



ADAPTATION FUND

AFB/B.35.a-35.b/6
6 May 2020

Adaptation Fund Board

**AMENDMENT OF THE TERMS OF REFERENCE FOR
THE ADAPTATION FUND BOARD
ACCREDITATION PANEL**

Background

1. Following the discussions between the Adaptation Fund secretariat and the Chair and the Vice-Chair of the Accreditation Panel (the Panel) on the need of possible amendment of the Terms of Reference (ToR) of the Accreditation Panel¹ which was held in the preparatory meetings for the thirty-second meeting and the thirty-third meeting of the Panel and the subsequent endorsement by the Chair and Vice-Chair of the Panel, the secretariat prepared a draft amendment of the ToR of the Accreditation Panel to be submitted to the Adaptation Fund Board (the Board) for their intersessional consideration and approval.

2. As per paragraph 12 of the ToR of the Accreditation Panel, the amendment of the ToR of the Accreditation Panel requires the Board's approval.² The proposed changes were to reflect the positive outcome of the streamlined work of the accreditation review processes and procedures achieved over the past years which led to the increased efficiency and effectiveness of the Accreditation Panel meetings and review process.

Summary of the proposed amendment of the ToR of the Accreditation Panel

3. The main revision is related to the extension of 'terms of office for the expert Panel members' from four years to six years in paragraph 12 of the ToR of the Accreditation Panel, while other revisions are to reflect the current practices or to ensure the terminology therein.

4. The extension of the expert Panel members is necessary and indispensable to ensure the continuity and predictability of the review of the applications which significantly contributes to the efficiency and effectiveness of the accreditation process. This is also justified by the increased workload of the Panel over the past five years due to the increased number of submitted applications for accreditation and reaccreditation. It is also noteworthy that regarding the re-accreditation process, it would be more effective and efficient if the Panel expert members are able to follow the full cycle of the accreditation period (five years) and the following re-accreditation.

5. The proposed amendment of the ToR of the Accreditation Panel is presented with track changes in the Annex to this document, and the proposed amendments are summarized as follows:

- (i) **Title:** The deletion of "**establishment**" is proposed as the Adaptation Fund Accreditation Panel had already been established;

¹ https://www.adaptation-fund.org/wp-content/uploads/2014/09/Accreditation-Panel-TORs_0.pdf.

² Paragraph 21 of the ToR of the Accreditation Panel: "The Board will revise these terms of reference as necessary."

(ii) **Background and Context (Paragraph 3):**

- a. Replacement of “*fiduciary standards*” with “*accreditation criteria*”: Considering that the ‘fiduciary standards’ are part of the ‘accreditation criteria,’ it is important to reinstate that all required accreditation criteria needs to be met; and
- b. A new insertion of the sentence “*The same criteria are required to be met by Regional Implementing Entities (RIE) and Multilateral Implementing Entities (MIE)*”: This is to reflect that the type of the implementing entity includes not only the national implementing entity (NIE), but also the regional implementing entity (RIE) and the multilateral implementing entity (MIE), and that the same accreditation criteria must be met by the NIE, RIE and MIE;

(iii) **Membership (Paragraphs 7-9 and 12):**

- a. Paragraph 7: Deletion of the phrase “*selected by the Board*” to reflect the current process of the selection of the Accreditation Panel expert members by the secretariat;
- b. Paragraph 8: replacement of “*designated*” with “*elected*” to reflect the fact that the Chair and Vice-Chair of the Panel are ‘elected’ by the Board;
- c. Paragraph 9:
 - i. Addition of “*in consultation with the Chair and Vice-Chair of the Panel, selects and appoints the external expert members*” in the first sentence to reflect the current process of selecting and appointing the AP expert members. The selection of the AP expert members and the relevant procedures follow the World Bank HR policies and procedures;
 - ii. Replacement of “*the Board*” with “*the Secretariat*” in the second sentence so that the Secretariat will draw on the advice, as necessary, of experts identified by the International Accreditation Forum (IAF); and
 - iii. Addition of a new sentence in the end of the paragraph “*The Chair of the Panel will report to the Board on the appointment of expert members.*”
- d. Paragraph 12:
 - i. Correction from “*reelected*” to “*elected*”; and
 - ii. An addition of the phrase “*with a possible extension of an additional term of two years*” to propose extension of the terms of office of the expert Panel members from four years to six years so that the expert Panel member can serve up to six years based on the performance of the member. More detailed rationales are explained in paragraph 3 of this document.

Draft Decision

6. Having considered document AFB/B.35.a-35.b/6 and its Annex, *Amendment of the Terms of Reference for the Adaptation Fund Board Accreditation Panel*, the Board decides to amend the Terms of Reference for the Adaptation Fund Board Accreditation Panel, as contained in Annex to document AFB/B.35.a-35.b/X.

Decision B.35.a-35.b/X

ANNEX:

**Proposed Amendment of the Terms of Reference for
the Adaptation Fund Board Accreditation Panel**

TERMS OF REFERENCE FOR ~~THE ESTABLISHMENT OF~~ THE ADAPTATION FUND BOARD ACCREDITATION PANEL

Background and Context

1. The Adaptation Fund has been established by the Parties to the Kyoto Protocol of the UN Framework Convention on Climate Change to finance concrete adaptation projects and programmes in developing countries that are Parties to the Kyoto Protocol.
2. The Adaptation Fund is considered an innovative mechanism for three particular reasons:
 - (a) It is funded by an international levy from the Clean Development Mechanism of the Kyoto Protocol.
 - (b) It is governed by a body—the Adaptation Fund Board (the Board)—which has majority representation from developing countries.
 - (c) It provides eligible developing countries an opportunity to directly access its funds.
3. In order to provide direct access to its funds, the Adaptation Fund requires national legal entities nominated by eligible countries to meet the ~~fiduciary standards~~accreditation criteria adopted by the Board and to be accredited as National Implementing Entities (NIE). The same criteria are required to be met by Regional Implementing Entities (RIE) and Multilateral Implementing Entities (MIE). For the purpose of accreditation, the Board has decided to establish an Accreditation Panel that will review applications for accreditation and make recommendations to the Board.
4. The Board is therefore seeking external experts to serve on its Accreditation Panel (the Panel).

Mandate of the Panel

5. In accordance with the *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund* (hereafter “the operational policies and guidelines”), the Panel shall make recommendations to the Board regarding:
 - (a) The accreditation of an implementing entity;
 - (b) ~~The conditional accreditation of an implementing entity;~~
 - (c) The suspension of accreditation of an implementing entity;
 - (d) The cancellation of accreditation of an implementing entity; and
 - (e) The re-accreditation of an implementing entity.
6. The tasks identified in the paragraph above imply that, *inter alia*, the following activities are to be carried out by the Panel:
 - (a) Review and consideration of applications for accreditation of implementing

entities, based on *i.e.* information provided in the Application Form.

In case an application is not immediately approved the following considerations may be taken:

- (b) Determination of whether technical support needs to be provided to an applicant implementing entity to improve its capacities in order to attain accreditation, and the extent of the required support;
- (c) Determination of the existence of exceptional circumstances that would justify the use of an external assessor to help resolve difficult/contentious issues;
- (d) Determination of the need to require additional information or resubmission of an application from an applicant implementing entity;
- (e) Determination of whether an on-site visit and/or observation of the designated implementing entity is required;
- (f) Make recommendations to the Board on the issues above, as applicable.

Membership

7. The Panel shall be composed of at most six (6) members ~~selected by the Board~~. The Panel members will be comprised of two (2) Board members or alternates and at most (4) four external experts with demonstrated and recognized capacity in their field of work.
8. The two members of the Panel who are Board members will be ~~designated elected~~ by the Board as Chair and Vice-chair of the Panel.
9. The Secretariat, in consultation with the Chair and Vice-Chair of the Panel, selects and appoints the external expert members ~~shall invite and compile a list of experts for consideration by the Board. The Board shall select the expert members of the panel from this list~~, taking fully into account considerations of regional balance and competence/expertise. In addition, the Board Secretariat may draw on the advice, as necessary, of experts identified by the International Accreditation Forum (IAF). The Chair of the Panel will report to the Board on the appointment of expert members.
10. Panel members shall be designated to serve on the panel for two (2) calendar years.
11. Panel members who are also Board members shall be eligible to serve a maximum of two consecutive terms. However, in order to ensure continuity in the work of the Panel after its inaugural period, only one of these two members shall be replaced after his or her first term.
12. Panel members who are external experts may be ~~reelected~~ for two consecutive terms, with a possible extension of an additional term of two years, as the Board deems appropriate, taking into account the performance of the expert.
13. The Board shall oversee the performance of the panel and its members, as necessary.

Competence requirements

14. The panel members who are external experts shall have:
- (a) Demonstrated relevant work experience in accounting, auditing, public finance or project management of at least 5 years in a national, regional or international capacity. Experience with any national or international accreditation body would be an advantage;
 - (b) An understanding of government and nongovernmental financial reporting systems. Knowledge of forensic accounting and internal control mechanisms would be desirable;
 - (c) Ability to communicate fluently, both in writing and orally, in English. Working knowledge of other UN languages would be desirable;
 - (d) Excellent drafting skills, strong operational and analytical skills, and an ability to work as a member of a team; and
 - (e) A university degree in economics, accounting, or any related discipline.
15. The Board shall require members of the Panel to commit in writing to comply with the rules defined by the Board, in particular with regard to confidentiality and to independence from commercial and other conflict of interests, including any existing or prior association with an implementing entity to be assessed.

Modalities of work

16. The Panel shall operate under the guidance and authority of the Board and shall be bound by these terms of reference, as well as by the operational policies and guidelines and the code of conduct, as adopted by the Board. The *General Guidelines for Board Committees*¹ shall apply *mutatis mutandi* to the Panel.
17. The mandate of the Panel may be revised or terminated by the Board if necessary.
18. Panel meetings can be held with panel members being either physically or electronically present. The dates and modalities of panel meetings shall be determined by the Chair and Vice-chair of the Panel, bearing in mind resources available and the need for accreditation review.

Compensation

19. Travel costs and daily subsistence allowance shall be paid to those panel members who are Board members and attending a meeting of the panel or undertaking any official site visit as approved by the Board, in accordance with UN rules.
20. Members of the Panel who are external experts shall be paid fees for their services and travel expenses.

Revision of the TORs

¹ Report of the Sixth meeting of the Adaptation Fund Board, annex VI.

21. The Board will revise these terms of reference as necessary.