



**GREEN  
CLIMATE  
FUND**

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# Consideration of accreditation proposals – Addendum V Accreditation assessment of APL141

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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 141 (APL141), Banque Nationale de Développement Agricole (BND), based in Mali, for the first accreditation term.

## I. Introduction

1. Banque Nationale de Développement Agricole (BNDA) is a national direct access entity based in Mali. BNDA is a development bank with a mandate to contribute to Mali's economic development, particularly rural development, agricultural, livestock or forestry production, fisheries, housing and rural crafts, agro-industry, and the processing and marketing of products from these activities.

2. The applicant submitted its application for accreditation to GCF via the digital accreditation platform on 16 October 2023. Accreditation fees were received from the applicant on 30 November 2023, thereby launching the stage I institutional assessment and completeness check. Stage I was completed on 18 April 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 Mali;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** small;<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (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));<sup>3</sup> and
- (f) Indicative results areas for intended projects/programmes with GCF:
  - (i) Energy generation and access;
  - (ii) Forests and land use;
  - (iii) Livelihoods of people and communities;
  - (iv) Health, food and water security;

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<sup>1</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".

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

<sup>3</sup> 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."

- (v) Ecosystems and ecosystem services; as well as
- (vi) 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) Updated Strategic Plan for the Green Climate Fund: 2020–2023 (decision B.27/06);
- (b) Update of the Strategic Plan for the GCF 2024–2027 (decision B.36/13);
- (c) Updates to the Accreditation Framework (decision B.31/06); and
- (d) 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. BNDA was created in 1981 by law No. 81-08 AN-RM of 3 February 1981. BNDA is a public limited company registered as a joint-stock company in the Company Trade and Mortgage Register of Bamako, with registration number MA.BKO.2009.B.3189, and is accredited as a bank and financial institution in the Republic of Mali. 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. The applicant is headquartered in Bamako and has 47 branches across Mali, as well as an agency in Paris, France. With 80 automated teller machines in Mali, BNDA is one of the pioneers of access to banking in the country. As of 31 August 2024, BNDA has 527 staff members.

6. BNDA is a member of the Professional Association of Banks and Financial Institutions of Mali and the African Rural and Agricultural Credit Association, and has established partnerships with the Environment and Sustainable Development Agency of Mali as well as with the National Renewable Energy Agency of Mali.

7. Starting in 2017, BNDA adopted a climate strategy, a corporate and social responsibility policy, environmental and social procedures applicable to financing, and set up a dedicated unit addressing climate financing. Its climate strategy contains five pillars:

- (a) Development of sustainable agriculture;
- (b) Development of renewable energies;
- (c) Assessing the climate risks associated with financing;
- (d) Training and raising awareness on climate change among staff and customers; and
- (e) Search for financial partners.

8. BNDA's strategies and priorities are in line with Mali's nationally determined contributions and follow the guidelines set out in the Government of Mali's climate policies, in particular Mali's national policy on climate change, the Strategic Framework for Economic Recovery and Sustainable Development for the period 2019-2023 and the National Renewable Energy Action Plan.
9. BNDA intends to submit to GCF proposals with the following objectives:
  - (a) Increasing the resilience of small- and medium-scale farmers through inclusive financing of low-emission climate-smart agriculture in arid and semi-arid areas of Mali;
  - (b) Promoting access to renewal energy in urban and rural areas; and
  - (c) Facilitating energy transition for processing units through renewable energies.

## 2.3 Track record

10. BNDA has a track record of implementing and financing projects in various sectors in Mali. While agricultural financing is its core business, BNDA has diversified widely and operates in all sectors of the Malian economy.
11. The applicant's track record in managing and financing sustainable development and climate change-related projects includes:
  - (a) USD 43 million (loans and grants) from the Agence Française de Développement (AFD) to strengthen BNDA's capacity in climate finance, gender, digital banking, and finance solar energy projects;
  - (b) USD 17 million (loans) from the Banque Ouest Africaine de Développement (West African Development Bank) for a project to finance sectors such as energy, industry, transport, mining, agriculture, fisheries, livestock and forestry;
  - (c) USD 16 million (loans) and 1.9 million (grants) from the Kreditanstalt Für Wiederaufbau (KfW) for the promotion of micro, small and medium-sized agricultural enterprises throughout the value chain; and
  - (d) USD 5.5 million (guarantees) from the AFD to facilitate access to finance for vulnerable customers in the Centre-Nord region of Mali.

## III. Stage II accreditation review assessment

12. The applicant applied under the normal track accreditation process. Its application has been assessed by the Accreditation Panel (AP) during stage II (step 1) against 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) Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards (decision B.07/02);
  - (c) Policy on Prohibited Practices (decision B.22/19);
  - (d) Anti-Money Laundering and Countering the Financing of Terrorism Policy (AML/CFT Policy) (decision B.18/10);
  - (e) Policy on the Protection of Whistleblowers and Witnesses (decision B.BM-2018/21);

- (f) Comprehensive Information Disclosure Policy of the Fund (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
  - (g) Updated Gender Policy and Gender Action Plan 2020–2023 (decision B.24/12);
  - (h) Revised Environmental and Social Policy (decision B.BM-2021/18); and
  - (i) Evaluation Policy (decision B.BM-2021/07).
13. 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

14. BNDA benefits from an active and supportive group of four strong shareholders: The government of Mali owns 46.2 per cent, the AFD of France owns 22.67 per cent, the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) of Germany owns 21.43 per cent and Crédit Coopératif of France owns 9.7 per cent. Crédit Coopératif is a French bank that is part of the Groupe BPCE (Banques Populaires et les Caisse d'Épargne) which is the second largest banking group in France and owner of Natixis. BNDA's Board of Directors has ten members and is chaired by an experienced former manager of the bank. The State of Mali and AFD each have two directors, DEG and Credit Cooperative each have one director and the other four are independent directors. Four of the ten directors are women. The Articles of Association of BNDA and the four specialised committees of its Board of Directors, namely the Remuneration and Nomination Committee, the Risk Committee, the Credit Committee and the Audit Committee, were described in detail.

15. The organisation chart shows four divisions covering commercial operations, back-office functions, finance and accounting, and support and resources. The two control departments, Internal Audit and Compliance and Risk Management, are treated as divisions because of their functional autonomy from General Management. Below these divisions are 12 departments (excluding DAI and DCR), which are responsible for the management and operations of the BNDA.

16. A strategy and organisation department is responsible for the medium- and long-term and annual objectives, which are set following a budget preparation process involving two main stages: first, a framing phase led by a management and control department and second, the preparation of budget forecasts. During the first phase, a budget framework memorandum is prepared to provide department managers with the strategic guidelines set by the board in a medium-term plan (MTP). These guidelines aim to improve the bank's performance while complying with all prudential and internal ratios. The budget framework includes, among other things: trends in the national economic environment; the strategic elements of the MTP; and the financial projections and business objectives for the coming year. A budget session in October brings together all the bank's managers to finalise budgets and business objectives, as well as operational action plans and financial forecasts. Draft budgets are sent to the board for approval in December each year.

17. BNDA has adopted its seventh medium-term plan (MTP7) for the period 2021-2025, with the following strategic objectives: (i) Establish itself as a major player in financing rural entrepreneurship through innovation; (ii) Provide the bank with the means to succeed in its ambitions; and (iii) Pursue growth while respecting standards. This seventh plan also addresses the vision of BNDA in relation to corporate social responsibility (CSR), namely to pursue an

ethical model for BNDA with commitment to the United Nations Sustainable Development Goals.

18. BNDA's accounting department is staffed by qualified personnel who use a management information system to record financial transactions and generate periodic financial reports. The financial statements are audited in accordance with International Standards on Auditing by two external auditors. The financial statements are prepared in accordance with the Plan Comptable Bancaire (PCB) of the Union Monétaire Ouest Africain (UMOA) and full annual reports for 2021, 2022 and 2023 have been provided. All of them have clean auditors' opinions. According to the external auditors' opinion, the statements are also consistent with the Union Monétaire Ouest Africaine (UMOA, West African Monetary Union) Banking Accounting Plan of 1st January 2018, which is a comprehensive framework designed to standardise the accounting practices of banks within the UMOA. It outlines the principles, rules and guidelines that banks must follow in their accounting processes, including the preparation and presentation of financial statements, asset valuation and the recognition of income and expenses. The audit committee has at least three members, all of whom are non-executive directors, with experience in auditing, accounting and financial reporting. As per its charter, the role is to assist the board in verifying the reliability and relevance of BNDA's financial information and to assess internal control systems and compliance. It also examines the bank's draft annual budget, evaluate the system for combating money laundering and the financing of terrorism (AML/CFT), risk management and quality control of internal and external audits. In addition, it examines and monitors the implementation by BNDA's management of recommendations made by internal audit, the external auditors and the UMOA banking commission. The committee meets at least twice a year.

19. The Internal Audit Department (DAI) reports functionally to the BNDA Board of Directors and hierarchically to the CEO. An internal audit charter defines the role, missions, responsibilities and code of conduct of the function. DAI ensures that risks are properly managed and periodically assesses the bank's effectiveness and compliance with rules and regulations. It covers BNDA's governance system, information system, management of payments, human resources, management of assets and liabilities. The head of internal audit establishes a risk-based audit plan to set priorities consistent with the bank's objectives. The plan is based on a documented risk assessment that is conducted at least once a year. DAI monitors and oversees the implementation of its recommendations and assists the governing body and the executive management in their supervisory and management roles. The 2022 and 2023 internal control reports have been provided. They were prepared in accordance with the requirements of the Central Bank of West African States for the drafting of internal control reports.

20. There are two principal types of internal control at BNDA: permanent and periodic. The compliance and risk department (DCR) is responsible for the permanent controls. In this capacity, DCR ensures the coordination of the overall risk management system, which includes risk mapping, the definition of risk appetite and sectoral limits, the collection of incidents, the business continuity plan, and the framework for managing non-compliance risks.

21. The Risk and Credit Committee validates the DCR's annual programme of activities, which is submitted to the Board of Directors for approval. The DAI is responsible for periodic controls based on the internal audit manual and an annual audit plan drawn up by the Board of Directors. A recent report by external auditors on BNDA's internal controls covers a wide scope of topics, from labour contracts to updating appraisals of fixed assets, mortgaged property valuations, AML/CFT training, information technology review and an inventory of compliance with standards. This comprehensive review demonstrates the seriousness of BNDA's commitment to strong internal controls and regulatory compliance.

22. Comprehensive procurement procedures have been provided together with examples of recent procurements that demonstrate track record. The procurement function is regularly audited by both the external auditors and by BNDA's internal audit. The 2023 audit of procurement has been provided together with contract management reports. BNDA does not currently monitor the procurement procedures of executing entities. However, both BNDA and their partners are subject to national procurement regulations and BNDA has indicated its willingness to oversee the procurements of executing entities for GCF projects.

23. The AP finds that the applicant's policies, procedures and capacity partially meet the GCF basic fiduciary standards on key administrative and financial capacities. The relevant gap is identified in paragraph 22 and is reflected by the corresponding condition for accreditation in section 4.2.

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

24. BNDA recently updated its code of ethics, adding sections on: risk management; responsibility towards the community and the environment; the policy on management declaration of gifts. All staff are required to sign a form confirming they have read and accepted their responsibilities under the code of ethics. The DCR assists staff with any questions regarding understanding or interpretation of the code. The code of ethics applies to everyone without distinction of function: employees, managers, directors, interns, employees of service providers and suppliers. As such, each stakeholder must ensure vigilance regarding their actions inside and outside the bank, within their teams and with the people under their responsibility. This ensures a strong link between the missions, values, principles of the bank, as well as the obligations defined by the laws, regulations and procedures. BNDA's disciplinary board plays the role of an ethics committee and documents evidencing this and the functions of this board have been provided together with minutes of meetings where two cases were discussed.

25. BNDA recognizes the importance of reporting potential wrongdoing and maintaining an effective investigation function in order to guarantee compliance, ethics and responsibility in all its activities. The procedures aim to establish a clear and confidential framework for employees and external stakeholders to freely and constructively report any potential misconduct that might be inconsistent with the ethics and values of the bank. Whistle-blowers can submit reports via a dedicated email ([conformité@bndamali.com](mailto:conformité@bndamali.com)) or landline telephone number. The control departments, DAI and DCR, are responsible for ensuring the correct application of this procedure and guaranteeing the confidentiality of reports made to this address. BNDA is in the process of further strengthening its reporting channels including providing a secure platform accessible via an internet link. These changes will ensure increased guarantees concerning the protection and confidentiality of whistle-blowers' personal data, and the potential for anonymous reporting. This aims to encourage employees to share their concerns, particularly those relating to misconduct, corporate governance and ethics, and to do so without fear of reprisal. BNDA's whistle-blowing policy contains specific terms strictly forbidding any form of retribution or retaliation against whistle-blowers. The DCR director is responsible for collecting and processing reports and referring them to the chair of the board, when applicable. Overall responsibility for the investigation function is with internal audit, which reports direct to the board and thereby ensures independence of the function.

26. In addition to addressing codes of conduct, whistle-blowing and investigations, the ethics code also sets out BNDA's rigorous approach to combatting both money laundering and the financing of terrorism. The bank's AML/CFT policy describes the identification of potential breaches, monitoring of operations, customer management and relations with the relevant authorities in the UMOA area. Training of staff is a key part of the procedures and DCR is responsible for their application. Robust know-your-customer (KYC) is a key element as well as

international sanctions lists against people and countries. Customer transactions are monitored to ensure consistency and operational staff are responsible for detecting suspicious activity. DCR is also required to notify the national processing unit of financial information and the audit department carries out annual assessments of the AML/CFT and KYC procedures. An example surveillance report has been provided to demonstrate track record in verifying the identity of customers and flagging those with potential issues and incomplete information.

27. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, fully 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 Whistle-blowers and Witnesses, and the GCF AML/CFT Policy.

### 3.1.3 Specialized fiduciary standard for project management

28. BNDA is a universal bank that finances individuals, corporations, small and medium-sized enterprises (SMEs), institutions and microfinance institutions, mainly active in the agricultural value chain. BNDA defines its annual risk appetite and overall risk limit based on a minimum solvency ratio, with sectoral and credit exposure limits. BNDA's credit limits are by sector, based on the quality of the portfolio and outstanding amounts in each industry. The authority to approve loans is delegated and is obtained at several levels, from the Board of Directors to the Managing Director or the Agency Group Committee, Agency Director, depending on the amounts. BNDA has risk reviews and approvals for a given project in different instances. The feasibility of projects is assessed based on their technical, financial and economic analyses, the market potential, the legal review, the environmental risks and impact, and the management and technical capacity of the sponsor. The financial projections include the project/sponsor's revenue streams and profitability measures. Project cost and the financing plan are analysed, and a typical application includes:

- (a) The investment plan;
- (b) Details of sales;
- (c) Projected operating accounts;
- (d) Forecasts of working capital requirements;
- (e) Monthly cash flow forecast for year one;
- (f) Projected profitability calculations; and
- (g) Sensitivity analysis.

29. The financial and technical analysis of projects is done preliminarily at the client relationship level and subsequently submitted for review and complete analysis to the appropriate decision-making unit and corresponding credit committee. An example of a loan application was shared with the AP, demonstrating the business case assessment, the sponsor's capacity, financial projections, and legal and collateral arrangements.

30. A loan at BNDA is meticulously monitored throughout its life cycle, from the initial appraisal phase through recovery, even when its classification moves from "current" to "doubtful" or worse. As soon as the BNDA agrees to finance a project, the fund release notification is sent to the client and overseen at every stage within the bank. If the client relationship team notes a problem (financial or technical), an analysis of the situation is carried out to propose solutions. The finance group's Département d'Engagement (commitment department under the Pole Finances et Trajectoires) is also involved in monitoring the loan, as is the client relationship staff. The client relationship team receives reports produced by the



finance group and is notified of any unpaid amounts. The client team is responsible for recovering late payments up to 30 days from the due date, after which additional steps, such as sending written notices, are taken. From the thirty-first to the sixtieth day of delay, the representative of BNDA takes over by carrying out new exchanges and visiting the borrower. At 90 days of non-payment, a formal notice letter must be sent to the client by a bailiff. After 90 days, the file is handled by the Recovery Unit at BNDA's commitment department. The Commitment (loan approval) Operations Manual (Le Manuel de Procedure des Engagements) describes the roles, responsibilities, approval, engagement level and authorities of different persons and units at the BNDA.

31. BNDA oversees the implementation of projects, with site visits and reports, before each significant disbursement, the latter following a schedule and a physical timetable set up after project approval. Some examples of project supervision reports shared with the AP include an update on the physical investment, the client, and the project's financial situation, with recommendations about the release of the next loan tranche, and compared to the original schedule, with appropriate monitoring, etc.

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

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

33. BNDA has been using grants with concessional loans received from the Government of Mali and funded by bilateral donors, such as KFW Development Bank, World Bank's IDA, AFD. As one of the executing entities of the World Bank's IDA programme, BNDA uses the resources to on-lend and implement capacity-building of micro, small and medium-sized enterprises in the agricultural/livestock sector. These bilateral and multilateral sources of funding are examples of BNDA's proven track record of handling such programmes with multilateral funds. BNDA applies the procedures described in its Commitment (loan approval) Operations Manual (mentioned above) to award grants in the same way as it approves its loans.

34. As mentioned before, the feasibility of projects, considered for financing with grants is assessed based on their technical, financial and economic analyses, with reviews of the legal and environmental risks, and the management capacity of the sponsor. The analysis includes financial projections, project costs and the funding plan. Grants are used to finance projects and constitute a financing source for BNDA's SME projects' funding plan. BNDA does not have a specific grant allocation committee. It does, however, have decision-making and credit-committee (for loans, subsidies, etc.) whose operating procedures are included in the above-mentioned procedural manual. When granting subsidies, BNDA applies the eligibility criteria required by the donor-funded programme. BNDA's role is to identify and select proposed business plans, and finance the most solvent ones that meet the objectives of the given programme.

35. The bank intends to use future grants for feasibility studies and capacity-building of sponsors of small-scale green projects in the rural sector (micro, small, and medium-sized enterprises managed by women young, farmer/producers' organizations, and women's groups), and finance projects presented by these groups for funding. The bank also intends to use the subsidies to reduce the personal contribution of the above-mentioned beneficiaries. BNDA's current use of grants is selective (after identifying, assessing the best business plan that fits the eligibility criteria of the program), and is subject to the approval of the credit committee, and the bank's other approval authorities. BNDA is drafting grant allocation procedures for

innovative, green, and climate-smart projects to be presented to the Board of Directors for its approval and adoption in early 2025.

36. The AP finds that the applicant's policies, procedures and capacity, supported by evidence of its track record, partially meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The relevant gap is identified in paragraph 35 and is reflected by the corresponding condition for accreditation in section 4.2.

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

37. BNDA operates under the regulatory framework of the Central Bank of West African States, the central bank for the West African Economic and Monetary Union. The regulations include banking operations, credit issuance, liquidity management, and other aspects of financial governance. BNDA on-lends to micro-credit activities through micro-finance institutions; examples provided are Nyèsigiso, Kafo Jiginew, and the Association SiniSigui, as well as a local fund (Fonds de Garantie du Secteur Privé, a partial guarantee facility for banks and financial institutions of their loans and working capital facilities, and rural seasonal credits to SMEs). BNDA has demonstrated its capacity to conduct due diligence and solvency analysis of these intermediaries (micro-finance institutions). BNDA's analysis of a microcredit institution involves a rating based on several criteria about the client's history with BNDA, quality of its governance (presence of a board of directors, regularity of shareholder meetings), the tracking of portfolio at risk - namely the late and overdue payments - percentage of funding from BNDA, financial performance, three years of certified financial statements, compliance with prudential ratios. BNDA shared an example of a rating with the AP using the above processes for a micro-credit institution. This institution represents the Union of Mutual Savings and Credit Unions of Mali, which provides financial services to low-income populations. Based on BNDA's internal rating system, the micro-credit institution showed an excellent risk rating of -A, indicating almost no probability of default.

38. The BNDA's risk assessment through loan portfolio reviews is thorough, evidenced by several semi-annual portfolio reports in 2023, prepared by the Risk and Compliance Department (DCR). The report provides an overview and evolution of outstanding loans classified by the Bank's internal rating, provisions, overdue loans, portfolio concentration, sector exposure, restructured loans, and an update on the bank's recovery efforts and the loan book's profitability. The report also includes a review of the bank's internal controls over its lending operations, provisioning and loan classifications, supervision requirements, downgrading, and provisioning proposals, among other things. The report recommends improvements in loan classifications, tightening loan monitoring and evaluations, follow-ups on recovery, among other things. BNDA has also shared minutes of Asset-Liability Management meetings, indicating a detailed discussion of its financial situation, including lending activity, liquidity, and ratio analyses.

39. Several programmes demonstrate the bank's successful track record of on-lending/blending, using official bilateral credits and matching-grant schemes to on-lend to borrowers while guaranteeing the bank's exposure. BNDA shared with the AP an example of a three-way risk participation scheme for a livestock development programme (the PADEL-M) between the government (funded by an International Development Association (IDA) credit and grant), the BNDA, and private sector herders and livestock investors. The bank's role as a risk participant in PADEL-M (between 25 per cent and 40 per cent) is to approve loans following its own procedures after reviewing the business cases, and provide a quarterly portfolio financial performance review of the loans. BNDA has the right technical and financial role in the implementation of this programme. This is a component of an IDA project in the livestock sector, funded by USD 30 million of credit and USD 30 million of grants. A component

that is implemented by banks, including BNDA has a total cost of USD 43 million (USD 30 million from IDA, USD 0.5 million from the government, USD 9 million from banks including BNDA, and USD 3 million from beneficiaries).

40. Another example of BNDA on-lending/blending activity is with credits and grants received from the KfW Development Bank for financing, at concessional terms, provided to SMEs and micro enterprises in the agricultural sector. Other track records include the on-lending of lines of credit financed by AFD (EUR 40 million), and Banque Ouest Africaine de Développement (Communauté financière africaine francs (XOF) 15 billion), to support sustainable agricultural projects, including components for climate projects, gender financing for micro and medium-sized agricultural enterprises, and investments in the off-grid electricity sector. BNDA provides semi-annual or quarterly portfolio reports, audited project records, per funder requirements, including environmental and health compliance standards. BNDA has had positive reviews from its funding partners, enabling it to implement and contribute to the country's climate strategy.

41. BNDA is a credit-worthy institution, with capital adequacy and solvency ratios (14 per cent to 16 per cent on 30 June 2024) comfortably surpassing those required for a systemic bank in West Africa, ensuring its financial stability and security.

42. BNDA does not have any systems and provisions in place for providing public access to information about beneficiaries and results of projects and programmes to be funded by GCF.

43. The AP finds that the applicant's policies, procedures and capacity as well as its track record 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

44. The applicant's Corporate and Social Responsibility (CSR) Policy and Environmental and Social (E&S) Procedures were initially approved by BNDA's Board of Directors in 2017, with the most recent updates in August 2024. The policy and procedures set out the applicant's vision, requirements and specific environmental and social standards in relation to the projects and programmes it supports. The applicant has adopted E&S standards which adhere to the: (i) national environmental and social laws, in particular Decree No. 2018-0091 relating to the Environmental and Social Impact Study Notice; (ii) Universal Charter on Human Rights; (iii) International Labour Organization on Fundamental Principles and Rights at Work; and (iv) International Finance Corporation (IFC) Performance Standards 1-8, as reflected in the E&S procedures. Additionally, the procedures require the consideration of environmental and social considerations throughout the project cycle, including the establishment of appropriate environmental and social management systems (ESMS) by clients. The AP has reviewed the entity's CSR policy, performance standards, and E&S procedures, and has found that these demonstrate a level of ESMS maturity that is compatible with projects/programmes up to Category A/I-1.

45. BNDA has adopted a Climate Strategy (2021–2025), which sets out its vision to support climate change adaptation and mitigation actions in the agricultural and energy sectors based on intervention strategies by agro-ecological zones in Mali. Between 2022 and 2023, BNDA supported 12 adaptation projects and 4 mitigation projects with total budgets of XOF 8.106 billion and XOF 514.56 million, respectively. BNDA has indicated its intention to develop a climate risk identification matrix at project entry level to screen for climate risk and impacts of projects, and to reduce the footprint at the corporate level. BNDA's portfolio and intentions

demonstrate its commitment and ability to implement climate change projects, including those funded by GCF, as well as contribute to Mali's nationally determined contributions and National Renewable Energies Action Plan.

46. BNDA applies IFC Performance Standard 7 and the inter-ministerial decree regarding public consultation for environmental and social impact assessment studies, positioning it to promote sustainable development benefits and opportunities for Indigenous Peoples. In this regard, emphasis is on adopting an inclusive approach, adhering to the principles of free, prior and informed consent, respecting cultural and traditional values, promoting rights to access and use land and resources, and establishing accessible grievance redress mechanisms at the project-level, while utilizing existing formal and informal grievance mechanisms. The AP finds that BNDA has the system and capacity to address Indigenous People's issues.

47. BNDA's E&S procedures outline a monitoring and evaluation process, which applies to its projects, including those implemented by its financial intermediaries. The procedures set out the requirements for annual monitoring of E&S performance to ex post evaluation regarding projects and feeding findings into decision-making processes. Projects are required to develop an environmental and social management framework, containing measures and plans to reduce and mitigate potential risks and impacts, as well as performance indicators that can be tracked over defined periods of the project. Local authorities of the project location are also engaged in monitoring the environmental and social surveillance plans of projects and are instrumental in ensuring that projects fulfil compliance with applicable E&S standards. BNDA has provided examples of supervision and independent evaluations, demonstrating its capacity to evaluate E&S and gender matters in its projects/programmes. BNDA's CSR Policy and Code of Ethics commit to: (i) preventing and fighting against discrimination; (ii) prohibiting unethical behaviour, including other forms of misconduct in the work environment and projects; and (iii) ensuring actions by individuals comply with the law and regulations. Persons who are affected are encouraged to use the communication channels established by BNDA to report ethical issues, including sexual exploitation, abuse and harassment (SEAH) and gender-based violence. A disciplinary committee is in place to address and investigate ethical concerns. The AP finds that BNDA has the systems and capacity to meet the SEAH-related principles in the GCF Revised E&S policy.

48. BNDA's E&S procedures describe its institutional due diligence process, including risk categorization, which will be proportionate to the level of E&S risks and impacts of the project. The procedures require the application of the E&S standards to associated facilities, consideration of cumulative impacts, screening against BNDA's exclusion list, continuing and meaningful stakeholder engagement, and align with the GCF project risk categories A, B and C. Additionally, the E&S procedures include a provision for BNDA's clients, including financial intermediaries, to abide with national and local E&S regulations. BNDA's CSR department and environmental and social agent are involved in project risk classification and management of E&S risks and impacts. BNDA has provided a list of ten projects from 2020 to 2023, including sample documents, demonstrating its systems and capacity to screen, assess and implement projects across the GCF project risk categories A, B and C.

49. BNDA has an oversight mechanism that verifies the overall performance of its ESMS, at the institutional level. The CSR Department is responsible for overseeing and implementing the ESMS, and continuously improving the CSR and E&S procedures, in line with national and international E&S best practices. BNDA has provided credentials of its two staff members and has committed to building the E&S capacity of its staff and local agents'. Additionally, the applicant has provided an independent report on its ESMS, conducted in December 2023, revealing that its effectiveness has enabled BNDA to control 95 per cent of the E&S risks associated with its financing activities.

50. The AP finds that the applicant's Corporate Social Responsibility policy, E&S procedures, E&S management and monitoring, Code of Ethics supported by evidence of its track record, fully meet the GCF revised Environmental and Social policy to the extent applicable to accreditation and GCF interim ESS standard for maximum E&S risk Category B/I-2 projects/programmes with respect to performance standards 1-8.

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

51. The applicant's complaints and grievance management mechanism, functioning as its grievance redress mechanism mandates an independent, transparent and effective grievance redress process for its projects, ensuring accessibility for all stakeholders at both the entity and project levels. The E&S procedures clearly outline the steps for receiving, screening, assessing, and resolving concerns and grievances. For projects, complaints, including anonymous ones, are initially submitted to either the village chief or the designated authority at the Town Hall or Prefecture. They can also be submitted to BNDA by phone, email, or through the contact form on BNDA's website<sup>4</sup>. Complaints are addressed by the complaints management committee, which is set up by the project and comprises youth, women, administrative and customary representatives. Upon receipt of the complaint, the project informs the Bank's CSR department who monitors the handling and resolution of the complaint. Unresolved complaints at the project level can be escalated to the institutional level to be addressed by an independent Complaints Management and Resolution Committee, composed of representatives from the CSR service, Compliance and Risk, and Customer Management departments.

52. BNDA has demonstrated experience in implementing grievance redress mechanisms, as evidenced by the findings of the independent ESMS evaluation, which reveal that no complaint has been lodged against any project for environmental or social reasons since the establishment of the ESMS in 2017. Efforts to develop a dedicated complaints and grievance management mechanism platform at the institutional level, create a public registry of complaints, and publish the complaints and grievance management process on the website are currently underway, with completion expected by the end of 2024.

53. BNDA has a communication system, including channels to receive, communicate and record various types of feedback, including queries, complaints and proposals from third parties. The existing channels for receiving external inquiries, including E&S matters and grievances, are postal mail, email, telephone, and the applicant's website. Regarding stakeholder engagement and information disclosure, BNDA's E&S procedures and ongoing practices ensure continuous public consultation throughout the project/programme cycle. The E&S procedures mandate that summaries of (i) the annual implementation report of its ESMS, (ii) impact study reports, (iii) environmental and social management plans, and (iv) resettlement action plans be disclosed on its website. The applicant has submitted a formal commitment to disclose project-level E&S assessment documents for GCF-funded projects/programmes, consistent with the timing and language requirements in the GCF Information Disclosure Policy for E&S for Category B/I-2.

54. 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 GCF revised Environmental and Social Policy to the extent applicable to accreditation, GCF interim environmental and social safeguards standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk Category B/I-2 projects/programmes with respect to Performance

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<sup>4</sup> See: <https://www.bnda-mali.com/fr/contactez-nous>

Standards 1–8. The relevant gaps are identified in paragraph 52 and are reflected by the corresponding condition of accreditation in section 4.2.

### 3.3 Gender

55. The CSR Policy addresses several gender-related areas, including: (i) ethical behaviour in the work environment and projects; (ii) access to financial services for women and youth; (iii) equity and equality for women; (iv) representation of women at all levels within the BNDA; (v) women’s entrepreneurship and youth participation in the economy and labour market; and (vi) the well-being of local communities. Additionally, the CSR Policy and Code of Ethics collectively embrace universally accepted commitments to promote non-discrimination and combat gender-based violence. Efforts to develop a stand-alone gender policy, procedures and action plan, outlining the applicant’s commitments and approach to gender mainstreaming at the project/programme level, and that respond to the principles and requirements of the GCF Updated Gender Policy are currently underway. These are expected to be available by January 2025, subject to validation.

56. Currently, E&S tools, including socioeconomic assessment, are used to integrate gender considerations and actions into project analysis and implementation to ensure that gender co-benefits are achieved. The project environmental and social management plan serves as the basis to monitor and report on these actions. However, BNDA has yet to develop gender procedures to outline its institutional process to identify, assess and address gender risks and impacts, and manage gender performance throughout the project/programme cycle. In addition, the applicant has yet to build experience in addressing gender considerations in the context of climate change.

57. BNDA provided its institutional organizational structure, illustrating the role of the E&S department which is responsible for implementing its institutional and operational orientations on gender. The head of the E&S department is responsible for ensuring the principles of gender equality are met within the bank. In addition, as of 31 December 2023, the applicant had 527 employees, of whom 24 per cent are women. Among these women, 18 per cent are managers, 30 per cent are officers, and 21 per cent are executives.

58. The AP finds that the applicant’s CSR Policy, E&S procedures, capacities and competencies, supported by evidence of its track record, partially meet the Updated GCF Gender Policy to the extent applicable to accreditation. The relevant gaps are identified in paragraphs 55 and 56 and are reflected by the corresponding condition of accreditation in section 4.2.

## IV. Conclusions and recommendation

### 4.1 Conclusions

59. Following the adoption of the updated Strategic Plan for the Green Climate Fund 2024–2027, the Secretariat has been reviewing all applicants based on their potential to contribute to the targeted results of the Strategic Plan. Following the assessment of BNDA, the applicant is found to have the potential to support GCF in implementing the Strategic Plan with respect to:

- (a) Increasing the portfolio of direct access entities to GCF, particularly as the applicant is the first such entity to be recommended for accreditation in the country;
- (b) The indicative projects/programmes that the applicant intends to submit to GCF within the scope of accreditation recommended by the AP in paragraph 61 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 covers result areas across both adaptation and mitigation activities;
- (e) Diversifying the use by DAEs of appropriate financial instruments, such as loans and guarantees; and
- (f) Addressing interests of vulnerable rural populations of Mali, including farmers.

60. 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 12 above:

- (a) The applicant fully meets the requirements of the GCF's 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 Whistle-blowers and Witnesses, and the GCF AML/CFT Policy as well as the specialized fiduciary standard for project management, and specialized fiduciary standard for on-lending and/or blending for loans and guarantees.
- (b) The applicant partially meets the requirements of the GCF basic fiduciary standards, and the specialized fiduciary standards for grant award and/or funding allocation mechanisms. The gaps, which relate to the monitoring of the procurement policies of executing entities and to the lack of grant allocation procedures in line with all GCF standards, are identified in paragraphs 22 and 35 are reflected by the corresponding conditions in section 4.2;
- (c) The applicant partially meets the Revised GCF Environmental and Social Policy to the extent applicable to accreditation, GCF interim environmental and social safeguards 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) a dedicated, predictable, and accessible complaints and grievance management mechanism website at the institutional level; and (ii) a public registry of complaints on the website. These gaps are identified in paragraph 52, and are reflected by the corresponding conditions of accreditation in section 4.2;
- (d) The applicant partially meets the Updated GCF Gender Policy to the extent applicable to accreditation and has no experience in gender considerations in the context of climate change. The gaps include the lack of a gender policy, procedures, and action plan at the project/programme levels, outlining the applicant's commitments and approach to gender mainstreaming at the project/programme levels, and meeting the principles and requirements of the Updated GCF Gender Policy. These gaps are identified in paragraphs 55 and 56 reflected by the corresponding condition of accreditation in section 4.2; and
- (e) 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 environmental and social safeguards standards that would enable it to implement the GCF Evaluation Policy for its GCF-funded activities.

## 4.2 Recommendation on accreditation

61. The AP recommends, for consideration by the Board, APL141 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or programme:** small;<sup>5</sup>
  - (ii) **Fiduciary functions:**
    - (1) Basic fiduciary standards;
    - (2) Specialized fiduciary standard for project management;
    - (3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
    - (4) Specialized fiduciary standard for on-lending and/or blending (for loans and guarantees);
  - (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2);<sup>6</sup>
- (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 adoption of a policy to monitor the procurement procedures of executing entities and beneficiaries of GCF funded projects;
    - (2) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of the adoption/publication of an accessible complaints and grievance management mechanism platform and associated process, including a public registry of complaints operationalized on the applicant's website;
    - (3) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of the adoption of a gender policy, procedures, and action plan consistent with the principles and requirements of the GCF Updated Gender Policy; and
    - (4) Delivery to GCF by the applicant of evidence, in a form and substance satisfactory to the AP, of approval and adoption by BNDA's Board of Directors of Procedures on Grant Allocation.

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<sup>5</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."

<sup>6</sup> 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."



62. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 61 above, and agrees to the recommendation.

### 4.3 Remarks

63. The entity is encouraged to adopt an information disclosure policy, which enables the general public to access information about beneficiaries and results of projects and programmes funded by the GCF, with the protection of confidential customer and commercial information.

64. The applicant is encouraged to build its track record in assessing and managing climate change risks and impacts of its projects/programmes, as well as in calculating and tracking greenhouse gas emissions of its portfolio.

65. The applicant is encouraged to build experience in implementing its gender policy when it is approved, by adopting specific targets in relation to indicators in its gender action plan. Additionally, the applicant is encouraged to build experience in gender mainstreaming, empowering women by promoting inclusion and decision-making, ensuring equitable access to benefits, strengthening community resilience to climate change, and monitor and reporting progress.

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