



ADAPTATION FUND

AFB/B.22/4
26 October 2013

Adaptation Fund Board
Twenty-second meeting
Bonn, 31 October – 01 November 2013

Agenda item 5

REPORT OF THE FOURTEENTH MEETING OF THE ACCREDITATION PANEL

WORK OF THE PANEL

1. The Accreditation Panel (the Panel) continued its work reviewing both new and existing applications. On 23-24 September 2013 the Panel held its fourteenth meeting in Freeport, Bahamas at the invitation by the Chair of the Accreditation Panel, Mr. Philip Weech on behalf of the Government of the Bahamas. The Panel meeting allowed for an opportunity to hold teleconferences with applicants, to communicate application status, to ask questions, and to provide direct guidance on additional documentation required. The Panel also used the meeting to reflect upon the trends observed in the accreditation process.

2. In conjunction with the meeting the secretariat organized a one-day workshop with support from Mr. Weech, his staff, and Ministry of the Grand Bahamas officials (25 September, Freeport, the Bahamas). The workshop titled, "Supporting direct access to climate finance in the Caribbean Region," provided an opportunity for representatives from four non-annex I Parties to the Kyoto protocol as well as a representative from the Caribbean Development Bank (CBD) to interact and learn about the accreditation process from the Fund's accreditation Panel experts, the Board members who serve as Chair and Vice-Chair of the Panel, and staff from the secretariat. The workshop highlighted some of the challenges countries have faced during the accreditation process, presented several successful cases, and provided lessons learned to date about the process. A representative from the UNDP also attended the workshop and presented UNDP's work to date on helping countries with the accreditation process for the Fund as well as a program recently launched with support from the German government to assist countries seeking to access funds from the GCF. The workshop also provided an opportunity for feedback from the participants on the proposed environmental and social policy of the Fund and the possible changes to the accreditation process.

3. For the Panel meeting, one new completed application was received and the Panel continued its review of seven NIEs, four RIEs, and two MIE applications that were previously reviewed but required additional information for the Panel to make its recommendations. By the time of the finalization of the present report, the Panel concluded the review of one application:

a) Secretariat of the Pacific Regional Environment Programme (SPREP)

4. Thirteen applications, eight for potential NIEs, three for potential RIEs and two for potential MIEs, are still under review by the Panel as per the list below. For purposes of confidentiality, only the assigned code is used to report on the status of each Implementing Entity's application.

- 1) National Implementing Entity NIE034
- 2) National Implementing Entity NIE038
- 3) National Implementing Entity NIE039
- 4) National Implementing Entity NIE042
- 5) National Implementing Entity NIE043
- 6) National Implementing Entity NIE044
- 7) National Implementing Entity NIE046
- 8) National Implementing Entity NIE 049
- 9) Regional Implementing Entity RIE006

- 10) Regional Implementing Entity RIE007
- 11) Multilateral Implementing Entity MIE011
- 12) Multilateral Implementing Entity MIE014

Completed cases

Secretariat of the Pacific Regional Environment Programme (SPREP)

5. SPREP's application was received by the secretariat in April 2011. The application was discussed initially at the sixth Panel meeting during which the Panel originally identified several gaps in the capability of the organization and after the eleventh Panel meeting requested the entity to develop a work plan to address these gaps.
6. SPREP submitted an action plan for strengthening the areas where gaps exist and over the course of the next year undertook several of the planned actions and provided regular updates to the Panel. The actions taken have helped to bridge the gaps which existed and the Panel is now able to recommend SPREP for accreditation.
7. The Panel's report on its conclusions concerning SPREP's application for accreditation is contained in Annex I of this document.

Other cases under review

National Implementing Entity NIE034

8. The application was received in time for the ninth meeting of the Panel (February 2012). The analysis of the application revealed several gaps, some of which were critical, in the applicant entity's capabilities in terms of the fiduciary standards.
9. The Panel followed up with the applicant in order to clarify the outstanding issues and reconsidered the application at its tenth and eleventh meetings. On the basis of the information contained in the application and the additional information provided by the applicant, the Panel agreed to seek further clarification with the applicant on certain critical areas of the fiduciary standards.
10. The applicant submitted additional information on 25 January, 2013 which was analyzed and discussed at the twelfth Panel meeting. Based on the discussions in the meeting, the Panel concluded that major gaps in the applicant's capabilities still exist despite several actions undertaken by the entity. The Panel held a teleconference with the applicant on 27 March 2013 to communicate the gaps and ensure the applicant understood the requirements. During the teleconference the applicant expressed confusion about the terminology used in relation to the fiduciary standards. The Panel agreed to communicate in detail and provide to the applicant further clarifications about the gaps that still exist.
11. At the fourteenth meeting, the Panel discussed the application and concluded that there were three areas where major gaps still remain, project appraisal, internal audit, and internal control framework. Additional information is also required in some other areas. The Panel agreed that prior to the fifteenth Panel meeting; it would be

helpful to conduct a field visit to review in detail the systems the applicant has in place and better communicate the elements needed to meet the Fund's fiduciary standards.

National Implementing Entity NIE038

12. The application was received by the secretariat on 25 July 2012, it was determined that supporting documentation was missing. The documentation was received on 19 September 2012 and forwarded to the Panel for consideration at its eleventh meeting.

13. The Panel considered this application and agreed that several gaps needed to be addressed and raised a number of questions to be clarified by the applicant. The Panel took note of the fact that the applicant had received a \$300,000 grant for capacity building to increase its capacity to manage climate financing and that these improvement actions are ongoing.

14. The applicant has provided additional information, much of it relates to the efforts of capacity building but these are ongoing activities and, once they are defined, they may take one or more years to demonstrate in terms of whether the applicant can handle these effectively. The underlying hurdle is that the applicant only has experience to do routine small projects that would be very different from those it would need to implement for the Adaptation Fund. After the thirteenth meeting, the Panel did not hear back from the applicant with regards to several requests for updates.

15. The application was discussed during the fourteenth meeting and it was agreed that the Panel would correspond with the applicant to confirm the applicant's interest in continuing to pursue the application. The applicant confirmed strong interest in pursuing the application and explained that between the thirteenth and fourteenth Panel meetings the organization had a change in leadership with the appointment of a new executive director. The new executive director agreed to review the original application, provide updated information, and address the initial questions raised by the Panel. The Panel will continue its review of the application at its fifteenth meeting.

National Implementing Entity NIE039

16. The application was first forwarded on 02 May 2012 for the Panel's consideration at its tenth meeting. The Panel discussed the application and raised a number of questions to be clarified by the applicant.

17. During the course of the assessment the Accreditation Panel had several rounds of interaction, including several teleconferences with the applicant. In August 2012 the applicant submitted an action plan with timelines for developing capabilities in areas where substantial gaps existed vis-à-vis the Fiduciary Standards.

18. The applicant typically handles individual projects/grants of less than \$ 50,000. Only a couple of grants handled by the entity have been in the range of \$ 100,000. Accordingly the adequacy of the entity's systems and processes has not been demonstrated for handling medium and large projects. Apart from systems and processes that have not been demonstrated, it would not be possible to assess the applicant's competencies for handling larger projects. The applicant has also communicated that the size of the grants it currently makes and anticipates making in

the next several years (based on experience and the absorptive capacity of the majority of the project executing agencies) are likely to remain small. Further in a communication from the entity during the first week of June 2013, it requested to be considered for accreditation for small projects and indicated that that it would not make a request to the Fund for funding levels beyond a mutually agreed upon threshold which is within their capacity to manage.

19. The Panel's experience with this entity along with a few others precipitated a long discussion about the possibility of the Adaptation Fund opening a small grants window whereby entities such as NIE039 could be accredited to access that particular window. A longer discussion of the rationale for such a window is provided as Annex II.

20. Accordingly, the Panel requests the Board to allow for further review of NIE039 through a field visit to develop a case example for the need of a "small grant window" or similar mechanism which would help the AF manage the risks associated with providing funds to small organizations and to work in conjunction with the secretariat to provide options at the twenty-third Board meeting.

National Implementing Entity NIE042

21. The application was forwarded on 18 August 2012 for the Panel's consideration at its eleventh meeting.

22. The Panel discussed the application and considered the possibility of a field visit as the most effective way to follow up on this application. The field visit conducted in the last week of November 2012, enabled the Panel to understand the full range of project management systems and controls first hand without the time consuming and costly translations that it would otherwise have involved.

23. The outcome of the field visit was analyzed and discussed in the twelfth Panel meeting. The Panel requested the entity to take appropriate actions to fill the gaps related to the lack of an internal audit function and an audit committee. At the thirteenth meeting, the Panel held a teleconference with the applicant and the applicant explained their proposed way forward on the remaining issues. As of the fourteenth Panel meeting, the entity had not yet received board approval for the rules of operation for the audit committee. Once the Panel receives information on all actions that have been taken the Panel may be in a position to complete its assessment and put up its recommendations to the Board for an inter-sessional decision.

National Implementing Entity NIE043

24. The application was received by the secretariat on 02 October 2012 through the Accreditation Workflow. After screening the application for consistency and completeness, the secretariat requested the applicant to complete the supporting documentation missing from the application.

25. The Panel deliberated on the merits of this application and, at the twelfth Panel meeting, discussed a number of fiduciary issues that required clarification. The Panel requested additional information from the applicant on 26 February 2013. In response to the Panel's follow up efforts, the applicant provided partial information on 25th April 2013.

26. At the thirteenth meeting, the Panel agreed to (i) send another reminder inviting the applicant to fully address the Panel's information request, and (ii) if received on time, to re-assess the applicant's response at its fourteenth Panel meeting. By the time of the fourteenth meeting in September 2013, the applicant had not made any attempt to respond to the Panel's information request. Accordingly, the Panel agreed to inquire as to whether the applicant was still interested in pursuing the application.

27. On 18 October 2013, the applicant informed the secretariat via e-mail that it was very much interested in completing the information requirements. The Panel will continue to work with the applicant to obtain required information and will discuss the application at the fifteenth Panel meeting.

National Implementing Entity NIE044

28. The applicant submitted its application on 25 January 2013. Most of the supporting documentation was not provided in English. However, so as not to delay the application, the secretariat forwarded the application to the expert members for review.

29. The Panel provided the applicant entity with a list of selected supporting documents that needed translation. This was aimed at reducing the workload and cost of translation of all documents provided by the applicant.

30. At the thirteenth meeting, the Panel briefly discussed the application and agreed to communicate the additional information needed and the need for further clarification on several issues. Many additional documents were provided by the applicant entity. The Panel agreed to continue to communicate with the entity and discuss the application again at the Panel's fourteenth meeting.

31. At the fourteenth meeting the Panel agreed that the organization may have the capacity to be an executing entity. However the best option to complete a review of the entity's implementation capacity would be to conduct a field visit prior to the fifteenth accreditation Panel meeting.

National Implementing Entity NIE046

32. The application submitted on 31 December 2013 was forwarded to the expert members on 10 January 2013. The application contained a large amount of supporting documentation that the Panel reviewed and analyzed for the twelfth Panel meeting.

33. Several gaps were identified and a list of additional questions relating mainly to the organization's track record in project appraisal, monitoring and evaluation was sent by the Panel. The applicant uploaded the additional information requested to the Workflow on 17 June, 2013. The information was reviewed and analyzed between the thirteenth and fourteenth Panel meetings.

34. The Panel found gaps still exist in a number of areas, particularly with regard to internal audit (the entity is in the process of setting up an internal audit function) and project management. The Panel requested additional information in August 2013. The entity agreed to submit a response with additional supporting documentation prior to the fifteenth Panel meeting, scheduled for February 2014. The Panel also discussed the

possibility of a field visit and it was concluded that the final decision for the field visit would be taken based on the next response from the applicant

National Implementing Entity NIE 049

35. The application was received by the secretariat on 14 April 2013 through the Accreditation Workflow. After screening the application for consistency and completeness, the secretariat requested the applicant to complete the supporting documentation missing from the application. The application was forwarded to the Panel on 23 July 2013 for consideration at its fourteenth meeting.

36. During the meeting, the Panel discussed the application and a list of questions requesting clarification on a number of fiduciary issues was forwarded to the applicant on 7 October 2013. . The Panel will await the applicant's response and discuss the status of this application at the fifteenth Panel meeting.

Regional Implementing Entity RIE006

37. The application was received by the secretariat on 21 July 2012, and was forwarded to the Panel on 06 August 2012.

38. The Panel considered the application at its eleventh meeting. The Panel agreed that the applicant had several strong points however a number of gaps needed to be resolved. Since the eleventh meeting, the secretariat and the Panel have been corresponding with the entity that had concerns about accessibility to several documents it considered confidential but which were needed to prove that the applicant meets the fiduciary standards. These concerns were resolved in May 2013 when a field visit at the RIE's expense of a Panel's expert member together with a Secretariat staff was carried out to review the confidential documentation on-site and follow up on open items.

39. Further information was received prior to the Panel meeting but the one identified critical gap remains and that relates to the policies, systems, procedures and demonstration of competencies to deal with financial mismanagement and other forms of malpractice. The Panel agreed to allow the entity more time to address this gap.

Regional Implementing Entity RIE007

40. The applicant submitted its application on 23 January 2013 and it was forwarded to the Panel on 10 February 2013.

41. The application was discussed at the twelfth Panel meeting. Many gaps were identified and a list of additional questions requesting clarification on a number of issues was sent to the applicant. Additional information and documents in response to the questions raised by the Panel in the initial review have been submitted by the applicant on 18 June 2013.

42. Prior to the fourteenth Panel meeting, the Panel reviewed and analyzed the additional information provided by the applicant, determined that a significant number of gaps still exist, and requested further clarification. As of the fourteenth Panel meeting, the applicant entity had not responded to the further requests for information. The Panel agreed to follow-up with applicant and discuss again at the fifteenth Panel meeting.

Multilateral Implementing MIE011

43. The applicant responded to the invitation by the Board to potential MIEs by submitting its application in September 2011. The secretariat forwarded the application to the Panel for consideration at its eighth meeting.

44. At its eighth meeting, the Panel held a conference call with the applicant and discussed various aspects of the application. Subsequently, the Panel compiled a list of questions to the applicant. Responses to the questions were received by the Panel; however, a significant number of documents were considered confidential and therefore not provided and prevented the Panel from concluding its consideration of the application.

45. Following on previous interaction with the applicant as reported by the Panel to the seventeenth meeting of the Board, the applicant informed the Panel that some consultations needed to take place internally in order to provide the crucial information as evidence against key fiduciary criteria. The Panel held an additional conference call at its eleventh meeting and the MIE agreed to consult legal staff about the possibility to having expert members visit (at the expense of the MIE) to examine the confidential information in person.

46. The Panel communicated again with the applicant prior to the thirteenth Panel meeting and again after the meeting. The applicant provided information on the steps it is taking to receive approval for having one expert Panel member and a secretariat staff visit to examine the confidential information in person. The Panel agreed to keep the application open pending the outcome of the MIE's internal decision making process which was expected during the summer.

47. The MIE and secretariat were unable to come to agreement prior to the fourteenth Panel meeting, however subsequent to the meeting, the MIE agreed to a field visit at the applicant entity's expense to take place prior to the fifteenth Panel meeting.

Multilateral Implementing Entity MIE014

48. The applicant responded to the invitation by the Board to potential MIEs by submitting its application which was made available for analysis by the expert members of the Panel on 23rd Jan, 2013.

49. The Panel completed its initial assessment of the application in March, 2013. While the applicant was found to have enormous experience in handling projects and some good systems in place, there were some gaps in the information provided for some of the capabilities of the fiduciary standard for which more information was asked for. Additionally, there were several observations and recommendations contained in the reports issued by the external auditors and other reviewing authorities for which no responses had been provided or the ones provided were inadequate.

50. The applicant provided some additional information but at the time of the thirteenth meeting had not provided a full response. The full response was subsequently provided in July, 2013.

51. The Panel analyzed the additional information provided prior to the fourteenth Panel meeting and agreed that while a majority of the gaps/requirements had been satisfactorily responded to, some areas still required additional clarifications/information. The Panel has since communicated these to the applicant and awaits its response.

Other matters

Fifteenth Meeting of the Accreditation Panel

52. The dates for the Panel's next meeting will be 10-11 February 2014. The deadline for submissions of applications for accreditation for consideration at the fifteenth meeting of the Panel is four weeks prior to the scheduled meeting (13 January 2014).

Re-accreditation Process

53. In 2010, the first implementing entities were accredited. The Fund's Operational Policies and Guidelines (OPG) stipulate that accreditation is valid for five years subject to renewal. As such, several of the Fund's implementing entities' accreditation will expire in 2015. At its twentieth meeting, the Board requested the Accreditation Panel to develop procedures for re-accreditation.

54. The Panel concluded that the re-accreditation process should require a new application for every applicant. Applicants will be requested to describe any changes that have occurred since the entity was accredited and also provide the most up-to-date supporting documentation. The proposed process for the renewal of accreditation will focus on three aspects (i) continued compliance with the Fund's fiduciary standards, (ii) ability to comply with the Fund's environmental and social policy¹, and (iii) the results of the assessment of the implementing entity's performance regarding quality at entry and project/programme implementation.

55. The process developed by the secretariat in collaboration with the Panel is outlined in Annex III.

RECOMMENDATIONS

Accreditation Secretariat of the Pacific Regional Environment Programme (SPREP)

56. After considering the conclusions and outcome of the review, the Accreditation Panel recommends to the Board the accreditation of SPREP as a Regional Implementing Entity (RIE).

(Recommendation AFB/AP.14/1)

Small Grants Window

57. The Accreditation Panel recommends the Board to allow for further review of NIE039 through a field visit to develop a case example for the need of a "small grant window" or similar mechanism and to work in conjunction with the secretariat to provide

¹ The draft Policy will be submitted to the Board for review.

options for how such a window could be operationalized at the twenty-third Board meeting.

(Recommendation AFB/AP.14/2)

Re-accreditation Process

58. The secretariat in collaboration with the Accreditation Panel has developed a proposal for a re-accreditation process. The Accreditation Panel recommends the Board to adopt the re-accreditation process outlined in Annex III.

(Recommendation AFB/AP.14/3)

Annex I: Report of the Accreditation Panel on its assessment of the Secretariat of the Pacific Regional Environmental Programme (SPREP)

Background

SPREP was established in June, 1993 as an inter-governmental organisation. The key objective of SPREP is to promote co-operation in the South Pacific region and provide assistance in order to protect and improve the region's environment to ensure sustainable development for present and future generations. Its strategic priorities cover the areas of Climate Change, Biodiversity and Eco-system management, Waste Management and Pollution Control, and Environmental Monitoring and Governance. SPREP has 21 small countries/entities of the region as its members. Apart from these 21 Australia, France, New Zealand, UK and USA are also members. The organisation is headquartered in Apia, Samoa. SPREP applied for accreditation as a Regional Implementing Entity (RIE).

The application was received in April, 2011. As there were substantial gaps the Accreditation Panel has been continuously interacting with SPREP for over two years, while it took various steps to build capabilities in several of the areas of the Fiduciary Standards.

The Fiduciary Standards

Legal Mandate

The Agreement establishing SPREP provides it the legal mandate for it to carry out its functions and responsibilities and, in particular the capacity to contract, to acquire and dispose of moveable and immovable property and to sue and be sued. The Agreement creating SPREP is also registered under Sec 102 of the UN charter Regulation 21 of the SPREP treaty provides it the authority to accept extra budgetary funds. The applicant has received substantial donor funds from several countries and agencies.

Financial Integrity

SPREP's annual financial statements are audited by an external audit firm. The auditors have given an unqualified opinion on the financial statements and the audit report also notes that funds received from different aid agencies were spent in accordance with the MOU signed between the respective parties. While the organization did not have an Internal Audit function at the time of the application it now has a functioning in-house internal audit department. Similarly, an Audit Committee has since been set up and is functional.

SPREP undertakes an organizational Risk Assessment exercise. It also has documented Delegation of Authority (DOA) to commit funds and approve payments with appropriate safeguards.

The organization has a five year Strategic Plan for the period 2011-15 which also covers risks. Further it prepares an annual Work Programme and Budget.

Institutional Capability

SPREP has a Procurement Manual which covers key processes. The responsibility for oversight of procurement lies with the Internal Audit function. As a part of building its capability the organization has also established some controls for procurements undertaken by a third party Implementing Entity.

SPREP has procedures and the ability to undertake project identification, appraisal, approval and planning. As part of its project management responsibilities, SPREP undertakes monitoring and reporting of projects. Additionally it also undertakes activities relating to project completion and final evaluation. It has reasonable experience in handling projects in different member countries.

Transparency, Self-investigative Powers, and Anti-corruption Measures

Numerous steps have been taken by SPREP over the last two years to increase transparency and improve systems for preventing and dealing with fraud and corruption. These include establishing a policy reflecting a zero tolerance towards fraud, developing guidelines for reporting frauds and other violations including an investigation procedure, and implementing a policy relating to conflict of interest. In addition to documented staff regulations, a revised Code of Conduct has been approved and implemented, and a Fraud Manual prepared which is available at the applicant/s website together with an online mechanism for reporting fraud and related activities

Conclusion

SPREP is a relatively large organization in a region where individual countries and entities within those countries are very small and individually possess limited capabilities and experience in terms of resources, handling climate change issues and undertaking medium and large projects. SPREP has a mandate to deal with issues related to climate change in its area of operations and appears to be one of the few local organizations in the region which can handle medium and large projects in individual or multiple countries. Additionally, over the last 2 years SPREP has grown in size and developed new capabilities to meet the requirements of the Fund's fiduciary standards.

It is recommended that SPREP be accredited as an RIE of the Adaptation Fund

Annex II: Small Grant Window

Based on its experience (over a period of 12 months) of handling the application from NIE039, an application from a small country, the Accreditation Panel would like to bring to the notice of the AF Board lessons learned from that experience.

The entity which applied for accreditation is a small entity with a staff of less than 10 people. The entity was nominated by a very small country. On initial assessment of the application and supporting documents major gaps were observed in most of the capabilities required in the Fund's fiduciary standards. The Panel communicated the gaps to the applicant entity which was enthusiastic about developing the capabilities to meet the requirements of the fiduciary standards.

After the initial few communications the entity also developed an action plan with timelines and it was decided that the Panel and the entity would interact on a regular basis to support the development of the entity's capabilities. The entity also agreed to provide regular updates on its progress. Consequently, the Panel regularly interacted with the entity through email and also a comprehensive teleconference. However, based on all the interactions the Panel has concluded that:

1. The entity has put in efforts to develop an internal audit system based on outsourcing of internal audit and also taken some steps for putting in elements of an internal control framework. However, it has not been able to operationalize these. Instead, it relies on the controls of the Board of Directors and its Governance Committee and on the audit opinion and the management letter of the external auditors to demonstrate the correctness of US\$ equivalent of 300,000 of annual expenditures plus a similar amount for payroll expenditures.
2. The entity currently handles very small procurements. While it has defined and documented some guidelines for procurement, given the small procurement needs it is unable to demonstrate use of the guidelines. Further, given the size of the projects it currently handles there is no need for it to exercise formal control over the procurement activities of Executing Agencies. Nevertheless, all expenditures on projects are reviewed before the next tranche of funds are released.
3. Given the size of the entity and the environment in which it operates, the majority of the projects (virtually all projects are environment related) it handles involve an outlay of less than US\$ 50,000. Several of the systems and processes are either informal or designed to handle very small projects. The current level of competencies also appears to be appropriate for handling such projects. The entity is also of the opinion that it is not likely to handle larger projects in the foreseeable future.
4. The entity has some policies and guidelines in the area of transparency, fraud and other forms of mismanagement. This includes strong provisions reflecting the tone at the top for the full Board of Directors. However, there are still some gaps in its meetings the full requirements of the Fiduciary Standard as it relates to third parties complaints.
5. It is also felt that given the organization's small human resources base and the priority to maintain the current operations, it may require some efforts for the entity to divert a substantial part of these resources for developing new capabilities.

Based on the above facts, the Panel feels that small entities from Small Island Developing States and other small countries may face similar difficulties in their efforts to meet the requirements of the Fund's fiduciary standards. Consequently, they may invest to develop

capabilities in line with the fiduciary standards that is applicable to a certain monetary limit. However, the whole process that would be relevant for projects up to ten million dollars would require extraordinary commitment and effort on the part of the entities, and also a long period of time to develop the required capabilities and demonstrate effective implementation of the policies, systems and procedures.

While the Fund's Operational Policies and Guidelines and the fiduciary standards do not provide for a different standard for small entities or access to a "Small Grant Window", it is felt that in future the Panel would have to deal with several other similar cases.

Accordingly, the Panel requests the Board to allow for further review of NIE039 through a field visit to develop a case example for the need of a "small grant window" or similar mechanism and to work in conjunction with the secretariat to provide options at the twenty-third Board meeting.

Annex III: Proposed Re-accreditation Process

Background

As part of the Fund's Operational Policies and Guidelines (OPG), Accreditation is "valid for a period of five years with the possibility of renewal. The Board will develop guidelines for renewal of an implementing entity's accreditation based on simplified procedures that will be established at a later date. (para 36)". The five year time frame for accreditation is consistent with other accreditation processes where accreditation is granted for three to five years (i.e. International Accreditation Forum (IAF), Accreditation process of Clean Development Mechanism (CDM))

At its twentieth meeting, the Board requested the Accreditation Panel to develop procedures for re-accreditation. The Panel discussed developing a proposal for the Board at its twelfth and thirteenth meeting with a goal of including a full proposal to the Board at its twenty-second meeting (October 2013).

The Panel concluded that the re-accreditation process should require a new application for every applicant. Applicants will be requested to describe any changes that have occurred since the entity was accredited and also provide the most up-to-date supporting documentation. All substantial changes within the organization in the last 5 years in the areas of i) Its constitution, ii) Major policies and processes/procedures, and iii) Key management positions should be highlighted by the applicant at the time of submitting an application for re-accreditation. In this way the Panel would bring the same rigor, uniformity and consistency in the way work is done. The Panel also noted that an organization can change significantly in five-years and therefore the process of accreditation renewal must be commensurate with any potential changes to the organization.

Description of Re-accreditation Process

The process and time lines should be laid out to try to the extent possible to avoid a major gap between accreditation expiration and the granting of re-accreditation. As such, the secretariat will send out notification letters to accredited entities 15 months prior to the expiration of the entities' accreditation. For the first three accredited entities the World Bank, the UNDP, and Centre de Suivi Ecologique (CSE, Senegal), notifications should therefore be sent by December 15, 2013.

The entity will be requested to submit an expression of interest indicating that the organization wishes to pursue renewal of their accreditation and to acknowledge that materials should be submitted nine months prior to their accreditation expiration date.

The renewal of accreditation will focus on three aspects (i) continued compliance with the Fund's fiduciary standards, (ii) ability to comply with the Fund's environmental and social policy², and (iii) the results of the assessment of the implementing entity's performance regarding quality at entry and project/programme implementation.

² The draft Policy will be submitted to the Board for review.

Fiduciary Standards

The implementing entity (IE) seeking renewal of accreditation will be required to submit an application via the online accreditation workflow. The application will include the information that applicants are currently required to provide as well as any approved changes to the application pertaining to the environmental and social policy.

The description of how an entity meets the fiduciary standards should focus on any changes that have occurred within the organization since the original accreditation. The most recent supporting documentation must be submitted. For example, the latest internal and external audit reports, new policies adopted, key personnel changes (in particular, changes at the management level), any changes to the organizational structure etc. that have occurred over the past five years. For each competency area where no changes have occurred, the applicant should explicitly state that the policies in place have not changed and are being complied with since its original date of accreditation and state which documents from the original application continue to be applicable or alternatively resubmit the necessary documents. Examples of documents demonstrating capacity such as those related to the project management cycle should reflect recent experiences.

Environmental and Social Policy

At its twenty-second meeting, the Board will consider a revised proposal of environmental and social policy for the Fund along with associated changes to the accreditation application. If the policy is approved, the future accreditation and re-accreditation of IEs will need to reflect the capacity and commitment of entities to assess and manage environmental and social risks. Currently, IEs are responsible for risk management associated with the projects and programmes, but the risk has not been explicitly delineated to include environmental and social risks presented by the proposed projects and programmes.

If the policy and associated changes to the accreditation application are approved by the Board, the secretariat will work with the expert Panel members to explicitly address the capacity of currently accredited implementing entities to comply with the Fund's new environmental and social policy.

Quality at Entry and Project/Programme Implementation Performance

For the renewal of accreditation, an additional element will be provided by the secretariat's project/programme review team based on any Fund approved projects/programmes. The assessment will be two-fold (i) an assessment of quality at entry (QAE) of projects and (ii) an assessment of project performance.

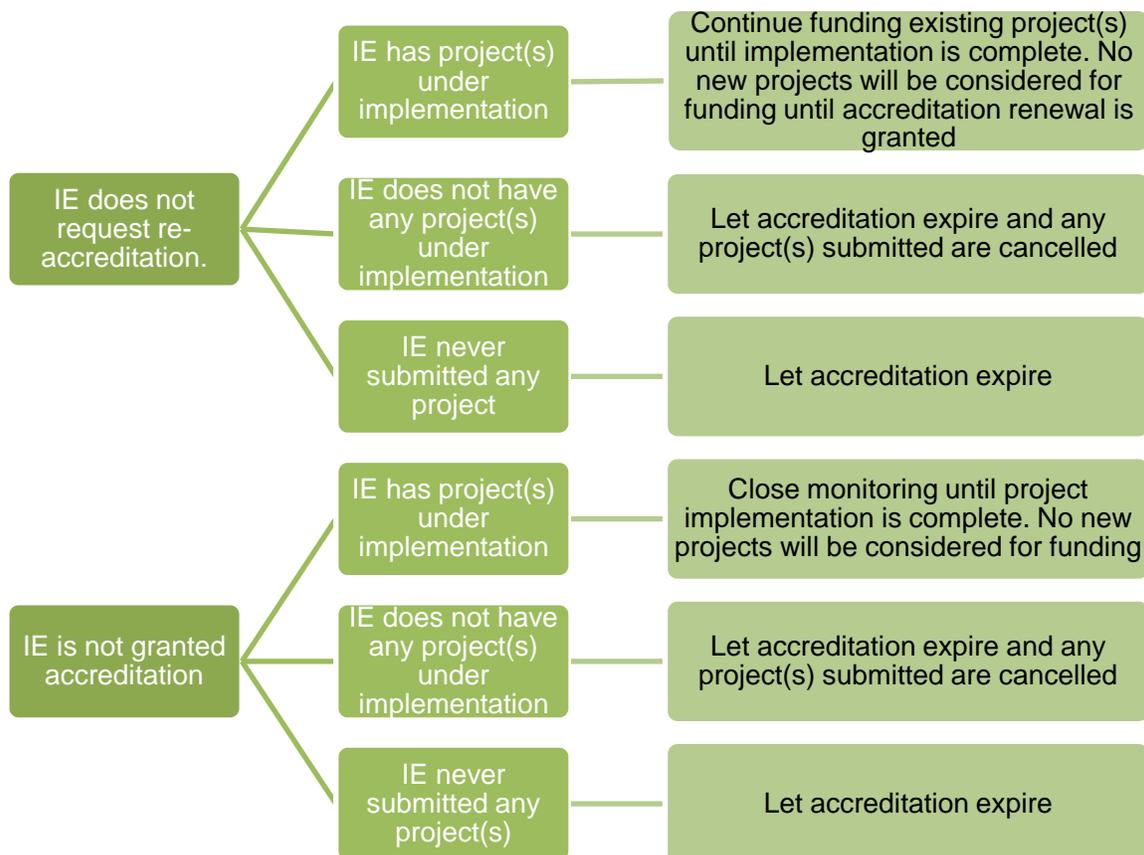
For quality at entry the secretariat will provide an assessment of the quality of project/programme proposals submitted and for the assessment of project performance the secretariat will provide information on how a project/programme or multiple projects/programmes are performing on the ground.

The secretariat will develop a scorecard for assessing QAE and for performance that will be provided to the Panel as part of an IE's re-accreditation application.

Accredited Implementing Entities

There are several stages an IE could be in when its accreditation expires. These include 1) projects/programmes completed; 2) projects/programmes under implementation; and 3) no projects or programmes ever submitted. Figure 1, provides a schematic of different decisions that may be taken under the various scenarios.

FIGURE 1: DECISIONS FOR RE-ACCREDITATION UNDER DIFFERENT SCENARIOS*



*IE = Implementing Entity; project(s) refers to both project(s) and programme(s)

Next Steps

Based on the above process, the next steps for the secretariat and the Panel will be to:

- send out notification letters to accredited entities 15 months prior to the expiration of the entities' accreditation;
- modify current accreditation application to reflect renewal procedures;
- develop scorecard for quality-at-entry and project/programme implementation performance;
- seek Board approval of all changes intersessionally by the end of December 2013; and
- apply any new procedures related to the Fund's proposed environmental and social policy to any applicant applying for accreditation or re-accreditation after January 31, 2014.