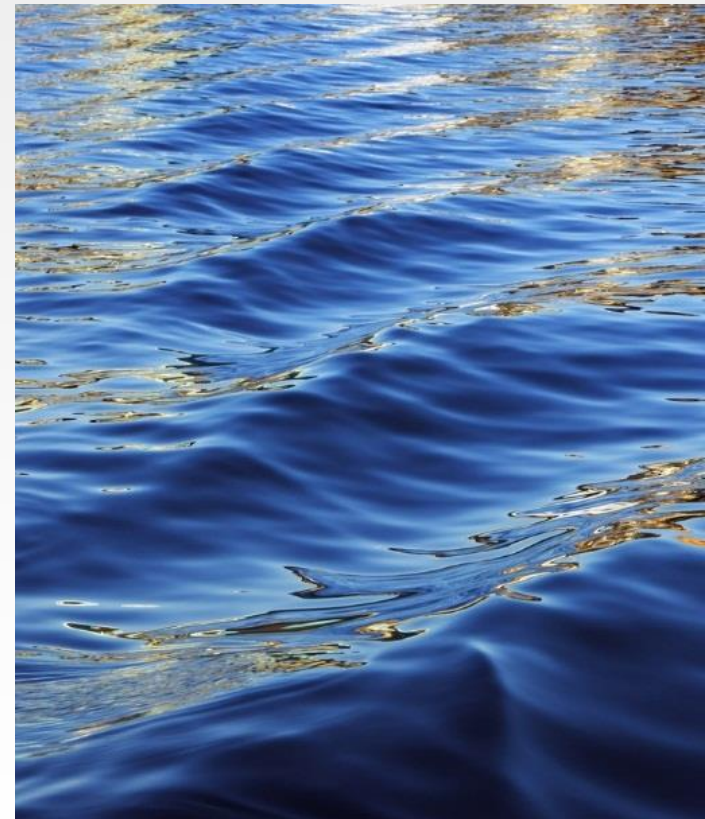




ADAPTATION FUND

UNDERSTANDING AF FIDUCIARY STANDARDS: INSTITUTIONAL CAPACITY

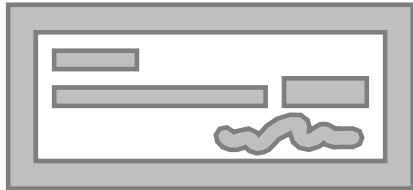
Bangkok, September 2019



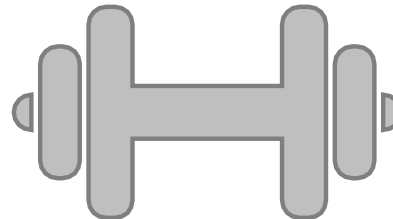
What is accreditation?

Official recognition that an entity adheres to fiduciary standards, transparency, environmental and social policy, and gender policy of the Adaptation Fund

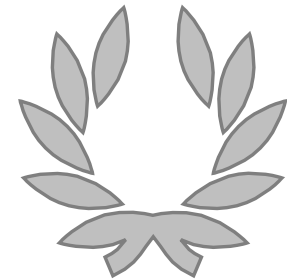
Why become accredited?



Receive **direct finance transfers** to design, implement, and oversee climate projects



Build internal capacity and codify organizational systems



Garner international recognition

Institutional Capacity

Required Competency



Specific Criteria



Accreditation Standards

► Institutional Capacity

- Effective Procurement arrangements – including audits
- Project management:
 - Project Preparation and Appraisal
 - Project Implementation Planning
 - Project budgeting, financial performance monitoring and auditing
 - Project Monitoring and Evaluation
 - Project Closure
 - Post-closure Evaluation

► Compliance with AF ESP and Gender Policy ('3Cs')

- **Commitment** to complying with the Fund's Environmental & Social and Gender policy
- **Capacity**
- **Complaints** Handling Mechanism to deal with complaints on environmental and social, and Gender harms caused by projects

Procurement

Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
Procurement	a) Evidence of transparent and fair procurement policies and procedures at the national level/organizational level; that are consistent with recognized international practice (including dispute resolution procedures)	<ul style="list-style-type: none">i. Procurement Policy;ii. Procedures or guidelines including composition and role of key evaluation and decision-making committees;iii. Provisions for oversight/audit /review of the procurement function with an actual sample of oversight/audit/review reports;i. Procedures for handling/controlling procurement in Executing Agencies;ii. Reports of recent audits done by either Internal Audit or the External Audit on this topic.iii. Policies and procedures related to AML/CFT;

Procurement

Procurement

The diagram consists of two rectangular boxes. The top box is light blue and contains the word 'Procurement'. A vertical dotted arrow points downwards from the bottom center of this box to the top center of a second, darker teal box below it. The second box contains the text 'AML/CFT'. To the right of these boxes is a separate teal-bordered box containing a checkmark and text.

AML/CFT

- ✓ Evidence of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) policies and procedures

Project Preparation and Appraisal

Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
<p>Project preparation and appraisal. This should include impact (environment, socio-economic, political, gender etc.) assessment study with risk assessment and mitigation plans</p>	<p>a) Demonstration of capability and experience in identification and design of projects (preferably adaptation projects)</p>	<p>Detailed project plan documents for 2 projects.</p>
	<p>b) Demonstration of availability of/ access to resources and track record of conducting appraisal activities</p>	<p>i. Details of the project appraisal process/procedure; ii. 2 samples of project appraisals undertaken.</p>
	<p>c) Demonstration of the ability to examine and incorporate the likely impact of technical, financial, economic, social, environmental, gender and legal aspects into the project at the appraisal stage itself</p>	<p>Sample of project documents which demonstrate these capabilities.</p>
	<p>d) Evidence procedures/framework in place to undertake risk assessment and integrate mitigation strategies/plans into the project document</p>	<p>i. Policy and/or other published document(s) that outline the risk assessment procedures/framework; ii. 2 samples of completed project appraisals with identified risks and corresponding mitigation strategies/plans.</p>

Project Preparation and Appraisal

Preparation and
Appraisal

Project Risk
Assessment

- ✓ Reflect on and record potential project risks and mitigating actions during project design
- ✓ Monitor and report on status of risks and efficacy of mitigating actions during project implementation

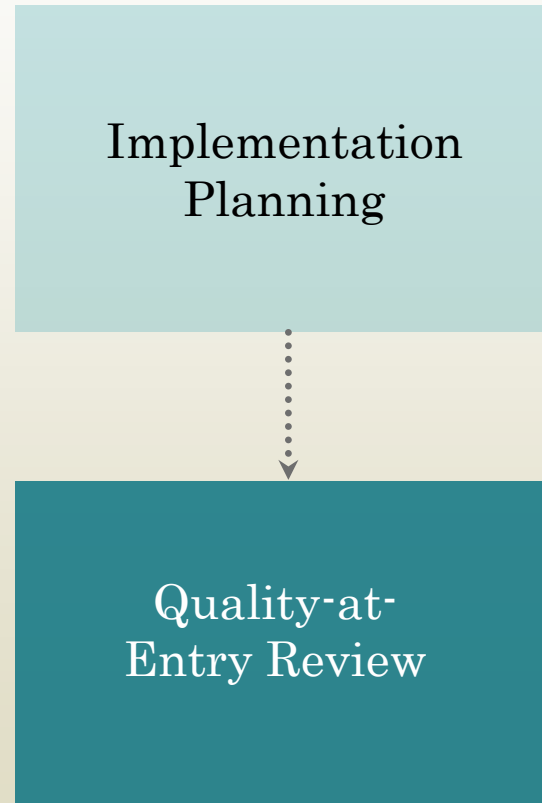
Project Implementation

Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
Project implementation Planning and Quality-at-entry Review	a) Evidence of institutional system for planning implementation of projects with particular emphasis for quality-at-entry	i. Operational manual or written procedures for project review system during the design phase; ii. Sample reports that demonstrate that project implementation planning and monitoring has been considered from the start.
	b) Evidence of preparation of project budgets for projects being handled by the entity or any sub-entity within it	i. Examples of project budgets; ii. Analysis of project expenditure vs budget over time for these projects.

Quality at Entry Review

Definition

Type of screening performed by management to ensure planned projects have required elements, and where they do not, corrective action is taken



- ✓ Assessment of project quality during design, appraisal, and pre-implementation
- ✓ Identification of areas that need improvement and nature and scale of corrective action
- ✓ Review of corrective actions taken

Risk Assessment

Risk Rating Matrix			
Impact	LIKELIHOOD		
	Unlikely	Possible	Likely
Significant adverse impacts that are diverse, widespread, and irreversible or may put the success of the project at risk	Risk Level B	Risk Level A	Risk Level A
Significant but less adverse impacts than above due to fewer in number, small in scale, less widespread, reversible, or easily mitigated or less risk to the project	Rick Level C	Risk Level B	Risk Level A
Minimal to no adverse impact or risk to the success of the project	Risk Level C	Risk Level C	Risk Level B

Common Capacity-building gaps and AF examples of mitigating factors

► At Quality at entry

Gap: Weakness of a supervisory review of the project quality during the design, appraisal, and pre-implementation stages with respect to the key areas of the project;

Mitigating factor: *support the Entity on identifying areas that are missing or need improvement and define role and responsibilities and the appropriate course and type of corrective action required; and Review the corrective actions taken.*

► Project Risk Assessment

Gap: Capacity of the entity to assess the risk as systematic process for identifying, evaluating, and managing potential events that could occur and adversely affect the achievement of an IE's project or objectives or result in unintended or undesirable negative consequences.

Mitigating factor:

Undertake assessment of project/programme risks including: (a) financial, economic, political risks, and (b) environmental and social risks, and

Integrate mitigating strategies and environmental and social risk management plans into the project document.

Project Monitoring and Evaluation

Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
Project Monitoring and Evaluation during implementation	<p>a) Demonstration of existing capacities for monitoring and evaluation that are consistent with the requirements of the Adaptation Fund</p>	<ul style="list-style-type: none"> i. Policies or other published document that outlines monitoring activities during implementation; ii. Detailed procedures and formats used for monitoring and evaluation during project implementation; iii. Sample of both project monitoring and evaluation reports.
	<p>b) Evidence of a process or system, such as a project-at-risk system, that is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond to redress the problems</p>	<ul style="list-style-type: none"> i. Procedures for project-at-risk system or similar process/system to ensure speedy solutions to problems which may interfere with the achievement of the project objectives; ii. Examples of projects where risks were flagged and addressed in a timely way.
	<p>c) Production of detailed project accounts which are externally audited</p>	<ul style="list-style-type: none"> i. Sample of recent project accounts; ii. Sample of recent (related to (i) above) external audits of project annual accounts.

Project Closure and Final Evaluation

Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
Project closure and final evaluation	a) Demonstration of an understanding of and capacity to assess impact/implications of the technical, financial, economic, social, environmental, gender and legal aspects of projects at closure	Samples of project completion/closure reports containing assessment of the impact/implications of the technical, financial, economic, social, environmental, gender and legal aspects of projects.
	b) Demonstration of competence to execute or oversee execution of projects/programmes	Samples of project/programme closure reports.
	c) Demonstration of competence to conduct evaluations of completed projects	Samples of independent evaluations of projects containing assessment of the impact/implications of the technical, financial, economic, social, environmental, gender and legal aspects of projects.



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