



ADAPTATION FUND

AFB/B.7/6
August 13, 2009

Adaptation Fund Board
Seventh Meeting
Bonn, September 14-16, 2009

Agenda Item 7.b)

**INVITATION LETTER TO ELIGIBLE PARTIES TO SUBMIT
PROPOSALS FOR ACCREDITATION TO THE ADAPTATION
FUND BOARD**

To the Permanent Representative of [...] to the UN
New York

Sub: Adaptation Fund Board - Invitation to nominate National Implementing Entities for accreditation to the Adaptation Fund Board

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in December 2007, under Decision 1/CMP.3, agreed upon the arrangements for the operationalization of the Adaptation Fund established under Decision 5/CMP.2.

The *Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund* (Document AFB/B.7/4)¹, as approved by the Adaptation Fund Board at its Seventh Meeting (hereafter “the operational policies and guidelines”), state that the Adaptation Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change. These operational policies and guidelines allow Eligible Parties who seek financial resources from the Adaptation Fund to submit proposals *either* directly through their nominated National Implementing Entity (NIE) *or* using the services of Multilateral Implementing Entities (MIE). Parties may also nominate regional and subregional entities as implementing entities.

Further, the operational policies and guidelines also provide that eligible Parties may nominate entities to be accredited as a NIE. Accreditation will require such entities to meet the fiduciary and management standards adopted by the Board and contained in Annex 2 of the operational policies and guidelines.

The Adaptation Fund Board wishes to invite your Country to nominate a national entity for accreditation as a NIE. In that regard, we request your Country to submit to the Board the attached application and provide a listing of qualifications, emphasizing your entity’s ability to meet the above mentioned fiduciary and management standards and supporting documentation.

Please send your request to the Adaptation Fund Board Secretariat, secretariat@adaptation-fund.org. If necessary, you can also request further information by phone, +1 202 473-

Sincerely,

Jan Cedergren
Chair, Adaptation Fund Board

Farrukh Iqbal Khan
Vice-Chair, Adaptation Fund Board

C/c: UNFCCC Focal Point

¹ Available on the website of the secretariat: www.adaptation-fund.org

Attachment 1: Application form for accreditation of NIEs

SECTION I: Background/Contact

Nominated Entity (if NIE):

Invited Entity (if MIE):

Address:

Country:

Telephone:

Fax:

Web Address:

Contact Person:

Telephone:

Email:

SECTION II: Financial Management and Integrity

Specific Capability Required

- a) Ability to accurately and regularly record transactions and balances to an appropriate standard as attested to by an independent external audit firm
- b) Ability to safeguard, manage and disburse funds efficiently to recipients on a timely basis
- c) Competency to produce forward-looking financial plans and budgets
- d) Legal status to contract with Adaptation Fund Board

Description of how entity meets capabilities required

Inventory of Current Organizational Environment	Document References

Document Requests

Required Competency	Verification	NIE/MIE Request
A1. Financial Management and Integrity		
a.	Production of reliable financial statements prepared in accordance with internationally recognized accounting standards.	Request 1: Audited Financial Statements
b.	Annual external audited accounts that are consistent with recognized international auditing standards	Request 2: i) Audit Committee's Terms of Reference and ii) External Auditor Reports (if possible)
c.	Production of detailed departmental accounts	Request 3: Sample of departmental account
d.	Use of accounting packages that are recognised and familiar to accounting procedure in developing countries	Request 4: Provide description of accounting package used

e.	Demonstrate capability for functionally independent internal auditing in accordance with internationally recognized standards.	Request 5: Policy or other published document that outlines the internal auditing function
f.	A control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel	Request 6: Policy or other published document that outlines the entity's control framework
g.	Financial projections demonstrating financial solvency	Request 7: Business plan/corporate budgets for next fiscal year
h.	Demonstration of proven payment/disbursement systems	Request 8: Procedures describing payment/disbursement system
i.	Evidence of preparation of corporate, project or departmental/ministry budgets	Request 7 (same request as g will provide verification)
j.	Demonstration of ability to spend against budgets	Request 9: End of calendar year/fiscal year budget report
k.	Demonstration of necessary legal personality in case it is not government department/institution	Request 10: Documentation of legal status
l.	Demonstrated legal capacity/authority and the ability to directly receive funds	Request 10: (same request as k will provide verification)

SECTION III: Requisite Institutional Capacity

Specific Capability Required

- a) Procurement procedures which provide for transparent competition
- b) Capacity to undertake monitoring and evaluation
- c) Ability to identify, develop and appraise projects
- d) Competency to manage or oversee the execution of the project/programme including ability to manage sub-recipients and to support project/programme delivery and implementation

Description of how entity meets capabilities required

Inventory of Current Organizational Environment	Document References

Document Requests

Required Competency	Verification	NIE/MIE Request
A2. Requisite Institutional Capacity		
a.	Evidence of procurement policies and procedures at the national levels consistent with recognized international practice (including dispute resolution procedures)	Request 1: Procurement policy, procedures, or guidelines
b.	Demonstration of existing capacities for monitoring and independent evaluation consistent with the requirements of the Adaptation Fund.	Request 2: Policy or other published document that outlines monitoring and evaluation requirements
c.	Evidence that a process or system, such as a project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.	Request 3: Procedures for project-at-risk system or similar process/system
d.	Availability of/access to resources and track records of conducting appraisal activities	Request 4: Sample of appraisals undertaken
e.	Evidence of institutional system for balanced review of projects, particularly for quality-at-entry during design phase.	Request 5: Operational manual or written procedures for project review system
f.	Risk assessment procedures are in place.	Request 6: Policy or other published document that outlines the risk assessment procedures
g.	Understanding of and capacity to oversee the technical, financial, economic, social, environmental, and legal aspects of the project and their implications	Request 7: Sample of project documents and criteria used to monitor project implementation
h.	Demonstrated competence to execute or oversee execution of projects/programmes of the same nature as intended project or programme	Request 8: Independent evaluation reports of completed projects/programmes

SECTION IV: Transparency, self-investigative powers, and anti-corruption measures

Specific Capability Required

a) Competence to deal with financial mis-management and other forms of malpractice

Description of how entity meets capabilities required

Inventory of Current Organizational Environment	Document References

Document Requests

Required Competency	Verification	NIE/MIE Request
A2. Requisite Institutional Capacity		
a.	Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice.	Request 1: Documentation, if existing, supporting avenues for reporting compliance/other business conduct concerns
b.	Evidence of an objective investigation function for allegations of fraud and corruption.	Request 2: Procedures describing the role and authority of the ethics or related administrative support function.