



## ADAPTATION FUND

7 December 2016

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Adaptation Fund Board

***Accreditation Panel recommendation on re-accreditation of the Inter-American Development Bank (IDB) as Multilateral Implementing Entity***

Having reviewed the re-accreditation application of the Inter-American Development Bank (IDB), the Accreditation Panel recommended that IDB be re-accredited as a Multilateral Implementing Entity (MIE) of the Adaptation Fund.

A summary of the review can be found in Annex I.

***Re-accreditation Decision:***

Having considered the recommendation of the Accreditation Panel, the Adaptation Fund Board decided to re-accredit the Inter-American Development Bank (IDB) as a Multilateral Implementing Entity (MIE) of the Adaptation Fund for five years, as per paragraph 38 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund (OPGs). The re-accreditation expiration date is 6 December 2021.

**Decision B.28-29/3**

## ANNEX ONE

### REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE INTER-AMERICAN DEVELOPMENT BANK (IDB) FOR RE-ACCREDITATION AS A MULTILATERAL IMPLEMENTING ENTITY (MIE) OF THE ADAPTATION FUND

#### **Background**

The Inter-American Development Bank (IDB) was first accredited in 2011 as a Multilateral Implementing Entity (MIE) of the Adaptation Fund.

Since accreditation, the IDB submitted a proposal in 2012 called “Adaptation to the impacts of climate change on Peru’s coastal marine ecosystem and fisheries.” The proposal was endorsed by the Adaptation Fund. However, following exchange between the IDB and the Government of Peru, the project was passed to the newly accredited Peruvian National Implementing Entity (NIE), PROFONANPE. The project submitted by PROFONANPE was approved by the Adaptation Fund in 2016.

The IDB, hopeful of being re-accredited, is preparing two proposals for presentation to the Adaptation Fund in due course.

#### **Assessment**

The IDB has applied for re-accreditation. The application was reviewed on the basis of the following three parameters:

1. Assessment of whether the IDB continues to meet the Adaptation Fund’s Fiduciary Standards.

The IDB indicated that for the most part, its institutional capabilities have remained the same since accreditation. Where there have been changes, the IDB asserts that these are enhancements to its capacity and capabilities and that, taken together, these continue to meet the requirements of the Fund’s Fiduciary Standards.

An assessment of the information provided on its legal status, policies and procedures relating to financial management, internal control framework, procurement and project cycle management supports the IDB’s assertion.

The Panel review therefore concludes that, based on all the information provided, the IDB continues to meet the Adaptation Fund’s Fiduciary Standards.

2. Assessment of whether the IDB meets the Adaptation Fund’s Environmental and Social Policy.

The IDB provided information to demonstrate its capacity to assess environmental and social risks and integrate related plans into project documents.

The IDB’s Operating Policies and Guidelines, that became effective in November 2013, incorporate all the key elements of the Adaptation Fund’s Environmental and Social Policy and main principles.

The Panel noted, however, that while the IDB senior management does not state specifically that it is committed to applying the Adaptation Fund’s E&S Policy, it has a

robust framework to ensure compliance with the Adaptation Fund's E&S Policy and is legally obliged to do so in terms of the Grant Agreement between the Adaptation Fund Board and the IDB for future project finance. This Agreement states: "The Implementing Entity (XXXX) shall carry out all its obligations under this agreement in accordance with:

- (i) The AF Operating Policies and Guidelines, and
- (ii) The Implementing Entity's standard practices and procedures."

Because of the Grant Agreement conditionality, and because the IDB has its own robust policies that fully meet AF requirements, the Panel is satisfied that the IDB is obliged to comply with the AF Environmental and Social Policy and main principles.

Due to the early submission of the reaccreditation and the fact that the AF Gender Policy was only approved by the Board in March 2016 the gender criteria assessment did not apply to this reaccreditation process.

3. Assessment of whether the IDB meets the Adaptation Fund's requirements on transparency, self-investigative powers, anti-corruption measures and mechanism to address complaints about environmental and social harms caused by projects.

The IDB provided information as to its transparency, self-investigative powers, anti-corruption measures and mechanisms to address complaints about fraud and corruption as well as environmental and social harms caused by any of its projects.

The Panel confirmed this, noting that the IDB not only clearly set out its policy on suspected wrongdoing, but demonstrates its commitment through multiple means: its anti-fraud/corruption policy; provisions for reporting suspected misconduct; its whistleblower protection mechanism and; its structures and procedures to investigate cases of suspected fraud/corruption and other forms of misconduct including those related to E&S harms.

The Panel review therefore concludes that the IDB continues to meet the Adaptation Fund's requirements on transparency, self-investigative powers, anti-corruption measures and mechanism to address complaints about environmental or social harms caused by projects.

## **Recommendation**

The Accreditation Panel recommends that the Inter-American Development Bank be reaccredited as an MIE of the Adaptation Fund.