



ADAPTATION FUND

AFB/B.10/4
June 8, 2010

Adaptation Fund Board
Tenth Meeting
Bonn, June 15 - 16, 2010

Agenda item 5

REPORT OF THE SECOND MEETING OF THE ACCREDITATION PANEL

I. WORK OF THE PANEL

1. The Panel continued its work using all three previously established modalities of work: email communication, teleconferencing and a face-to-face meeting. It extensively used email communication to consult on and exchange information and views on the applications being reviewed. Furthermore, the Panel held four teleconferences on April 22 and 29, and on June 2 and 4, 2010, to discuss the applications in detail. On May 10 and 11, 2010, the Accreditation Panel held its second face-to-face meeting in the secretariat's premises in Washington, D.C.

2. While there is no deadline for the submission of applications, the operational policies and guidelines established a cut-off date for applications to be considered by the Board, which is seven weeks before each meeting. Since the cut-off date for the submission of applications before the ninth Board meeting, the Panel received further four applications for accreditation. The Panel had started the review of one further application the ninth meeting already, as was also referred to in its report to the Board at that meeting.

3. As outlined in the operational policies and guidelines, these applications were reviewed by the secretariat. Those which contained the requested information and documentation on all fiduciary standards were forwarded to the Accreditation Panel. The list of all applications for accreditation reviewed by the Panel before the tenth Board meeting includes one application from a potential NIE, and four from potential MIEs, as follows:

1. Application for NIE accreditation
2. United Nations Environment Programme (UNEP, MIE application)
3. World Food Programme (WFP, MIE application)
4. Asian Development Bank (ADB, MIE application)
5. International Fund for Agricultural Development (IFAD, MIE application).

Panel consideration of the applications

Applicant for NIE accreditation

4. On March 16, 2010, the secretariat has received an application for accreditation from a potential National Implementing Entity. After the first screening of the submitted supporting documentation, the secretariat has requested further information from the applicant, and has forwarded the application to the Accreditation Panel on March 18, 2010. At the request of the Panel experts, further information was requested from the applicant by email and in a teleconference during the Panel meeting in May 2010.

5. The Panel experts have extensively discussed the NIE application during the meeting in Washington. The experts noted that while the applicant was the appropriate institution to channel funds from an international fund as the Adaptation Fund within its national context, the focus on climate change and more specifically on adaptation, was relatively new to the institution. The Panel expressed their concern about the demonstrated capacities of the applicant necessary throughout the project cycle, including the demonstrated capability to appraise project proposals, the demonstrated capacity to oversee the execution of projects and undertake detailed evaluation. Further,

the experts concluded that the applicant did not provide sufficient information on how the organization assessed risks associated with projects, and how these were addressed and mitigated.

6. During the teleconference on May 11, 2010, the representatives of the applicant provided clarifications on some issues. Further supporting documentation requested by the experts was submitted by the applicant after the meeting, but some documents were still outstanding. After having reviewed the submitted information, the Panel discussed the application in two teleconferences on June 2 and 4, 2010. One of the Panel members was requested to liaise with the applicant and he reported on his findings at the teleconference of June 4, 2010. The Panel concluded that while the applicant seemed to be a potential candidate for accreditation as a National Implementing Entity, the Panel still needed additional information and clarifications from the applicant in order to recommend it for full accreditation. The Panel concluded that the applicant should be requested to provide further information and clarifications to be considered for accreditation as a National Implementing Entity. Further, the Panel expressed their opinion that a field visit to the applicant could be useful to collect the required information, examine in detail various project documents and conduct face to face discussions. This could compensate for the absence of written policies and guidelines and allow the team to observe actual practices of the NIE. The budgetary implications of the field visit are estimated at USD 22,000.

United Nations Environment Programme (UNEP)

7. The accreditation application of UNEP, dated February 11, 2010, was received on February 18, 2010 with several supporting documents and submitted to the Panel on February 18, 2010. In addition to the application and its supporting documentation, UNEP referred to its status as a Multilateral Implementing Agency for the Global Environment Facility (GEF), and included the fiduciary standards review conducted by the auditing firm PricewaterhouseCoopers on behalf of the GEF Council.

8. The Panel noted that UNEP has extensive experience in implementing and executing adaptation projects over the past twenty years. While there were no strong reasons not to recommend accreditation, the Panel expressed that the application highlighted several concerns, especially on the issues of financial control and project monitoring. Similar concerns were also highlighted in the review by PricewaterhouseCoopers. One of the experts held meetings with the representatives of UNEP during the ninth Board meeting in Bonn, in March 2010.

9. The Panel concluded that it would recommend to the Board to accredit UNEP as a Multilateral Implementing Entity, but also to instruct the secretariat to require more frequent reporting on projects to be implemented by the United Nations Environment Programme.

United Nations World Food Programme (WFP)

10. The accreditation application of WFP, dated March 3, 2010, was received on March 4, 2010. The secretariat screened the application and the submitted documentation, and forwarded it to the Panel on March 8, 2010. Following teleconference of the Panel, further information and documentation was requested from WFP on some aspects of the application on April 30, 2010, and WFP submitted a

revised application on May 8, 2010. The revised application was forwarded to the Panel on May 8, 2010.

11. In its discussion on WFP's application, the Panel noted that the organization's approach to implementing adaptation to climate change was to provide food in response to hunger situations and to strengthen governments to prepare and assess and respond to acute hunger from disaster including those caused by shocks from climate change. It has some 200 ongoing projects and relates two of its strategic objectives to climate change. It would thus possibly broaden the scope of projects to be funded by the Adaptation Fund. The experts also expressed their appreciation of WFP's presence in all parts of the developing world. While the Panel would have welcomed more information on project management by WFP, they also highlighted the fact that WFP was active in some conflict environments which pose challenges to project implementation, information collection and analysis for the purpose of evaluation and other practical arrangements which would be expected from a multilateral agency working in normal circumstances.

12. After having thoroughly discussed the application of WFP, as well as the consequences of its being involved in some conflict zones, the Accreditation Panel concluded that it would recommend to the Board to accredit the World Food Programme without any reservations.

Accreditation of Asian Development Bank (ADB)

13. The application for accreditation of Asian Development Bank, dated February 2010 was submitted to the secretariat on March 4, 2010, and forwarded to the Panel, after an initial screening, on March 8, 2010.

14. In case of the application of ADB, two experts expressed their conflict of interest, as they were directly or indirectly involved with the organization. For this reason one expert abstained from voting. Nevertheless, they assessed the application.

15. The Panel requested further information from ADB on the issues of its legal capacity to contract, the financial disclosure of staff, and the role and position of internal audit, and discussed these issues in a teleconference with ADB's representatives on May 11, 2010. Subsequently, ADB submitted further evidence on their internal audits, as requested by the Panel.

16. After the submission of the requested documentation, the Panel reviewed, and decided to recommend to the Board the accreditation of ADB.

International Fund for Agricultural Development (IFAD)

17. The application for accreditation from IFAD, dated March 22, 2010, was submitted to the secretariat on March 22, 2010. During the initial screening, the secretariat noted that the application was not complete and requested two additional documents on March 29, 2010. These were promptly submitted to the secretariat on March 30, 2010. After subsequent screening, the application was forwarded to the Panel on March 30, 2010.

18. In its discussion of the application, the Panel concluded that IFAD's portfolio of projects fits well with the scope of projects to be funded by the Adaptation Fund. The Panel also did not identify any major outstanding issues in the fiduciary standards. The only reservation the Panel had pertained to an internal rule in the statutes of IFAD, to accept a new role such as that of an MIE, the Executive Board of IFAD would have to approve it specifically. The secretariat requested further information from IFAD on this item on May 5, 2010, and in a telephone discussion that followed learned that the Executive Board of IFAD would only be able to take such decision after MIE accreditation.

19. The Panel decided to recommend to the Board to accredit IFAD as a Multilateral Implementing Entity, with the caveat that any disbursement of funds would be pending until the Executive Board of IFAD made a decision to authorize IFAD to function as an MIE of the Adaptation Fund.

Panel Consideration of its work procedure

20. The Accreditation Panel also discussed its work procedures for the review of future accreditation applications.

Technical capabilities of applicants to implement adaptation activities

21. The review of the submitted accreditation applications revealed that not all applicants intended to execute adaptation projects on the ground, as some of them rather planned to outsource the execution part of the project cycle. The Panel experts therefore raised the question whether all applicants were to provide evidence about their technical capabilities, or whether a distinction between the applicants, according to their focus, could be made.

22. The Panel members again expressed their wish to introduce themselves in person to the Board, when feasible and if deemed necessary.

II. RECOMMENDATIONS

Accreditation of an NIE applicant

23. The Accreditation Panel, having considered its accreditation application, recommends to the Adaptation Fund Board:

- a) To postpone the decision on the accreditation of the NIE applicant until additional information and clarifications are obtained from the applicant, and to take a decision on the accreditation at the eleventh meeting of the Adaptation Fund Board; and
- b) To authorize the Accreditation Panel to conduct a field mission to the applicant, if deemed necessary.
- c) To consider the budgetary implications of such a field visit, estimated at USD 22,000, and to include them into the budget for the Accreditation Panel.

(Recommendation AFB/AP.2/1)

Accreditation of United Nations Environment Programme

24. The Accreditation Panel, having considered the accreditation application of the United Nations Environment Programme, recommends to the Adaptation Fund Board:

- a) To accredit the United Nations Environment Programme as a Multilateral Implementing Entity; and
- b) To instruct the secretariat to require more frequent reporting on projects to be implemented by the United Nations Environment Programme.

(Recommendation AFB/AP.2/2)

Accreditation of the United Nations World Food Programme

25. The Accreditation Panel, having considered the accreditation application of the United Nations World Food Programme, recommends to the Adaptation Fund Board to accredit the United Nations World Food Programme as a Multilateral Implementing Entity.

(Recommendation AFB/AP.2/3)

Accreditation of the Asian Development Bank

26. The Accreditation Panel, having considered the accreditation application of the Asian Development Bank, recommends to the Adaptation Fund Board to accredit the Asian Development Bank as a Multilateral Implementing Entity.

(Recommendation AFB/AP.2/4)

Accreditation of the International Fund for Agricultural Development

27. The Accreditation Panel, having considered the accreditation application of the International Fund for Agricultural Development, recommends to the Adaptation Fund Board:

- a) To accredit the International Fund for Agricultural Development as a Multilateral Implementing Entity; and
- b) Not to authorize disbursement of funding for any Adaptation Fund projects to be implemented by the International Fund for Agricultural Development before the Executive Board of the International Fund for Agricultural Development authorizes IFAD to function as an MIE of the Adaptation Fund.

(Recommendation AFB/AP.2/5)