



**GREEN
CLIMATE
FUND**

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Consideration of accreditation proposals – Addendum III Accreditation assessment of APL139

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 139 (APL139), Banco de Desarrollo Productivo - Sociedad Anónima Mixta (BDP-S.A.M.), based in Bolivia (Plurinational State of), for the first accreditation term.

I. Introduction

1. Applicant 139 (APL139), the Banco de Desarrollo Productivo - Sociedad Anónima Mixta (BDP-S.A.M.) is a national direct access entity based in the Plurinational State of Bolivia. BDP-S.A.M. is a bank with an 80:20 government-private ownership structure that works as a financial intermediation entity with the objective of promoting the development of the agricultural, livestock, manufacturing, fish farming, timber and non-timber forestry sectors, providing financial and non-financial services directly or through third parties.

2. The applicant submitted its application for accreditation to GCF via the digital accreditation platform on 21 March 2022. Accreditation fees were received from the applicant on 10 July 2023, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 11 January 2024 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:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority (NDA) or focal point nomination for its accreditation application from Bolivia (Plurinational State of);
- (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;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standards for on-lending and/or blending (for loans and guarantees);
- (e) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (I-2));³ and
- (f) **Indicative results areas for intended projects/programmes with GCF:**
 - (i) Energy generation and access;
 - (ii) Transport;
 - (iii) Buildings, cities, industries and appliances;

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 Fund, 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 the Revised Environmental and Social Policy adopted in decision B.BM-2021/18, category B is defined as "Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures", and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and 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".

- (iv) Forests and land use;
- (v) Livelihoods of people and communities;
- (vi) Health, food and water security;
- (vii) Infrastructure and built environment;
- (viii) Ecosystems and built environment; and
- (ix) Public, private, and cross-cutting types of projects/programmes.

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, to the extent applicable to accreditation, below:

- (a) Update of 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. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established pursuant to supreme decree No. 23896 of 22 November 1994 and incorporated under the name Nacional Financiera Boliviana Sociedad Anónima Mixta, NAFIBO S.A.M. by supreme decree No. 24246. The applicant's corporate purpose had been updated by subsequent supreme decrees and, in accordance with supreme decree No. 28999, its name was changed to Banco de Desarrollo Productivo - Sociedad Anónima Mixta (BDP-S.A.M.). The applicant is organized and constituted under the laws of the Bolivia (Plurinational State of). The applicant operates as a financial intermediary in accordance with Law No. 393 of Financial Services of 21 August 2013 and supreme decree No. 2118, and is registered with the Bolivian Autoridad de Supervisión del Sistema Financiero. The applicant has indicated that it has the legal capacity to enter into the accreditation master agreement with GCF noting that further discussions will take place during stage III if accredited.

2.2 Institutional presence and relevant networks

5. BDP-S.A.M. is headquartered in La Paz and has a network of 43 offices nationwide in all regions of the country. It is specialized in the provision of financial and non-financial services to small and medium-sized companies (including farmers). BDP-S.A.M. is the only development bank of Bolivia (Plurinational State of) whose objective is to promote, through financial and technical support, the development of the productive⁴ sectors of the national economy and of the trade and service sectors complementary to productive activity by granting short, medium

⁴ See definition of productive sectors here:

<https://servdmzw.asfi.gob.bo/circular/Anexos/L03T02C01/L03T02C01A01.pdf>

and long-term loans, with personal, mortgage, pledge, non-conventional guarantees or a combination thereof.

6. BDP-S.A.M. aims to unlock and mobilize climate investments for Bolivia (Plurinational State of) by channeling public financing, as well as leveraging private-sector financing and international public financing for climate-finance investments, playing a catalytic role.

7. BDP-S.A.M. is strongly committed to the realization of the nationally determined contributions (NDCs) and Sustainable Development Goals of Bolivia (Plurinational State of). In this regard, the entity is orienting its efforts and experience towards the development of programmes and projects that contribute to the transition to low-carbon and climate-resilient economy in response to the areas and goals set by the NDCs in the areas of forests, agriculture, water and energy. In addition, the applicant follows national frameworks, including the provisions of the Political Constitution of the State, Law No. 777 State Planning System, Law No. 071 on the Rights of Mother Earth, and Law No. 300 Framework of Mother Earth and Integral Development for Living Well, guided by the General Economic and Social Development Plan (PGDES) contained in the Patriotic Agenda of the Bicentennial to 2025 and the planning of the Economic and Social Development Plan – PDES (2021–2025).

8. BDP-S.A.M. is a member of the Latin American Association of Development Financing Institutions (ALIDE), a nonprofit organization comprising 120 development banks across Latin America and the Caribbean, focused on promoting sustainable economic and social development through knowledge sharing and cooperation.

9. Since August 2023, BDP-S.A.M. has been part of the Green Coalition, an initiative led by the Inter-American Development Bank (IDB) and the Brazilian National Bank for Economic and Social Development (BNDES), promoting sustainable development and support for the Amazon region. In September 2023, BDP-S.A.M. also committed to aligning its financing with the Sustainable Development Goals (SDGs), the Paris Agreement, and the Global Biodiversity Framework at the Finance in Common event.

10. In order to advance GCF objectives, BDP-S.A.M. aims to access concessional financing from GCF in combination with its own resources and increase the level of concessionality of its financing in the programmes and projects it develops and manages, thus maximizing the financial commitment of public and private actors in the productive sector. The applicant aims to programme mitigation, adaptation, and cross-cutting projects, especially in the areas of water vulnerability, renewable energy, agriculture, and forestry.

11. Bolivia (Plurinational State of) has not yet finalized its country programme. The Secretariat will continue discussions with the NDA and the entity for identifying project ideas to be led by BDP-S.A.M. as the direct access entity, for GCF financing.

12. The applicant has served as a delivery partner for one Readiness and Preparatory Support Programme (Readiness) project, which focused on strengthening its capacity to implement GCF-funded projects. The applicant is currently in the legal process for a second Readiness project aimed at scaling up climate finance in Bolivia and developing a climate project pipeline.

2.3 Track record

13. The applicant has experience channeling resources through loans, guarantee funds, grants, and result-based payments. The main sectors in the loan portfolio of BDP-S.A.M. are agriculture and livestock, manufacturing, and forest. The financial and non-financial services provided include productive credits, productive financial lease, technical assistance, financial

education, credit windows, sector credit trusts, trust administration, guarantee fund, capital seed and registration system of unconventional guarantees.

14. The applicant's track record in financing and managing sustainable development and climate change related projects to date includes the following:
- (a) USD 349 million (loans) for the Trust for Productive Development, to channel financing to productive activities within the sectors and production units prioritized by the national government;
 - (b) USD 71.8 million (loans) for the Trust Fund for Operating Capital Credits to Public Enterprises of the Central State Level (SEDEM – FICREP);
 - (c) USD 67 million (loans) for the Trusts for the Reactivation and Development of Domestic Industry, the purpose of which is to provide financing to individuals or legal entities in the productive sector for import substitution; and
 - (d) USD 5.7 million (guarantees) to facilitate access to financing for micro and small productive units, which include micro and small-sized enterprises, associations and cooperatives, peasant, indigenous and native economic organizations (OECAs) and individual urban and rural producers, mainly from the agrifood complex.

III. Stage II accreditation review assessment

15. 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 GCF policies and standards below 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 environmental and social (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).

16. 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

17. BDP-S.A.M. is 80 per cent owned by the Bolivia (Plurinational State of) and 20 per cent by the Andean Development Corporation (CAF), Development Bank of Latin America. The corporate governance code of BDP-S.A.M. outlines the policies, guidelines, procedures, and rules that govern the bank's activities and operations. The code defines the process for the appointment, designation, and term of office of the Board of Directors (BoD), with detailed

procedures for selecting directors provided in the organisation and functions of committees manual. The BoD is supported by 14 committees, comprising the Integral Risk Management Committee, Corporate Governance Committee, Information Technology Committee, Physical Security Committee, Audit Committee, Administration Committee, Credit Approval Committee, Financial Management and Operations Committee, Trust Committee, Compliance Committee, Technical Assistance Committee, Ethics Committee, Corporate Social Responsibility and Social Function Committee, and Business Committee. The committees are governed by a terms of reference. The Internal Audit, Risk Management, Compliance, and Financial Investigation Units reports directly to the BoD. Operationally, the General Director oversees the overall management of the bank and reports to the BoD.

18. BDP-S.A.M. has documented its procedures for formulating, monitoring, and evaluating its medium-term strategic plan and short-term operational programmes, along with adherence to budgets in its planning and monitoring procedures manual. The 2022–2026 strategic plan of BDP-S.A.M. outlines seven strategic objectives that align closely with its mission of promoting national production development through financing, technical assistance, and productive intelligence. Objective 7 covers the development of institutional frameworks that generate positive social, economic, and environmental impacts with proper risk management. BDP-S.A.M. conducts periodic evaluations to assess the progress of these objectives and demonstrated this through its 2024 annual operational programme, the 2023 follow-up report to the institutional strategic plan (2022–2026), and the 2023 management report included in the bank’s 2023 annual memoir. The results of the progress against the strategic plan are published.

19. The bank’s financial statements are prepared on an accrual basis in accordance with the accounting standards issued by the country’s Financial System Supervisory Authority (ASFI), which are consistent in all significant aspects with generally accepted accounting standards in Bolivia (Plurinational State of). These financial statements are published and prepared as a complete set, including a statement of changes in equity, a profit and loss statement, a cash flow statement, a statement of financial position, and notes to the financial statements. BDP-S.A.M. uses the Argos APX software system to record its accounting and financial information which also allows for project accounting through the assignment of specific codes to each project. The Finance Unit, led by a Chief Accountant, follows documented procedures outlined in the finance manual.

20. The bank has a three-member Internal Audit Committee governed by a terms of reference. The internal audit team is led by the National Head of Operational Auditing and Compliance, who reports to the Internal Audit Committee. The Internal Audit Unit has established a procedures manual that guides its activities, adhering to the Institute of Internal Auditors’ professional auditing standards and those set by the Financial System Supervisory Authority. The organization and functions manual defines the roles and purpose of the internal audit function but does not set a specific scope or mandate. The internal audit reports, including findings, are communicated by the National Head of Operational Auditing and Compliance to the Audit Committee and the Board of Directors. Recommendations are monitored through their internal systems. BDP-S.A.M. shared samples of its internal audit planning and reports. BDP-S.A.M.’s internal audit function is subject to independent reviews from its regulator. BDP-S.A.M. presented to the AP evidence of such reviews and recommended actions to strengthen the function.

21. The financial statements of BDP-S.A.M. are audited annually by an independent external auditor. The terms of reference for the external auditor require the firm to verify compliance with the generally accepted auditing standards in Bolivia (Plurinational State of), International Standards on Auditing issued by the International Federation of Accountants, and International Financial Reporting Standards in effect at the time of the audit. The audit opinions are publicly disclosed.

22. BDP-S.A.M. does not have a standalone internal control framework but has addressed the various elements of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) through a series of policies, procedures, and manuals that together form its internal control framework. The code of corporate governance outlines the overarching responsibilities of its governance teams and units, while the organizational functions manual defines the terms of reference for each function, clearly delineating roles and reporting lines across different units. The audit function is tasked with ensuring that activities are conducted appropriately, in compliance with laws and regulations, and that systems are functioning effectively. As evidence, BDP-S.A.M. presented an evaluation report of its internal control system conducted by the National Head of Audit and internal auditors, who reviewed and reported on the internal control structure. Financial controls are detailed within the finance manual of BDP-S.A.M., supported by the finance system, enabling the preparation of financial reports at both the project and institutional levels. The bank's manual for comprehensive risk management sets out the general and operational guidelines for risk management, including key roles and responsibilities for identifying, evaluating, mitigating, and reviewing risks. The manual also covers procedures for managing credit risk, operational risk, liquidity risk, market risk, and trust-related procedures, specifying for each category the responsible person, the control measures, and the methods of communication.

23. The procurement process of BDP-S.A.M. is guided by its administrative management policy and accompanying regulations. These documents outline the general principles and guidelines for the procurement of goods and services, including responsibilities, thresholds, procurement methods, and contract management. The National Head of Administration ensures compliance with these regulations. BDP-S.A.M.'s Project Regulations also provide governance and oversight for the procurement resources allocated to executing entities. The bank uses the Argos system to document procurement transactions, and all procurement procedures are subject to independent audits. While the Administrative Management Policy allows for the publication of tenders, the awarding of contracts is only shared with the other bidders and not made public. The bank's procedures also permit bidders to challenge the process within five days. However, the procurement guidelines have not been published.

24. The AP finds that the applicant's policies, procedures and capacity partially meet the basic fiduciary standards on key administrative and financial capacities. The relevant gaps are identified in paragraph 23 and are reflected by the corresponding conditions for accreditation in section 4.2.

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

25. BDP-S.A.M. has a documented code of ethics (2021) that applies to its staff, Board of Directors, and shareholders. This code covers general and institutional principles, conflicts of interest, the promotion of ethics and training, procedures for filing ethics-related complaints, relationships with interest groups, and the role of the Ethics Committee. (The role of the Ethics Committee is further detailed in the code of corporate governance and the organization and functions manual.) Employees are required to sign the code of ethics, and their contracts obligate them to comply with its provisions. The National Head of Human Resources and the Transparency and Anti-Corruption Specialist are responsible for the ongoing promotion of ethics in BDP-S.A.M. The code, including transparency and anti-corruption regulations, is applicable to in-house personnel. Third parties are obligated to refrain from corrupt conduct, conflict of interest and money-laundering through their contracts. BDP-S.A.M. shared clauses of its contract with these prohibitions. BDP-S.A.M. is encouraged to ensure that the clauses refer to prohibited conduct in line with the GCF Policy on Prohibited Practices.

26. BDP-S.A.M. has several policies and procedures that address integrity, these include, its administrative manual, its transparency and anti-corruption regulation, rules for the

administration of personnel conduct, and its code of corporate governance. These however do not cover all prohibited practices mentioned in the GCF Policy on Prohibited Practices. Namely, collusion and coercion are omitted from the suite of policies.

27. The conflict of interest guidelines of BDP-S.A.M. are outlined in its code of ethics, which provides general guidelines on managing conflicts of interest. The code defines conflicts of interest and provides examples, such as gifts, nepotism, financial interests in conflicting entities, and outside activities. It also includes protocols for reporting and communication. Additionally, the corporate governance code and regulations provide further stipulations on conflicts of interest, guiding disclosures of interest for directors, shareholders, Trustees, and all staff. The National Head of Human Resources is responsible for resolving ethical reports, including those related to conflicts of interest. BDP-S.A.M. shared samples of mandatory disclosures with the AP.

28. BDP-S.A.M. does not have a standalone whistle-blowing policy. Reporting for prohibited practices is documented in its transparency and the fight against corruption regulation. The regulation allows for reports to be made anonymously. BDP-S.A.M. has however not created a system for anonymous reporting. The regulations do not also explicitly indicate protections accorded to the whistle-blowers/reporters of wrongdoing. BDP-S.A.M. relies on the clauses in the Transparency and Anti-corruption Law No. 974 but has not adopted it internally. BDP-S.A.M. is encouraged to incorporate this provision into its transparency and anti-corruption regulations.

29. The Transparency and Anti-Corruption Unit is represented by a Transparency and Anti-Corruption Specialist, who operates independently and reports directly to the Board of Directors. The unit's terms of reference are outlined in the organization's functions manual. The transparency and anti-corruption regulations (2024) detail the procedure for handling complaints. BDP-S.A.M. has also developed a transparency and anti-corruption procedures manual, which outlines the various processes for complaint management. While BDP-S.A.M. did not receive any reports of wrongdoing in the recent past, it has recently received one. BDP-S.A.M. has not publicized the terms of reference or the guidelines for complaint management.

30. The bank's policy for risk management of money-laundering and terrorist financing outlines its strategy for mitigating these risks. BDP-S.A.M. has adopted a risk-based approach, with guidelines in place for identifying risk factors. These include those established by the Financial Action Task Force (FATF,) as well as others related to electronic funds transfers, currency exchange, money transfers, and remittances. The guidelines cover customer, product and service risk factors, geographic area risk factors, and distribution channel risk factors. BDP-S.A.M. also implements various levels of due diligence to identify customers and beneficial owners, using continuous, enhanced, or simplified due diligence measures at the start and throughout the business relationship. The bank has a procedure document template that details the process for knowing the client, supplier, or trust, and conducting due diligence according to their profile, including identifying unusual transactions. There are established procedures for different responsible roles, including the Verification Officer, Compliance Officer, Trust Manager, Bank Officer, General Manager, and others. The manual of central processes procedures of BDP-S.A.M. defines control procedures to monitor electronic fund transfers made through the integrated payment settlement system of the Central Bank of Bolivia. This system ensures the normal operation of electronic payments, preventing potential failures in transfers between institutions, whether through disbursements or operations with various financial entities and outlines disbursement procedures. BDP-S.A.M. provided two copies of reports on know your customer (KYC) due diligence, questionnaires, and monitoring reports on electronic funds transfers to demonstrate its track record.

31. The AP finds that the applicant's policies, procedures, capacity, and 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 gaps are identified in paragraphs 26–29 and are reflected by the corresponding conditions for accreditation in section 4.2.

3.1.3 Specialized fiduciary standard for project management

32. The project management regulations (2022) of BDP-S.A.M. outline the guidelines and criteria for effective project management. These regulations encompass the entire project life cycle, including project evaluation (beginning at the concept note stage), the funding proposal review process, implementation and monitoring, risk management and audit procedures, and project closure. Additionally, specific chapters are dedicated to development project management and climate-financing projects, which incorporate considerations for gender, Indigenous communities, E&S safeguards, investment criteria, results frameworks, planning, and implementation. The manual outlines that project appraisals conducted by BDP-S.A.M. consider technical, financial, economic, legal, environmental, social, and climate-change factors.

33. BDP-S.A.M. also developed a separate project management procedures manual specifically for managing projects related to GCF and development projects, which allows for the use of GCF templates in funding proposals and project management. BDP-S.A.M. has established a unit led by the National Head of Development and Sustainability Projects, responsible for overseeing project activities. Through the Technical Assistance Committee, the bank will evaluate project proposals before they are submitted to their BoD. This evaluation includes considerations such as a brief climate context, a description of the project, and how the concept note aligns with the GCF investment criteria. The Technical Assistance Committee will assess the capacity of the executing entity, compliance with GCF standards and criteria, and the potential positive impacts of the projects on climate-change mitigation.

34. BDP-S.A.M. manages its financial projects through trusts. As part of its track record, BDP-S.A.M. presented a project they are undertaking to finance to individuals or legal entities of the productive sector for the substitution of imports as part of the economic reactivation. This is a 15-year project of USD 65 million that requires regular semi-annual progress report and annual external audits to be provided as accountability mechanism. Additionally, BDP-S.A.M. presented a report on the Entrepreneurship Credit Fund Bolivia (Fondo de Crédito Emprénde Bolivia, FOCREB), a fund of USD 21 million launched in 2024 which utilizes different instruments, loan financing, conventional or non-conventional guarantees and technical assistance. The aim is to provide finance to persons between 18 and 35 years of age, to promote national entrepreneurship, and essentially start a small-scale economic activity in the country through the creation of micro or small-sized businesses.

35. To manage its projects, BDP-S.A.M. utilizes a spreadsheet that tracks the progress of each project in execution. This spreadsheet includes key details such as the project start date; overall status (e.g. in execution, co-execution, technical assistance); the beneficiary; specific project status (e.g. in execution, completed, approved); the project name, objectives, components; and a brief project description. Progress is reported monthly to Technical Assistance and Productive Innovation management, with annual reports submitted to the Technical Assistance Committee. These reports include the summary of financial progress, the technical progress by objective (demonstrating the activities and their respective indicators, units, goals, percentage of execution, date of completion, average execution, means of verification, and their verification links); and the financial progress (details of the financial analysis by outcome, activity, deadlines, payment dates, delivery schedules, delivery times, amounts executed, total amount executed, and percentage of project execution). The Technical Assistance Committee holds monthly meetings where progress and achievements are reviewed. BDP-S.A.M. provided samples of these meeting minutes, along with internal memoranda,

templates, project plans based on funding proposals, project budgets, activity schedules, reporting documents, and disbursement schedules as part of its track record.

36. The procedures of BDP-S.A.M. facilitate monitoring and evaluation at various stages of a project. They require executing entities to design and implement a baseline and an internal supervision and monitoring plan to track changes throughout the project's implementation. Executing entities are expected to develop a detailed plan outlining how the baseline and monitoring will be conducted. At a minimum, two evaluations should be performed: a mid-term evaluation and an end-of-project evaluation. The final evaluation report must include recommendations on replicability and scalability, taking into account various factors. Currently, BDP-S.A.M. does not have an independent evaluation unit and has not executed any projects with external funding where it was responsible for preparing monitoring and evaluation reports. However, it plans to recruit a project control and evaluation specialist who will work independently from its Project Management Unit.

37. The BDP-S.A.M. system for flagging early issues is outlined in its project management manual and associated guidelines and procedures. According to the project management regulations, the bank is required to monitor risks identified during project preparation and those highlighted in the funding request, in line with the internal supervision and monitoring plan. The Technical Assistance Committee reviews project execution reports and develops plans for redress.

38. The AP finds that the applicant's policies, procedures and capacity partially meet the specialized fiduciary standard for project management. The relevant gap is identified in paragraph 36 and is reflected by the corresponding conditions for accreditation in section 4.2.

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

39. The AP reviewed the systems, policies, procedures and track record of the applicant for this instrument. The applicant is encouraged to develop a track record for this instrument.

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

40. BDP-S.A.M. provides both first-tier and second-tier loans. One of the primary objectives of BDP-S.A.M. is to support and promote the development of the productive sector of Bolivia (Plurinational State of), through second-tier operations, where BDP-S.A.M. channels its own or third-party financial resources, either directly or through other financial institutions regulated or in the process of regulation by ASFI. The purpose of second-tier credits is to provide short, medium, and long-term resources to intermediate credit institutions (ICIs) to support state programmes, policies, and the financing needs of all actors in the plural economy. The ICI's which receive the loans or lines of credit will then finance sub-borrowers in the productive sector.

41. The procedures of BDP-S.A.M. for granting first and second-tier loans, whether funded by its own resources, trust funds, grants, or other financial mechanisms administered through national and/or international cooperation, are detailed in its credit policies for first-tier and second-tier loans. These procedures define the credit conditions, including currency, term, interest rate, required contributions, debt service, grace periods, disbursement methods, approval levels, charges, and other financial terms specific to each product. In alignment with its institutional strategic plan, BDP-S.A.M. also promotes second-tier operations through targeted promotional activities. Financial entities are qualified as ICIs once they meet the bank's requirements. Upon receiving a formal financing request from an ICI, BDP-S.A.M. initiates the

credit granting process. It reviews the financial statements and performance indicators of the ICI to assess eligibility for second-tier credit. Authorization levels for approving second-tier credit operations are set based on the financial product and the proposed amount. Additionally, BDP-S.A.M. establishes necessary reporting mechanisms, audits, and site visits as part of its oversight and management processes.

42. For proof of its track record, BDP-S.A.M. presented resources funded through trusts that were further on lent to borrowers at concessional rates and in line with the stipulations of the Trusters. For instance, BDP-S.A.M. obtained USD 65 million from the Ministry of Productive Development and Plural Economy (MDPyEP in 2021, which it manages under Trusts for the Reactivation and Development of Domestic Industry – BDP-S.A.M. (FIRE DIN – BDP) whose purpose was to provide financing to individuals or legal entities in the productive sector it obtained USD 70 million, from the State of Bolivia (Plurinational of) which it manages under the SEDEM – FICREP, the purpose is to finance operating capital for public enterprises at the central level of the state and the Development Service for Public Enterprises (SEDEM) that allows for the increased production and an increase in the number of producers. For guarantees, its track record included USD 21 million, obtained in 2021, for the guarantee fund for the development of the national industry (FOGADIN) which was established to cover up to 50 per cent of new loans to be granted by financial intermediation entities.

43. BDP-S.A.M. obtained an independent credit rating from Moody's Local and from AESA⁵. In March 2024, Moody's rated BDP as AAA, while in December 2023, AESA Ratings listed BDP-S.A.M. as AAA. The two national rating agencies recognized that BDP-S.A.M. had higher levels of capital adequacy ratios relative to the industry.

44. BDP-S.A.M. conducts its due diligence process together with the KYC process; where for KYC, necessary information, including beneficial ownership, is obtained. The second-floor credit regulation consists of establishing the specific criteria for the qualification of an ICI for the granting and administration of second-tier loans and lines of credit. The criteria established include an analysis of the portfolio of an ICI, which is compiled through an analysis of the financial statements mainly. The respective entities are required to provide financial and legal documentation, audited financial statements of the last two periods, internal financial statements of the last three months, credit management policies, and risk reports issued by a risk rating agency, when appropriate. BDP-S.A.M. gave examples of due diligence documentation of two ICIs that have been onboarded.

45. BDP-S.A.M. has developed guidelines to evaluate the credit portfolio of its intermediaries, which are outlined in the financial policies, second-tier credit policies, and second-tier credit regulations. Each intermediary's credit portfolio is assessed individually during its due diligence process when it first joins and again when it seeks additional financing. BDP-S.A.M. has provided samples of these evaluations. Additionally, the risk team conducts a comprehensive portfolio analysis every six months. This analysis is reviewed and discussed by the Risk Committee during its meetings. Samples of these analyses have also been shared.

46. BDP-S.A.M. prepares monthly reports for its Committee of Assets and Liabilities (COAP), which evaluates the market situation, interest rates, liquidity, and investments. Each month, the COAP reviews these aspects and assesses upcoming investments. BDP-S.A.M. has provided samples of these monthly reports and COAP meeting minutes. Additionally, the comprehensive risk management framework of BDP-S.A.M. offers guidance on managing liquidity, credit risks, market risks, and investments. As part of liquidity risk management, the National Head of Risk produces quarterly reports detailing the liquidity risk exposure of BDP-S.A.M. These reports, presented to the Risk Committee and relevant departments, include analyses of liquidity

⁵ See: [Iniciar sesión | AESA Ratings \(aesa-ratings.bo\)](#)

indicators, term matching, cash flow and liquidity gap assessments, and stress test scenarios for projected cash flows. Samples of these quarterly reports have also been shared.

47. BDP-S.A.M. presented its institutional communication policy and transparency policy to demonstrate that the bank takes steps to provide information on the results of the operations to the public. Examples provided were the published accountability report for 2021 and the publication of virtual or in-person events on past achievements as well as the presentation of new goals and challenges, which have been made public.

48. For its second-tier business line, BDP-S.A.M. receives external audit opinions for each credit institution within 120 days of the closure of the management of the funds. The external auditors express an opinion on the compliance with contractual clauses of contracts concluded, as well as the correct use of resources granted. These opinions are reviewed by the second-tier business function who follows the intermediaries' progress through the outcomes. Additionally, the financial management team conducts quarterly evaluations of the financial performance of each intermediary credit institution.

49. The AP finds that the applicant's policies, procedures and capacity fully meet the specialized fiduciary standard for on-lending and/or blending for loans and guarantees.

3.2 Environmental and social safeguards

3.2.1 Environmental and social policy, management and monitoring

50. The updated E&S sustainability policy of BDP-S.A.M., approved in October 2023, sets out its vision, requirements, and specific environmental and social standards in relation to the projects and programmes that BDP-S.A.M. supports. The E&S sustainability policy is aligned with international agreements like the Universal Declaration on Human Rights and United Nations Global Compact principles, as well as relevant Bolivian legislative laws, including those on labour, working conditions, and non-discrimination. The commitment of BDP-S.A.M. to enforcing E&S standards and best practices in its operations is further evidenced by its E&S sustainability regulation (2024) and environmental and social risk analysis system (SARAS) manual. Guided by its corporate social responsibility policy, code of ethics, human talent policy, and code of conduct, the applicant is committed to promoting inclusivity and ensuring non-discrimination, especially for persons with disabilities, and prohibiting sexual exploitation, abuse, and harassment, and other forms of misconduct. This alignment and these commitments comply with the provisions of the GCF Revised Environmental and Social Policy and are consistent with the International Finance Corporation's Performance Standards (PS) 1–8. The AP finds that BDP-S.A.M. has the systems and capacity to meet the SEAH-related principles in the GCF Revised E&S policy.

51. The investment portfolio of BDP-S.A.M. supports sustainable programmes, agricultural and rural development, innovation and climate-change adaptation and mitigation actions, reflecting its commitment to enhancing resource efficiency measures as well as contributing to global efforts in transitioning to a low-carbon economy. The applicant has policies, regulations methodologies, procedures and tools, that make up its Climate Change Risk Management system and allow the identification and management of climate risks and impacts during both design and implementation. Additionally, BDP-S.A.M. applies an automated monitoring measurement, reporting and verification tool to collect data and report the impact of its ecoefficiency investments on energy savings, water savings and reduction of greenhouse gas emissions. A list of projects from the past three years showcases a proven track record in calculating and tracking greenhouse gas emissions, contributing to the country's NDC targets and international climate commitments.

52. BDP-S.A.M. has an Indigenous Peoples safeguard policy (October 2023), which places emphasis on obtaining free, prior and informed consent; promoting access and use rights to land and resources of any group; establishing accessible grievance redress mechanisms at the project level; and maximizing benefit-sharing of affected communities. BDP-S.A.M. has provided project examples to demonstrate its capacities and competencies in implementing this policy. By working closely with local communities and stakeholders, BDP-S.A.M. ensures that cultural, heritage, social and traditional values are respected. The AP finds that BDP-S.A.M. has the systems and capacity to meet PS 7 on Indigenous People, in accordance with the GCF interim environmental and social safeguards (ESS).

53. The bank's impact indicators management system and guidelines for monitoring and evaluation, outline a monitoring and evaluation and reporting process of E&S performance for its operations, and the findings feed into decision-making processes. At the mid-term of projects, the applicant's audit management conducts an environmental, social and governance audit, and the project environmental management and monitoring matrix is updated based on the recommendations, while at project completion, an intermediate and final evaluation of the ESS is conducted. Additionally, a regulation for measurement, reporting and verification to ensure transparency, accuracy and consistency in monitoring E&S impacts of its sustainable programmes, projects and operations is under development. BDP-S.A.M. has yet to build its track record in the evaluation of E&S and gender matters in its projects/programmes.

54. The integrated environmental and social management system (SIGAS) of BDP-S.A.M. encompasses its policies, regulations, methodologies, procedures, guidelines and tools. Additionally, the SARAS methodology describes its institutional procedure to identify environmental and social risks, including E&S risk categorization, E&S mitigation and management and monitoring. BDP-S.A.M. mandates that all projects secure permits or licenses from relevant national entities before receiving financing. BDP provided examples of project documents, including an internal evaluation of its environmental and social management system (ESMS), attesting to its systems and capacity to identify and manage E&S risks and impacts. However, BDP-S.A.M. has yet to provide an independent audit or review report on the overall effectiveness of its ESMS.

55. The applicant has provided its organizational structure illustrating E&S management institutionalized under three departments: (i) Comprehensive Risk; (ii) Legal; and (iii) operationally under Technical Assistance and Productive Innovation. The National Head of Environmental and Social Management is responsible for overseeing, implementing, and continuously improving the E&S policy and procedures of BDP-S.A.M., in line with national and international best E&S practices such as the International Finance Corporation's Performance Standards. The bank's commitment to ensuring effective implementation of SIGAS is evidenced by the internal minutes of its Committee on Sustainability, the evaluation of SARAS, and seven training sessions on E&S related topics for staff and project teams.

56. The AP finds that the applicant's ESMS, comprising its E&S sustainability policy, E&S management regulation, SARAS methodology, guided by its corporate social responsibility function policy, codes of ethics and conduct, and competency, supported by evidence of its track record, partially meets the revised GCF Environmental and Social Policy to the extent applicable to accreditation and the GCF interim ESS standards for maximum E&S risk category B/I-2 projects/programmes with respect to PS 1–8. The relevant gaps are identified in paragraph 53 and 54 and is reflected by the corresponding condition for accreditation in section 4.2.

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

57. Since 2015, the customer service and claims mechanism at BDP-S.A.M. has served as a channel for receiving all concerns and complaints, facilitating the resolution of both financial and non-financial operations, including projects/programmes. In July 2024, the applicant updated the customer service and claims mechanism and approved its claims/grievance mechanism. Provisions for receiving and resolving concerns related to Indigenous Peoples, gender, and E&S issues are included in its complaints and requirements handling procedures manual. Complaints can be submitted by letter, telephone, or at any of the organization's 45 offices in Bolivia (Plurinational State of). They can also be submitted through the contact form available on the BDP-S.A.M. website at (www.bdp.com.bo/punto-de-reclamo/). To enhance accessibility for receiving concerns and complaints on E&S matters, a dedicated customer service and claims/grievance mechanism website, focusing on E&S related complaints, including a public registry, is under development and will be operational by October 2024.

58. Currently, the executing entities of BDP-S.A.M. are assessed against specific criteria to ensure they establish project-level grievance redress mechanisms (GRMs) to manage E&S issues during project implementation, as outlined in the applicant's project rules. The criteria include: the availability of a complaints policy; accessibility of the project-level GRM; a system to receive, document and track complaints; confidentiality of complaints; and capacity of relevant project staff on the GRM. However, BDP has yet to develop specific claims/grievance mechanism procedures on E&S matters for its executing entities which conform to the GCF criteria on accountability, effectiveness, independence and transparency as prescribed in the United Nations Guiding Principles on Business and Human Rights.

59. If dissatisfied with the resolution from the project-level GRM, complainants are encouraged to appeal directly to the Financial Consumers Ombudsman of the Financial Systems Supervisory Authority or to other dispute mechanisms, such as a court of elders or the formal legal system. BDP-S.A.M. has not received any complaints or claims regarding E&S issues. As the bank gains experience in applying its proposed customer service and claims/grievance mechanism requirements for its executing entities, it is recommended that project-level grievance redress strategies be solidified in the project management regulations.

60. The applicant has provided curricula vitae of two staff members who have experience in customer service and in resolving claims and complaints related to financial and non-financial matters. Both the National Head of Customer Service and Productive Projects Analyst are responsible for addressing E&S complaints and are not part of the project management team, which is responsible for managing and executing projects. BDP-S.A.M. is committed to hiring two independent specialists, one to cover environmental issues and the other to cover Indigenous Peoples and gender issues, to provide specialized support from 2025.

61. The E&S sustainability management regulations provide for meaningful consultation with stakeholders and public disclosure of E&S information, in line with the language and timing requirements of the GCF Information Disclosure Policy for risk category B/1-2 projects/programmes. In addition to its website, BDP-S.A.M. discloses information on social media platforms such as Facebook, Instagram and LinkedIn. 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 meet the revised GCF Environmental and Social Policy to the extent applicable to accreditation, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category B/1-2 projects/programmes with respect to PS 1-8. The relevant gaps are identified in paragraphs 57 and 58 and are reflected by the corresponding conditions of accreditation in section 4.2.

3.3 Gender

62. In 2023, BDP-S.A.M. adopted its gender safeguards policy, affirming its dedication to gender equality and women’s empowerment both within its institutional framework and its financed projects. The policy is founded on the following six strategic areas of gender inclusion and approaches, economic empowerment of women, gender equality, inclusion and access of women to financial and non-financial services, building resilience of women and men to climate change, and gender mainstreaming. Also, the gender action plan of BDP-S.A.M. for 2024 to 2026 aims to help integrate gender equality into its institutional priorities, including projects. The policy which intertwines with the organization’s E&S sustainability policy, human talent policy, code of ethics, and code of conduct embraces universally accepted commitments like the Convention on the Elimination of All Forms of Discrimination against Women and the United Nations Global Compact principles.

63. At the project level, a variety of methods and tools are used to analyze and incorporate gender considerations into project analysis and implementation. Each project includes a gender action plan with a specified budget allocation for gender-related actions. On average, the participation of women in project activities is 45.35 per cent. The applicant provided examples of gender tools and a jointly financed project with the Global Environment Facility and the United Nations Development Programme, highlighting its track record in identifying gender risks and impacts, mainstreaming gender, promoting gender participation and inclusion, strengthening community resilience to climate change, and monitoring and reporting disaggregated gender data.

64. BDP-S.A.M. provided its institutional organizational structure, illustrating its technical assistance and innovation production function’s responsibility to intervene strategically in gender policy, institutional and operational orientations. Additionally, recent minutes of its Technical Assistance Committee, job profiles of staff working on gender issues, and knowledge product on its gender programme have been provided. BDP-S.A.M. aims for gender-balanced hiring, with a focus on equal representation between women and men at the institutional level. The current representation of women on staff is 40 per cent, with a goal to reach 45 per cent in the next five years. This reaffirms the efforts of BDP-S.A.M. to promote inclusivity and attain gender parity as much as possible.

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

IV. Conclusions and recommendation

4.4 Conclusions

66. Following the assessment of BDP-S.A.M., the applicant is found to have the potential to support GCF in implementing the updated Strategic Plan for the GCF for 2024–2027 with respect to:

- (a) Increasing the portfolio of DAEs to GCF, particularly as the applicant is the first national DAE in the country 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 68 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 mitigation, adaptation, and cross-cutting activities and

supporting diversity in GCF results areas as they are capable of programming in all but one;

- (e) Enhancing private-sector participation by de-risking climate investments through the use of financial instruments such as loans and guarantees;
- (f) Diversifying the use by DAEs of appropriate financial instruments, such as loans and guarantees; and
- (g) Addressing interests of particularly vulnerable groups (the country's Indigenous communities).

67. 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 15 above:

- (a) The applicant fully meets the requirements of the specialized fiduciary standard for on-lending and/or blending for loans and guarantees and 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, the GCF AML/CFT Policy, and it partially meets the specialized fiduciary standard for project management. In particular, the entity has not publicized its investigation guidelines, does not have provisions to make its procurement awards public, has not made its procurement guidelines public, omits collusion and coercion from its suite of integrity policies and regulations, lacks an anonymous system for whistleblowing and lacks a track record for conducting evaluations. These gaps are identified in paragraphs 23, 26, 28 and 29 reflected by the corresponding conditions of accreditation in section 4.2 below;
- (b) The applicant partially meets the GCF Revised Environmental and Social Policy to the extent applicable to accreditation, GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of E&S information in relation to the medium E&S risk (category B/I-2). The gaps are the lack of: (i) an independent audit or review on the effectiveness of the applicant's ESMS, at the institutional level; (ii) a dedicated claims/grievance mechanism website at the institutional level; (iii) an operational public registry of complaints addressing E&S issues; and (iv) claims/grievance mechanism procedures for its executing entities for E&S matters. Additionally, the gap relates to the absence of the applicant's track record on evaluation of E&S and gender issues in its projects/programmes. These gaps are identified in paragraphs 53, 54, 57, and 58 reflected by the corresponding conditions of accreditation in section 4.2 below;
- (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 to the extent applicable to accreditation and has demonstrated that it has experience in gender consideration in the context of climate change; and
- (d) 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 GCF Evaluation Policy for its GCF-funded activities. However, the applicant has not yet demonstrated a track record of conducting evaluations. This gap is identified in paragraphs 53 and 54 reflected by the corresponding condition of accreditation in section 4.2 below.

4.5 Recommendation on accreditation

68. The AP recommends, for consideration by the Board, APL139 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum size of an individual project or a programme:** medium;⁶

(i) **Fiduciary functions:**

(1) Basic fiduciary standards;

(2) Specialized fiduciary standard for project management;

(3) Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees);

(ii) **Maximum environmental and social risk category:** medium risk (category B/I-2⁷).

(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 effectiveness of the accreditation master agreement during stage III of the accreditation process:

(1) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of (i) its approval and adoption of claims/grievance mechanism procedures for its executing entities, on E&S matters which conform to the GCF criteria on accountability, effectiveness, independence and transparency as prescribed in the United Nations Guiding Principles on Business and Human Rights, and (ii) that the approved claims/grievance mechanism procedures have been published on the applicant's website;

(2) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of the adoption and publication by the applicant of a dedicated claims/grievance mechanism platform for E&S matters, including a registry of complaints operationalized on its public website;

(3) Delivery to GCF by the applicant, in a form and substance satisfactory to the AP, of an updated code of conduct and/or integrity policy or policies, approved by the applicant's Board of Directors, which code, policy or policies are applicable to all staff and counterparties to the applicant, that incorporates and prohibits all prohibited practices (as defined in the GCF Policy on Prohibited Practices);

⁶ 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".

⁷ As per the Revised Environmental and Social Policy adopted in decision B.BM-2021/18, category B is defined as "Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures", and intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and 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".

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- (4) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of:
- a. Establishment of a publicly available system for staff and third parties to report wrongdoing anonymously;
 - b. Publication on the applicant's website of investigation guidelines and procedures for responding to reported suspected wrongdoing;
 - c. Publication on the applicant's website of the applicant's procurement policy and/or guidelines applicable for third parties;
- (ii) Condition to be met by the applicant with the submission of the first funding proposal to the Board:
- (1) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of an independent evaluation report of project results conducted in line with its policies and procedures; and
- (iii) Condition to be met by the applicant within three (3) years following the approval by the Board of the first GCF-funded project/programme assigned E&S risk category B/I-2:
- (1) Delivery to GCF by the applicant, in a form and substance satisfactory to the AP, of a report, prepared by an independent body, which confirms the effective implementation of the applicant's ESMS.

69. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 68 above, and agrees to the recommendation.

4.6 Remarks

70. The applicant is encouraged to factor lessons learned from applying the claims/grievance mechanism procedures for executing entities into its project management regulations.
