommendations and plan of action. IA also submits quarterly reports to the Superintendency of Banks on the status of recommendations and a quarterly report to the BoD. The applicant does not have a provision within the IA terms of reference or other procedures, or a track record of completing quality assessments of IA, which was identified as a gap.

21. External audits are conducted in line with the International Standards on Auditing. Auditors are contracted for a period of up to three years, in accordance with the resolution of the General Shareholders' Meeting. Audits from 2022 to 2025 were unqualified. The reporting currency of the bank is United States dollars.

22. The BDE internal control framework is based on the three lines of defence model and is embedded in its integrated management system (IMS) to ensure consistent processes and controls, covering both the headquarters and the branches. The system has been certified under the International Organization for Standardization (ISO) quality management systems 9001:2015 since 2008.<sup>7</sup> The bank maintains several national and international IMS

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<sup>7</sup> See <https://www.iso.org/standard/62085.html> This is a globally recognized standard for quality management. It helps organizations of all sizes and sectors to improve their performance, meet customer expectations and

accreditations. Within the system, each institutional procedure has been structured with the identification of risks and controls, validated by the responsible party and approved by senior management. Internal and external IMS audits are carried out periodically; an example of an external audit was shared with the AP. The bank's Risk Management Department prepares monthly risk bulletins and quarterly reports which serve as the bank's risk register, examples of which were provided to the AP, and demonstrate assessments of credit, market, liquidity and operating risks. Financial risk policies are split into Credit Risk Policy, Market Risk Policy and Liquidity Risk Policy, with manuals providing details of each policy. BDE has not formally adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, but its internal control framework is broadly aligned with it, while ISO 9001 supports COSO in terms of process qualities.

23. In 2024, BDE incorporated the climate change amendment introduced by ISO into its IMS, including the recognition of climate change in strategic planning documents, updating procedure manuals, institutional communication campaigns (with examples provided) and staff training on IMS held in 2025 and 2026 (evidence shared).

24. As a public entity, BDE is bound by the national procurement regulations contained in the Organic Law of the National Public Procurement System (LOSNCP) and its secondary regulations. BDE has established internal guidelines which define the roles and responsibilities and set procedures for different phases of the procurement process, aligning the bank's internal processes with LOSNCP. The national procurement body (Servicio Nacional de Contratación Pública) is responsible for establishing national policies, usage conditions for electronic tools, and maintaining templates for pre-contractual and contractual documents. Procurement processes are traceable through the public portal<sup>8</sup> managed by SERCOP, where processes can be verified by type, date, contract award status and contracting entity. SERCOP stipulates different procurement regimes based on the nature of procurement (recurrent goods and services, non-recurrent goods and services, consulting services and construction works) and the value of contracts.

25. In compliance with LOSNCP, BDE publishes its annual procurement plans and discloses ongoing procurement notices on its website.<sup>9</sup> The bank provided examples of procurement processes with calls for offer and evaluation reports published on the national public procurement site, accessed via the "Transparency" section on the applicant's website.<sup>10</sup> Dispute resolution procedures are established under the LOSNCP regulations, which provide for alternative mechanisms prior to judicial proceedings. BDE maintains a clear accountability with responsibility for procurement delegated to the Goods and Services Department. The State Comptroller General has the oversight responsibility for BDE procurement processes and conducts regular risk-based audits. As evidence of procurement oversight, BDE provided four reports from 2024 and 2025 by the State Comptroller General, with conclusions and recommendations presented to the bank's management. Under Ecuador's Organic Law of the State Comptroller General, audit recommendations are binding and the audited entity must prepare an implementation plan.

26. As BDE clients are mainly GADs, they follow the national LOSNCP regulations as well. For projects financed by multilateral organizations, BDE follows the provisions established in the funding agreements: this is grounded in the Constitution, which recognizes the hierarchy of international treaties. BDE evaluates the borrowers' procurement processes to verify

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demonstrate their commitment to quality. It covers customer confidence, effective complaints resolution, process improvements and ongoing optimization.

<sup>8</sup> See <https://www.compraspublicas.gob.ec/>.

<sup>9</sup> See <https://bde.fin.ec/convocatorias-2/>.

<sup>10</sup> See <https://bde.fin.ec/en/ir0nsp0renc10/#1737552035665-8726191c-ff58>.

compliance. As evidence, BDE has provided the AP with evaluation checklists and ex post review requests evidencing oversight of two projects co-financed by EIB that follow EIB procurement rules. Two completion reports of IDB-financed programmes commented on the oversight by BDE of the procurement processes of the GADs. The completion report on the PROVIAL Rural Roads Program noted an overall exhaustive process to ensure compliance with IDB procurement rules, while also recognizing BDE's significant role in coordination with the GADs in providing guidance and monitoring activities. A later completion of the Investment Programme to Support Development of GADs (Prodesarrollo Phase 1) suggested incorporating specific training to GADs on IDB procurement rules as part of programme design.

27. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the basic fiduciary standards on key administrative and financial capacities. The relevant gaps are identified in paragraph 20 above and are reflected by the corresponding conditions for accreditation in section 4.2 below.

### 3.1.2 Basic fiduciary standards: transparency and accountability

28. BDE is subject to Ecuador's Organic Law on Transparency and Access to Public Information. The official government portal, which is also accessed via the BDE website, is maintained in accordance with this law and presents various administrative and corporate documents of the bank, updated monthly, such as organizational structure, planning documents, budgets, results of government audits and public procurement processes. BDE's website also includes a map and descriptions of financed projects, which can be navigated by location and date.<sup>11</sup>

29. BDE has a Code of Ethics, updated in 2026, that applies to its officers and employees as well as to all persons who, in any form or capacity, provide services to the bank. The Code is available to all staff on the applicant's intranet. BDE provided evidence of training on the Code as part of onboarding procedures and has published it on its website. The Ethics Committee, established in 2019, verifies compliance with the Code. The disclosures in corporate governance reports published by the applicant demonstrate the functioning of the committee, with several meetings held in 2024 and 2025 and one case resolved in 2025. The applicant applies the National Public Integrity Policy and the subsequent technical standard for the management of conflicts of interest in institutions with executive powers as the guiding framework for the identification, review and resolution of conflicts of interest. This standard is complemented by internal processes such as the provisions contained in the Code of Ethics and the IMS Manual. All staff sign conflict of interest declarations at onboarding, annually and upon terminating the employment. A summary report of reported conflicts of interest during 2025 was shared with the AP, demonstrating that potential conflicts of interest were investigated and actual conflicts of interest were managed. BoD members and Board-level committee members do not fall within the scope of staff conflict of interest declarations, but for them governance-level mechanisms apply for disclosing conflicts, such as non-affiliation/non-linkage certifications, examples of which were shared with the AP, as well as the constitutional and administrative liability frameworks applicable to the exercise of public functions.

30. BDE has publicly affirmed its zero tolerance of fraud, bribery and corruption.<sup>12</sup> In 2020, with the aim of strengthening management systems focused on bribery risks, BDE certified its anti-bribery management system under ISO 37001,<sup>13</sup> re-certified annually. ISO 37001 is based

<sup>11</sup> See <https://consulta.bde.fin.ec/geoportail/CreditoProyecto.aspx>.

<sup>12</sup> See [https://bde.fin.ec/en/bde\\_cero\\_tolerancia\\_a\\_actos\\_desobornos\\_corrupcion\\_y\\_tramites/](https://bde.fin.ec/en/bde_cero_tolerancia_a_actos_desobornos_corrupcion_y_tramites/).

<sup>13</sup> ISO 37001 sets out requirements and guidance for establishing, implementing, maintaining and improving an anti-bribery management system.

on globally recognized anti-bribery practices, and BDE has developed several internal procedures and manuals to ensure ongoing compliance with the standard. The applicant has not recorded any irregularities or incidents of fraud, corruption or prohibited practices detected in recent years. In accordance with the evolving requirements of ISO 37001, in 2023 BDE implemented an anti-corruption commitment act, containing a declaration that must be signed by contractors, consultants and other counterparties, which establishes obligations to prevent and address bribery and corruption, including cooperation in investigations and contract termination in the case of non-compliance. BDE provided the AP with relevant examples.

31. BDE anti-fraud processes are not reflected in a single policy but distributed across control instruments within its IMS (which incorporates ISO 37001 and ISO 9001), further supported by the internal control and risk management mechanisms, due diligence processes and the provisions in the Code of Ethics. In particular, the bank's operational risk management framework set out in a separate manual follows the Superintendency's guidelines, where fraud is defined as an operational risk that could be either internal or external and includes acts of theft, misappropriation of assets, intentional destruction of assets, forgery, smuggling, account or identity takeover, insider trading, intentional tax non-compliance and bribery. BDE must also comply with the national Comprehensive Organic Criminal Code, which typifies conduct equivalent to fraud such as bribery, extortion and embezzlement. Taken together, the list of malpractices in the IMS and operational risk management framework is substantially aligned with the GCF Policy on Prohibited Practices.

32. BDE maintains several reporting channels, including email or telephone, in person, post or an online form,<sup>14</sup> which also allows for anonymous submissions. A dedicated complaints page is maintained on the applicant's website for whistle-blowing reports. Confidentiality of the reports is required in line with national regulations and is reinforced on the web page. The process for handling investigations is set out in the internal procedure for the management of concerns and complaints, which describes how reports are received, assessed and investigated, preserving confidentiality and the protection of whistle-blowers, covering both internal and external parties. BDE provided a summary of whistle-blower reports received in 2024 and 2025, which were reviewed through the applicable Compliance Unit processes (as described in the following paragraph), with no fraud, corruption or prohibited practice cases identified. However, the applicant lacks publicly available guidelines for handling and reviewing external whistle-blower reports.

33. The Compliance Unit reports directly to the BoD and is mandated to conduct investigations; it can request information from other units, access records and conduct inspections. It then prepares an investigation report for consideration and resolution by the internal Anti-bribery Committee, consisting of senior management members – the General Manager or delegate, the Deputy Manager of Institutional Management and the Legal Manager – while the Compliance Officer can participate in an advisory capacity. The Committee's composition seeks to preserve objectivity by separating the investigation function from the decision-making function. BDE provided examples of two investigation reports prepared by the Compliance Unit, both concerning the implementation of projects financed in the water sector. The investigation reports indicated a thorough investigation of records by the Compliance Unit.

34. BDE has to comply with the national Organic Law on the Prevention, Detection, and Combating of Money Laundering and the Financing of Other Crimes. The Compliance Unit is responsible for ensuring compliance and updating the bank's manual on the management of risks concerning money-laundering, terrorism financing and financing of the proliferation of weapons of mass destruction, which serves as an internal policies and procedures document.

<sup>14</sup> See <https://consulta.bde.fin.ec/PortalDenuncias/denuncias.aspx>.

The Compliance Unit prepares annual workplans and monthly and annual reports to the BoD and to the Superintendency of Banks on anti-money-laundering and countering the financing of terrorism. No unusual and unjustified economic operations or transactions, or attempted transactions, were identified in 2025.

35. BDE must annually engage independent external auditors to issue a report providing reasonable assurance on its compliance with Ecuador's anti-money-laundering and countering the financing of terrorism framework, with an unqualified report for 2024 made available on the bank's website. Counterparty screening is mandatory at the start of any commercial relationship and the bank screens clients, related parties, suppliers and staff against the watchlists of the United Nations, the Office of Foreign Assets Control, part of the United States Department of the Treasury, and UAFE (Ecuador's national financial intelligence unit) using the bank's tool, integrated with its information system. In addition, the bank maintains a separate manual on due diligence to identify unjustified or suspicious activity and shared two examples of know-your-customer reports on two entities operating in the housing/real estate sector. In December 2025, the bank conducted a mandatory course on anti-money-laundering and the anti-bribery system for all staff, with evidence shared with the AP. BDE does not require the application of mechanisms to track electronic transfers as all transactions under the public sector financing operations are carried out through the project account at the Central Bank of Ecuador, which acts as a fiscal agent, financial agent and depositary of public funds in accordance with the national legislation.

36. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the basic fiduciary standards on transparency and accountability and, to the extent applicable to accreditation, the GCF Policy on Prohibited Practices, the GCF Policy on the Protection of Whistleblowers and Witnesses and the GCF AML/CFT Policy. The relevant gap is identified in paragraph 32 above and is reflected by the corresponding condition for accreditation in section 4.2 below.

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

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

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

38. The BDE Green Award programme is a prominent public award programme promoting good environmental and social practices. Since 2012, a total of USD 10 million has been allocated in seven rounds executed. In the currently ongoing eighth round, the award amount has been increased to USD 2.3 million, to be distributed among 24 winners. Eligible applicants are GADs, public associations and public companies. BDE maintains a dedicated website for the programme,<sup>15</sup> with a document outlining eligibility criteria and the selection and evaluation process.<sup>16</sup> The internal unit of BDE is responsible for initial evaluation by the Technical Commission, followed by a review by a Pre-Qualifying Commission made up of members from academia, non-governmental organizations and environmental organizations. The final evaluation is done by a Qualifying Commission composed of national and international organizations, such as Deutsche Gesellschaft für Internationale Zusammenarbeit, WWF, United Nations Development Programme, AFD and CAF (in the seventh award round). There is a process to monitor the execution of grant projects on a semi-annual basis and assess their

<sup>15</sup> See <https://premioverde.bde.fin.ec/premioverde/>.

<sup>16</sup> See [https://premioverde.bde.fin.ec/premioverde/wp-content/uploads/2025/10/Bases-Postulacion\\_2025.pdf](https://premioverde.bde.fin.ec/premioverde/wp-content/uploads/2025/10/Bases-Postulacion_2025.pdf).

impact; the AP was provided with examples of monitoring reports. Winning entities must ensure the appropriate use of funds: if it is found that the funds are not used appropriately, they may become repayable. Grant awards under the Green Award are publicly announced on the dedicated website and in the final report for each edition.

39. BDE has also been running many financing programmes that include a grant component extended either by international donors or by BDE. The ongoing programmes are the Environmental Sanitation Program for Community Development (PROMADEC IV) (grant component from BDE – USD 5.5 million), the Sustainable Urban Mobility Programme (PMUS Phase I) (grant component of EUR 11.6 million from KfW), the Potable Water and Environmental Sanitation Management Program (PROGAPSA) (grant component of USD 18 million from BDE), Promotion of the Human Rights to Water and Sanitation in Rural Communities (PROCODAS) (grant component of USD 10.8 million from the Spanish Government), the Multisectoral Investment Programme (PIM AFD Programme) (grant of USD 4 million from BDE), the Investment Programme for Drinking Water and Sanitation PASBID (grant of USD 5.04 million from BDE) and the Programme for Sustainable Access to Water and Sanitation (PRASAS) (grant from BDE of USD 15 million). Grant resources allocated by BDE originate from either profit redistribution or ordinary resources based on the decisions of the bank's BoD. The applicant has a good standing of managing funds contributed by its strategic partners such as multilateral donors, evidenced by a long cooperation history and repeated business.

40. BDE applies the same procedures and processes for managing grants under these programmes as for loans, including the internal credit regulations and public investment manuals, with decisions taken by the Public Investment Credit Committee, whose terms of reference were shared with the AP. Examples of the allocation of grants to several GAD projects were shared by the applicant, including minutes of two Committee sessions. If grant funds are misused, the bank has a mechanism to convert them into reimbursable (loan) financing. Specific distribution of grant components within each programme is in accordance with the manual on the procedure for the formulation and design of financing programmes. BDE does not apply a single set of criteria for grants: this will vary depending on the specific programme and the alignment with the requirements of co-financing partners, who may set their own eligibility criteria for grants. Monitoring procedures of grants are covered in the operating instructions for control and monitoring of financing public investment activities. BDE provided minutes from two site visits of grant recipients to track the progress of works and verify the use of funds. Results on grant resource allocations as part of total financing may be selectively disclosed on the bank's website or in the monitoring reports for specific programmes with donors.

41. 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 grant award and/or funding allocation mechanisms in the small size category.<sup>17</sup>

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

42. BDE has built a track record of channelling international climate and development finance into local investment through multiple on-lending programmes, partnering with EIB, KfW, IDB, CAF and others. BDE is authorized to carry out different financial operations through a resolution of the Superintendency of Banks.

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<sup>17</sup> As per annex III to decision B.31/06, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 10 million and up to and including USD 50 million for an individual project or programme".

43. Programmes like PROGAPSA illustrate both scale and continuity. The programme, with initial financing of USD 100 million from EIB approved in 2021 and co-financing of USD 103 million from BDE, has already supported 21 water and sanitation projects in 19 GADs, with a second phase (PRASAS) now extending that effort with an equivalent level of financing.<sup>18</sup> In parallel, CAF-supported PROMADEC IV runs from 2019 until 2027 with USD 100 million of financing from CAF and USD 61.7 million from BDE. The applicant provided the AP with a semi-annual monitoring report covering the first half of 2025 showing approval of 64 projects.

44. BDE has also supported areas like sustainable urban mobility, as seen in its continued collaboration with KfW, where PMUS Phase 2, approved in December 2025, builds on earlier investments with a second loan agreement with KfW (USD 58.9 million), supplemented by a grant component from BDE.

45. BDE does not have international-scale credit ratings. A local credit rating agency, Bankwatch Ratings, rates BDE on a national scale at AAA, signifying a credit risk commensurate with that of the sovereign. The latest rating report highlights the high likelihood of timely support from the government and notes the good quality of the portfolio with historically low delinquency rates. Ecuador is rated B-/Stable by Fitch (upgraded from CCC+ in February 2026), B-/Stable by Standard & Poor's and Caa1/Stable by Moody's (upgraded from Caa in January 2026).

46. BDE maintains several operating manuals for project origination, evaluation and approval, management and monitoring. Projects are assessed for feasibility, technical aspects and borrowing capacity, with a view to determining the best financial modality (reimbursable, non-reimbursable or blended). The borrowing capacity and credit risk are verified, ensuring the viability of loans and blended combinations. BDE provided two examples of project appraisal memorandums: one for construction of a vehicle technical inspection centre (USD 0.5 million loan) and another for the asphalt paving and complementary works in a municipal GAD (USD 3.2 million loan). The memorandums include a legal review, technical analysis, demand and population projections, procurement plans (based on LOSNCP regulations, as described in the section above) and economic and financial analysis, including sensitivities to the main operating variables. Internal risk ratings are assigned and draft loan terms are attached. In terms of financial analysis, BDE has shared detailed manuals for the use of the financial evaluation template and the economic evaluation template.

47. Monitoring of projects is on a semi-annual or annual schedule, depending on the characteristics of each programme and in accordance with the internal manual for monitoring of investment projects. Examples of loan monitoring reports were provided to the AP, including information on the results of the site visits by BDE staff. BDE has a demonstrated capacity to monitor and report on programmes with international partners, as evidenced by several semi-annual progress reports provided. A completion report was published in 2022 for the PROVIAL I programme<sup>19</sup> stating that BDE administered and allocated programme resources effectively, achieving both development objectives and contractual commitments, and exhibited strong institutional, technical and operational capacity, applying fiduciary, financial and safeguard procedures in line with IDB requirements. Another completion report was published for the IDB Prodesarrollo Phase 1<sup>20</sup> in August 2024.

48. Quarterly risk management reports are prepared by the applicant's Risk Management Department and include detailed analysis of the loan portfolio, concentration risk and non-performing loans. BDE maintains separate policies for credit risk, market and liquidity risk and

<sup>18</sup> See [https://www.eib.org/en/press/all/2025-438-eib-provides-usd100-million-to-ecuador-for-water-sanitation-and-waste-management?utm\\_source=chatgpt.com](https://www.eib.org/en/press/all/2025-438-eib-provides-usd100-million-to-ecuador-for-water-sanitation-and-waste-management?utm_source=chatgpt.com).

<sup>19</sup> See <https://www.iadb.org/document.cfm?id=EZSHARE-634894665-20>.

<sup>20</sup> See <https://www.iadb.org/en/who-we-are/access-information>.

operating risk. Investments in market instruments are approved by the Financial Investment Committee. The bank's Treasury Department operates on the basis of its policies and procedures manual, with clear segregation of duties between Treasury and operational functions. The Asset and Liability Committee operates on the basis of an internal manual, with two examples of its meetings provided.

49. 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 on-lending and/or blending for loans in the medium size category.

## 3.2 Environmental and social safeguards

### 3.2.1 Environmental and social policy, management and monitoring

50. BDE has established an Environmental and Social Policy, approved by its Board in October 2023. The policy articulates the overarching E&S objectives and principles guiding BDE operations, including commitments to environmental protection, social inclusion, non-discrimination, meaningful stakeholder engagement and alignment with international sustainability standards. The policy is aligned with the International Finance Corporation Performance Standards (PS) 1–8 and incorporates requirements for risk identification, application of the mitigation hierarchy, consultation and participation, grievance redress mechanisms, and compliance with national and international legal frameworks.

51. Implementation of the Environmental and Social Policy is carried out through the applicant's environmental and social management system (ESMS). The ESMS is applied across the project cycle and involves multiple areas of the institution, particularly the Programs and Products Division and environmental specialists in branch offices. The ESMS defines methodologies, tools and procedures for E&S management, including risk identification, assessment and monitoring, and is aligned with national regulations and the safeguards of international financial institutions such as IDB and EIB.

52. The applicant has established safeguards within its ESMS to identify and manage potential impacts on Indigenous Peoples and Afrodescendent communities, with mandatory safeguard activation aligned with International Finance Corporation's and EIB's relevant standards, where Indigenous presence is identified. The bank requires preparation and approval of a participatory rights, consultation and impact assessment (PRCIA) and implements procedures equivalent to free, prior and informed consent through culturally appropriate, documented, multi-stage consultation processes that ensure inclusive participation (including women and vulnerable groups), negotiated mitigation and compensation measures, Indigenous monitoring and grievance redress mechanisms and conditionality of disbursements upon fulfilment of engagement obligations. The Shimpis Drinking Water System (2024–2025) initiative demonstrates full operationalization of these measures, including screening, safeguard activation, PRCIA preparation, establishment of community oversight mechanisms, Indigenous leadership involvement and formal documentation throughout the process. The AP finds that BDE has the systems and capacity to implement PS 7.

53. The BDE Strategic Plan (2022–2025) and Green Banking road map embed climate action as a strategic pillar, aligned with Ecuador's climate commitments, policies and instruments. The bank has developed an initial climate investment framework, structured around climate impact, protection of vulnerable populations and ecosystems, alignment with national policy, transformative potential and gender inclusion. This framework provides a structured basis for pipeline development and climate tagging. In mitigation, BDE requires ex ante quantification of greenhouse gas (GHG) emissions for projects classified under climate

mitigation. Borrowers must submit a detailed GHG emissions calculation study and demonstrate projected emission reductions, supported by standardized methodologies and monitoring arrangements. In adaptation, projects must demonstrate sensitivity to climate risks, include vulnerability assessments in design, and maintain monitoring mechanisms during implementation.

54. At the portfolio level, climate finance is operationalized through the R14 classification system<sup>21</sup> introduced in 2023, under which BDE reports semi-annually on climate-related operations. For 2023–2025, the portfolio comprises 179 operations, of which 54 (30.17 per cent) are classified as mitigation and 28 (15.64 per cent) as adaptation, while 97 (54.19 per cent) remain unclassified, reflecting the ongoing process of applying the R14 methodology to legacy operations, with full portfolio tagging expected by 2026. A road map is in place to complete tagging and system integration by 2026. BDE confirms that it has not financed, and does not finance, carbon-intensive projects, and a credit operations regulation is in place preventing investments in projects linked to fossil fuel exploration, exploitation, commercialization or distribution. While BDE demonstrates strong project-level climate integration, its experience in GHG emissions accounting remains limited to borrower-level requirements. The bank does not yet aggregate emissions at the portfolio level or measure financed emissions, and institutional GHG emission inventories and quantitative climate targets are not yet in place.

55. BDE demonstrates compliance with Ecuadorian legislation on gender-based violence and workplace harassment through its current Code of Ethics (approved by its Board in 2026), the disciplinary regime procedures manual (first adopted in 2015 and updated in 2023) and the internal protocol in force since 4 December 2025, aligned with Ministerial Agreement MDT-2025-093. In addition, the BDE gender policy commits to the prevention and elimination of gender-based violence. These instruments establish standards of conduct, define procedures for the investigation and sanctioning of misconduct, and provide channels for reporting grievances, including those potentially related to sexual exploitation, abuse and harassment (SEAH). Operational responsibilities for SEAH prevention, identification, response and follow-up are distributed across relevant institutional units. Due diligence and investigation of complaints are led by the Human Talent Administration Directorate, with support from the Occupational Health and Safety Unit. This function does not rest with a single unit but is implemented through an articulated protocol that engages the competent areas depending on the nature of the complaint, ensuring principles of confidentiality, non-revictimization and due process.

56. Over the past three years, BDE has recorded five complaints of workplace harassment, all of which were addressed in accordance with applicable legal requirements, Ministry of Labor protocols and internal procedures. Information regarding the parties involved is treated as sensitive and confidential, in line with applicable regulations. As part of its oversight obligations, BDE submits quarterly reports to the Ministry of Labor on complaints received; the most recent report, corresponding to the first quarter of 2026, confirms that no complaints were recorded during that period. Preventive measures, as outlined in section 7 of the internal protocol, include awareness-raising and training processes, a zero-tolerance policy against workplace harassment, accessible reporting channels and periodic monitoring of the work environment. The AP therefore finds that the applicant has the systems and capacity to meet the SEAH principles outlined in the GCF Environmental and Social Policy.

57. BDE has established a system for identifying and categorizing E&S risks and impacts for the projects and programmes it finances, consistent with its intended accreditation for I-2 and lower-risk activities. Based on the review of project-level documentation across multiple operations between 2023 and 2025 (122 operations), the predominance of intermediation 2

<sup>21</sup> See <https://www.superbancos.gob.ec/bancos/manuales-de-reporte-2/>.

operations has been consistent over the period, with an increasing trend from 41.7 per cent in 2023 to 65.6 per cent in 2025. Reviewed sample projects included those on road infrastructure, water supply systems, urban regeneration and drainage works, which are characterized by site-specific, reversible impacts that can be mitigated through standard E&S measures. Intermediation 1 (I-1) projects are also present and are primarily concentrated in sectors such as potable water, sanitary sewerage and environmental sanitation works. Furthermore, independent evaluations and audits conducted between 2020 and 2022, including those financed by external partners, further support the effectiveness of the ESMS at both the project and the institutional level.

58. The risk identification process follows a structured, three-step methodology: (i) classification under Ecuador's environmental information unique system to determine regulatory requirements; (ii) assessment of E&S sensitivity of the project context (high, medium, low); and (iii) determination of an overall socioenvironmental risk category. This process is operationalized through standardized internal tools, including the socioenvironmental preliminary evaluation form, and is applied systematically across the BDE lending portfolio, particularly for projects financed with multilateral resources. The applicant provided a full set of E&S documentation for five I-2 projects, evidencing the application of these tools across the project cycle, including the screening, appraisal, monitoring and completion stages. The AP finds that this system demonstrates functional alignment with the GCF screening and categorization requirements and supports the implementation of PS 1–8.

59. BDE has implemented a comprehensive E&S management programme that governs risk mitigation and monitoring throughout the project lifecycle. This programme is operationalized through a sequence of standardized instruments, which collectively ensure that mitigation measures are identified, incorporated into financing agreements, monitored during implementation and verified at project closure. The applicant provided evidence of the practical application of this programme through multiple project examples across sectors, including water and sanitation, solid waste management, transport infrastructure and renewable energy. These examples demonstrate the bank's capacity to apply mitigation measures proportionate to risk, monitor compliance and require corrective actions when gaps are identified. The AP finds that BDE has the systems and capacity to meet GCF Evaluation Policy requirements.

60. BDE has established institutional-level monitoring and review mechanisms to assess the performance and effectiveness of its ESMS, including the use of base indicators, internal evaluation reports and management response plans. Since 2023, the bank has reported on ESMS effectiveness to senior management and has initiated actions to strengthen and update its system, including plans for an external ESMS audit.

61. Oversight of E&S risk management at BDE is exercised by the BoD, which is responsible for approving key policies, including the Environmental and Social Policy and its updates. Currently, the implementation of E&S requirements involves multiple areas of the institution, particularly the Programs and Products Division and environmental specialists in branch offices, and reflects a decentralized technical capacity. A gap remains regarding the formalization and operationalization of centralized ESMS oversight arrangements within the applicant's institutional structure. The applicant has defined a future organizational structure within its ESMS, including the future establishment of a function to coordinate E&S management under sub-general business management. The function is intended to provide centralized oversight, which is currently limited, with a transversal role across operational areas, including the Credit, Real Estate, and Programs and Products Divisions, while supporting implementation at both the headquarters and the branch level. Although the applicant demonstrates the existence of qualified technical personnel and ongoing capacity-building measures, the current structure does not yet provide a formally established, centralized

coordination function with clearly defined institutional authority, reporting lines and accountability for consistent ESMS implementation across all operational areas. In particular, the proposed function to coordinate E&S management has not yet been formally established or operationalized.

62. The AP finds that the applicant's E&S management system, comprising the Environmental and Social Policy, supported by evidence of its track record, partially meets the GCF Environmental and Social Policy to the extent applicable to accreditation and GCF interim environmental and social safeguards (ESS) standards for maximum E&S risk I-2 projects/programmes with respect to PS 1–8. The relevant gap is identified in paragraph 61 above and is reflected in the conditions for accreditation in section 4.2 below.

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

63. At the institutional level, BDE has formalized procedures for the socialization and dissemination of products and programmes, including the organization of workshops, preparation of communication materials, and coordination with internal and external stakeholders, as defined in the procedure manual for socialization and promotion of products and programmes (updated 2024). In relation to future GCF-funded projects and operations, the applicant has committed to disclose relevant E&S information in accordance with the applicable GCF Information Disclosure Policy requirements.

64. BDE has a public consultation and dissemination mechanism implemented through its ESMS and project-level instruments. The ESMS defines guidelines for stakeholder participation and information disclosure, including a structured social participation mechanism and supporting tools such as consultation templates and evaluation instruments, which document consultation processes throughout the project cycle. Requirements for participation are risk-based and aligned with multilateral standards, with at least one consultation process required for moderate-risk (intermediation 2) projects and more extensive engagement for higher-risk activities.

65. BDE formalized a procedure manual for handling inquiries, complaints, claims and/or suggestions in April 2025. This procedure establishes documented intake channels, traceability through ticketing, filtering by an independent customer service unit, and time-bound responses subject to quality control. Independence is reinforced by the classification of customer service as an enabling advisory process separate from operational units, and by the formal designation of the Customer Service Officer directly by the BoD through a resolution from 2022. However, while these arrangements demonstrate documented procedures, organizational independence and trained personnel, there is limited public accessibility, no systematic disclosure of grievance outcomes and project-level reporting is yet to get integrated into a centralized, transparent registry. An ongoing action plan (2026) includes the design and implementation of mechanisms for communication, participation, disclosure, complaint handling and redress for E&S issues, including operational guidance for their application, indicating that the system is still being consolidated.

66. Project-level grievance redress mechanisms are mandatory for all borrowers and executing entities, and must follow ESMS guidelines, including culturally appropriate engagement, gender-responsive measures, anonymous channels and tracking of SEAH-related grievances. The bank monitors the implementation of these mechanisms through its project supervision processes and maintains internal procedures to receive and process E&S-related complaints. Evidence from recent intermediation 2 projects demonstrates that borrowers have established functional grievance redress mechanisms consistent with PS 1 requirements, and that BDE supervises their implementation.

67. The AP finds that the applicant's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track record, partially meets the GCF Environmental and Social Policy, GCF interim ESS standards and the GCF Information Disclosure Policy for maximum E&S risk I-2 projects/programmes with respect to PS 1–8. The relevant gap is identified in paragraph 65 above and reflected in the corresponding condition for accreditation in section 4.2 below.

### 3.3 Gender

68. BDE has adopted a Board-approved gender policy (August 2023) and is implementing a gender action plan; these apply at both the institutional and the project/programme level. The policy commits the bank to gender equality, non-discrimination, the prevention of gender-based violence and the mainstreaming of gender considerations across operations, products and services, in alignment with the principles of the GCF Gender Policy. This establishes a clear institutional mandate and governance framework for gender mainstreaming.

69. The policy and gender action plan specify the use of tools such as gender diagnostics, gender-sensitive baselines, gender action plans and sex-disaggregated indicators. Gender requirements are embedded within the ESMS, and additional operating instructions to mainstream gender and climate change across project preparation, appraisal, implementation and monitoring are under development and pending approval. These arrangements demonstrate readiness to operationalize gender requirements in GCF-funded activities.

70. The applicant applies gender-responsive stakeholder engagement in line with national legislation and international standards (IDB, EIB), including requirements for inclusive consultations, culturally appropriate processes and free, prior and informed consent where Indigenous Peoples are present. BDE maintains multiple grievance reporting channels at both the institutional and the project level and is updating its grievance handling procedures to explicitly address gender-based violence, confidentiality and sex-disaggregated reporting.

71. BDE has put in place monitoring and evaluation arrangements for gender mainstreaming through its gender action plan. Annual gender monitoring reports, gender-disaggregated data collection and periodic external assessments (e.g. IDB institutional diagnosis and AquaRating gender and diversity analysis) support continuous improvement. While systematic gender audits are still emerging, the framework demonstrates an evolving capacity for results-based gender monitoring consistent with GCF requirements.

72. The gender technical team is composed of 23 members from across the bank's management units and is responsible for monitoring and supporting the implementation of the gender policy and gender action plan. Furthermore, the applicant plans to formalize a gender committee accountable to senior management and the BoD. Dedicated staff with gender expertise operate at both the institutional and the project level, supported by external technical assistance from partners such as IDB, Deutsche Gesellschaft für Internationale Zusammenarbeit and the Ministry of Women and Human Rights. Ongoing training, certification as a violence-free institution, and structured capacity-building programmes indicate adequate institutional capacity to implement the gender policy.

73. Institutional data indicate a relatively balanced gender distribution in staffing: as at May 2026, BDE employed 293 women and 324 men out of 617 staff, representing 47.49 per cent and 52.51 per cent respectively of total staff. At the decision-making and senior management level, women hold 34 positions compared with 51 held by men, equivalent to 40 per cent and 60 per cent of leadership roles. BDE monitors these indicators through its human talent management processes and applies institutional principles on gender equality.

74. BDE demonstrates a strong track record in implementing gender-responsive programmes, particularly in projects financed by IDB and EIB in the water, sanitation, rural roads and climate-resilient infrastructure sectors. Programmes approved in 2023 include gender assessments, gender action plans, dedicated indicators and budgets, and evidence of meaningful participation by women, including Indigenous women. The bank also generates and disseminates gender- and climate-relevant knowledge products, reinforcing alignment between gender equality, climate action and sustainable development outcomes.

75. The AP finds that the applicant's gender policy, procedures, capacities and competencies, supported by evidence of its track record, meet the GCF Gender Policy to the extent applicable to accreditation.

## IV. Conclusions and recommendation

### 4.1 Conclusions

76. Following its assessment by the AP, the applicant is found to have the potential to support GCF in implementing its Strategic Plan for 2024–2027 with respect to:

- (a) Increasing the portfolio of direct access entities to GCF, particularly as the applicant is the first national direct access entity in Ecuador to be recommended for accreditation;
- (b) The indicative projects/programmes that the applicant intends to submit to GCF within the scope of accreditation recommended by the AP in paragraph 78 below;
- (c) Alignment of said indicative pipeline with country programming priorities;
- (d) Potential contribution to the adaptation and mitigation balance in the GCF portfolio since the applicant focuses on adaptation and cross-cutting activities and supporting diversity in GCF results areas such as sustainable transportation, infrastructure, water, sanitation and hygiene, and renewable energy;
- (e) Mobilizing climate finance at scale since the applicant is being recommended for accreditation in the medium size category for the specialized fiduciary standard for on-lending and/or blending (for loans);
- (f) Enhancing private sector participation by creating enabling environments/de-risking climate investments, etc., through the use of financial instruments such as loans and guarantees; and
- (g) Diversifying the use by direct access entities of appropriate financial instruments, such as loans and guarantees.

77. Following its assessment, the AP concludes the following in relation to the application with respect to the applicant's ability to meet the GCF accreditation standards identified in paragraph 11 above:

- (a) The applicant partially meets the requirements of the GCF basic fiduciary standards and, to the extent applicable to accreditation, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy. The gaps are related to the lack of a policy/chapter on the quality assessments of the IA function and conducting such assessments and lack of publicly available guidelines for handling and responding to external whistle-blower reports. The gaps are identified in paragraphs 20 and 32 above and are addressed by the corresponding conditions for accreditation in section 4.2 below;

- (b) The applicant meets the requirements of the GCF specialized fiduciary standards for grant award and/or funding allocation mechanisms, and specialized fiduciary standard for on-lending and/or blending (for loans);
- (c) The applicant partially meets the requirements of the GCF Environmental and Social Policy to the extent applicable to accreditation, the GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk (I-2). The gaps relate to limited organization structure to implement the ESMS and the lack of a transparent and accessible grievance redress mechanism. The gaps are identified in paragraphs 61 and 65 above and are addressed by the corresponding condition for accreditation in section 4.2 below;
- (e) 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 GCF Gender Policy to the extent applicable to accreditation, and has demonstrated that it has experience in gender consideration in the context of climate change; and
- (f) The applicant has demonstrated that it has institutional-level systems, capacities and competencies regarding evaluation as required by the aforementioned GCF basic and specialized fiduciary standards and interim ESS standards that would enable it to implement the Evaluation Policy for the GCF for its GCF-funded activities.

## 4.2 Recommendation on accreditation

78. The AP recommends, for consideration by the Board, APL173 for accreditation as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or programme:**
    - (1) Small in relation to the specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    - (2) Medium in relation to the specialized fiduciary standard for on-lending and/or blending (for loans);
  - (ii) **Fiduciary functions:**
    - (1) Basic fiduciary standards;
    - (2) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    - (3) Specialized fiduciary standard for on-lending and/or blending (for loans); and
  - (iii) **Maximum E&S risk category:** medium risk (I-2);
- (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 by the applicant prior to the issuance by GCF of a certificate/confirmation of accreditation under the transitional arrangements adopted in paragraph (m) of decision B.42/13 (in connection with the revised accreditation framework adopted in paragraph (a) of the same decision):

- (1) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of:
  - a. The adoption by the applicant of an updated IA terms of reference or charter which includes a requirement for regular quality assessments of the IA function; and
  - b. The adoption by the applicant and publication on the applicant's website of guidelines for responding to external whistle-blower reports, which guidelines should outline the applicant's process for reporting, assessing, investigating and responding to allegations, while adhering to the principles of confidentiality and anonymity, independence, fair and objective investigation and non-retaliation; and
- (ii) Conditions to be met by the applicant prior to the submission of the first funding proposal to the Board:
  - (1) Delivery to GCF by the applicant, in a form and substance satisfactory to the AP, of a final report of an independent quality assessment of the overall effectiveness of the applicant's IA function prepared by a qualified independent third party;
  - (2) Delivery to GCF by the applicant, in a form and substance satisfactory to the AP, of a report on the implementation of the grievance redress mechanism which confirms the effective implementation of the Independent Redress Mechanism and the operationalization of the public registry of complaints; and
  - (3) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of a report on the operationalization of the Coordination of Environmental and Social Management (CESM) within its ESMS, including formalizing roles, responsibilities and reporting lines, and ensuring adequate qualified capacity for consistent implementation across the institution.

79. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 78 above, and agrees to the recommendation.

### 4.3 Remarks

80. The applicant is encouraged to enhance the risk-based approach to annual audit planning.

81. The applicant is encouraged to share the results of the external audit of the ESMS with the AP, once available.

82. The applicant is encouraged to continue its capacity-building programme in order to ensure consistent application of the ESMS across the institution.

83. The applicant is encouraged to further operationalize gender requirements, including by formally approving/adopting instructions to mainstream gender and climate change across project preparation, appraisal, implementation and monitoring.

84. The applicant is encouraged to strengthen the systematic collection and disclosure of gender-disaggregated data, particularly with respect to leadership and management positions, and to enhance monitoring frameworks to track gender outcomes across its portfolio.

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