



ADAPTATION FUND

# Bridging the Gaps in Accreditation

## Introduction to Accreditation and Re-Accreditation Case Studies

Within the context of the Adaptation Fund (AF) Medium Term Strategy Implementation Plan, Strategic Focus 3—Learning and Sharing, eleven case studies of ongoing or completed accreditations or re-accreditations have been conducted to identify opportunities to further enhance efficiency and effectiveness of the accreditation process.

The results of this work—presented in this report on Bridging the Gaps in Accreditation—are intended to help reduce the time required for the completion of accreditation and re-accreditation applications by national and regional implementing entities (IEs), and applicant IEs by sharing the experience of others in the process. The selection of the case studies is based on the extensive experience matured by the AF in the processes of accreditation and re-accreditation of IEs and applicant IEs, thanks the increasing knowledge acquired by the Accreditation Panel (the Panel) and to the ongoing interaction with the IEs and applicant IEs at any stage of the process.

These case studies represent different types of processes that have been available to applicants in recent years<sup>1</sup>:



The case studies cover different types of IEs at national and regional level.



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1. The case studies did not include the regular reaccreditation process, as there is still a limited number of examples to draw from—in any event, the cases here presented still provide useful information to future applicants for regular reaccreditation. In addition, the study did not include fast-track accreditation process which was approved by the Adaptation Fund Board in October 2018.

Additionally, the case studies include examples where the IEs and applicant IEs have been subject to changes during the course of the application, due to reorganizations within the government. In one case the government ministry was split into two new ministries (case study 5); in another the autonomous government agency was absorbed into a reorganized government ministry.

Further, the case studies also represent the range of time within which applications have been or are expected to be completed. These are categorized in the case studies as follows:

**Quick**  
less than one year  
(case study 6)

**Average**  
one to two years  
(case studies  
1, 4, 5, 9, 11)

**Quite lengthy**  
two to three years  
(case study 7, 8, 10)

**Very lengthy**  
over three years  
(case studies 2, 3)

The case studies set out the length of time experienced for each application, the factors affecting the time taken, and opportunities for improvement/lessons learned. Common themes arising from these case studies around reducing time required for accreditation/re-accreditation include the importance of:

- ▶ **Familiarization of the AF accreditation/re-accreditation criteria** (including changes since initial accreditation) and understanding of the documentation requirements of the evidence-based review by the Accreditation Panel;
- ▶ **Regular communication** between the DA, IEs and applicant IEs, and the Panel expert reviewers/AFB Secretariat to ensure any uncertainties in requirements to meet criteria can be quickly addressed;
- ▶ **Effective handover** when accreditation focal points of IEs and applicant IEs change;
- ▶ **High commitment and close engagement by the senior management** of IEs and applicant IEs to prepare action plans to respond to any gaps identified by taking the necessary further internal policy, system, website or other changes required; or working with partners in other parts of the government to address the requirements;
- ▶ **Disciplined tracking of outstanding issues** by both IEs and applicant IEs and the Panel, regularly updated to ensure focus is maintained on the residual requirements to complete the review. Submission of follow-up information in batches is accepted by the Panel and may help keep momentum going when some areas (such as those in need of new policies and procedures) require longer time.
- ▶ **Visits to IEs and applicant IEs** and their project sites by Panel reviewers and AFB Secretariat staff. Particularly visits towards the end of the review process have been very helpful in clarifying residual requirements and completing the final evidence needed to meet all criteria.

While most of the applications in the case studies took more than one year and in some cases were quite lengthy, **IEs appreciated the capacity building impacts of the accreditation process.**

Following are a collection of lessons learned which may prove to be very useful for future applicants during their accreditation process.

- ▶ The Panel requires evidence not only of commitment but also capacity and the existence of effective complaint mechanisms. While experience in applying donor policies and expertise is useful, IEs and applicant IEs also need to show ability to operate and access technical, fiduciary and safeguard resources independently, suitably scaled to their operations and depending on whether they are eligible for consideration under the streamlined approach.

- ▶ Policies and systems may take time to be developed and some track record of their implementation needs to be shown. In some cases, applicant IEs went ahead with their applications before building such track record of implementation but found that through the resulting extended process whereby the above elements could be demonstrated, their institutions became much stronger as a result. In order not to be overwhelmed by the requirements, applicant IEs in this situation need to be prepared to be responsive to Panel queries and to acknowledge the likelihood of a lengthy process as to compliance to the criteria is addressed, Cases also illustrate how different types of IEs and applicant IEs might be able to meet criteria in different ways, including relying on common policies and systems managed centrally within a national government or expertise available from other specialized entities. This is often the case with IEs and applicant IEs which are integrated parts of the national government but may also apply in some areas to other autonomous public entities. Such IEs and applicant IEs should be prepared to have all the relevant information about these policies and systems, or the capacities in other entities for which they are relying for certain expertise.
- ▶ Accreditation does not necessarily require 100% perfection of meeting the international best practices related to each criterion but allows flexibility in demonstrating the compliance with the required criteria. For instance, one of the case studies underlines the importance for IEs and applicant IEs not to be afraid of reporting cases of fraud or financial mismanagement, or safeguards violations, as these can illustrate the effectiveness of control and complaint systems.
- ▶ Maximizing the use of IEs and applicant IEs websites to post information about the entity, its project/program portfolio, its policies and procedures, financial and audit results, annual reports on its operations, and explaining complaint processes not only contributes to transparency but also helps speed up Panel reviews significantly and in addition, reduces the burden on uploading documents in the AF workflow system.
- ▶ In the case of fast-track re-accreditations, although the scope of the Panel's review only covers a small sub-set of the criteria, IEs and applicant IEs are encouraged to ensure they maintain alignment to all criteria. Under AF re-accreditation policy, when an entity is going through a re-accreditation process for the second time, the Panel's review of the second re-accreditation has to cover the full fiduciary and safeguard criteria.
- ▶ Changes in organization need to be carefully considered if they may result in changes in the legal status and other major changes of the IE as in such case the IE would have to address its implications on accreditation/re-accreditation before continuing the accreditation/re-accreditation process.<sup>2</sup> In complex cases, for instance, often resulting from government reorganizations that disperse functions or change legal capacities, this may extend the time of applications where the necessary information is not readily identifiable or provided.

In cases where current AF country caps on grant amount have been exhausted, there are still benefits for timely re-accreditation for example, maintaining accreditation ensures IEs retain access to a variety of other opportunities provided by the AF.

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2. See Document AFB/EFC.24/3/Rev.1 (<https://www.adaptation-fund.org/document/implications-reorganization-implementing-entity/>).

# Fast Track Re-Accreditation— Regional Multilateral Institution



### Length of time for the re-accreditation process

The fast track re-accreditation (FTR) had a duration that was average (14 months). Screening time by the Adaptation Fund (AF) Secretariat and initial review by the Accreditation Panel (the Panel) took up broadly the same amount of time as the implementing entity (IE) took to respond to the Panel's follow up questions—one-third in terms of total duration. Processing times will be further reduced through the ongoing efforts to streamline the accreditation process and increase its efficiency and effectiveness.

The initial Panel review focused on perceived gaps at the IE regarding new policies adopted by the Adaptation Fund (AF) since the initial accreditation of the IE, in particular to demonstrate its compliance with the AF's Environmental and Social (E&S) Policy and Gender Policy. The Panel also focused on the information publicly available on the IE's website relating to the AF accreditation criteria—and more specifically on E&S, gender, statement on zero-tolerance towards fraud, the fraud hotline, and the complaints mechanism for E&S and gender harms. The Panel also noticed that certain sections of the website were not working properly.

The Panel also sought information on the possible occurrence of cases of fraud and/or whether the IE had received any complaints about E&S and/or gender harms, and how these had been dealt with. The Panel considered this information would have helped its assessment of the IE more broadly. When the IE clarified that no such cases had occurred to its knowledge, it became more difficult for the Panel to assess this aspect.

In addition, as the Panel probed more deeply about the lack of cases of fraud and/or complaints about E&S and gender harms, it requested additional information about internal control and oversight mechanisms, which were not explicitly foreseen within the scope of an FTR.

During the FTR review, a new emphasis in certain criteria to consider anti-money laundering and countering the financing of terrorism (AML/CFT) aspects was introduced which had to be

assessed by the Panel.



## Factors affecting time

**The IE was not demonstrating compliance with more recent developments in AF policies, e.g., E&S and gender policy, since its initial accreditation:** The Panel's initial review identified that aspects and elements of the AF E&S and gender policy were not reflected in the IE's application, thus prompting the need to clarify this aspect. This apparent unawareness of the expectations of, and lack of familiarity with, the AF FTR standards added to the time required for the review process.

**The IE's website could have been more curated and informational:** When the Panel initially reviewed the IE's website, it could not find information on the IE's gender policies, and a number of links were not working. In addition, a number of policies were presented only in English, and not in the main languages in which the IE operated. The mechanism for reporting complaints included language that could have been perceived as discouraging rather than encouraging for users to file a complaint, such as requiring a detailed description of expected outcomes of the complaint, fully identifying information on the complainant, and intimating that complaints needed to be official documents.

**The Panel struggled with the assertion that there had never been any fraud or impropriety cases, or never any E&S and gender harm complaints at the IE:** While it may be the case that an entity has never had such cases, the Panel does not think this is a frequent or realistic scenario for all organizations. In this sense, the Panel felt it needed to further explore this aspect, and therefore it took more time to make additional information and documentation requests. The Panel pursued this aspect as a way to efficiently confirm that the IE's policies and procedures to deal with such cases had been tested and found effective. In what may appear as a contradiction, the lack at the IE of any such cases generated uncertainty for the Panel rather than clarity on this fiduciary aspect, therefore requiring more time and analysis to discuss this internally.

**An appropriate approach to information on compliance with other AF standards out of FTR scope had to be determined:** While pursuing additional information and documentation on the lack of cases of fraud and impropriety, and the lack of any E&S and gender harm complaints, the Panel sought additional information on certain internal control and oversight aspects at the IE. However, these areas were not part of the FTR approach approved by the Board, The IE had also not focused on these aspects, as these were not part of the FTR requirements. Although the results of the additional review did not affect the outcome of the FTR reaccreditation, the Panel alerted the IE to other areas where possible gaps in compliance may exist.

**A phone conference on AML/CFT between the Panel and the IE helped clarify the additional information that the Panel was seeking:** During the FTR review process, the AF accreditation standards were amplified by the Board decision to include AML/CFT aspects. Initially, the IE interpreted this as a requirement to develop extensive AML/CFT policies and procedures. A phone conference between the panel and the IE helped clarify that the IE could identify which national legislation/regulations could already cover the AML/CFT requirements, in addition to consulting with its external auditor and its financial institutions to clarify which controls these entities would be monitoring and executing. The IE was informed that it was still expected to have control, policies, and procedures, to monitor its own payments to vendors and implementing partners

from an AML/CFT perspective, in synergy with these other outside controls.



## Opportunities for improvement/lessons-learned

**An increased familiarization by the IE with AF policies, and on the importance of its website leads to a more positive approach by the IE to the Panel's suggestions:** After reviewing the Panel's follow up questions, the IE was positive to the Panel's suggestions and it explained in more detail the actions it had taken on gender policy implementation, and on how to improve the presentation of policies on its website, including improvements to the complaints form.

**Incidents of fraud/complaints are not "disqualifying" for accreditation but rather can show how systems are working properly:** While obviously it is better and preferable when no cases of fraud/complaints occur, this is usually not realistic. Cases in fact can help illustrate the sound working of anti-fraud mechanisms. Therefore, the Panel is more comfortable in seeking assurance that instances of fraud or complaint are adequately addressed by the IE's policies and procedures. If no cases of fraud/complaint are reported, the Panel will be challenged to find more information and documentation about the reliability of protections in place at the IE.

**Phone conference calls between the IE and the Panel can help clarify aspects for which the IE may be unclear:** In this case, if the phone conference call had not taken place, and additional clarification and discussion between the IE and the Panel had not occurred, the IE may have spent unnecessary resources and time in trying to develop its own AML/CFT policies and procedures without considering the possibility to rely on national legislation/regulations, on the work by its external auditor, and on controls at own financial institutions, while still having controls over its own disbursements.

**Although the scope of fast track accreditation is more limited, the IE should continue to ensure compliance with other AF criteria is maintained:** The Panel perceived possible internal controls and oversight gaps, however these areas are not part of an FTR assessment as approved by the Board. The IE had also not focused on these aspects, but was made aware of the steps that it should take in the future to address these. It is important for IEs to maintain compliance across all AF criteria as an FTR will be followed the next time by a full accreditation review.

# Regular Accreditation— Government Ministry



### Length of time for the accreditation process

This accreditation was very lengthy (over 3 years). The amount of time the implementing entity (IE) took to respond to the Accreditation Panel (the Panel)'s follow up questions was also very lengthy (almost two-thirds of the total duration).

The initial Panel review focused on perceived gaps at the IE regarding all of the standards, and included a request for missing documentation. Subsequent follow up questions by the Panel, while still covering most of the standards, focused mainly on the areas of internal audit, audit committee, procurement, and project management, among others. The last set of questions from the Panel focused on those same areas, but also included follow up on website improvements, and requested a copy of the most recent audited financial statements. In response to the Panel's requests, the IE submitted several hundred additional documents throughout the review process.

A field visit to the IE, by a member of the Panel and a representative of the Adaptation Fund (AF) Secretariat, was organized during the later stage of the accreditation review when it was agreed this could benefit the process.

Given also the duration of the accreditation review, there was turnover among Panel members working on it, and among focal points at the IE.



### Factors affecting time

**The length of time taken by the IE to respond to the Panel's follow up queries undoubtedly extended the duration of the accreditation review:** It took time for the IE to track down information not immediately available within its own ministry, but available within the government as a whole. There were challenges for the IE also to put on its website information related to zero-tolerance for fraud, and its policies on environmental and social (E&S) protections and on gender, and the related complaint mechanisms. The lengthy duration also meant that the IE encountered upgraded and additional AF policies issued during the accreditation review, such

as the E&S and Gender policies and the anti-money laundering and countering the financing of terrorism (AML/CFT) requirements. When the new policies became applicable, additional time was required to address these. Over the lengthy period, turnover of Panel members and of IE focal points also occurred which affected time because of start-up familiarization.

**Time was necessary for the IE to develop procedures and create a “track record”:** The IE had to spend time to develop procedures in the areas of internal control and project management. These procedures had to then be put into operation, and a “track record” produced—in the form of documents and reports, minutes of meetings held, audit, appraisal, and project closure reports—and included in the work flow.

**The field visit helped reduce the duration of the accreditation process:** The field visit by the Panel and the AF Secretariat helped to clarify to the IE a number of the requests from the Panel, and helped the Panel achieve a greater understanding and ability to assess the IE “on the ground” through meetings, observations, and documentation. Both during and after the field visit, the IE provided a number of important missing documents. All in all, the field trip helped accelerate the accreditation process, thus reducing its duration.



### Opportunities for improvement/lessons-learned

**IEs appreciate that, as a result of the accreditation review overall, they achieve much more enhanced and robust processes, procedures, and control mechanisms:** The IE felt that it had “matured” or improved and enhanced its organizational processes, procedures, and controls, and that this was a direct result of the AF accreditation process. The IE reflected and shared with the Panel that the documents and information that it had submitted into the work flow at the start of the application were not at the same level of quality and completeness in the later and final stages of the accreditation process. The IE shared its view that the information it had submitted initially in the application, paled in comparison to the higher-level quality of the information it submitted and the actions it took later in the accreditation process, thus reflecting the “growth” of the IE due to the process.

**The Panel/AF Secretariat field visits can be very productive:** The field visit to the IE generated momentum for the IE’s accreditation process. The IE became more aware and informed of the logic and reasonings underlying the Panel’s follow up questions, so it could better assess how to more comprehensively reply to these requests. The Panel acquired greater understanding of the IE’s reality “on the ground”, and it helped to discuss with IE what were the most important missing documents. The Panel was able to obtain direct exposure to the IE’s processes and procedures, which helped to formulate its assessment

**The Panel has identified certain characteristics that will help future accreditation standard reviews of similar IEs:** For example:

- ▶ When receiving funds, a ministry may be subject to a common system for flow of funds through a central bank, appropriations and warrants, therefore assurance that the system ensures that such funds always flow to the ministry and cannot be legally diverted would be helpful.
- ▶ In certain national jurisdictions the internal audit function that is located in a ministry or subordinate agency is linked, by standards, policies, manuals and quality monitoring and assurance measures to a central internal audit unit, and such arrangements can be very beneficial



to promoting quality, providing tools and resources, and ensuring key government-wide risks are considered. In some government ministries there is a government-wide internal control framework, with reporting systems not only to ministry management but a central internal control unit, and often these central entities coordinate a common approach to risk management across the government and provide tools and techniques, monitoring and quality assurance.

- ▶ Policies relating to AML/CFT in ministries are usually government-wide with the central bank, government treasury or other financial institutions controlling the cash being responsible for applying disbursement controls; central procurement functions managing vendor registration and know-your-customer type checks; and very often there is a central AML/CFT unit which is responsible for investigation of suspicious transactions and referral for prosecution of identified instances of non-compliance.

- ▶ Budgeting and business planning and monitoring are often applied through government-wide processes and strategic and annual planning is often in government-prescribed formats. Ministry procurement is usually managed through government-wide policies and systems.

- ▶ The anti-fraud and financial mismanagement criteria (as well as E&S and Gender policies and related complaint mechanisms) are often established for ministries by government-wide policies, systems and institutions. Public websites (or—where the internet is not widely used by affected populations—other forms of dissemination and complaint tools, linked to project cycle steps where there is engagement with communities) could usefully advertise zero tolerance statements, anti-fraud and corruption policies, safeguard policies and complaint mechanisms informing how complaints will be managed.

- ▶ Obtaining positive assessments of these government-wide policies and systems by major donors, supplemented by internal/external audit confirmation of compliance by the applicant ministry can be very helpful for assessing the criteria.

- ▶ Certain functions/processes relevant to the project cycle (e.g., ensuring the full range of technical, financial, economic, social, environmental, gender and legal aspects are considered during planning, appraisal, implementation, closure and ex post evaluation) may reside in other ministries or agencies—in which case it is helpful to understand how all parties work in concert to produce the expected level of attention to all these elements.

# Regular Accreditation— Autonomous Government Agency



### Length of time for the accreditation process

This accreditation was very lengthy (more than 4 years). The review process was characterized by a number of exchanges between the Accreditation Panel (the Panel) and the implementing entity (IE). The IE was responsive to the Panel's follow up questions, however it took many correspondence exchanges between the Panel and the IE (more than 10) before the IE could provide all of the requested information, documentation, and procedures.

The Panel's review follow up questions initially focused on the IE's need to institute and strengthen systems related to: internal audit, internal control, and oversight mechanisms; zero tolerance statements and procedures to fraud and impropriety; project cycle management; payments/disbursements system; procurement; anti-fraud policy, and the investigative function. Towards the end of the process, the residual questions of the Panel narrowed down to information regarding: the oversight by the audit committee over the internal audit activities; project management aspects; the lack of a zero tolerance statement; and evidence of an objective investigative function.

Towards the completion of the accreditation review process, a field visit was conducted by a member of the Panel and a representative of the Adaptation Fund (AF) Secretariat. A few months after the field visit, the Panel was able to positively conclude its assessment.



### Factors affecting time

**The IE faced a number of follow up questions from the Panel, to which it was responsive, but found it difficult to establish priorities:** A matrix format was used for the follow up questions from the Panel, and it was exchanged back and forth more than 10 times—the questions focused on all of the accreditation standards, however the IE faced challenges to prioritize its efforts to address these. Given the wide spectrum of number of challenges faced by the IE, the matrix format was not helpful to establish priorities as well. Both factors—the matrix tool, and the lack

of prioritization—contributed to the need for greater time to prepare the responses.

**While the IE was responsive to the follow up questions, it still needed to develop and put in place many policies and procedures:** Many new policies and procedures were needed at the IE, in order to meet the accreditation standards. Internal audit needed to make changes to meet international standards, including developing a risk-based audit plan; the audit committee needed to become more independent; the IE had to develop an annual statement on internal controls; project appraisal, monitoring and evaluation (M&E) framework, and project-at-risk guidelines had to be developed; a zero tolerance statement (in the form of a statement or convincing policies that established consequences for fraud and financial mismanagement) was needed; as well as a hotline on the website (for both anti-fraud and project safeguard complaint purposes), and a whistle-blower policy instituted. All of this work took time to complete, therefore more time was needed.

**Periodic conference calls between the Panel, the Secretariat, and the IE helped move forward the process:** Numerous conference calls, between the Panel member and the Secretariat with the IE helped clarify the requirements of the Panel and helped the Panel's assessment. These steps helped move the process forward and therefore reduced the time required overall.

**A field visit helped bring the review to completion, thus reducing time:** A Panel member and a representative of the AF Secretariat conducted a field visit to the IE. During the field visit, documents were reviewed; implementing partners, donors, and project sites were visited; as well as an assessment of the use of the new and updated policies and procedures; and identification of additional guidelines, policies and procedures still needed, which were subsequently developed by the IE. All of these steps facilitated greater understanding and focus, thus reducing the time spent on the process.



### Opportunities for improvement/lessons-learned

**More focused follow up documents from the Panel can help the IE understand what was needed to finalize the review:** The Panel's follow up with the IE benefited in the final stages by preparing a summary document which focused exclusively on the missing and priority responses which the IE had to provide. This submission helped the IE understand more clearly which areas to focus on, and also facilitated the organization of the field trip referred to below.

**By allowing IEs time to address identified gaps against the accreditation criteria, the accreditation process can result in much more robust IE processes and procedures:** The accreditation process itself was appreciated by the applicant as a process which was useful for its own capacity building and for strengthening its procedures. The IE also appreciated that the Panel recognized its need for more time to establish additional institutional policies and procedures, while the Panel acknowledged the IE's perseverance in making these changes. As an additional consideration, IEs could consider providing greater support to their focal points, in order to ensure that appropriate resources are harnessed to address the areas of priority and importance to the Panel, particularly in the development of policies and procedures.

**Telephone conferences are useful—"as many as it takes":** Additional information was requested, and followed up by periodic discussions over the accreditation period via

teleconferencing calls which were very helpful overall. These exchanges allowed the applicant to better understand the requirements for accreditation and helped the Panel to assess the full potential and capability of the applicant. It also provided the applicant an opportunity to document and further strengthen its procedures.

**A field visit can be very productive for the process:** A field visit by a Panel member and one staff from the AF Secretariat (organized when all parties agreed that the timing was appropriate) was conducted to assess the latest developments and capabilities including the use of new and updated manuals, procedures, guidelines, and their application in projects. During this visit discussions were also held with donors, implementation partners, and two ongoing projects were visited. As part of this dialogue some new procedures, manuals and guidelines were put in place.

# Fast-Track Reaccreditation— Autonomous Government Agency



### Length of time for the reaccreditation process

The fast-track reaccreditation (FTR) duration was average (almost 1 and a half years). The duration of time for the implementing entity (IE) to respond to the Accreditation Panel (the Panel)'s follow up questions was more than half the total duration.

Although the fast track process meant that the Panel focused on only a limited number of criteria, the Panel's follow up questions on these criteria were required to be conveyed to the IE through a few iterations. Clarification was sought during these rounds of questions on the status of the policies on financial mismanagement (including information on how and where the statement on zero tolerance was available to staff and to the public in general, and a request for audit committee minutes to review hotline cases follow up), and on the implementation of its gender policies (introduced by the AF since the initial accreditation), and where to find the complaint mechanism for environmental and social (E&S) and gender harms on the website, and information on possible complaints received. During the review process, additional policies on anti-money laundering and countering the financing of terrorism (AML/CFT) were introduced at the Adaptation Fund (AF), which also had to be addressed.

During the review of this IE, the Panel was challenged by issues or broader aspects that went beyond the individual IE, regarding to the scope of an FTR review (e.g., project implementation aspects relating to the new AF gender policies) which had to be discussed and addressed.



### Factors affecting time

**The IE spent a significant amount of time to prepare its responses to the Panel's questions:** This appears to have been due to the amount of time necessary to achieve internal clearances on policies, within the IE, or to make changes to policies and procedures, and to update the website accordingly. A conference call took place between the Panel's representative and the IE

early on in the review process, which helped clarify the follow up questions raised by the Panel, however this did not noticeably accelerate the response time from the IE to those questions. It would appear that the focal point at the IE would have benefited from greater authority within the IE or responsiveness to requests regarding the actions required to address the Panel's follow up questions.

**The IE's application did not reflect the new AF policies introduced since the initial accreditation, like the gender policy, and related complaint mechanism, hence adding time to the process:** Although the IE was already implementing AF projects, and was therefore aware of the new policies, the IE's FTR application did not reflect the pertinent sections of the AF accreditation website (<https://www.adaptation-fund.org/apply-funding/accreditation/accreditation-application/>), so the application was not updated with those changes or new AF policies in place since or after the IE's initial accreditation. As such, the related follow up questions by the Panel on these new AF policies, and the necessary actions by the IE to address those policies resulted in additional review time/issues and response time. New AF AML/CFT policies became applicable during the review process, which also had to be addressed, and this added time as well.

**It took time to make changes and improvements to the IE's website:** The IE needed time to improve its website, on its zero tolerance statement, on its financial fraud and grievances hotline, and its E&S and gender policies, and related complaint mechanism. All of these areas had not been updated on its website for a while, so additional time was required.



### Opportunities for improvement/lessons-learned

**By achieving greater familiarity with AF policies, IEs can become a “champion” of these policies with other IEs:** Over time, the IE as an institution was able to achieve a better grasp and understanding of the AF policies, particularly regarding a public zero tolerance statement, and the dissemination of E&S and gender policies, including promoting more the related complaint mechanisms. In doing so, the IE welcomed the opportunity to champion and promote these policies among its IE cohorts, sharing its own practices and policies.

**Website, website, website.... Investments by the IE to make significant improvements to its website are worthwhile:** The IE invested time and effort to improve its website, particularly by placing easily accessible links and innovations for the fraud hotline, and the E&S and gender policies, while also including a clear complaint mechanism. These aided the accreditation process. The website improvements were also an opportunity for other IEs to view examples on how to make improvements to their own websites.

**Leveraging national legislation and regulations into its own policies can be an efficient way for IEs to meet accreditation criteria:** The IE was able to leverage the extensive legislation and policies of its country's government, particularly in the areas of fraud and mismanagement, transparency, grievance hotline, AML/CFT, E&S and gender policies, and related complaint mechanisms. In this manner, the IE took existing frameworks and either used these as reference and/or tailored adjustments as needed to its own policies and procedures.

**The Panel reconfirms the importance of the 3 C's:** The 3 C's are used by the Panel to assess an IE

with regard to the E&S and gender policies. The Panel assesses the ability of an IE to demonstrate Commitment (to the E&S and gender policies), Capacity (to adopt and implement E&S and gender policies), and Complaint mechanism (to deal with E&S and gender complaints). Debate within Panel on the 3 C's helped clarify that all of these elements ideally should be addressed in IE applications. The Panel was also given a presentation by AF experts on E&S and gender policies.

# Regular Accreditation— Government Ministry Applicant (Subsequently Split/ Re-Organized/Restructured)



### Length of time for the accreditation process

The implementing entity's (IE) accreditation application is still in progress. The duration is Average (now 1 year and a half) and, since the application is presently on hold, the duration is expected to increase.

This IE had received readiness support from another IE, however this IE's application still presented a number of gaps.

The Accreditation Panel (the Panel)'s comments were extensive, and covered all of the fiduciary standards, because documents were missing, and a number of policies and procedures needed to be developed and put in place.



### Factors affecting time

No responses to the Panel's questions were received from the IE.

During the period, and after the Panel had issued its questions to the IE, the following changes took place which have had—and continue to have—an impact on the time for the review:

- ▶ The Designated Authority (DA) in the country was changed
- ▶ The IE applicant, was split into 2 ministries, and
- ▶ The focal point at the IE moved to another position



### Opportunities for improvement/lessons-learned

**When the DA changes, an official letter is required:** The Adaptation Fund (AF) Secretariat may not act on DA changes without an official letter from the government that nominates the DA, providing the DA the authority to act as point of contact with the AF on behalf of the government, and for the DA to endorse the IE's application for accreditation.



**When the IE goes through organizational or structural changes, the DA should issue a new official letter of endorsement of the IE:** In the case that a ministry is split into two or more parts, or when other significant organizational/structural changes occur at the IE, a new official letter of endorsement from the DA is necessary. This is mainly due to two reasons: (i) the IE has essentially become a new entity, i.e., different from the initial IE, and (ii) the DA has to identify to the AF which entity is the successor IE.

**In situations of significant change, contact needs to be maintained or re-established between the IE and the AF Secretariat and the Panel to help keep momentum in the process:** Once the new focal point is confirmed by the DA, contact should be re-established between the IE focal point and the AF Secretariat and the Panel. Typically, a phone conference can be helpful so as to have an initial conversation with the new focal point that can re-cap the existing situation.

# Regular Accreditation— Non-Government Organization



### Length of time for the accreditation process

This accreditation was quick (a few days short of one year). The amount of time the implementing entity (IE) took to respond to the Accreditation Panel (the Panel)'s follow up questions was very quick (less than one month turnaround, on average; and less than one week for the final reply).

The initial Panel questions focused on general areas, such as capacity, staff, policies, and donor references for the IE. The Panel also asked specific questions and requested information and documents on all of the accreditation standards. There were additional specific technical questions on certain aspects of the financial statements.

The IE responded very quickly, with clarity and transparency, identifying the additional information requested or providing alternative information to address the questions, and describing the steps that it would take to prepare additional policies and procedures.

The Panel issued a few follow up exchanges with the IE, which took place over a period of about six months.

It was clear that good progress had been achieved, and, given that the areas still open had much narrowed, the Panel, the Adaptation Fund (AF) Secretariat, and the IE agreed that the review would benefit from a field visit. During the field visit the Panel member was able to discuss the latest progress in the development and implementation of policies and procedures, meet with key stakeholders, and visit projects and implementing partners. The field visit also provided the opportunity to assess the 3 C's "on the ground": the Panel assessed the ability of an IE to demonstrate Commitment (to the E&S and gender policies), Capacity (to adopt and implement E&S and gender policies), and Complaint mechanism (to deal with E&S and gender complaints).

After the field visit, and taking into account the useful information, documentation and assessments provided, the Panel issued its last follow up questions—now about one-tenth in

length and issues when compared to the first follow up. The final issues focused on: (i) adoption of international internal auditing standards, (ii) updates to project management guidance (including E&S and gender policy considerations, monitoring and evaluation (M&E), project closure, and assessment of project impacts), and (iii) posting investigation and E&S and gender harm complaint policies on the IE website.



### Factors affecting time

**The short length of time taken by the IE to respond to the Panel’s follow up queries undoubtedly shortened the duration of the accreditation review:** The IE was able to provide a point by point reply to the Panel’s questions, in a manner which was clear, comprehensive, and transparent. The IE’s responses demonstrated a high degree of technical knowledge across all areas of the organization. When documentation on particular controls was not available, the IE provided alternative control documentation or information/explanations. If a policy or a procedure was not yet in place, the IE set out clearly the steps and timing that it would take to develop those.

**The IE was able to identify areas or issues that could be covered by national public resources—the Panel positively reviewed these arrangements:** Through its board, the IE was able to access certain public national resources, such as: (i) the national investigation body in charge of potential investigations of impropriety or administrative violations—so such instances could be referred by the IE to the national body for investigation, if needed, (ii) the public administration guidelines on internal audit manuals—which can be integrated into or referred to in the IE’s own internal audit manual, (iii) the Supreme Audit Institution of the country—which conducts the IE’s annual external audit, and (iv) the internal control framework of the government—which the IE used to more clearly understand and delineate its own internal control framework. All of these resources were helpful to the IE in documenting and describing its adherence to the accreditation standards in its application, and the Panel was also able to positively review and conclude on these arrangements.

**The time taken by the IE to develop procedures and create a “track record” was very short:** The IE was quick to develop procedures in the areas of internal control and project management, and to implement these procedures in order to produce a “track record”—in the form of manuals, minutes of meetings held, internal control and project closure reports—and include relevant documentation in the work flow.

**The field visit helped reduce the duration of the accreditation process:** The field visit helped the Panel review the actions taken by the IE to finalize the development of policies and procedures, particularly those that strengthened oversight, transparency, and accountability, as well as project management. The Panel also met directly with key partners and stakeholders, and had the opportunity to assess the IE “on the ground”. The field trip helped further accelerate an already quick accreditation process.



### Opportunities for improvement/lessons-learned

The preparation, timeliness and comprehensiveness of IE responses—including clear engagement by IE senior management—generates very good momentum for the rapid progress

of the accreditation review: As noted earlier, the IE was able to provide, timely, comprehensive, knowledgeable, transparent, and constructive responses to the Panel's questions. One aspect that emerged in the dialogue between the Panel and the IE was the significant engagement in the process by the entity's senior management, which clearly contributed to the IE's engagement in the process, and to the quality of the responses provided. As such, involvement by senior management in all phases of the accreditation clearly helps IEs maintain focus, commitment, and momentum—and timeliness—for accreditation applications. From the “transparency and constructive” perspectives, the IE was ready to acknowledge to the Panel the lack of certain policies and procedures, and it was proactively constructive to draw out plans and timelines as to how and when to achieve the progress sought by the Panel. As mentioned above, when documentation on particular controls was not available, the IE provided alternative control documentation or information/explanations. Likewise, if a policy or a procedure was not yet in place, the IE set out clearly the steps and timing that it would take to develop those.

**A well-planned field visit to the IE can help finalize the remaining steps for the completion of the review:** The Panel and the IE, with the assistance of the AF Secretariat concluded that a field visit would be helpful towards the finalization of the accreditation application. All parties considered that it was important to plan the visit in detail, so as to be able to cover the objectives (i.e., have discussions with the IE key staff, review finalized actions and latest developments, and meet and interview stakeholders, visit projects and implementing partners), make sure that all parties were available for consultations, and minimize down time during the visit.

**When an IE is very active in developing new policies and procedures, and making corresponding improvements to its website, this will facilitate much faster accreditation:** As mentioned above, the IE was proactive in acknowledging and addressing certain gaps in its initial application. In some cases, the IE was already applying in practice certain project management techniques and procedures, and therefore it was more a matter of describing these practices in manuals or integrating these practices into written policies and procedures, rather than having to start anew. In other instances, the IE prepared its plans and time schedules for: (i) developing TORs for new oversight committees, (ii) preparing policy frameworks (e.g., for risk management, and for project management—including an M&E framework, covering also E&S and gender aspects), and (iii) adding numerous policies to its website, including project management operational guidelines, and enhancing the hotline and complaints policies and mechanisms.

# Regular Accreditation – Autonomous Government Agency



### Length of time for the accreditation process

The accreditation period was quite lengthy (2.7 years). While the Adaptation Fund (AF) Secretariat was quite prompt in its screening, the implementing entity (IE) took some time to respond to documentation requirements (>100 days) before its application was ready for initial Panel review. Thereafter partial responses to the Accreditation Panel (the Panel)'s questions required several rounds and delays (100-200 days each time) in applicant responses.

The initial Panel review identified numerous gaps in the application at that point: relating to experience in project management, staffing and financial capacity, a new financial system, availability of recent financial statements, procurement policies, anti-fraud and financial mismanagement measures, and capacity to apply social and gender safeguard policies and complaint mechanism.

This was followed by a series of exchanges involving upload of documents and Panel assessments and advice of pending matters. In some cases, there were long delays at either end. However, over this period, the IE made progress in its fiduciary arrangements. After the fourth exchange, it was agreed that further progress on the application would benefit from a site visit from a Panel reviewer and a representative of the AF Secretariat. The visit confirmed that the IE had made significant progress in meeting the accreditation criteria but there were a number of areas still pending. An updated list of pending matters was provided after the site visit. The IE was encouraged to upload documents as and when they were ready, to promote continued momentum on the application, and it did so over the following seven months.



### Factors affecting time

**IE far from ready to meet the criteria at time of initial application:** The initial screening and Panel review indicated that the IE was far from ready for accreditation in the early phase of its application. In particular, key policies forming part of the internal control and anti-fraud frameworks were still in draft or partially complete; fraud and safeguard complaint mechanisms

and whistleblower protection were not yet clearly functioning; the agency had not yet established a minimal track record on dealing with social safeguards and gender mainstreaming; project management policies were not yet being systematically followed.

**IE unprepared for the documentation requirements:** As noted, key internal control framework and anti-fraud documentation was not finalized or complete – e.g. new financial system documentation, risk management policies, anti-fraud policies. Audited financial statements provided were several years old. There was an internal audit function in place but there was little documentation showing its functioning and its charter and manual appeared to be still in draft. Oversight committee charter and evidence of its functioning was absent. Information on the procurement system did not show how this met international standards. Documentation submitted in relation to project management indicated experience following donor requirements but did not demonstrate independent capacity. The country’s relatively low ranking on anti-corruption indexes required heightened scrutiny from the Panel reviewers to provide assurance to the full Panel that fiduciary controls were robust.

**Delays in responses to Panel questions and IE workflow uploads slowed momentum:** There were long stretches of time between action points on this application, on both the IE’s side and on the Panel reviewers’ side. The degree of gap filling required to get the application into reasonable shape probably encouraged the application to be given lower priority over other tasks, and sapped the enthusiasm on both sides, at certain points in the process. Also relevant was that the IE never communicated workflow uploads and there were delays in the Panel reviewers’ becoming aware of them.

**Field visit re-energized the IE’s responsiveness and promoted faster resolution of many outstanding items:** The process sped up once a decision had been made that progress was sufficient to justify a field visit. While the visit was not expected to result in finalization of the application, it was felt that it was essential for the application to make further progress. The site visit allowed the reviewers to better understand the nature and capacity of the IE; its mode of operation particularly with regard to the preparation, appraisal, implementation and evaluation of domestically funded projects which was more evident in physical inspections than in the documentation provided in the workflow; its relationship and reputation with donors; and the extent to which its governance and oversight mechanisms had transformed since the initial application. The visit also provided an efficient means of obtaining updated information across the accreditation criteria, in anticipation of the expectations of other Panelists, and ensured better tailored guidance to the IE as to what evidence to further upload in the workflow.

**Change of focal point:** During the site visit the IE advised of a change in their focal point. There was an effective handover between the outgoing and incoming focal points and the timing of the change with the site visit also contributed to an effective transition.



### **Opportunities for improvement/lessons-learned**

**The accreditation process can be very positive for capacity building of the IE but this can lengthen the accreditation period:** This was clearly the case with this application. The process has motivated the IE to significantly develop its own capacities, to an extent where it can claim to be applying best practice in many fiduciary and safeguard areas. Applicants may wish to use the accreditation process to provide motivation for organizational improvements, and fiduciary,

project management and safeguard improvements, by presenting applications well before they are fully ready. However, this may bring delays in the conclusion of the accreditation process and expectations must be carefully managed so that this strategy is not counter-productive. Such a strategy is likely more effective for autonomous institutions than government ministries and agencies dependent on Government-wide policies and systems that they do not directly have decision-making power.

**Site visits may lead to prompt resolution of gaps when an application has sufficiently advanced:** Field visits can be very useful in unblocking applications, particularly when over long periods the efforts may have lost focus. It also permits documentary explanations to be supplemented with “on the ground” validations, thus strengthening the application. Also, where applicants do not fully understand the requirements of the Panel reviewers, this can be more efficiently resolved in face to face meetings and review of documents rather than email exchanges and teleconferences. The process may quickly conclude if additional policies, systems and track record are not needed to meet the accreditation criteria.

**Support of top management of the IE is essential:** During the course of the application, the Board of the IE became much more active and was very closely involved in the site visit. Their engagement ensured that appropriate priority was given to finalizing key policies, ensuring they were of good quality and fit for purpose for the IE, and that they were being effectively implemented.

**Frequent follow up is important to maintain momentum:** Especially in the final stretch of long applications, frequent communication between the applicants, the AF Secretariat, and the Panel is recommended to help bring the application over the finish line. Likewise lags in follow up can hamper momentum. IEs are encouraged to communicate any uncertainties with the AF Secretariat and the Panel reviewers for prompt clarification.

# Streamlined Accreditation— Government Ministry



### Length of time for the accreditation process

This is a streamlined accreditation which has been quite lengthy (2 years). Over this time the implementing entity (IE) has been engaged, and responding progressively to the Accreditation Panel (the Panel)'s requests, but a change in focal point and the need for the IE and other parts of Government to take time out to adopt and sufficiently implement certain actions in order to meet Adaptation Fund (AF) criteria have meant that the application process has moved forward in steps. In the interest of keeping momentum on the application, the IE was encouraged not to wait for all matters to be addressed before submitting further information, and this has been the approach followed for the rest of the application.

After the first six months of the process—the challenge of the application now being more apparent to both the Panel reviewers and the IE—the government approved the request for the IE to be considered under the streamlined approach. A series of exchanges between the IE and the Panel reviewers then ensued, as the IE put in place further measures to address gaps and provided further information on a track record of implementation. During this time, updates of pending matters based on updated assessments of the criteria were prepared by the Panel reviews and conveyed to the IE.



### Factors affecting time

**IE not ready to meet the criteria at time of initial application:** The most time spent on this application related to the Panel seeking information to clearly ascertain the readiness of the IE to meet the AF criteria, and for the applicant to put in place policies, procedures, staffing capacity, and initiate a minimal track record of implementation to respond to the AF requirements. Based on the analysis, the IE was not ready at the time of its initial application, even under a streamlined approach, despite some good preparation work in relation to setting up project-related policies. Areas requiring strengthening included documentation of the internal control framework, the establishment of an internal audit function and an oversight committee, strengthened procurement policies and practice to meet international standard, experience with



implementing project cycle and safeguard policies, measures to prevent, detect and investigate fraud and financial mismanagement, and communication of both fraud-related and project safeguard-related complaint mechanisms.

**The IE is an integrated part of the national government and so many criteria depend on government-wide laws, policies, systems and capacity:** The nature of the application required the Panel reviewers to understand, for many fiduciary and safeguard criteria, whole-of-government arrangements rather than those specific to the IE. Most of the applicable fiduciary and safeguard framework was government-wide and implemented by various entities across the government. Actions to address gaps in the framework required actions by entities other than the applicant IE, which took seriously its responsibility to communicate as needed across the government. The reviewers also had to understand the structures for handling donor funding for the purpose of identifying boundaries for the assessment of certain criteria, so that the analysis could focus on the essential elements for the accreditation.

**Strong motivation and support of the government:** The readiness challenges have been mitigated by the priority given by government at the highest levels to addressing the gaps identified in the process.

**Change of focal point:** There was a distinct increase in delay between the first focal point in the IE and the second one. This may be partly due to easier issues being dealt with in the first part of the application, but also related to the different degree of focus being applied by the first and second focal points.

**Disciplined tracking of progress through an evolving list of pending issues helped maintain focus:** In order to keep track of the information provided and what was pending the Panel review team maintained periodic updates of the draft report to the Panel cross-referenced to lists of pending items to be shared with the IE. In the case of the latter, these were annotated for items finalized, with residual matters highlighted to aid the IE. To prevent this document becoming unwieldy over the two-year period, fresh versions were periodically prepared, with earlier closed items eliminated.



## Opportunities for improvement/lessons-learned

**The accreditation process can be very positive for capacity building of the IE but this can lengthen the accreditation review period:** It was evident that the application was a strong motivation for the government to adopt policies, systems, and dedicate personnel to address gaps in fiduciary and safeguard areas and build autonomous capacity in the IE and elsewhere in government to manage programs and projects. Applicants may wish to use the accreditation process to provide motivation for organizational improvements, and fiduciary, project management and safeguard improvements, by presenting applications well before they are fully ready. However, this may bring delays in the conclusion of the accreditation process and expectations must be carefully managed so that this strategy is not counterproductive. In this case the strong motivation of all stakeholders in the government helped ensure this did not happen.

**Timing is important for the streamlined approach to be considered:** While early advice to applicants as to the desirability of the streamlined process is recommended, this should be

assessed by the Panel only after a first extensive round of review by the Panel reviewers—this will avoid excluding the possibility of a regular process for applicants who may have greater capacity, but are not adept at communicating this through the documentation uploaded in the workflow.

**Frequent follow up to maintain momentum is important, especially on change of focal point:**

The change in focal point somewhat lowered the pace on the applicant side. Communication difficulties with the IE made effective local handover between focal points all the more essential. Despite these difficulties, direct discussions could have been pursued more insistently around the time of the handover.

**Submission of information in batches may help keep momentum going for long applications:**

The Panel reviewers encouraged the IE to respond to pending items in batches to maintain momentum in the application. While this also resulted in additional questions arising from the information supplied, and could be perceived as extending the process, it also ensured the process kept pace with internal capacity in the IE and other agencies responsible for responding, and in this case probably saved elapsed time as certain issues could be dealt with and closed while the IE was working on more difficult areas, which needed more time to address.

**The accreditation process needs to take into account a reasonable timescale to ensuring applicants are not overwhelmed by Panel demands:**

Small IEs, with limited staffing and with many competing demands, may be easily overwhelmed by demands for information from a variety of international donors and need time to develop policies, procedures, and systems that meet the AF criteria and to expand staff commensurate with these. An elapse of 1.5-2 years in the accreditation process in such circumstances is considered reasonable in these cases.

# Regular Accreditation – Financial Institution



### Length of time for the accreditation process

The duration of the regular accreditation was Average (1.8 years). The initial Accreditation Panel (the Panel) reviews identified numerous gaps in the application which were progressively dealt with as the implementing entity (IE):

- ▶ clarified arrangements for its medium to longer-term financial viability
- ▶ put in place policies and procedures relating to the project cycle;
- ▶ demonstrated internal capacity for project design, risk assessment, supervision of project partners and evaluation;
- ▶ reconstituted oversight arrangements including internal audit and an audit committee;
- ▶ clarified its anti-fraud systems; and
- ▶ disseminated its policies and complaint mechanisms through a functioning website.

Towards the completion of the accreditation review process, a field visit was conducted by a member of the Panel and a representative of the Adaptation Fund (AF) Secretariat. Shortly after the field visit, the Panel was able to positively conclude its assessment.



### Factors affecting time

**IE did not meet the minimum fiduciary requirements at the time of its application:** At the time of its application, the IE was emerging from an earlier period of governance and financial instability. It was supported by the Government as an appropriate candidate for IE but was still putting in place the necessary measures to meet the AF fiduciary criteria.

**IE was unprepared for the documentation requirements:** The IE took some time to complete its initial submission in the workflow and then took some time to respond to initial screening questions by the Secretariat. In the following six months there was a relatively quick turnaround from the Panel reviewers and the IE however thereafter momentum slowed down, particularly on the IE's side. There were long stretches of time between action points on this application, and

the IE seemed to have difficulty responding in documented form to the residual matters raised by the first set of reviewers. The country's relatively low ranking on anti-corruption indexes required heightened scrutiny from the Panel reviewers to understand past problems and actions taken to address them, and provide assurance to the full Panel that fiduciary controls were robust.

**A site visit sped the process up:** The process sped up in the last 6 months of the process, with a fresh analysis completed by the Panel reviewers and the decision to go ahead with a field visit. The visit was essential for the application to make progress. As it turned out, the site visit allowed the Panel to better understand the nature and capacity of the IE; its mode of operation with national partners in the preparation, appraisal, implementation and evaluation of projects; its relationship with donors and Government; and the actual systems in place to supervise projects. The visit confirmed that it did indeed have good expertise and understanding of development projects and had internalized its experience working alongside international donors, although this had not come through in the prior documentation submitted. The visit also provided an efficient means of obtaining updated information across the accreditation criteria, in anticipation of the expectations of other Panelists, and ensured clear guidance to the IE as to what evidence to upload in the workflow.

**Continuity of focal point:** The IE maintained the same focal point and this was helpful in ensuring undue delays were not incurred by the IE in responding.



### Opportunities for improvement/lessons-learned

**Site visits may lead to prompt resolution of gaps when an application has sufficiently advanced:** Field visits can be very useful in speeding up the final stages of an application as it motivates IEs to push on with remaining pending items, permits documentary explanations to be supplemented with “on the ground” validations, thus strengthening the application. Also, where applicants don't fully understand the requirements of the Panel reviewers, this can be more efficiently resolved in face to face meetings and review of documents rather than email exchanges and teleconferences.

**The accreditation process can be very positive for capacity building of the IE but this can lengthen the accreditation review period:** The accreditation process itself was appreciated by the applicant as a process which was useful for its own capacity building and for strengthening its procedures. It was not ready at the time it submitted its application but it was able to use the application review process to address this. However, this inevitably meant that the review process became lengthy over time.

# Fast Track Re-Accreditation – Autonomous Government Agency



### Length of time for the re-accreditation process

This re-accreditation has been quite lengthy, equivalent to 2.8 years. Under Adaptation Fund (AF) Board policy the implementing entity (IE) was eligible for fast track re-accreditation as it had earlier gained Green Climate Fund accreditation. The delay was partly due to the length of time taken to respond to pending Accreditation Panel (the Panel) questions but also due to the application being put on hold for an extended period due to changes requiring careful consideration of the legal status of the IE.

The IE took four months to complete its application after which the AF Secretariat screening was relatively quick. The initial review took three months, but the IE only responded to the follow up questions by the Panel reviewer after 10.5 months. Some of the information required follow up with other parts of the government of which the IE was part. The responses were quickly considered sufficient by the reviewer to complete the review, and a recommendation for accreditation was sent to the full Panel. At that point it was expected that the application would be completed relatively quickly.

However between the review and endorsement of the other Panelists and submission to the Board, the application had to be put on hold upon advice from the IE because of a government reorganization in which the IE's functions, staff, policies and systems were transferred into a division of the supervising ministry, and with a change of name for the entity. The changes required clarification as to whether the entity was a continuation of the first accredited IE under a name change and non-material changes to government oversight arrangements, or whether the accreditation of a new IE was required.

The re-accreditation process resumed on the basis of further information provided after three months, which indicated that the initial changes did not warrant a new accreditation to be started. However, the process was further delayed due to a second wave of Government changes which apparently changed the current entity's own legal capacities that required additional clarification. Additionally, further information on anti-money laundering and countering the

financing of terrorism (AML/CFT) had to be requested to respond to a Board decision made in the meantime.

The need to clarify the organizational and legal changes, and obtain additional information on AML/CFT questions which required follow up with other parts of the government, extended the application duration by 15 months



## Factors affecting time

**IE unprepared for the documentation requirements or changes in AF policy since initial accreditation:** Although this was a re-accreditation of an IE with a well-functioning AF project under implementation, the initial submission by the IE showed significant information gaps in meeting the criteria in scope under the fast track re-accreditation modality:

- ▶ the documentation related to the anti-fraud criteria was weak, e.g., in the areas of communicating zero tolerance towards fraud and corruption (implicit if not explicit) to staff, suppliers and partners; communication channels for reporting; whistleblower protection; responsibilities and capacity for investigation; sanctioning policies and evidence of implementation;
- ▶ there was no attention to the requirement to show commitment to implementing the principles of AF's Gender Policy, which had come into place since the IE's initial accreditation;
- ▶ there was little information provided in connection with reporting safeguard-related concerns or how these would be handled.

The information was subsequently provided or put in place, but this took some time. This seemed to indicate that the IE did not appreciate, at the time of its initial submission, the significance of the re-accreditation process or the need to address changes in AF requirements since its initial accreditation.

**Exhaustion of the AF country cap for financing reduced the sense of urgency in the application:** The initial delays in the IE's responses to reaccreditation questions from the Panel were also most likely due to the fact that the project currently being implemented by the IE had exhausted the AF country cap, and so there was no sense of urgency on the part of the applicant. Had it responded on a more timely basis, the subsequent delays could have been avoided.

**Changes in the IE organization and status require careful consideration and explanation:** The extended delay in the application was also due to the complexity of the reorganization which put in question the IE's successor entity's legal capacity. The status of the current entity as the effective renaming of the first accredited IE, but with all the functions, people, policies and systems still in place, was relatively easily established. However, the legal capacity of the current entity to sign agreements and receive funds directly came into question and was not readily answered by the information provided by the entity to date. Other legal aspects (e.g. being represented in legal proceedings) already handled in conjunction with other parts of the government did not change.

**Explanatory material uploaded in the workflow to accompany documents promoted an efficient review:** On a positive note, the IE uploaded, along with the supporting documentation, detailed notes which explained the documentation and its relevance to the AF criteria. This was very helpful for the efficiency of the Panel review.



## Opportunities for improvement/lessons-learned

**The benefits of timely re-accreditation, even when country caps are exhausted, should be clearly understood by IEs:** The AF re-accreditation application was not given priority by the IE due to the country cap being exhausted and despite efforts by the Secretariat to encourage timely response. However, maintaining accreditation ensures IEs retain access to a variety of opportunities provided by the AF.

**IEs dependent on other parts of the national government to meet certain fiduciary standards should be ready to provide the necessary documentation of relevant policies, procedures, systems and evidence of their implementation:** Where applicants depend on other parts of the government to contribute to their fiduciary controls, the focal points or immediate management may not be exposed very much if at all to the specifics of these controls. However, they need to anticipate working with these other parts of the government to obtain the information required for (re-)accreditation.

**Changes in legal status can be particularly complex where the IE is an integrated entity of the national government:** While efforts to preserve the functions, people, policies and systems of the former entity as it transitions into the new one are an essential ingredient in determining continuity, the issues of continuing capacity to sign agreements and directly receive funds is also a factor to consider.

# Streamlined Accreditation – Autonomous Government Agency



### Length of time for the accreditation process

The duration of this accreditation was Average (1.3 years). Towards the end of the process, the implementing entity (IE) requested consideration under the streamlined approach and the process sped up very quickly as the Accreditation Fund (AF) Panel (the Panel) was able to conclude positively based on applying this approach. The IEs accreditation was ultimately approved on the streamlined basis.

The IE took about 4 months to respond to the requests for further information arising from the AF Secretariat's screening. There ensued a series of exchanges between the IE and Panel reviewers over the following 11 months to reach a point where the Panel was comfortable recommending accreditation under the streamlined approach.

Although the IE had clearly prepared ahead of its application, in its initial submission and for much of the time spent under review by the Panel its legal status was unclear; it relied very much on its experience with applying donor policies, procedures and systems without having its own in place; and the applicability of fiduciary mechanisms in the broader Government to the entity were uncertain.



### Factors affecting time

**Legal status of the applicant took time to be confirmed:** The IE was set up as an unincorporated non-profit organization, under the direct control of a ministry of the government. Legal questions as whether the IE or the ministry should be considered the AF implementing agency were resolved only in late in the process through an extensive exchange of letters and legal opinions from the government.

**The applicant relied heavily on its experience applying international donor policies, processes and systems but had not developed its own:** The IE had undertaken its own readiness review ahead of applying to the AF, but the Panel noted various gaps in the following



aspects which took most of the review time period for the applicant to resolve sufficiently to meet expectations under the streamlined approach:

- ▶ Oversight (audit) committee or equivalent
- ▶ Documentation of the internal control framework
- ▶ Anti-fraud policies and capacity to investigate instances of violation
- ▶ Environmental & Social/Gender safeguard policies and grievance procedures
- ▶ Written procedures and track record on project cycle management
- ▶ Project audits
- ▶ Adequacy of coverage from the ministry internal audit unit
- ▶ Management assertion over internal control

Some of these gaps related to the IE's project portfolio being international donor-financed and supervised and there were no domestically-funded projects for which it had developed its own internal policies, procedures and systems. Its capacity was largely funded from the international donors. It was therefore difficult to convince the Panel as to the IE's ability to fully manage fiduciary or project/program management requirements on its own. Eventually appropriate internal policies, procedures and systems were put in place, drawing on best practice from those of international donors, and the Panel relied on the capacity built up under other international projects to conclude that these internal systems would be implemented within the smaller scale applicable under the streamlined approach.

**The IE also relied heavily on government-wide controls and oversight mechanisms but took some time to show how these were applicable to it:** In the absence of a track record of showing how government-wide controls applied to the IE, the Panel required more extensive information to show how this would be the case in future. It also required the IE to provide more information than initially submitted on the nature and capacity of these government-wide controls and oversight mechanisms, which took some time.



### Opportunities for improvement/lessons-learned

**Clear explanation and documentation of the IE's legal status is needed to avoid delays in review:** It is essential that IEs seeking accreditation carefully establish, and be able to fully document through relevant laws, decrees, government pronouncements and legal advice where necessary, their capacity to meet the legal status criterion of the AF. In particular, it is important that the IE has its own legal personality, is able to be party to agreements with the AF and directly receive funds, and be represented in legal proceedings as plaintiff and defendant. For IEs which are integrated into the government of the country, certain aspects may require clarifications from relevant parts of the government as to how these requirements may be met under government systems.

**While experience working with donor fiduciary, project cycle, anti-fraud and safeguard policies and procedures is a useful element in an application, IEs must still demonstrate their own commitment, capacity and compliance:** IEs may primarily or exclusively implement or execute international donor-funded projects under donor oversight and thus have built up experience in donor fiduciary, project cycle, anti-fraud and safeguard policies. They may be adept at responding to variations in these in the context of particular projects or programs, due to differing donor requirements. However, the AF approach requires IEs to apply their own

policies, procedures and systems to their projects and this implies that at least a framework for these is in place and tested to some extent. While these may be based on donor templates, IEs need to show that they are capable of their application autonomously, independently from donor supervision regimes.

**Even under a streamlined approach, all AF accreditation criteria must be met, but this approach takes into consideration compensating measures, controls, and practices normally found in smaller entities, without exposing the AF to significant risk:** In this case, the option of streamlined approach was taken up late in the application process. However, the case well illustrates that IEs contemplating the streamlined approach must still provide sufficient evidence of commitment, capacity and compliance at a scale appropriate for a small entity.