

# Readiness Proposal

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**with Inter-American Institute for Cooperation on Agriculture (IICA) for the  
Republic of Ecuador**

28 February 2022 | Capacity Building, Strategic Frameworks and Knowledge Sharing and learning



GREEN  
CLIMATE  
FUND

# READINESS & PREPARATORY SUPPORT

## PROPOSAL TEMPLATE



<b>Proposal title:</b>	Enhancing the capacities of Banco de Desarrollo de Ecuador B.P. (BDE) to support its accreditation to the Green Climate Fund
<b>Country:</b>	Ecuador
<b>National designated authority:</b>	Ministry of Environment, Water and Ecological Transition (MAATE)
<b>Implementing Institution:</b>	Inter-American Institute for Cooperation on Agriculture (IICA)
<b>Date of first submission:</b>	16 June 2021
<b>Date of current submission / version number</b>	15 February 2022 V.5



Before completing this proposal template, **please read the guidebook** and learn how to access funding under the GCF Readiness & Preparatory Support Programme.

Download the guidebook:  
<https://g.cf/xxxxx>



#### How to complete this document?

This document should be completed by National Designated Authorities (NDA) or focal points with support from their Delivery Partners where relevant. Once completed, this document should be submitted to the GCF by the NDA or focal point via the **online submission system**, accessible through the Country Portal of the GCF website.

Please be concise. If you need to include any additional information, please attach it to the proposal.

If the Delivery Partner implementing the Readiness support is not a GCF Accredited Entity for project Funding Proposals, please complete the Financial Management Capacity Assessment (FMCA) questionnaire and submit it prior to or with this Readiness proposal. The FMCA is available for download at the [Library](#) page of the GCF website.

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We will get back to you within five (5) working days to acknowledge receipt of your submission and discuss the way forward.

#### Note: Environmental and Social Safeguards and Gender

Throughout this document, when answering questions and providing details, please make sure to pay special attention to environmental, social and gender issues, particularly to the situation of vulnerable populations, including women and men. Please be specific about proposed actions to address these issues. Consult Annex IV of the Readiness Guidebook for more information.

Please visit the Country Portal on the GCF website to submit this proposal via the **online system**.

## 1. SUMMARY

<b>1.1 Country submitting the proposal</b>	Country name: Name of institution representing NDA or Focal Point: Name of contact person: Contact person's position: Telephone number: Email: Full office address: Additional email addresses that need to be copied on correspondences:	Ecuador Ministry of Environment, Water and Ecological Transition (MAATE) Ms. Karina Maribel Barrera Moncayo Undersecretary of Climate Change + (593 2) 398 7600 Ext. 1303 <a href="mailto:karina.barrera@ambiente.gob.ec">karina.barrera@ambiente.gob.ec</a> Av. Madrid 1159 y Andalucía, Quito, Ecuador <a href="mailto:ines.arias@ambiente.gob.ec">ines.arias@ambiente.gob.ec</a> <a href="mailto:gabriela.vargas@ambiente.gob.ec">gabriela.vargas@ambiente.gob.ec</a>
<b>1.2 Date of initial submission</b>	16 June 2021	
<b>1.3 Last date of resubmission</b>	15 February 2022	<b>Version number</b> V.5
<b>1.4 Which institution will implement the Readiness and Preparatory Support project?</b>	<input type="checkbox"/> National designated authority <input type="checkbox"/> Accredited entity <input checked="" type="checkbox"/> Delivery partner Name of institution: Name of official: Position: Telephone number: Email: Full office address: Additional email addresses that need to be copied on correspondences:	Inter-American Institute for Cooperation on Agriculture Beverly Best Director of External and Institutional Relations (+506) 2216 0137 <a href="mailto:beverly.best@iica.int">beverly.best@iica.int</a> IICAs Headquarters. 600 meters north of the Ipís-Coronado Crossing, San Jose, Costa Rica <a href="mailto:marco.zapata@iica.int">marco.zapata@iica.int</a>
<b>1.5 Title of the Readiness support proposal</b>	Enhancing the capacities of Banco de Desarrollo de Ecuador B.P. (BDE) to support its accreditation to the Green Climate Fund	
<b>1.6 Type of Readiness support sought</b>	<input checked="" type="checkbox"/> I. Capacity building <input checked="" type="checkbox"/> II. Strategic frameworks <input type="checkbox"/> III. Adaptation planning <input type="checkbox"/> IV. Pipeline development <input checked="" type="checkbox"/> V. Knowledge sharing and learning	

**1.7 Brief summary of the request**

Ecuador's financial sector can play an important role in mobilizing climate finance resources through financial intermediation activities and as a promoter of sustainable finance. However, at present, there are no GCF-accredited Direct Access Entities (DAE) in Ecuador. This has been one of the main reasons that have led the Development Bank of Ecuador B.P. BDE has been nominated for accreditation before the CGF by the National Designated Authority (NDA) of Ecuador.

For more than 40 years, (BDE) has established itself as the main source of national financing for local development. Today the BDE seeks to contribute comprehensively to sustainable development. BDE has an ideal profile to participate actively and effectively in increasing the mobilization of resources that help mitigate the climate problem in that country. The internal capacities of the Bank and the coordination with the National Designated Authority are strengths that have led at this time to the proposal for preparatory support, which, however, must increase in capacities for the challenge of participating in a climate mechanism such as the GCF.

The proposal addresses an opportunity to accelerate interactions of the Development Bank of Ecuador with national stakeholders on climate change action, strengthening capabilities to overcome barriers such as:

- BDE staff limited capacity to apply strengthened fiduciary criteria adapted to the requirements of the GCF
- BDE Basic and Specialized Fiduciary Standards are not aligned / sufficient documented with GCF requirements
- BDE staff with limited technical knowledge to understand green finance and sustainable banking
- Insufficient participation of national stakeholders (Local Governments and Public Institutions among others) jointly with the private sector in climate change projects.
- Weak clarity around the pipeline of climate finance projects under NDCs priorities
- Lack of systematization of accreditation experiences of regional DAEs.

Therefore, the objective of this preparation proposal is to support the accreditation process of the BDE by strengthening the capacities of banks as DAE. This proposal will help to overcome the lack of institutional and technical capacities in BDE to obtain the appropriate qualifications required by the GCF accreditation standards.

With the execution of this proposal, the BDE will encourage the application of the GCF standards in its clients, the subnational governments. Promote the strengthening of the capacities of the territory in what corresponds to compliance with the principles of climate financing.

Likewise, the BDE is involved in the analysis and application of the EFIC, it will contribute to the execution process, a process led by the MEF, this through the exchange of experiences on compliance with the requirements of the GCF in Public Banking.

The specific objectives of the application are:

- a) Involve the BDE in the programming of Ecuador and the country's NDCs, the National Climate Change Strategy (ENCC), the National Climate Financing Strategy (EFIC), through the establishment of an adequate coordination mechanism. (Outcome 1.1)
- b) Develop the BDE's ability to meet and maintain GCF accreditation standards for direct access applicants and accredited entities. (Result 1.2)
- c) Promote best practices regarding institutional capacity development and coordination, strengthen the commitment of NDAs and DAEs to the GCF. (Result 5.1)

The main beneficiary of this preparation proposal is BDE.

**1.8 Total requested amount and currency**

USD 301,717

**1.9 Implementation period**

12 months

**1.10 Is this request a multiple-year strategic Readiness implementation request?**

- Yes  
 No

**1.11 Complementarity and coherence of existing readiness support**

- Yes  
 No

Ecuador has the following national readiness initiatives in progress. Such initiatives seek to increase the country's capacity to access GCF resources See Table 1

Total requested amount and currency: USD 301,717

Table 1. Relation with other national and regional GCF Readiness

Readiness Support	Type of Support	Status	Potential synergies with the current request	Start/End date
ECU-RS-001 (UNDP)	NDA Strengthening + Country Programming	Disbursed	BDE can use as a main input the country work program to identify the prioritized sectors to arrange a list of funding opportunities.	Finalized February 20, 2018, to June 2019
ECU-RS-002 (UNDP)	Adaptation Planning	Disbursed	The funding and sustainability strategy of the NAP process defined and designed under activity 5.1 can present investment opportunities through BDE.	Under implementation Start: July 17, 2018
ECU-RS-003 (Fundación Avina)	Strategic Framework	Disbursed	The pipeline of climate change projects and programs developed in activity 2.1 could also be used to identify financing opportunities through BDE.	Finalized April 05, 2019, to November 28, 2020
ECU-RS-004 (GIZ)	Ecuador NDA Institutional Strengthening and Digitalization Process	Legal agreement effective	BDE as an accredited entity will submit its proposals and concept notes online through the website developed under the GIZ-supported readiness activities.	Finalized November 27, 2019, to November 25, 2021
ECU-RS-005 (IICA)	Post COVID-19 Green Recovery for Food, Health, and Water Security strengthened by financial and technological innovations in Latin-American countries	Legal agreement effective	BDE as an accredited entity will support the green resilient initiatives in the food, agriculture, water and health recovery strategy and investment plan developed under activity 2.2.4. BDE could be involved in the development, negotiation, investment, and implementation of a potential national Project Concept Note committed to Activity 4.1.2	Under implementation Start: April 01, 2021

At Banco de Desarrollo del Ecuador, in coordination with other institutions, it has coordinated actions to strengthen its accreditation process before the GCF. He then quotes them in a specific way: GIZ: between the BDE and the multilateral is managing its 2nd Framework Agreement for Inter-institutional Cooperation of Technical Assistance between the Development Bank of Ecuador B.P. and the GIZ, in order to jointly develop cooperation projects and activities that lead to the generation of financial products and programs, climate finance lines, capacity building and institutional strengthening in matters of climate change and sustainable development.

FELICITY Program for Financing Low Carbon Infrastructure in Cities - FELICITY since mid-2020 intends to bridge the gaps between urban development planning and infrastructure financing. The initiative will provide personalized support to local governments and municipal administrations to improve access to the benefits of international climate finance at the subnational level as well as support for the preparation of bankable projects, for later these to be presented to the BDE and be financed by financial organizations such as the European Investment Bank

Together with the Mexican Development Bank - BANOBRAS, the BDE presented the proposal Re-SET: Recovery-Sustainability of Economies in Transition, to the Regional Fund for Triangular Cooperation in Latin America and the Caribbean, which was approved, as the main actions to develop jointly until 2023. Both entities will work on the development of tools that contribute to a green recovery, after the COVID-19 pandemic, as well as support access to international funds promoting climate financing, within which it is contemplated to support the accreditation process before the GCF of these two Development benches

## 2. SITUATION ANALYSIS

### Climate Finance

The financial sector plays a major role in mobilizing the resources necessary for finance climate change mitigation and adaptation investments, supporting projects that increase resilience to climate impacts and reduce greenhouse gas (GHG) emissions. According to the 2019 Global Landscape of Climate Finance report by the Climate Policy Initiative (CPI)<sup>1</sup>, during 2017- 2018, 49% of the estimated global climate finance flows were contributed by financial institutions (incl. commercial, bilateral, multilateral, and national). The region of Latin American and the Caribbean (LAC) reported an average of US\$28 billion in climate financing, with over 60% of such fund's flows originating in public sources.

Table 2. Breakdown of global climate finance by public and private actors (US\$ billion)

ACTOR	2017	2018	2017-2018 AVERAGES
<b>PRIVATE</b>	<b>330</b>	<b>333</b>	<b>331</b>
Commercial FI	76	69	73
Corporations	193	172	183
Households	45	66	55
Institutional investors	9	10	9
Private equity, venture capital, infrastructure funds	4	6	5
Unknown	2	0	1
<b>PUBLIC</b>	<b>282</b>	<b>274</b>	<b>278</b>
Government Budgets & Agencies	32	42	37
Climate Funds	3	4	3
Public FI - Bilateral	20	26	23
Public FI - Multilateral	56	58	57
Public FI - National	171	94	132
<b>TOTAL</b>	<b>612</b>	<b>607</b>	<b>609</b>

The CPI report also commented that: “governments have the unique opportunity to drive ambition and increase climate finance by explicitly adjusting the mandates of national institutions and of development banks, including explicit references to the Paris Agreement and the SDGs”, and “capital markets and banking must shift toward green finance.”

In this sense, the IFC 2017 report called “Green Finance Latin America”<sup>2</sup> argued that “the banking sector is in a privileged position to significantly influence the protection and care of the environment through the direction of capital flows toward greener projects and companies”. After the analysis of the panorama of green financial products and services, sustainable finance strategic commitment, environmental risk management, and eco-efficiency practices in more than one hundred financial institutions in the Latin American region, including seven banks in Ecuador, the report concluded: “Latin American banks are indeed moving their financing models in alignment with worldwide trends. Specifically, banks are adopting efficiency plans, adopting environmental risk management frameworks and policies to mitigate environmental risks, and advancing towards green business models. However, evidence reveals that Latin American banks still need to catch up peers in other regions, who are rapidly advancing towards robust climate-related strategies. The greatest challenges to address advancing further are in the areas of capacity building.”

Moreover, the 2019 report by the Climate Bonds Initiative on “Latin America & Caribbean green finance state of the market” also concluded: “there is significant potential for green finance in LAC. It is expected, among other elements: green bond issuance from the public sector to finance national development goals under the Paris Agreement; development banks leveraging their expertise and financial capabilities to support local market development; and the introduction of further policies, incentives and guidelines around green finance”.

In Latin America, Development Banking is taking its first preparation steps for climate finance. Under the guidelines of the GCF, National Development Banks have been accredited or have received support to their accreditation

<sup>1</sup> Buchner, B. 2019. Global Landscape of Climate Finance 2019. Online. Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019/>

<sup>2</sup> IFC. 2017. Green Finance Latin America 2017 Report: What is the Latin American banking sector doing to mitigate climate change? Online. Available at: [https://www.ifc.org/wps/wcm/connect/0a419cfa-2959-403c-8403-044f6b3be04b/Green+Finance+Report+2017\\_2019.pdf?MOD=AJPERES&CVID=mGxjRRO](https://www.ifc.org/wps/wcm/connect/0a419cfa-2959-403c-8403-044f6b3be04b/Green+Finance+Report+2017_2019.pdf?MOD=AJPERES&CVID=mGxjRRO)

process under the Readiness and Preparatory Support Program window. Regarding development banks in the region, the following can be listed:

- Two Accredited Entities in Brazil: 1) *Caixa Econômica Federal (CEF)* a government-owned financial institution, which aims to promote citizenship and sustainable development throughout the country, accredited since October 2018. 2) The *Banco Nacional de Desenvolvimento Econômico e Social - BNDES*, the Brazilian Development Bank; national entity, whose main mission is to foster sustainable and competitive development in the Brazilian economy, generating employment while reducing social and regional inequalities, accredited since July 2019.
- *Financiera De Desarrollo Territorial S.A. (Findeter)* is a national development bank headquartered in Colombia, organized as a credit institution, and linked to the Ministry of Finance and Public Credit. Accredited since October 2018.
- *Corporación Nacional para el Desarrollo, CND* is an organization with substantive experience of managing donor funds from multiple sources in Uruguay. CDN was nominated for accreditation to GCF by the NDA in November 2016. CND has submitted the accreditation application through OAS in October 2019 and received support from Readiness and Preparatory Support Program.
- The “Readiness Support for Country Programming and Direct Access in Mexico” (2019) proposes support for the accreditation process of two Direct Access Entities: *Nacional Financiera (NAFIN)* and *Banco Nacional de Obras y Servicios Públicos (BANOBRAS)*.
- *Corporación Financiera de Desarrollo S.A. (COFIDE)*, a Peruvian development bank, received Readiness support by GCF through Price Waterhouse and Cooper (PwC), and assessed the capacity of COFIDE to become a GCF’s accredited entity. In 2019, the Accredited Entity PROFONANPE proposed to assess COFIDE’s conformity and gaps regarding GCF’s fiduciary standards and ESS in a second Readiness support “Actions towards accessing different GCF funding modalities in Peru”.

### Green Finance in Ecuador

The Ecuadorian financial sector is not exempt from the trend of the financial institutions to move towards green finance or sustainable banking. For example, in 2016, ten private banks signed the Sustainable Finance Protocol<sup>3</sup> with the aim of facilitating the implementation of best practices and international policies that promote a balance between the economic, social, and environmental aspects, to move towards sustainable development. The signatory banks committed to: 1) generate guidelines to promote the financing of activities and programs considering sustainable use of natural resources, the protection of the environment and the competitiveness of the country’s productive sectors, increasing the population living conditions; 2) promote internal processes in banking institutions to promote sustainable consumption of renewable natural resources, goods and services derived from them; and, 3) implement credit and investment risk analysis systems, related to impacts and environmental and social costs generated in the activities and projects to be financed, having a basis compliance with local regulations. BDE is a member of the Sustainable Finance Protocol and an invited observer of the Sustainability Committee.

Furthermore, the article “Sustainable Financial Products in the Latin America Banking Industry: Current Status and Insights”<sup>4</sup> analyzed twenty-two financial institutions in Ecuador and found references to one hundred sixty-one sustainable financial products (SFP) (90.7% social-oriented products and 10.3% green-oriented products), resulting in more than seven sustainable financial products per institution.

Ecuador’s NDC<sup>5</sup>, submitted in 2019, has an unconditional emission reduction goal of 9%, a figure that can increase to 20.9% with reduction measures conditioned to greater financing, with a base year 2010, by 2025. In addition, Ecuador has an implementation plan of its NDC. The implementation period of the NDC covers the period 2020-2025. During this period, the country will implement lines of action identified from the multilevel intersectoral participatory process with multiple actors at different levels. Regarding adaptation measures proposed under the conditional scenario, they will only be possible if the means of implementation related to financing, capacity building and technology transfer from developed countries are available. Ministerial Agreement N° MAAE-2021-017<sup>6</sup> establishes that the process of formulating the two (2) years in advance prior to the end of the period of the current instrument, 2023 for actual official version of NDC. It is expected that, by the time the NDC is updated, BDE will be accredited by GCF as a DAE.

<sup>3</sup> ASOBANCA. 2016. Protocolo de Finanzas Sostenibles del Ecuador. Online. Available at: [https://www.asobanca.org.ec/sites/default/files/Protocolo%20Finanzas%20Sostenibles\\_Ecuador\\_Firmado.pdf](https://www.asobanca.org.ec/sites/default/files/Protocolo%20Finanzas%20Sostenibles_Ecuador_Firmado.pdf)

<sup>4</sup> Mejía, J. González, J and Duque, E. 2020. Sustainable Financial Products in the Latin America Banking Industry: Current Status and Insights. Online. Available at: <https://www.mdpi.com/2071-1050/12/14/5648>

<sup>5</sup> República del Ecuador. 2019. Primera Contribución Determinada a Nivel Nacional para el Acuerdo de París bajo la Convención Marco de Naciones Unidas Sobre Cambio Climático. Online. Available at:

<https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Ecuador%20First/Primera%20NDC%20Ecuador.pdf>

<sup>6</sup> MAAE. 2021. ACUERDO MINISTERIAL N°. MAAE-2021-017: Lineamientos para la formulación, seguimiento, evaluación y actualización de los instrumentos de gestión del cambio climático.



Ecuador's *Estrategía Nacional de Financiamiento Climático* (EFIC<sup>7</sup>, National Climate Financing Strategy) 2021 - 2030 defines objectives, strategic lines, enabling conditions and lines of action that must be implemented to accelerate the mobilization of climate financing from public, private, national, and international sources for the benefit of all sectors and actors involved in the implementation of climate actions and measures. EFIC identifies five main public financial entities whose objective is to invest in productive sector projects and proposes that the public financial sector should focus on the creation and development of new financial products that contribute to climate change mitigation and adaptation at the national level; as well as designing proposals and instruments to mobilize international and private climate finance. In addition, record and report the financing received and interventions carried out on climate change that support the construction of an information and accountability system for the country. EFIC identifies key actors, as a relevant stakeholder, including:

- **Central Public Sector:** Body in charge of generating public policy guidelines to create an enabling environment that allows investment and mobilization of resources from different sectors, as well as including climate change criteria in the economic and budgetary planning of the country. In detail it includes:
  - *Interinstitutional Committee on Climate Change:* aims to manage, coordinate, and plan the inclusion of intersectoral public policies on climate change as transversal axes of public policy at all levels of government and within the private sector
  - *Ministry of the Environment, Water and Ecological Transition:* institution in charge at the national level of elaborating and implementing environmental policy in Ecuador. He is responsible for managing environmental funds, including funds for climate change mitigation and adaptation. As part of the management, the Ministry is in charge of establishing the guidelines and directives that will govern the operation of the funds, be they public, private, or mixed, as well as carrying out performance evaluations on the use of resources.
  - *Ministry of Economy and Finance:* Its mission is to design and execute economic policies and manage public finances that allow achieving sustainability, growth, and equity of the economy to promote the economic and social development of the country. It is the institution in charge of preparing the fiscal and economic policy, which should be considered by the other central government institutions, the Autonomous Decentralized Governments (GADs), public companies, public banks, and social security institutions.
  - *Technical Secretariat "Planifica Ecuador":* aims to coordinate national planning, in a participatory, inclusive, and decentralized way. The Secretariat plays a relevant role in national planning, its execution in the national territory and at the local level. Similarly, it is in charge of defining the strategic projects to be implemented and, therefore, the direction of public investment, in coordination with the Ministry of Economy and Finance.
  - *Ministry of Foreign Affairs and Human Mobility:* Due to its powers over the follow-up of non-reimbursable international financing, the Foreign Ministry has important implications for the measurement and monitoring of climate financing in the country. The generation of databases on international resources that enter the country specifically for climate change purposes lays the foundations to comply with the reporting commitments on international climate finance established in the Paris agreement.
  - *Sustainable Finance Working Table:* It is an effort led by the Ministry of Economy and Finance, as rector of public finances, and the Ministry of the Environment, Water and Ecological Transition, as in charge of the country's environmental and climate policy. This initiative offers a space for articulation between the different efforts to promote sustainable finance in the country. The Sustainable Finance Table seeks to establish measures and actions so that the financial resources collected and distributed in the national financial system contemplate sustainability criteria during their execution, and at the same time that the incorporation of sustainability criteria allows national financial entities to access new sources of international financing
- **Subnational Public Sector:** Its main tasks include establishing, promoting, and aligning laws, policies, strategies, programs, and fiscal mechanisms with national provisions in areas directly related to the diligence of greenhouse gases and the impacts of climate change. Similarly, subnational governments have the capacity to translate global challenges in climate finance at the local level, enhancing their thematic agendas and institutional and interjurisdictional articulations.
- **Financial sector:** The Constitution of the Republic of Ecuador provides that the national financial system is made up of the public (central banks, public banks, and development banks), private (multiple banks, specialized banks, financial services entities, and auxiliary services of the financial system.) and the popular and solidarity (savings and credit cooperatives, central banks, associative or solidarity entities, savings banks, savings banks, and community banks). The financial sector plays a relevant role in financing climate action due to its potential to mobilize and channel resources, increase project financing,

<sup>7</sup> Ministerio del Ambiente y Agua del Ecuador (MAAE), Ministerio de Economía y Finanzas del Ecuador (MEF). 2021. *Estrategía Nacional de Financiamiento Climático del Ecuador (EFIC)*. Online. Available at: <https://www.bivica.org/files/5789 ESTRATEGIAFCECUADOR.pdf>

assume investment risk, and act as intermediaries between international climate financing mechanisms and local credit markets.

- **International cooperation:** which includes 1) Multilateral Development Banks (MDBs) play an important role in channeling multilateral climate finance, since they have climate finance goals of approximately 30% of their portfolios and 2) Multilateral and bilateral cooperation, which plays an important role in the mobilization of resources for the attention of climate change, since it allows channeling international public financing and technical assistance to implement actions that contribute to mitigation and / or adaptation to climate change
- **Private sector:** plays an important role in driving sustainable behavior in the supply chains they manage, mobilizes investment for clean infrastructure, and provides the skills and knowledge that lead to innovation in technology and resource efficiency
- **Civil society organizations:** They are mainly civil society organizations (CSOs), associations, networks and the like that mobilize financing for the implementation of mitigation and / or adaptation projects, the preparation of studies, the creation of capacities, the sensitization of the population regarding the problem, etc. The participation of this sector is very important both to strengthen access to resources by the population, and to improve their management and transparency, from a monitoring and oversight role.
- **Communities, Nationalities, and Indigenous Peoples:** According to information from the Council of Nationalities and Peoples of Ecuador (CODENPE), in Ecuador there are 14 nationalities and 18 indigenous peoples, who live in three regions: the Amazon, the coast and the mountains. Each nationality and indigenous people are represented in the Confederation of Indigenous Nationalities of Ecuador (CONAIE), one of the most important instances of coordination, planning, consultation, and accountability of the public institutions of indigenous peoples.
- **Academic Institutions:** The academy and research centers related to climate change issues have an important role in generating knowledge and research on climate change management, which in any country could be very useful to guide decisions related to the mobilization of financing. In Ecuador, it was found that 19 institutions have specialization programs, research centers or activities related to climate change, which could be very relevant to be considered the climate finance governance framework.

#### The Banco de Desarrollo del Ecuador B.P.<sup>8</sup>

BDE is a public development bank, leader in financing pre-investment projects, infrastructure, and provision of public services, works of social interest and advice that promote the progress of local economies. It is also part of the Economic and Productive Sectorial Cabinet.

In 2015, through Executive Decree No. 867, of December 30, the Banco del Estado (BdE) was reorganized and became the current Banco de Desarrollo del Ecuador B.P. (BDE). This reorganization establishes that the BDE is a public entity with its own legal status, administrative, financial, and budgetary autonomy. BDE is governed by the provisions of the "Ecuadorian Organic, Monetary and Financial Code" and other norms issued by the "Monetary and Financial Policy and Regulation Board of Ecuador". Internally, the control bodies include the Bank's General Shareholders' Meeting, the Board of Directors, and the General Manager. The purpose of the BDE is financing programs and products of pre-investment, investment, public services, and housing, especially those aimed at social interest; that contribute to the economic and social development of the country, prioritizing the execution of the projects of the decentralized autonomous governments. Thus, it also provides technical assistance to improve the management of its clients in the territory.

During its existence, the BDE has established itself as the main source of national financing for local development, complying with the highest standards of integrity, transparency, and innovation. BDE seeks to contribute comprehensively to sustainable development, respecting the nature and culture of the different communities in the country.

BDE's mission is "to promote sustainable territorial development by financing investment in infrastructure, public services, and housing, as well as the provision of advice and technical assistance to enhance the management capabilities of our clients at the service of citizens. BDE's vision is "to consolidate as the leading institution in financing projects with high social profitability that promote sustainable development throughout the country."

BDE indicators:

- Portfolio delinquency (Portfolio in arrears / gross portfolio) = 0%
- Liquidity (Liquid Assets / Total Assets) = 70.78%
- Risk Portfolio Index = (risk portfolio / gross portfolio) = 0.58%
- Equity vulnerability = (non-performing portfolio / equity) = 0%
- Risk Rating = AAA-
- Quality Certification: ISO 9001: 2015 and 37001
- Anti-bribery Certification: ISO 37001: 2016.

<sup>8</sup> Banco de Desarrollo del Ecuador B.P. 2020. BDE Website. Online. Available at: <https://bde.fin.ec/en/>

In what corresponds to the BDE's Intervention sectors, they are listed below:

- Environmental Sanitation
- Roads, transport, and mobility.
- Territorial development.
- Environmental Protection.
- Natural disasters.
- Economic and productive development.
- Human and social development.
- Institutional strengthening.
- Housing, among others.

Regarding the placement by sector, from 2017 to closing to the year 2020, we have the following:

Table 3: Amount of BDE Approvals by Sector in US\$ from 2017 to 2020

SUBSECTOR	TOTAL	%
Road infrastructure	904.938.432,91	34,29
Environmental Sanitation	864.231.934,25	32,75
Social Interest Housing	190.623.997,24	7,22
Irrigation and Flood Control	157.986.819,93	5,99
Urban Equipment	123.007.145,12	4,66
Multiple Development	119.736.692,89	4,54
Institutional Strengthening	91.911.040,01	3,48
Education and Culture	62.592.004,35	2,37
Energy and Mines	55.546.780,03	2,10
Transportation and Communication	32.332.235,37	1,23
Sightseeing	18.128.813,08	0,69
Health	14.256.366,99	0,54
Environment and Natural Disasters	3.211.902,81	0,12
Agriculture, Livestock, Fisheries	681.434,47	0,03
<b>Total</b>	<b>2.639.185.599,45</b>	<b>100,00</b>

BDE recognizes the importance of acting against climate change, a problem that influences both economic and productive activities and the balance of ecosystems worldwide. In this context, the Development Bank plays a priority role to promote and finance projects that support climate change adaptation and mitigation. This work allows promoting sustainable, responsible, and environmentally friendly actions, considering the inclusion of vulnerable groups and gender mainstreaming (Table 4).

Table 4: BDE's projects and experience related to climate change

Project	Amount	Funds origin	Date (Start/End)	Status
<b>Sustainable Urban Mobility Program</b>	EUR 25 million	KfW	October/2022 - October 2026 (4 years)	in structuring
<b>Sustainable Urban Mobility Program</b>	EUR 15 million	AFD and GCF	June/2022 - June 2025 (3 years)	in structuring
<b>Program - Climate Action in Intermediate Cities of Ecuador</b>	USD 70 (Senior Loan) – USD 12.5 (grant)	CAF and GCF	June/2024 – June/2029 (5 years)	in structuring
<b>BDE Water and Sanitation</b>	USD 203 million (USD 100 USD BEI - 103 BDE)	BDE - BEI	December/2021 - December-2026 (5 years)	Under implementation
<b>Green Award Initiative – BDE</b>	USD 8 million	BDE	2021-to date	Under implementation

BDE approved the 2018-2021 Work Plan through BDE's Resolution No. 2018-DIR-023, dated June 06, 2018. This Work Plan includes thirteen management pillars, including access to new sources of financing and a shift towards environmental sustainability. Additionally, the second objective of the 2019-2021 Strategic Plan through BDE's Resolution No-2019-DIR-023, expresses the need to expand the portfolio of products and programs promoting the

participation of the private sector in territorial development, as well as in the adaptation and mitigation of climate change.

The BDE has financed projects that promote sustainable development, friendly to the environment and its surroundings, narrowing gaps and seeking territorial equity. For the year 2020 BDE invested in financing sectors such as environmental sanitation, roads-mobility, multiple territorial, economic, and productive, human - social development, risk management, tourism and multisectoral, for US\$ 604 MM.

As an indication, the BDE, in the last 5 years, has financed sanitation projects that include the construction or adaptation of treatment plants for approx. of USD 118 MM, which contributes to the reduction of GHG emissions to the atmosphere. Likewise, the BDE in this same period of time has financed irrigation projects in areas prone to droughts or that require the resource for food production, with the aim of minimizing the impacts that climatic events may have and strengthening its adaptive capacity of the agricultural sector. productive, investment that reaches an amount of approx. US\$ 143 MM.

One emblematic project of great contribution to mitigation against climate change of the BDE, is the "CO-FINANCING" CONSTRUCTION OF THE MINAS DE HUASCACHACA WIND PROJECT - PHASE TWO B ", FOR THE ELECTRIC GENERATION OF 50 MW", where BDE finances US\$ 54 MM. Project focused on the generation of renewable energy of 50 MW in addition to the existing 21 MW, avoiding the emission of 94,000 tons of CO<sub>2</sub> from GHG per year, located in the Sierra Centro del País (Azuay), with reimbursable resources. The current status of this project is 25%. Some examples of specific programs include:

**Sustainable Urban Mobility Program:** The purpose of this new financing program corresponds mainly to financing three sustainable urban mobility projects in the GAD of Cuenca, in order to promote the decrease in the use of fossil fuels in the transport sector and thus reduce the emission of Gases. Greenhouse Effect (GHG).

- Funded: KFW
- Amounts: EUR 25 million, of which EUR 10 million correspond to the Debt Exchange and EUR 15 million to a new loan.
- Status: the concept document is currently under negotiation and is being developed.

**Program "Transforming Financial System for Climate" TRANSFORMING FINANCIAL SYSTEM FOR CLIMATE "**: The Program seeks to reduce the carbon footprint of the Ecuadorian economy by promoting climate change mitigation as well as contributing and promoting actions that contribute to adaptation to it.

- Funded: AFD and GCF
- Amount: 15 million euros for investment and 1 million euros for technical assistance
- Status: in Negotiation
- Portfolio: 50% adaptation - 50% Mitigation
- Estimated Start of Execution: June 2022

#### **Program - Climate Action in Intermediate Cities of Ecuador**

- Funded by CAF and GCF
- Amount: 70 (Senior Loan) - 12.5 (grant)
- Status: Concept Note under construction
- Basket: preferably adaptation, would also cover projects and mitigation
- Start of Execution: second semester of 2023.

**BDE Water and Sanitation Programme:** Programme that finances studies and infrastructure projects for the improvement, enhancement, technical improvement and/or extension of wastewater and stormwater infrastructure, as well as for the provision of drinking water in the Autonomous Decentralized Municipal Governments (GADM), their Public Enterprises (EPs) and/or the Commonwealth. This programme contributes to the reduction of GHGs, through appropriate wastewater treatment, through the use of efficient, modern, and sustainable technologies.

- Funded: BEI - BDE
- Amount: 203 million
- Status: Under implementation
- Portfolio: Water and sanitation
- Start of Execution: December 2021

**Green Award Initiative – BDE:** The BDE has established the "Green Award" initiative since 2012. The initiative aims to recognize and disseminate the best environmental practices implemented by the Decentralized Autonomous Governments (GAD) at all their levels of government, their public companies, and forms of territorial association. The Development Bank of Ecuador BP, through the delivery of this recognition, seeks to promote in the territory the implementation of environmentally friendly, innovative, sustainable, and replicable projects, which contribute to the growth of environmental citizen awareness in the country and contribute to the creation of a community committed to the environment. Until the year 2021, 5 calls were developed, in which 369 proposals were received and 28 winners were recognized for their initiatives, delivering a total amount of US\$ 8 million.

In September 2019, the BDE applied the GCF Accreditation Self-Assessment Online Tool to evaluate to degree to which the banks meet GCF accreditation requirements (Annex 1). The major findings regarding gaps to be covered in a formal accreditation process included:

- BDE has regulations and experience in the management of financing in the environmental area, with great climate potential. Likewise, it has expertise and procedures for the placement of financing to third parties. All available information must be organized in the logic of interpretation by the GCF in the accreditation process. It is necessary to systematize the banks systems and procedures for Blending and On-Lending.
- BDE's Environmental and Social Risk Management System (ESMS) must be updated to comply with Risk Category B, Intermediation II, which would be the most appropriate category for the bank's operations.
- At the time, there was a lack of an Institutional Gender Policy that met the standards required by GCF. As well as experiences that demonstrated concrete application in the field for the bank's operations. The Bank is working on the development of its gender policy.

In November 2020, the Frankfurt School of Finance and Management presented the "Action plan to close the gaps for accreditation to the GCF of the BDE", this as part of a consultancy sponsored by the United Nations Development Program (UNDP) within the framework and financing from the programme on "Comprehensive Amazon Program for Forest Conservation and Sustainable Production – PROAmazonia". Among the main findings are:

- The BDE is the only one, among four potential DAEs analyzed in Ecuador, which has a lower level of gaps, which can be corrected in a period not exceeding one year, to effectively advance in becoming a GCF Accredited Entity.
- Considering the above, it recommends opting for a Small Project Size: between \$ 10 - \$ 50 MM, with a Risk Level Category B / Intermediation 2 (medium) for the specialized Fiduciary Criteria: Project Management; Granting of grants, loans and, blending.
- There is a need to update its Environmental and Social Risk Management System (SARAS) to comply with the guidelines on the subject by GCF
- There will be an important cost related to the presentation of documentation or their summaries in English,

The BDE is encouraged to seek financial and technical support opportunities for readiness activities. MAATE and the Inter-American Institute for Cooperation on Agriculture (IICA), during the process of preparing this Readiness and Preparatory Support Proposal, once again carried out a quick review of the conditions for the accreditation of BDE, considering their experience on the subject and the Checking Lists of stages I and II of the accreditation processes, reporting the following findings:

- There is an adequate level of information available for various areas of accreditation, which at the same time is systematized in ways that are different from those required in accreditation tools (such as the OAS system), as well as being recorded in different departments where there are protocols of communication and information exchange defined.
- Although the human and professional capacities of the BDE are high and wide, there is a low availability of time to address the accreditation process by areas within the entity, an issue that must be corrected with temporary staff to train and operate quickly.
- There is total clarity of the benefit that exists by having the GCF Accreditation for operations in the field of Development Banking of the BDE and its intimate relationship with territorial operators throughout Ecuador, in line with a new paradigm of change towards resilient and low-emission models of its financial portfolio, as well as potential regional and international integration.
- Based on the recent experience of IICA, which has completed the Stages I - II of GCF accreditation and has resolved several revision cycles in them, the Action Plan and Gap Identification presented by Frankfurt School is still considered weak. Detailed requirements for the BDE or elements that help to establish a work strategy for the entire accreditation process in its Stages I, II and III is unclear.
- A preliminary screen of information to fulfill Accreditation Stage I is provided, but not an analysis if it fully covers the "**Specific Requirements**" or "**Status**" with a review of institutional conditions in the BDE, which are indicated in the **STAGE I INSTITUTIONAL ASSESSMENT AND COMPLETENESS CHECK: CHECK LIST** of the GCF.
- Regarding Stage II, the gap is greater, considering that the documentation provided does not appear as being reviewed in depth to comply not only with presentation, but also with the consistency of each item of the **STAGE II ACCREDITATION REVIEW: CHECK LIST** and detailed review by a Panel Accreditation.
- For internal bodies related to BDE policies and regulations, an analysis has not been made of their roles and responsibilities are adequately defined, have an effective functioning.
- There is no evidence of an adequate identification of gaps for Stage III of the accreditation process, regarding the Legal Arrangements. For example, the implications or strategy to be followed in order to agree on the Accreditation Master Agreement between the GCF and the BDE are not analyzed.
- Regarding Basic fiduciary criteria, it will be necessary to complement, expand, elaborate, and/or establish transparency channels and application examples in the areas of:
  - Disclosure of conflicts of interest, as a disclosure policy or equivalent in place to establish the necessary mandatory financial disclosures of possible, actual, perceived, or apparent conflicts of interest.

- Procurement mechanisms subject to public regulations and must be systematized and presented synthetically.
- The need for systematization and analysis of the bank's internal policies on issues of Preventing Financial Mismanagement, according to internal regulations, for example, the Anti-Bribery Management System, ISO 37001: 2016 standard.
- The expansion of the criterion of Prohibited Practices within the entity, under the criteria established by the GCF.
- Regarding the Specialized fiduciary criteria, it will be necessary to complement, expand, elaborate, ad/or establish transparency channels and application examples in the areas of:
  - Documentation of the processes of reception, review, qualification, testing, implementation, monitoring and closing of financial products in their equivalence to projects in the Project Management vision established by the GCF.
  - Systematize the experience that the BDE has regarding grant award and / or funding allocation mechanisms from the organization of the Green Award contest and other similar activities by international funders.
  - Systematize the mechanisms currently developed by the BDE regarding financial operations On-lending and / or blending in adherence to the guidelines and requirements of the GCF for accredited entities.
- The improvement of the Environmental and Social Risk Management System (SARAS) towards a system of Environmental and social safeguards in adherence to GCF guidelines.
- The review and implementation of a Gender Policy proposal, in processes of preparation by the BDE.
- Confirm the need for translation services into English for key information or their summaries, under which the accreditation mechanism operates.

The BDE is currently preparing its Environmental and Social Policy and its Gender Policy with the support of multilateral organizations.

The Development Bank of Ecuador B.P in order to strengthen equal opportunities for women and men with a gender focus in the new processes, products and services in an inclusive and equitable manner and considering climate change scenarios; has developed a preliminary version of its Gender Policy. This policy which establishes the guidelines for its implementation in all Managements, Directorates, and management areas at the national level and at the deconcentrated (local) level.

The Gender Policy has been by the areas and also approved in the institutional pre-directory, in the month of February its definitive approval will be given by the directory and the respective socialization of that milestone.

This Gender Policy is a commitment assumed by the Development Bank of Ecuador BP, and it is conceived in a transversal way at all its levels: institutional, operational, and business, which seeks to strengthen the rights of workers, servants, and officials. of the Bank, as well as preventing and eliminating any act that generates discrimination or gender violence, minimizing social risks related to gender issues.

In the same way, it is indicated that the following have been considered by the legal part for the elaboration of the policy:

- Constitution of the Republic of Ecuador 2008 in its articles: 11, 27, 38, 61, 66, 70, 83, 156, 331, 332, 340, 341 and 342.
- Resolution 1325 of the United Nations Security Council (2000) and its six additional resolutions on women, peace, and security as a whole.
- Convention on the Elimination of Discrimination against Women (CEDAW - October 1981) as a whole.
- Inter-American Convention to Prevent, Punish and Eradicate Violence against Women (Convention Belem do Pará, June 1995) as a whole.
- Millennium Declaration and the Millennium Development Goals (2000) as a whole.
- Sustainable Development Goals (ODS, 2015) as a whole.
- Beijing Platform for Action (PAB, 1996) as a whole.
- Organic Law of the Public Service (LOSEP Official Letter No. T. 1919-SNJ-10-1508) in its articles: 1, 2, 5, 48, 53, 59 and 63.
- Technical Standard of the Training and Training Subsystem No. MRL-2014-0136 in its articles: 11 and 12.
- Technical Standard Subsystem Classification of Civil Service Posts (2005) and its modifications (2016) in its articles: 4, 5, 124 and 229.
- General Regulations to the Organic Law of Public Service (Executive Decree 710) in its articles: 35, 36, 37, 132, 177, 240 and 250.
- The Policy for Gender Equality of the Ministry of Foreign Affairs and Mobility, Government of the Republic of Ecuador as a whole.
- Internal Regulations for Workers of the Development Bank of Ecuador B.P., 2017. in its articles: 23, 27, 30, 31 and 55
- Internal Regulations for the Administration of Human Talent Under the Regime of the Organic Law of Public Service of the Development Bank of Ecuador BP, 2017 in its articles: 17, 23, 27, 31, 36, 39, 50, 51, 55, 4 and 97.

- Code of Ethics of the Development Bank of Ecuador B.P, Resolution No. 02-2019-DIR-014 in its articles: 4, 5, 34, 40, 41, 42, 44.
- Guidelines for the selection and hiring of personnel under the modality of occasional services and provisional appointment of the Development Bank of Ecuador B.P., (2020) in its points 1 and 5.

BDE maintains active channels of coordination with different instances of the MAATE, coordinating issues of environmental quality, climate change, etc. Additionally, the Bank works closely with the German Technical Cooperation (GIZ), under an Interinstitutional Cooperation Agreement. The purpose of this agreement is to jointly develop cooperation projects in the generation of financial products and programs, strengthening capacities and institutional strengthening in matters of climate change and sustainable development in urban contexts.

The projection of the BDE as Green Banking requires homologation of its processes and regulations to internationally requested parameters for attracting climate funds by financiers. BDE is working with some international organizations (Interamerican Development Bank (IDB), Development Bank of Latin America (CAF), GIZ, etc.) to adopt methodologies, generate result and impact indicators, among others. On the other hand, and no less important, the BDE has prioritized updating its Environmental and Social Management System, in force since 2015, with the aim of projecting itself to a more complete, systematic, dynamic, and operational SARAS.

Banco de Desarrollo del Ecuador, in coordination with other institutions, has coordinated actions to strengthen its accreditation process before the GCF.

**GIZ:** between the BDE and the multilateral is managing its 2nd Framework Agreement for Inter-institutional Cooperation of Technical Assistance between the Development Bank of Ecuador B.P. and the GIZ, in order to jointly develop cooperation projects and activities that lead to the generation of financial products and programs, climate finance lines, capacity building and institutional strengthening in matters of climate change and sustainable development. Within the lines of this cooperation agreement, we have:

- Assistance and technical support for the formulation and implementation of financial programs and products for climate change.
- Assistance for the development of specific projects that can feed the basket of projects, programs, and financial products for climate change
- Identification of potential sources of climate finance.
- Support in the process of Accreditation to the BDE B.P to climate funds (international), such as the Green Fund for climate among others.
- Capacity building around green finance and climate change for BDE officials and for subnational governments
- Creation of spaces that promote dialogue on institutional challenges and opportunities arising from climate finance.
- Generation of inputs and methodological tools that facilitate the incorporation of Green Financing criteria and a climate change approach in the Bank's processes, in general.
- Generation of inputs and methodological tools that facilitate the incorporation of Green Financing criteria and a climate change approach in the processes of identification, formulation, design, construction, execution, measurement, reporting, and closure of climate projects

**FELICITY program:** The Financing Program for Low Carbon Infrastructure in Cities - FELICITY since mid-2020 intends to bridge the gaps between urban development planning and infrastructure financing. The initiative will provide personalized support to local governments and municipal administrations to improve access to the benefits of international climate finance at the subnational level as well as support for the preparation of bankable projects (with the support of the European Investment Bank and GIZ). To date, has supported the Bank (BDE) in:

- Identify which institutional processes must be homologated to meet climate fund requirements,
- How the Bank could turn its financing programs around and promote Green Recovery,
- It has provided the Bank with identification guides for green projects aligned with climate change. It has provided technical assistance to 3 pilot projects, with the aim of reinforcing their studies and making them climate bankable projects.

**Triangular Cooperation Fund:** Together with the Mexican Development Bank - BANOBRAS, the BDE presented the proposal Re-SET: Recovery-Sustainability of Economies in Transition, to the Regional Fund for Triangular Cooperation in Latin America and the Caribbean, which was approved, as the main actions to develop jointly until 2023 you have:

1. Develop and provide financial tools in Development Banks in order to accelerate the response to the negative consequences of the COVID-19 coronavirus disease pandemic, within the framework of a green recovery
2. Access to International Funds (for example, the Green Climate Fund (GCF) to promote climate finance through the reactivation of the local economy.

Within this second item, it is considered to Strengthen Development Banks to be eligible to receive international funds and for the Accreditation Process (GCF).

It is important to emphasize that the BDE, in tune with the necessary productive and economic activation in the territory due to the impact of the COVID-19 pandemic, has contributed in an integral way in different areas (health, economy, finance, production, etc.). The institution is undertaking "Green Recovery" actions; in other words, it is working on the development of initiatives and the identification of climate financing that promotes a green recovery, fostering the generation of employment by financing projects in sectors that have been most affected by the pandemic. BDE, together with BANOBRAS and GIZ, has a Triangular Cooperation Project "Re-SET: Recovery-Sustainability of Economies in Transition", which underpins an economic reactivation post-pandemic and at the same time to exchange of experiences and good practices regarding the accreditation process of the two entities by the GCF and potential contribution to binational and regional projects.

Based on the experience of triangular cooperation between Ecuador, Mexico, and Germany, it is important to reinforce an early exchange of experiences with development banks in the region. In missions to Latin American countries, it is expected to cover topics such as the accreditation processes that the institutions have carried out, the coordination that exists with the NDAs, the contribution that is being made to the plans and policies on climate change (including the NDCs), visit on site active projects financed by the GCF and analyze possible alliances and action agreements in a vision of regional intervention by Development Banks in climate finance.

This readiness proposal is an advance towards the accreditation of the BDE. The proposal emphasizes supporting BDE as a DAE to meet GCF accreditation process standards while mobilizing funds promoting national sustainable finance under a portfolio on climate change and climate finance opportunities. In April 2021, BDE reviewed the "Policy on fees for accreditation of the Fund"<sup>9</sup> and agrees to cover with its own resources the accreditation fees.

Ecuadorian NDA require a direct access financial institution as an accredited entity to the Green Climate Fund to accelerate investments in adaptation and mitigation and resilience at the national level. However, local capacities do not allow this process to be accomplished in the short term, so this support Readiness has been structured to mobilize regional expertise and speed up the accreditation process.

The main gaps to overcome includes:

- BDE staff limited capacity to apply strengthened fiduciary criteria adapted to the requirements of the GCF
- BDE Basic and Specialized Fiduciary Standards are not aligned/ sufficient documented with GCF requirements
- BDE staff with limited technical knowledge to understand green finance and sustainable banking
- Insufficient participation of national stakeholders (Local Governments and Public Institutions among others) jointly with the private sector in climate change projects.
- Weak clarity around the pipeline of climate finance projects under NDCs priorities
- Lack of systematization of accreditation experiences of regional DAEs.

The readiness funds will be used to execute the following activities:

- i. Conducting an institutional gap analysis of BDE against the fiduciary standards, safeguards, and compliance policies of the GCF.
- ii. Building the capacity of BDE in relation to the GCF standards in key areas related to ESS, Gender, Indigenous Communities and Transparency/Accountability.
- iii. Strengthening BDE's institutional capacities through technical support to enable accreditation for specialized fiduciary criteria.
- iv. Develop an appropriate coordination mechanism to incorporate BDE's beneficiaries in country programming, National Climate Change Strategy, EFIC and NDC through the NDA-MAATE.
- v. Sharing lessons learned from two countries in the region applying best practices on accreditation process and innovative financial mechanisms to increase climate investments.

The anticipated deliverables of this readiness proposal include:

- i. Scoping report on BDE gap assessment and action plan developed for accreditation by GCF.
- ii. Report on the assessment and analysis of BDE systems and standards on key areas, including drafts of policies, manuals, codes where necessary to meet GCF accreditation requirements.
- iii. Report on documentation summary to meet specialized fiduciary criteria: Project Management and Grant Award and/or Funding Allocation Mechanisms, under GCF accredited entities requirements.
- iv. Report on documentation summary to meet specialized fiduciary criteria: On-lending and/or blending, under GCF accredited entities requirements.

<sup>9</sup> GCF. 2014. Policy on fees for accreditation of the Fund. Online. Available at: <https://www.greenclimate.fund/document/policy-fees-accreditation-fund>



- v. Report on the coordination mechanism to incorporate BDE's beneficiaries in country programming and NDCs enhancement process, plus two workshops' reports.
- vi. Report on two experiences sharing with regional GCF Accredited Entities, including accreditation experience and innovative financial mechanisms/schemes to increase climate investments.

### 3. LOGICAL FRAMEWORK

Outcomes	Baseline	Targets	Outputs	Activities (Brief description)	Deliverables
<b>Outcome 1.1:</b> Country NDAs or focal points and the network/ systems that enable them to fulfil their roles, responsibilities and policy requirements are operational and effective	No coordination mechanism that includes BDE's beneficiaries (Local Governments and Public Institutions) in climate change projects.	One coordination mechanism to enhance the participation of BDE's beneficiaries in GCF country programming through the development of at least one framework agreement.	<b>Output 1.1.1:</b> A coordination mechanism to incorporate BDE's beneficiaries, in country programming and NDCs enhancement process through the NDA-MAATE is developed.	<b>Activity 1.1.1.1:</b> Develop a coordination mechanism to incorporate BDE's beneficiaries in country programming, National Climate Change Strategy, EFIC and NDCs.	<b>Deliverable 1.1.1.1:</b> Report on coordination mechanism to incorporate BDE's beneficiaries in country programming and NDCs enhancement process through NDA under GCF guidelines.
				<b>Activity 1.1.1.2:</b> Undertake two national stakeholder consultations workshops to 1) determine the roles and opportunities for the potential first DAE in Ecuador, and 2) validate the coordination mechanism to incorporate BDE's beneficiaries in country programming, National Climate Change Strategy, EFIC and NDCs.	<b>Deliverable 1.1.1.2:</b> Reports (2) on the outcomes of the workshops and consultations, with list of participants.
<b>Outcome 1.2:</b> Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities.	BDE was nominated for GCF accreditation, however, needs to improve institutional capacities, policies, procedures, and requirements to meet GCF Basic and Specialized fiduciary standards.	BDE meets the requirements to get GCF Accreditation	<b>Output 1.2.1:</b> BDE has a roadmap and technical assistance needed to fulfill the requirements on GCF process.	<b>Activity 1.2.1.1:</b> Conduct an institutional gap analysis of BDE against the fiduciary standards, safeguards, and compliance policies of the GCF.	<b>Deliverables 1.2.1.1:</b> Report on BDE gap assessment and updated action plan developed for accreditation by GCF.
			<b>Output 1.2.2:</b> BDE capacity strengthened to meet the GCF standards such as ESS, Gender, Indigenous Communities and Transparency/Accountability	<b>Activity 1.2.2.1:</b> Build BDE institutional policies regarding the GCF standards in key areas including ESS (Risk Category B/Intermediation II), Gender, Indigenous Communities and Transparency/Accountability.	<b>Deliverable 1.2.2.1:</b> Report with drafts versions of policies, manuals, and codes to meet GCF accreditation requirements including ESS (Risk Category B/Intermediation II), Gender, Indigenous Communities and Transparency/Accountability, considering the assessment and analysis of BDE systems and standards on key areas provided on Deliverable 1.2.1.1
			<b>Activity 1.2.2.2:</b> Two workshops to review drafts and final versions of proposed policies, procedures, and requirements to meet GCF Basic Fiduciary Standards	<b>Deliverable 1.2.2.2:</b> Reports (2) of consultation workshops and list(s) of participants demonstrating inputs to improve and prepare policies, procedures, and requirements on BDE to meet GCF Basic Fiduciary Standards	

Outcomes	Baseline	Targets	Outputs	Activities (Brief description)	Deliverables
				<p><b>Activity 1.2.2.3:</b> Strength BDE institutional capacities through technical support to enable the entity to achieve GCF accreditation for specialized fiduciary criteria Loans and Blending.</p>	<p><b>Deliverable 1.2.2.3a:</b> Report on documentation summary to meet specialized fiduciary criteria: Project Management and Grant Award and/or Funding Allocation Mechanisms, under GCF accredited entities requirements.</p> <p><b>Deliverable 1.2.3.1b:</b> Report on documentation summary (Lending/Blending operations track records; Due diligence policies, processes, and procedures; analysis of lending portfolio; Investment management, policies, and systems) to meet specialized fiduciary criteria: Loans and Blending, under GCF accredited entities requirements.</p>
				<p><b>Activity 1.2.2.4:</b> Two workshops to review drafts and final versions of proposed policies, procedures, and requirements to meet GCF Specialized Fiduciary Standards</p>	<p><b>Deliverable 1.2.2.4:</b> Reports (2) of consultation workshops and list(s) of participants demonstrating inputs to improve and prepare policies, procedures, and requirements on BDE to meet GCF Specialized Fiduciary Standards</p>
<p><b>Outcome 5.1:</b> Best practices with respect to institutional capacity building and coordination, direct access, and pipeline development are developed and disseminated to strengthen engagement by NDAs, DAEs, and delivery partners with the GCF.</p>	<p>One country in the region engaged with BDE on climate investment initiatives (i.e., Mexico, through BANOBRAS-GIZ).</p>	<p>Established two additional country engagements on bilateral/regional climate investment initiatives and GCF accreditation experience.</p>	<p><b>Output 5.1.1:</b> Ecuador NDA and BDE enhanced strategic frameworks, improve sectoral expertise, and enhance enabling GCF accreditation and programming investment</p>	<p><b>Activity 5.1.1.1:</b> Visit and share lessons learned with at least two National DAEs in LAC countries<sup>10</sup>, which allow identifying best practices in the accreditation process and innovative financial mechanisms in increasing climate investments</p>	<p><b>Deliverable 5.1.1.1:</b> Report on two experiences sharing with National Developments Banks in the region, GCF accredited or nominated entities related to accreditation experience, NDA engagement strategies, stakeholders' involvement, contributions to nationals' programs on Climate Change-NDC supports and innovative financial mechanisms/schemes to increase low-emission, climate resilient investments.</p>
				<p><b>Activity 5.1.1.2:</b> Two workshops to review findings, recommendations, best practices, and potential alliances with regional development banks accredited by GCF</p>	<p><b>Deliverable 1.2.2.1:</b> Reports (2) of consultation workshops and list(s) of participants demonstrating enhanced strategic frameworks, improve sectoral expertise, and enhance enabling GCF accreditation and programming investment</p>

<sup>10</sup> Missions' preliminary includes visits to Mexico, considering Nacional Financiera (NAFIN) / Banco Nacional de Obras y Servicios Públicos (BANOBRAS), and Chile considering Finanzas Y Negocios Servicios Financieros Limitada (FYNSA)

## 4. THEORY OF CHANGE

**Goal:** Improve the mobilization of resources provide by the Development Bank of Ecuador B.P. (BDE) to increase climate change mitigation and adaptation investments by achieving its certification to the Green Climate Fund (GCF) as accredited entity.

**Goal Statement:** IF the Development Bank of Ecuador B.P. (BDE) received support to meet the GCF's accreditation standards THEN the BDE increase in capacity to propose and develop climate finance projects aligned with Ecuador programming and the country NDCs targets, BECAUSE BDE has developed the capacity to operates under GCF standards, establishes collaboration mechanism on national and international level to achieve the national aspirations on climate change mitigation/adaptation in coordination with national stakeholders, authorities, plans and strategies

**Impact:** Ecuador raises its amounts of climate financing promoting mitigation and adaptation projects in the country through the accreditation to the GCF of more financial institutions that will support low carbon emissions and resilient climate change investments.

### Outcomes

**Outcome 1.1:** Country NDAs or focal points and the network/ systems that enable them to fulfil their roles, responsibilities and policy requirements are operational and effective

**Outcome 1.2:** Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities

**Outcome 5.1:** Best practices with respect to institutional capacity building and coordination, direct access, and pipeline development are developed and disseminated to strengthen engagement by NDAs, DAEs, and delivery partners with the GCF

### Outputs

**Output 1.1.1:** An appropriate coordination mechanism to incorporate BDE's beneficiaries, in country programming and NDCs enhancement process through the NDA-MAATE.

**Output 1.2.1:** BDE strengthened through technical assistance.

**Output 1.2.2:** BDE meets Basic Fiduciary Standards for GCF accredited entities in key areas including ESS (Risk Category B/Intermediation II), Gender, Indigenous Communities and Transparency/Accountability.

**Output 1.2.3:** BDE meets Specialized Fiduciary Standards (Loans and Blending) for GCF accredited entities

**Output 5.1.1:** Ecuador NDA and BDE enhanced strategic frameworks, improve sectoral expertise, and enhance enabling GCF accreditation and programming investment

### Inputs

BDE Gap Assessment for the GCF accreditation.

BDE Action Plan for the GCF accreditation

Ecuador readiness initiatives under implementation which serve as reference to promote climate finance.

Ecuador platforms under implementation to promote sustainable banking.

Global and regional initiatives to promote sustainable finance and green products and services,

### Barriers

BDE staff limited capacity to apply strengthened fiduciary criteria adapted to the requirements of the GCF

BDE Basic Fiduciary Standards are not aligned/ sufficient documented with GCF requirements

BDE Specialized Fiduciary Standards are not aligned/ sufficient documented with GCF requirements

Insufficient participation of BDE borrowers (Local Governments and Public Institutions) jointly with the private sector in climate

BDE staff with limited technical knowledge to understand green finance and sustainable banking

Weak clarity around the pipeline of climate finance projects under NDCs priorities

Lack of systematization of accreditation experiences of regional DAEs.

### Assumptions

• BDE Gap Assessment had clearly identified all elements that need alignment. • BDE Action Plan had identified satisfactory solutions to fulfil requirements • Solutions proposed can be dully executed in time and form. • BDE Top Management will continue to give priority to GCF accreditation. • The different necessary stakeholders are interested in participating in this proposal to identify a coordination mechanism and formulate a communication strategy. Stakeholders are willing to participate in this readiness proposal

### Risks

• Technical assistance to pursuit BDE's accreditation to the GCF requires a longer tenor than the scheduled. • Technical assistance to achieve the accreditation of BDE to the GCF require higher expenses than the estimated. • Difficulty to establish a sound dialogue among stakeholders to meet outcomes of the readiness proposal. • The hiring process for consulting firms may take longer than expected, resulting in delays in

### Problem

The Development Bank of Ecuador B.P. has a limited and insufficient mobilization of financing in climate change opportunities

Although for the period 2017-2021 BDE approved around US\$2.5 billion<sup>11</sup> for more than 1,700 projects, mainly in the subsector of roads (33.6%) and sanitation (33.4%), the BDE still has a limited capacity for the mobilization of financing for climate change

The main barriers identified for the accreditation of the BDE by GCF are: its staff have limited capacity to apply strengthened fiduciary criteria adapted to the requirements of the GCF, as well as limited technical knowledge to understand green finance and sustainable banking; BDE Basic Fiduciary Standards and Specialized Fiduciary Standards are not aligned neither sufficient documented with GCF requirements; and, there is an insufficient participation of BDE borrowers (i.e. local governments and public institutions) jointly with the private sector in climate change projects.

The theory of change of the proposal is based in the assumptions that: there is an initial BDE Gap Assessment that had clearly identified all elements that need alignment, and an Institution Action Plan that had identified satisfactory solutions to fulfil GCF accreditation requirements. In addition, it is assumed that such proposed solutions can be timely executed and that the support by the top management of BDE will ensure the continuity of the GCF accreditation process. Furthermore, it is expected that stakeholders are interested in participating in this proposal to identify a coordination mechanism and formulate a communication strategy.

Thus, this readiness proposal focusses on: enhancing BDE capacity to meet and maintain the GCF's accreditation through technical assistance to reinforce ESS (Risk Category B/Intermediation II), Gender, Indigenous Communities and Transparency/Accountability, and strengthen bank standards related to loans and blending; to develop an appropriate coordination mechanism to incorporate BDE's beneficiaries in country programming and NDCs enhancement process, in order to develop strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment; and, to elaborate a framework to communicate climate change financing best practices.

This readiness proposal has the goal to improve the mobilization of resources by BDE to increase climate change mitigation and adaptation investments by achieving its accreditation to the GCF as a direct access entity.

Consequently, if BDE receives the necessary support to meet GCF's accreditation standards then the development bank can improve its capacity to promote climate finance aligned with Ecuador's programming and the country's NDCs targets, because such accreditation allows BDE to attract and channel resources for green investments to address climate change following BDE's mission to promote sustainable territorial development.

It is recognized that accreditation by GCF broadens the range of financing opportunities for low-emissions and climate-resilience projects, incorporating more resources and cheaper funds in financial intermediation to promote the development of projects that bring the country closer to compliance with its NDCs. Likewise, the accreditation process represents an improvement in environmental, social and gender standards within the financial system itself.

As it was point out, technical assistance will be used to overcome the barriers identified in BDE for its accreditation, among them, an Environmental and Social Risk Management System (ESMS) not aligned with GCF requirements, absence of a gender policy, and lack of an indigenous people policy. Moreover, this proposal seeks to improve BDE technical knowledge to understand green finance and sustainable banking, to give clarity around a pipeline of climate finance projects under NDCs priorities and to provide a systematization of the accreditation experience.

In summary, strengthening of BDE to fulfill GCF requirements, developing an appropriate coordination mechanism to incorporate BDE in country programming and NDCs enhancement processes, and developing a communication strategy to use best practices to improve climate finance in Ecuador, represent a step to the green transformation of the financial sector itself, using a public financial institution as spearhead.

## 5. BUDGET, PROCUREMENT, IMPLEMENTATION AND DISBURSEMENT PLAN

<sup>11</sup> Banco de Desarrollo del Ecuador B.P. 2020. BDE Website. Online. Available at: <https://bde.fin.ec/bde-en-cifras/#1599455450895-a8c4defe-ff6e>

### 5.1 Budget plan

See enclosed Excel file.

### 5.2 Procurement plan

See enclosed Excel file.

### 5.3 Implementation Plan

See enclosed Excel file.

### 5.4 Disbursement schedule

#### Readiness Proposal that requires a bilateral Grant Agreement

- The first disbursement amounting USD 258,000 will be transferred upon approval of the readiness request and effectiveness of the Grant Agreement.
- The second and final disbursement amounting USD 43,717 will be made upon submission of a completion report and financial report, in form and substance acceptable to the Fund, including an audited expenditure statement.

## 6. IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

### 6.1 Implementation arrangements

IICA will be responsible for the implementation of the readiness support and will carry out all fiduciary and financial management, procurement of goods and services, monitoring and reporting activities under this proposal in compliance with IICA's policies and procedures and with the Bilateral Grant Agreement to be signed with GCF or its fiduciary agent.

Under the specific contracts for readiness activities, the Inter-American Institute for Cooperation on Agriculture (IICA) agreed the institutional authorities permitted on behalf of IICA to sign the Requests for Disbursement by the Grantee are Mr. Braulio Heinze, Director of Corporate Services (IICA headquarters) and Mr. Rodolfo Campos, Representative in Ecuador.

IICA Representative in Ecuador is supported by administrative and technical staff, including Financial Manager, accountants, administrative support, national specialist on key areas of IICA and the Andean Region Special Affairs Coordinator (based in Ecuador).

Under the status of Delivery partner, as well as recently Accrued Entity, IICA maintains administrative, accounting and audit standards that comply with the requirements established by the GCF. This fact is proven, since the Readiness project "Post COVID-19 Green Recovery for Food, Health, and Water Security strengthened by financial and technological innovations in Latin-American countries" is currently administered in Ecuador.

A Technical Advisory and Monitoring Committee (TAMC) shall be established to ensure operational effectiveness. The TAMC shall be the highest technical body of this Readiness and Support Proposal. The TAMC shall be chaired by one Ecuador NDA Representative, one representative of BDE, and one Representative of the Delivery Partner (IICA). The Project Advisory/Facilitator to this Readiness proposal will act as Rapporteur to the TAMC. The TAMC will facilitate and supervise project implementation, and guide activities through administrative, financial, and technical backstopping. The TAMC will take stock of the status of the project before every reportable period, ensure that the project is coordinated with other relevant initiatives, and review the project's performance and provide technical guidance to ensure it meets its original objectives. In addition to this periodicity of meeting, TAMC or their Representative Members may request information or suggest improvements in the ongoing technical or financial processes. The project will be implemented through a transparent, participative, and inclusive consultative process, which aims to engage all stakeholders. The activities outlined in the project proposal and the associated budget clearly demonstrates the central nature of stakeholder consultation to the project objectives. The TAMC advice the process of preparing, validating, and presenting reports to GCF and Fiduciary Agent, with approvals of the representatives of member entities.

Each member entity will inform IICA as Delivery Partner, the name, position, and duration of the member's appointment to the TAMC. If a change of the representative is required, it must be communicated at least two weeks in advance before the ordinary meeting. The TAMC will meet regularly by virtual means on dates communicated two weeks in advance. These meetings will be held every three months on a regular basis, i.e., 4 meetings throughout the project cycle. Extraordinary meetings can be requested by any of its members, as long as a majority (2 out of 3 members) endorses the proposal and confirms its participation. The requesting

member must ensure the logistical conditions for the development of the extraordinary meeting. Sessions cannot take place unless at least two members participate. Agreements must be reached by consensus. In case no consensus can be reached, a decision will be made by a majority of votes by the members present at the meeting. Minutes of agreements and follow-up will be drawn up for each TAMC meeting, which will be submitted for review one week after the meeting and will be made official two weeks after the meeting, with comments from the members. TAMC decisions may not modify the legal and financial conditions established between the Delivery Partner and the GCF or its fiduciary entity.

The activities and deliverables described in this proposal will be assisted by an Andean Region Special Affairs Coordinator, as a Regional Specialist based in Ecuador office (IICA Staff as a Delivery Partner), which will be supervised by the IICA Representative in Ecuador in coordination with the NDA. IICA support includes local and international specialists, aided by the managerial and administrative staff in each country office.

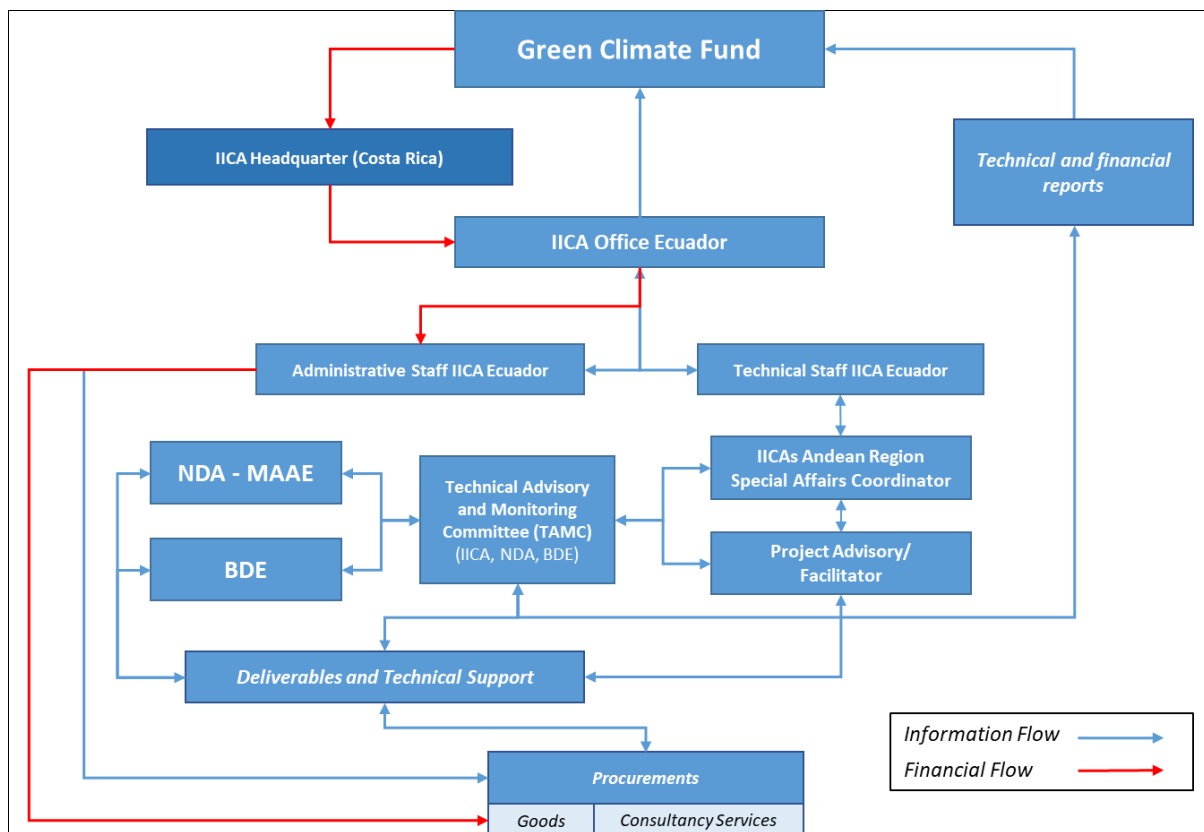
Andean Region Special Affairs Coordinator, as a Regional Specialist based in Ecuador office (IICA Staff), Project Advisory/Facilitator and IICA Representative in Ecuador will be also supported and guided by the TAMC and other IICAs International Specialist at Divisions in Headquarters in Costa Rica, and all 34 country offices. Technical issues will be backed by the Directorate of Technical Cooperation and staff. Financial and Administrative issues will be supported by the Directorate of Corporative Services and IICA as Delivery Partner.

Technical and financial information flows (see Figure 2) of the execution of the Readiness Proposal consider channels from IICA as a Delivery Partner towards the relevant parties. These two-way flows include NDA, BDE, GCF's Regional Desk for Latin America, and the Fiduciary Agent. Dynamization and effectiveness of technical and information flows are under responsibility of the Project Advisory/Facilitator with close coordination with TAMC.

Financial flows (red arrows) start from the Fiduciary Agent, in correspondence of Disbursement Schedule. Financial resources are traced and managed under Grant Agreement approved policies by IICA Financial Management Division. With arrangements and advisory from TAMC, the IICA Programming and Budgeting Division defines the specific budgets for execution aligned with Readiness and Support Proposal Implementation Plan, throughout IICA Ecuador national country office. Finally, financial reports are prepared by IICA Ecuador Administrative and technical staff, review and approval by TAMC before official submission to GCF and fiduciary agent, closing the flow.

Information flows (blue arrows) place IICA, as Delivery Partner, and TAMC at the center of information exchange. TAMC plays a key role in the implementation guidance, organized by the Project Advisory/Facilitator. TAMC assures the quality advisory for outputs (deliverables, reports). The Andean Region Special Affairs Coordinator, as a Regional Specialist based in Ecuador office (IICA Staff as a Delivery Partner) will receive guidance from TAMC to guarantee the optimal coordination with external suppliers (firms, consultants) and stakeholders.

Figure 2. Information and Financial Flows



The Gender Policy of IICA<sup>12</sup> has the objective to institutionalize the gender perspective and gender equity approach in internal management and the technical cooperation provided to member countries. Specifically it seeks:

1. To advocate for gender equality and equity in the exercise of rights and for equal opportunities and treatment in all areas of the Institute's work, by developing a culture and management process for this purpose and by strengthening the personal and institutional capacities necessary to achieve this goal.
2. To increase awareness of and capacities to carry out strategic actions related to gender topics in the Institute's management and technical cooperation actions.
3. To ensure that gender equity and equality is integrated into all of the Institute's policies, programs, projects, technical cooperation practices, and internal management.
4. To carry out continuous communication, training and awareness-raising activities necessary to implement this policy at the internal and external levels.

Under the described guidelines, IICA, as Delivery Partner, ensures that:

- Activities to raise awareness on the topic of gender to be carried out at IICA Headquarters and in the Delegation in Ecuador, included activities under contractors.
- Opportunities for participation and consultation will be provided in order to share experiences and information related to this topic with organizations or communities.
- Inclusive and equitable participation in development projects and decision-making processes is encouraged, in order to foster the personal, collective, and economic empowerment of women and other historically excluded groups
- Gender analyses will be conducted in order to establish gender indicators and undertake necessary actions to improve gender equality and equity
- Women's access to information, knowledge, technology, and good practices for sustainable and inclusive agricultural development is facilitated.
- The dissemination of technical cooperation actions with a gender-based approach is promoted.
- A gender-based approach shall be mainstreamed in external communication actions and products

## 6.2 Implementation and execution roles and responsibilities

<sup>12</sup> IICA. 2016. Gender Policy of IICA. Online. Available at [http://intranet.iica.int/sites/default/files/gender\\_policy\\_2016.pdf](http://intranet.iica.int/sites/default/files/gender_policy_2016.pdf)



For the implementation of the Readiness Proposal, a single communication channel will be maintained from IICAs Directorate of External Institutional Relations to the GCF-LAC Regional desk and NDA of the participating country.

The Andean Region Special Affairs Coordinator, as a Regional Specialist based in Ecuador office (IICA Staff supported by the Project Advisory/Facilitator) has the main responsibility of the day-to-day execution of the initiatives described in the readiness proposal. Ecuador NDA will have an advisory responsibility for financial and administrative required complying with the objectives of the proposal through TAMC.

The Financial Management, Programming and Budgeting, ICT Digital Agriculture, Institutional Communication, Planning, Monitoring and Evaluation IICA Divisions will also participate supporting the technical implementation of the Readiness Proposal.

The relation with Regional Companies/Firms, Consultants and Suppliers is guided by IICA institutional rules, procedures, and policies. The procurement process pursues principles of transparency, prudent use of resources, objectivity in selection processes, competitiveness, sustainability, and accountability. Specifically, IICA will engage some regional and local Companies/Firms, Consultants and Suppliers in consultation with the TAMC (where the advisory of NDA and BDE), to achieve the accomplishment of the Readiness Proposal's activities, related with the Deliverables complexity

Separated responsibilities between DP (IICA staff) and PMC (Project Advisory/Facilitator) includes:

- **Andean Region Special Affairs Coordinator, as a Regional Specialist based in Ecuador office (IICA Staff as a Delivery Partner)**
  - Day-to-day execution
  - Project implementation and supervision
  - Preparation of financial and technical reports
  - Guarantee the optimal coordination with external suppliers (firms, consultants) and stakeholders
- **Project Advisory/Facilitator**
  - Dynamization and effectiveness of technical and information flows are under responsibility of the with close coordination with TAMC.
  - Guidance, organization and implementation of information exchange
  - Technical and logistic support in coordination with TAMC and IICA as DP.

Table 5. Specific roles and responsibilities of procured consultants and regional firms

N°	Position	Overall objective	Activities	Qualifications
1	International senior consultant, certification/accreditation specialist (Activity 1.2.1.1)	Conduct an updated institutional gap analysis of BDE against the fiduciary standards, safeguards, and compliance policies of the GCF accreditation process.	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Update previous self-assessments, gap Analysis, Actions Plans of BDE for GCF accreditation</li> <li>-Review, compilation, and synthesis of institutional context of BDE against Stages I, II and III of the GCF accreditation process.</li> <li>-Mapping and interactions description BDE policies, internal bodies, and operational systems.</li> <li>-Mapping of projects experiences on environment, climate change financing, Lending/Blending operations for at least the last three years.</li> <li>-Provide guidance on Tor's preparation for firm's consultancies services on Basic and Specialized Fiduciary Standards.</li> <li>-Training in managing of OAS-GCF system and document traceability for accreditation.</li> <li>-Prepare a BDE Action Plan for Stages I, II and III of GCF Accreditation.</li> <li>-Disseminate the results obtained and products with the entities participating in the Readiness proposal.</li> </ul>	<ul style="list-style-type: none"> <li>-University degree in social science, economics, law, natural resource or environmental management, or related field.</li> <li>-From 4 to 7 years' experience in climate change, in the Latin-American region.</li> <li>-Demonstrated experience conducting gap analyses for the accreditation process by GCF.</li> <li>-Demonstrated experience with qualitative research methods (interviews) and ability to compile and synthesize information in a clear concise manner.</li> <li>-Strong background in quantitative and qualitative data analysis.</li> <li>-Excellent written and oral communication skills in Spanish and English.</li> <li>-Excellent team player with good communication and interpersonal skills.</li> <li>-Ability to manage workload with minimum supervision.</li> <li>-Display cultural, gender, religion, nationality sensitivity and adaptability.</li> </ul>
2	One national firm, translation services specialized (Activity 1.2.2.1)	Provide at least 200 pages of Spanish-English translation for documents/abstracts in Basic Fiduciary Standards for GCF including ESS updates and track records, Gender Policy, Indigenous Communities policies and Transparency /Accountability track records among other documentation, among others.	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Create a digital channel for document managing and official exchange of documents (repository) in a safe manner, including traceability of files and versions.</li> <li>-Work with specialist form MAATE and BDE for contextual clarifications and technical terminology when needed.</li> <li>-Provide final version in English language for BDE 's GCF accreditation documents.</li> </ul>	<ul style="list-style-type: none"> <li>-National firm, translation documents Spanish-English experience in Ecuador.</li> <li>-Prior experience with translation of documents for international cooperation organism desirable.</li> <li>-Minimum 5 permanent translators' staff with degree or equivalent specialization on translation from Spanish to English.</li> <li>-Ability to manage multiple deliverables simultaneously with minimum supervision.</li> <li>-Display cultural, gender, religion, nationality sensitivity and adaptability.</li> </ul>
3	National consultant, Project Management Specialist, to support project implementation (Activity 1.2.2.1)	Fulfill the documentation and interpretation of OAS requirements for Items 5.1 Project Management and 5.2 Grant Award and/or Funding Allocation Mechanisms, Section 5. Specialized Fiduciary Standards in coordination with BDE staff.	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Become familiar with GCF accreditation procedures.</li> <li>-Review of actual and previous versions of self-assessments, Gap Analysis, Actions Plans of BDE for GCF accreditation.</li> <li>-Review, compilation, and synthesis of institutional context of BDE against Stages I, II and III of the GCF accreditation process.</li> <li>-Mapping and interactions description BDE policies, internal bodies, and operational systems for Item 5.1 Project Management and 5.2 Grant Award and/or Funding Allocation Mechanisms, Section 5. Specialized Fiduciary Standards</li> </ul>	<ul style="list-style-type: none"> <li>-University degree in Business Administration, Project Management, Laws, Public Administration, Industrial Engineering.</li> <li>-From 1 to 3 years' work experience.</li> <li>-Desirable experience on certification-accreditation process.</li> <li>-Demonstrated experience with qualitative research methods (interviews) and ability to compile and synthesize information in a clear concise manner.</li> <li>- Excellent written and oral communication skills in Spanish and English.</li> <li>-Excellent team player with good communication and interpersonal skills.</li> <li>-Ability to manage workload with minimum supervision</li> </ul>

			<ul style="list-style-type: none"> <li>-Mapping of projects experiences on environment, climate change financing for at least the last three years and prepare Track Records files.</li> <li>-Provide support to Regional Firms hired to develop specific requirements (drafts of norms and policies) in Items/sections under responsibility.</li> <li>-Attend coordination meetings with BDE, MAATE, Project Advisory/Facilitator and/or IICA when requested.</li> <li>-Support the iterative cycles of the accreditation revision, supporting to solve "Question to Applicant" form GCF.</li> </ul>	<ul style="list-style-type: none"> <li>-Display cultural, gender, religion, nationality sensitivity and adaptability.</li> </ul>
4	National consultant, Basic Fiduciary Standards Specialist (Activity 1.2.2.1 and Activity 1.2.2.2)	Fulfill the documentation and interpretation of OAS requirements for Sections 1, 2, 3, 4, 6 and 7 in coordination with BDE staff	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Become familiar with GCF accreditation procedures.</li> <li>-Review of actual and previous versions of self-assessments, Gap Analysis, Actions Plans of BDE for GCF accreditation</li> <li>-Review, compilation, and synthesis of institutional context of BDE against Stages I, II and III of the GCF accreditation process.</li> <li>-Mapping and interactions description of BDE policies, internal bodies, and operational systems for Sections 1, 2, 3, 4, 6 and 7 of OAS system.</li> <li>-Mapping of gender experiences for at least the last three years and prepare Track Records files.</li> <li>-Provide support to Regional Firms hired to develop specific requirements (drafts of norms and policies) in Items/sections under responsibility.</li> <li>-Attend coordination meetings with BDE, MAATE, Project Advisory/Facilitator and/or IICA when requested.</li> <li>-Support the iterative cycles of the accreditation revision, supporting to solve "Question to Applicant" form GCF.</li> </ul>	<ul style="list-style-type: none"> <li>-University degree in Business Administration, Laws, Public Administration, Industrial Engineering.</li> <li>-From 1 to 3 years' work experience.</li> <li>-Desirable experience on certification-accreditation process.</li> <li>-Demonstrated experience with qualitative research methods (interviews) and ability to compile and synthesize information in a clear concise manner.</li> <li>-Excellent written and oral communication skills in Spanish and English.</li> <li>-Excellent team player with good communication and interpersonal skills.</li> <li>-Ability to manage workload with minimum supervision.</li> <li>-Display cultural, gender, religion, nationality sensitivity and adaptability.</li> </ul>
5	One international firm, Basic Fiduciary Standards Specialized (Activity 1.2.2.1)	Develop draft versions of policies and norms about BDE Basic Fiduciary Standards in key areas including ESS (Risk Category B/Intermediation II), Gender, Indigenous Communities and Transparency /Accountability, among others.	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Review of actual and previous versions of self-assessments, Gap Analysis, Actions Plans of BDE for GCF accreditation</li> <li>-Attend coordination meetings with BDE, MAATE, Project Advisory/Facilitator and/or IICA when requested.</li> <li>-Review, compilation, and synthesis of institutional context of BDE in Basic Fiduciary Standards against Stages I, II and III of the GCF accreditation process.</li> <li>-Provide draft versions of policies and norms about BDE Basic Fiduciary Standards in key areas including: ESS (Risk Category B/Intermediation II), Gender, Indigenous Communities and Transparency /Accountability</li> <li>-Disseminate the results obtained and products with the entities participating in the Readiness proposal</li> </ul>	<ul style="list-style-type: none"> <li>-International firm, climate change-environment specialized, based in and with work experience in Latin-American countries.</li> <li>-Desirable experience with GCF accreditation framework, and with other climate finance facilities.</li> <li>-Knowledge of the banking sector and the challenges linked to climate change adaptation and mitigation in Latin-American countries.</li> <li>-Prior experience engaging with a wide variety of stakeholders and leading consultations.</li> <li>-Experience in management and management of natural resources, ecology and / or conservation, climate change and resilience.</li> <li>-Experience in the writing of technical and scientific documents.</li> <li>-Knowledge of the legal framework related to Natural Resource Management, Climate Change and Banking.</li> <li>-Experience in environmental and social risk analysis.</li> </ul>

				-Display cultural, gender, religion, nationality sensitivity and adaptability.
6	One national firm, translation services specialized (Activity 1.2.2.3)	Provide at least 200 pages of Spanish-English translation for documents/abstracts in Specialized Fiduciary Standards for GCF including Loan and Blending normative and track record of BDE, among others.	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Create a digital channel for document managing and official exchange of documents (repository) in a safe manner, including traceability of files and versions.</li> <li>-Work with specialist form MAATE and BDE for contextual clarifications and technical terminology when needed.</li> <li>-Provide final version in English language for BDEs GCF accreditation documents.</li> </ul>	<ul style="list-style-type: none"> <li>-National firm, translation documents Spanish-English experience in Ecuador.</li> <li>-Prior experience with translation of documents for international cooperation organism desirable.</li> <li>-Minimum 5 permanent translators' staff with degree or equivalent specialization on translation from Spanish to English.</li> <li>-Ability to manage multiple deliverables simultaneously with minimum supervision.</li> <li>-Display cultural, gender, religion, nationality sensitivity and adaptability.</li> </ul>
7	One national consultant, Specialized Fiduciary Standards Specialist (Activity 1.2.2.3 and Activity 1.2.2.4)	Fulfill the documentation and interpretation of OAS requirements for Item 5.3 On-lending and/or Blending, Section 5. Specialized Fiduciary Standards in coordination with BDE staff.	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Become familiar with GCF accreditation procedures.</li> <li>-Review of actual and previous versions of self-assessments, Gap Analysis, Actions Plans of BDE for GCF accreditation</li> <li>-Review, compilation, and synthesis of institutional context of BDE against Stages I, II and III of the GCF accreditation process.</li> <li>-Mapping and interactions description of BDE policies, internal bodies, and operational systems for Item 5.3 On-lending and/or Blending, Section 5. Specialized Fiduciary Standards of OAS system.</li> <li>-Mapping of gender experiences for at least the last three years and prepare Track Records files.</li> <li>-Provide support to Regional Firms hired to develop specific requirements (drafts of norms and policies) in Items/sections under responsibility.</li> <li>-Attend coordination meetings with BDE, MAATE, Project Advisory/Facilitator and/or IICA when requested.</li> <li>-Support the iterative cycles of the accreditation revision, supporting to solve "Question to Applicant" form GCF.</li> </ul>	<ul style="list-style-type: none"> <li>-University degree in Finances and Banking, Business Administration, Public Administration, Industrial Engineering</li> <li>-From 1 to 3 years' work experience.</li> <li>-Desirable experience on certification-accreditation process.</li> <li>-Demonstrated experience with qualitative research methods (interviews) and ability to compile and synthesize information in a clear concise manner.</li> <li>-Excellent written and oral communication skills in Spanish and English.</li> <li>-Excellent team player with good communication and interpersonal skills.</li> <li>-Ability to manage workload with minimum supervision.</li> <li>-Display cultural, gender, religion, nationality sensitivity and adaptability.</li> </ul>
8	One international firm, Specialized Fiduciary Standards Specialized (Activity 1.2.2.3)	Develop draft versions of policies and norms about BDE Specialized Fiduciary Standards in key areas for Loans and Blending, among others	<ul style="list-style-type: none"> <li>-Convene confidentiality arrangements with BDE for documentation access.</li> <li>-Review of actual and previous versions of Self assessments, Gap Analysis, Actions Plans of BDE for GCF accreditation</li> <li>-Attend coordination meetings with BDE, MAATE, Project Advisory/Facilitator and/or IICA when requested.</li> <li>-Review, compilation, and synthesis of institutional context of BDE in Basic Fiduciary Standards against Stages I, II and III of the GCF accreditation process.</li> <li>-Provide draft versions of policies and norms about BDE Specialized Fiduciary Standards in key areas for Loans and Blending Including (but not limited to): 1. policies/guidelines/procedures for its On-lending and/or Blending operations, 2. framework/system for undertaking due diligence for assessing the capabilities of the recipient organizations, 3. policy with respect to management of</li> </ul>	<ul style="list-style-type: none"> <li>-International firm, banking and finances specialized, based in and with work experience in Latin-American countries.</li> <li>-Desirable experience with GCF Accreditation framework, and with other climate finance facilities.</li> <li>-Knowledge of the banking sector and the challenges linked to climate change adaptation and mitigation in Latin-American countries</li> <li>-Prior experience engaging with a wide variety of stakeholders and leading consultations</li> <li>-Experience in advisory of lending/blending operations</li> <li>-Experience in the writing of technical and scientific documents</li> <li>-Knowledge of the legal framework related to Banking and finances.</li> </ul>

			<p>financial resources, 4. policies/guidelines for providing information to the public regarding its decisions on on-lending and/or blending operations, 5. investment management policy, 6. Financial risk management policies and procedures.</p> <p>-Disseminate the results obtained and products with the entities participating in the Readiness proposal</p>	<p>-Display cultural, gender, religion, nationality sensitivity and adaptability</p>
9	<p>One international senior consultant, climate finance specialist (Activity 1.1.1.1 and Activity 1.1.1.2)</p>	<p>Develop an appropriate coordination mechanism to incorporate BDEs beneficiaries, in country programming, National Climate Change Strategy, EFIC and NDCs.</p>	<p>-Convene confidentiality arrangements with BDE for documentation access.</p> <p>-Review previous self-assessments, gap Analysis, Actions Plans of BDE for GCF accreditation.</p> <p>-Consult national plans, policies and strategies related to climate change, including country programming on GCF activities.</p> <p>-Mapping and systematization of interactions on BDE's beneficiaries of future GCF activities in Ecuador.</p> <p>-Develop an appropriate coordination mechanism to incorporate BDEs beneficiaries, in country programming, National Climate Change Strategy, EFIC and NDCs.</p> <p>-Disseminate the results obtained and products with the entities participating in the Readiness proposal and the beneficiary entities of the BDE.</p>	<p>-University degree in social science, economics, law, natural resource or environmental management, or related field.</p> <p>-From 4 to 7 years' experience in climate change, in the Latin-American region.</p> <p>-Demonstrated experience conducting stakeholders' consultations.</p> <p>-Demonstrated experience with qualitative research methods (interviews) and ability to compile and synthesize information in a clear concise manner.</p> <p>-Strong background in quantitative and qualitative data analysis.</p> <p>-Excellent written and oral communication skills in Spanish and English.</p> <p>-Excellent team player with good communication and interpersonal skills.</p> <p>-Ability to manage workload with minimum supervision.</p> <p>-Display cultural, gender, religion, nationality sensitivity and adaptability.</p>
10	<p>Local consultant, Project Advisory/Facilitator (Support and advising for all activities)</p>	<p>Responsible for administrative support on planning and overseeing the readiness project in coordination with IICA to ensure monitoring on complete in a timely fashion and within budget. This position will support the Andean Region Special Affairs Coordinator (IICA staff specialist) on their responsibility for day-to-day execution.</p>	<p>-Coordinate all activities with Andean Region Special Affairs Coordinator, as a Regional Specialist based in Ecuador office, technical responsible of the project.</p> <p>-Advice timely and quality implementation of all project components providing technical support and ensuring appropriate linkages among the components and among consultants and stakeholders.</p> <p>-Support the develop a full project work plan and associated expenditure plan.</p> <p>-Planning and monitoring the process of preparation of narrative and financial project reports (every 6 months in accordance with GCF reporting requirements) and briefs as required.</p> <p>-Support the process of preparation, revision, publication, and information exchange about TORs for project consultants working on the various deliverables and lead the selection process.</p> <p>-Following financial management as a payments, disbursements, and accountability in coordination with IICA Ecuador office.</p> <p>-Support the Technical Advisory and Monitoring Committee (TAMC) meetings in terms of announcements, organization, minutes, decisions implementation.</p> <p>-Liaising with the national level focal point for advice implementation of national level initiatives.</p>	<p>-University degree in Business management, finance and banking, industrial Engineer, or a related field.</p> <p>-From 4 to 7 years' experience in environmental and/or cooperation for development projects in management roles.</p> <p>-Demonstrated experience in certification accreditation process.</p> <p>-Excellent written and oral communication skills in Spanish and English.</p> <p>-Excellent team player with good communication and interpersonal skills.</p> <p>-Display cultural, gender, religion, nationality sensitivity and adaptability.</p>

			<ul style="list-style-type: none"> <li>-Cultivate relationships with relevant national stakeholders, especially the NDA, BDE, GAD, public institutions to ensure maximum delivery and participation in project activities.</li> <li>-Coordinate closely with TAMC that will provide administrative and management support.</li> <li>-Serve as Technical Secretary of the TAMC.</li> <li>-Ensure adequate communications about all project activities to different audiences.</li> <li>-Ensure interventions are well coordinated with other projects and initiatives in the region.</li> <li>-Advice an effective Stakeholder Engagement Strategy in accordance with GCF Guidelines.</li> </ul>	
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## 6.3 Risks and mitigation measures

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Political	Change of Government, Assignment of new NDA	Low	Low	Maintaining communication with NDA and potential beneficiaries, in order not only to identify the probability of this change, but also to establish an early relationship with the new authorities at the NDA level, counting the possible effects on project activities and the delay in them.	IICA
Operational	Difficulties contracting qualified consultants	Low	Medium	<p>Increase provision payments for acquisition processes. Maintain constant communication with national institutions to identify the non-availability of inputs required in the project and establish actions to reduce the impact.</p> <p>Maintain updated databases with potential suppliers at the country and regional level that IICA has, which comply with the technical requirements of the materials, so that they can maintain the transparent and open tendering procedures involving the Delivery Partner procurement guidelines.</p>	IICA
Operational	Potential risks and vulnerabilities related to prohibited practices, money laundering or terrorist financing and/or fraud.	Low	High	<p>The Project will be implemented in accordance with IICA regulations, including:</p> <ul style="list-style-type: none"> <li>• Anti-fraud Policy of the Inter-American Institute for Cooperation on Agriculture</li> <li>• IICA Code of Ethics</li> <li>• IICA Policy for the Prevention of Money Laundering and Financing of Terrorism</li> <li>• Policy for the management of conflicts of interest at IICA</li> <li>• IICA Policy on the Protection of Whistleblowers and Witnesses</li> </ul> <p>The financial management and procurement in project will be guided by:</p> <ul style="list-style-type: none"> <li>• IICA Financial Rules</li> <li>• IICA Manual of Accounting and Financial Procedures</li> <li>• IICA Procedures Manual for the Procurement of Goods and Services.</li> <li>• IICA Procedures Manual for the Procurement of Goods and Services: Procurement of professional consultancy services</li> </ul> <p>All these policies and normative applies, without exception, to all activities and operations of IICA, including any irregularity, or suspicion of irregularity, involving staff members, as well as suppliers, consultants, contractors, and/or any other party that has a working or contractual relationship with IICA.</p>	IICA

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Operational	COVID-19 pandemic-related risks	High	Medium	<p>The activities planned for the Readiness Proposal have been designed majority covered by modalities of online work and remote collaboration.</p> <p>Stakeholders who are involved are expected to have or can be provided through virtual means through the network of users and beneficiaries of the BDE, such as MAATE and IICA in Ecuador.</p> <p>In the case of international travel, potential participants are expected to have (or in the short term comply with) the vaccination schedules that may be requested internationally depending on the country to visit. In the selection of countries, the ideal combination of reduced risks of contagion, scheduling of visits at times of lesser incidence (or rescheduling in case of pandemic waves) and compliance with the origin and destination protocols for all trips will be considered.</p>	
Legal	Breach of contract by consultants	Low	Medium	Improved background checks and contractors' references. Administrative support from the PMU of the project from the IICA administrations, in order to ensure the suitability, legal status, capacity and record of accomplishment of applicants. use of an adaptive management approach controlling contingencies in specific contracts	IICA
Force Majeure	Disasters, extreme weather events, pandemic.	Medium	High	Active monitoring through IICA's national office and regional conditions associated with extreme events, impacts, and implementation of remediation measures. Rescheduling of activities, insuring of equipment and infrastructure. Reinforcement of the use of virtual and remote channels for the development of contracted tasks, included as a requirement transferred to contractors.	IICA/NDA



## 6.4 Monitoring

Overall responsibility for the monitoring and concurrent evaluation of the use of readiness grant funds will reside with IICA in the first instance and the NDA ultimately. Primary responsibility will be borne by IICA with respect to technical details such as the timely and acceptable provision of the deliverables as means of attaining the outcomes. IICA has well-established project monitoring protocols that have met EU and World Bank standards. Apart from the project-funded external financial audits, IICA staff will conduct technical (quarterly) audits (time bound) and technical stage-determined (mileposts) completion reports, shared and validated with the NDA. These can be reviewed as per alignment with the implementation plan. To support project monitoring, IICA's Unified Institutional Management System (SUGI, by its acronym in Spanish) is the online platform that hosts all the Institute's planning, monitoring, and evaluation processes to organize them systematically and enable the generation of useful, expeditious, and timely information on which to base management decisions.

To ensure effective financial management and monitoring, IICA will employ a separate ledger account for management of funds for GCF readiness grant support to eliminate the possibility of co-mingling of funds from different donors or with institute funds. IICA will also track and report on financial flows and expenditures designated for specific activities using its established financial control system to ensure appropriate and transparent use of funds.

## 6.5 Other Relevant Information

Regional capacities regarding the accreditation processes on the Green Climate Fund scheme are limited. The capacities outside the region have shown some gaps in the understanding the regional context. IICA, as a Delivery Partner, intends, through its 34 offices in the hemisphere, to preliminarily identify the best capacities of regional firms that actually have both the experience and track record, as well as the recommendations verified from the entities that advised. This information will help to carry out more effective processes under the figure of Limited Tender, reducing the risk that non-specialized entities complicate the contracting process under open and competitive modalities where administrative staff is scarce in the case of this project, and operating time is limited, 12 months.

IICA is committed to preventing, detecting, investigating, correcting and, where applicable, punishing all acts of fraud committed against the organization, whether they are committed by members of its own staff, employees of other institutions or third parties. IICA has a policy of zero tolerance for acts of fraud, meaning that all incidents of fraud are to be reported and will be investigated as appropriate. Furthermore, it endeavors to raise awareness of fraud risks, implement controls aimed at preventing them, and establish and maintain procedures for the detection of fraud and the enforcement of this policy.

The "Anti-fraud Policy of the Inter-American Institute for Cooperation on Agriculture"<sup>13</sup> applies, without exception, to all activities and operations of IICA, including any irregularity, or suspicion of irregularity, involving staff members, as well as suppliers, consultants, contractors, and/or any other party that has a working or contractual relationship with IICA.

The "IICA Code of Ethics"<sup>14</sup> support the institute and its personnel in situations or conflicts that may affect our development or work performance. The basic principles are designed to guide the consolidation and strengthening of policies, criteria, and the institutional principles, in such a way as to promote a culture of transparency and legality.

Finally, IICA counts with a "Policy for the Prevention of Money Laundering and Financing of Terrorism"<sup>15</sup>, that establishes the principles and standards that will be applied and observed at all levels of IICA to prevent the management and use of money and other assets in activities related to money laundering and the financing of terrorism. IICA guarantee the protection and confidentiality of the whistleblowers and witnesses who report suspected wrongdoing through its "Policy on the Protection of Whistle-blowers and Witnesses"<sup>16</sup>. Reporting and compliance channel is available in the IICA web page.<sup>17</sup>

All project operations will be subjected to IICA's policy guidelines and proven practices, including its whistleblowers and gender policies. Under the Whistle-blower Policy, whistle-blowers can report any complaints through email or anonymously through IICA's [online platform](#). These reports are received by an Ethics Commission constituted by IICA's Director General under Article III(A) of IICA's Code of Ethics. The Institute's [Policy on the protection of whistle-blowers and witnesses](#) (updated in July 2019) protects all whistle-blowers and witnesses from any retaliation. Those reporting complaints can also request confidentiality.

<sup>13</sup> Available at: <https://repositorio.iica.int/bitstream/handle/11324/8184/8184i.pdf>

<sup>14</sup> Available at: <https://repositorio.iica.int/bitstream/handle/11324/8186/8186i.pdf>

<sup>15</sup> Available at: <https://repositorio.iica.int/bitstream/handle/11324/8188/8188i.pdf>

<sup>16</sup> Available at: <https://repositorio.iica.int/bitstream/handle/11324/8183/8183i.pdf>

<sup>17</sup> <http://apps.iica.int/transparenciaiica/public/Reporte?LG=en>

During the design of the project and the eventual implementation plan, efforts have been made to generate an exit strategy in which the BDE is independent in the development and decision-making related to its accreditation, after the completion of the project. To this end, emphasis has been placed on developing the technical and organisational capacities of the BDE, as well as on creating the enabling conditions to foster an environment for accreditation activities to continue through the Bank; this is aligned with the Readiness programme's objective to strengthen institutional capacities, governance mechanisms, and planning and programming frameworks to inform more strategic and transformational climate action and investments in Ecuador.

Considering that the accreditation process is likely to take longer than the duration of the implementation of the Readiness Project, the accreditation process requires the permanent operation of the Technical Advisory and Monitoring Committee (TAMC), which will work in coordination with a structured team from BDE, who will be involved in all phases of the project. A special procedure will also be developed for the process of documentation and approval of the information to be sent to the GCF, this mechanism could then, be institutionalized. In addition, the technical support group may be hired directly by the BDE in the future for the processes they deem necessary.

Below are the specific strategies that will be carried out to ensure the exit strategy.

Outcomes	Outputs	Exit strategy - actions
<p><b>Outcome 1.2:</b> Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities.</p>	<p><b>Output 1.2.1:</b> BDE strengthened through technical assistance.</p>	<p>Technical assistance is provided through a specialized team with experience in accreditation processes to guide the BDE based on lessons learned.</p> <p>In the early stages of the project, the BDE will form a monitoring team that will be involved throughout the process and also, a specific procedure will be created for the documentation and approval of the information to be sent to the GCF.</p>
	<p><b>Output 1.2.2:</b> BDE meets Basic Fiduciary Standards for GCF accredited entities in key areas including ESS (Risk Category B/Intermediation II), Gender, Indigenous Communities and Transparency/ Accountability.</p>	<p>BDE personnel are provided with sufficient tools and information to fully understand the general and specialized fiduciary standards of accreditation.</p> <p>IICA will implement quality control tools to assess the level of understanding and satisfaction of the BDE with respect to training sessions, such as surveys, evaluations, and others.</p>
	<p><b>Output 1.2.3:</b> BDE meets Specialized Fiduciary Standards (Loans and Blending) for GCF accredited entities.</p>	
<p><b>Outcome 2.2.:</b> GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment</p>	<p><b>Output 2.2.1:</b> Develop an appropriate coordination mechanism to incorporate BDE's beneficiaries, in country programming and NDCs enhancement process through the NDA-MAATE.</p>	<p>The coordination mechanism is established at the initial stages of the project and a detailed plan is developed in which the relevant stakeholders define the details of the Country Program (thematic areas, partners, beneficiaries, and others).</p> <p>This will be carried out based on stakeholder consultations to ensure the relevance of the actions to be developed.</p>
<p><b>Outcome 5.1:</b> Best practices with respect to institutional capacity building and coordination, direct access, and pipeline development are developed and</p>	<p><b>Output 5.1.1:</b> Ecuador NDA and BDE enhanced strategic frameworks, improve sectoral expertise, and enhance enabling GCF accreditation and programming investment.</p>	<p>A relationship strategy is developed among the NDA and the BDE, (including organizations in other countries) to develop knowledge management activities related to the use of good practices.</p>

<p>disseminated to strengthen engagement by NDAs, DAEs, and delivery partners with the GCF.</p>		<p>The sessions will be systematized to have documented information on the entire process.</p>
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There are currently no United Nations Security Council restrictive measures in force within the countries involved in the proposal.

**Nomination letter on Green Climate Fund application for accreditation BDE, MAATE / Green Climate Fund:**

MINISTERIO DEL AMBIENTE Y AGUA

Oficio Nro. MAAE-SCC-2021-0096-0

Quito, D.M., 15 de abril de 2021

**Asunto:** Expression of nomination for the application for accreditation to the Green Climate Fund

Mister  
Javier Manzanares  
**GREEN CLIMATE FUND**  
En su Despacho



Mr. Javier Manzanares  
Executive Director a.i.  
Secretariat of the Green Climate Fund  
175 Art Center-daero  
Yeosu-gu, Incheon 406-840  
Republic of Korea

Dear Mr. Manzanares,

Pursuant to paragraph 47 of the Governing Instrument for the Green Climate Fund, in my capacity as representative of the National Designated Authority for Ecuador, duly designated pursuant to the letter from the Ministry of Environment and Water of Ecuador to the Fund, I hereby nominate the entity below for accreditation by the Green Climate Fund:

**Name of the Nominated Entity:** Banco de Desarrollo del Ecuador S.P.  
**Contact person:** Arq. Nelly Elizabeth Estévez Aguayo – Products and Programs Division Manager.  
**Contact details:** +593 02 2999 600  
**Address:** Av. Amazonas y Unión Nacional de Periodistas, Quito, Ecuador. Postcode: 170507  
**Email address:** Nelly.Estevex@bde.fin.ec / Raisa.Botto@bde.fin.ec / bde.acreditacion.gcf@bde.fin.ec

In line with the strategic pipeline developed by the Undersecretary of Climate Change, it is Ecuador's priority to have an accredited entity to the Green Climate Fund. We have chosen this entity as they work directly with sub-local governments who are key stakeholders to promote mitigation and adaptation actions in Ecuador.

Sincerely,

Atentamente,

Despacho - Calle Pastrillo 2135 y Arboleda  
Código Postal: 170507 - Quito - Ecuador • Teléfono: (001) 2 299 9000  
www.maae.gob.ec



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MINISTERIO DEL AMBIENTE Y AGUA



Oficio Nro. MAAE-SCC-2021-0096-0

Quito, D.M., 15 de abril de 2021

*Documento firmado electrónicamente*

Mgs. Karina Maribel Barrena Moncayo  
**SUBSECRETARIA DE CAMBIO CLIMÁTICO**

Copia:

Señorita Ingeniera  
Gabriela Jeanneth Vargas Lara  
**Especialista de Políticas de Cambio Climático 3**

Señora Magíster  
Ines Patricia Ariza Machado  
**Directora de Adaptación al Cambio Climático**

Señorita  
Andrea Paulina Bodes Pineda  
**Asistente en Áreas Protegidas**

Señora Secretaria  
Teresa Del Pilar Pérez Toranzo  
**Secretaría de la Subsecretaría**

ab/gvta



KARINA MARIBEL  
BARRENA MONCAYO

Dirección: Calle Nueve 1219 y Andaraca  
Código Postal: 170125 / Quito - Ecuador • Teléfono: (593 2) 398-3600  
[www.mambiente.gub.ec](http://www.mambiente.gub.ec)



*Lenin*



Documento firmado electrónicamente - Quito

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**GREEN  
CLIMATE  
FUND**

Ms. Karina Maribel Barrera Moncayo  
Undersecretary of Climate Change  
Ministry of Environment and Water  
Av. Madrid 1159 y Andalucía, Quito  
Republic of Ecuador

#### COUNTRY PROGRAMMING

Date : 26 April 2021  
Reference : DCP/2020/153  
Page : 1 of 11

**Subject: Acknowledgment of nomination for the application for accreditation to the Green Climate Fund**

Ms. Barrera Moncayo,

I have the honour to present my compliments to the Government of the Republic of Ecuador and refer to your correspondence dated 15 April 2021, concerning the above-mentioned subject.

I have pleasure in confirming that the Green Climate Fund (GCF) Secretariat will follow up with the nominated entity Banco de Desarrollo del Ecuador B.P. (BDE) on matters related to accreditation within the context of GCF's accreditation framework. Should there be any questions or further discussions, the Secretariat will maintain contact with the National Designated Authority, as appropriate.

The GCF would like to reiterate its commitment to continuing working with the Government to address its climate change ambitions and priorities.

Yours sincerely,

Mr. Pa Ousman Jarju  
Director

cc: Mr. Tommy Descartes, Chief Economist, Department of Economic Development, Transport and Civil Aviation  
Mr. Vincent Boland, Saint Lucia Development Bank

**Green Climate Fund**  
Sougfa International Business District  
G Tower, 175 Ari Center drive  
Yeosu-gu, Incheon 22004  
Republic of Korea