



## ADAPTATION FUND

21 April 2017

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Adaptation Fund Board

### ***Accreditation Panel recommendation on re-accreditation of the African Development Bank (AfDB) as Multilateral Implementing Entity***

Having reviewed the re-accreditation application of the African Development Bank (AfDB) under fast-track re-accreditation process as per Decision B.28/38, the Accreditation Panel recommended that the AfDB 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, and following the fast-track process described in Decision B.28/38, the Adaptation Fund Board decided to re-accredit the African Development Bank (AfDB) as a Multilateral Implementing Entity (MIE) of the Adaptation Fund for five years, as per Decision B.28/38 and paragraph 38 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund. The re-accreditation expiration date is 20 April 2022.

**Decision B.29-30/1**

## **ANNEX I: REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE AFRICAN DEVELOPMENT BANK (AfDB) FOR RE-ACCREDITATION AS A MULTILATERAL IMPLEMENTING ENTITY (MIE) OF THE ADAPTATION FUND.**

### **Background**

The African Development Bank (AfDB) was first accredited in 2011 as a Multilateral Implementing Entity (MIE) of the Adaptation Fund. Since then it has not implemented any AF funded projects. The AfDB submitted its application for re-accreditation to the Secretariat via the online workflow system on 7 February 2017. The AfDB was accredited with the Green Climate Fund on March 9, 2016<sup>1</sup> under a fast-track process in view of it being an AF-accredited MIE and a GEF agency, and was advised by the AF Secretariat on December 16, 2016 that it was eligible for fast-track accreditation under AF Board Decision B.28/38.

### **Assessment**

The AfDB has applied for re-accreditation. The assessment for fast-track re-accreditation has, in accordance with AFB-EFC 19-7-Rev.1 (Effectiveness and Efficiency of the Accreditation Process) and the Secretariat's advice to the AfDB, focused on the following criteria:

- **The Fiduciary Standard related to the legal status** - There has been no change since the initial accreditation. The basis of the legal status was revisited and the ***Panel concludes that AfDB fully meets this fiduciary criterion.***

- **Policies and Framework to deal with financial mismanagement and other forms of malpractice** - There has been no change since the initial accreditation.

- *Evidence/tone/statement from the top management emphasizing a policy for zero tolerance for fraud, financial mismanagement and other forms of malpractice by implementing entity staff or from any external sources associated directly or indirectly with the projects:* The Bank Group's anti-fraud and corruption policies, public statements and internal codes of conduct covering staff, Board members and third parties demonstrate a commitment to "zero tolerance". In some elements "zero tolerance" is specifically mentioned, in other cases it is substantially conveyed in the content.

- *Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice; Evidence of an objective investigation function for allegations of fraud and corruption:* The AfDB has a robust framework for implementing this, through as whistleblower protection policy; appropriate means to report financial mismanagement; and the independent mechanisms to objectively investigate such reports or referrals from audit or management, whether against staff or third parties engaged by the Bank.

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<sup>1</sup> Conditions were included in the GCF decision regarding submission of annual audit reports.

***The Panel is satisfied that the AfDB has zero tolerance towards fraud, financial mismanagement and other forms of malpractice, policies to deter such behavior, and the commitment and the capability to receive reports of such behavior, have them objectively reviewed and take appropriate action where the behavior is confirmed.***

- **Commitment by the entity to apply the Fund’s Environmental and Social Policy (ESP) and Gender Policy** - There have been enhancements since the initial accreditation. A new Integrated Safeguard System (ISS) to manage environmental and social (including gender) risks on its operations, and new Gender Strategy supplementing a 2001 gender policy, have been introduced since the first accreditation. The AfDB has implemented significant tools for their implementation, including internal review and audit mechanisms to monitor this implementation. The Panel noted that while the AfDB senior management has not accompanied the Bank’s submission with a statement specifically that it is committed to applying the Adaptation Fund’s E&S Policy and Gender policy, the Bank has a robust framework to ensure compliance with these policies and is legally obliged to do so in terms of the Grant Agreement between the Adaptation Fund Board and the AfDB 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 AfDB has its own robust policies that fully meet AF requirements, the Panel is satisfied that the AfDB has the commitment and the capability to comply with the AF Environmental and Social Policy and Gender Policy.***

- **Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs** - There have been enhancements since the initial accreditation. The AfDB’s Independent Review Mechanism (IRM) has been enhanced under a new resolution and revised operating rules and procedures. The IRM’s mandate has been broadened to cover the handling of complaints related to all Bank projects, whether for public or private sectors. The IRM policies have been adjusted in response to rights references adopted in the Bank’s ISS. The procedural requirements for submitting complaints to the IRM have been reduced and simplified. This makes it easier for complaints to be submitted to the IRM. Conditions of service of the Director of the CRMU and the IRM Experts have been amended to avoid potential conflict of interest issues. The activities of the IRM and the Compliance Review and Mediation Unit which supports this function are subject to annual public reporting and information in these reports indicates that the lessons from IRM’s reviews feed back into Bank operations.

***The Panel is satisfied that the AfDB has the commitment and the capability to receive, independently review and take remedial action where appropriate on complaints regarding environmental, social and gender harms caused by its programs and projects.***

**Recommendation**

The Accreditation Panel recommends that the African Development Bank (AfDB) be reaccredited as an MIE of the Adaptation Fund.