



ADAPTATION FUND

AFB/B.34/4
2 October 2019

Adaptation Fund Board
Thirty-fourth Meeting
Bonn, Germany, 9-10 October 2019

Agenda 5

REPORT OF THE THIRTY-SECOND MEETING OF THE ACCREDITATION PANEL

WORK OF THE ACCREDITATION PANEL

1. The Accreditation Panel (the Panel) continued its work reviewing both new and existing applications. The Panel held its thirty-first meeting and thirty-second meeting on 21-22 May and 11-12 September 2019 respectively, at the Adaptation Fund Board Secretariat's (the secretariat) offices in Washington, D.C. The Vice-Chair of the Accreditation Panel Ms. Eleonora Cogo (Italy, Western Europe and Others) presided over the meeting.
2. For the thirty-first Panel meeting, the secretariat has received three new complete accreditation applications for two potential National Implementing Entities (NIEs) and one potential Regional Implementing Entity (RIE). Since its thirtieth meeting, the Panel has continued reviewing nine re-accreditation applications of NIEs and 14 accreditation applications of 12 potential NIEs and two potential RIEs that were previously reviewed but required additional information for the Panel's review. For the thirty-second Panel meeting, the secretariat has received one new complete accreditation application for one potential National Implementing Entities (NIEs). Since its thirty-first meeting, the Panel has continued reviewing eight re-accreditation applications (7 NIEs and 1 RIE) and 16 accreditation applications of 13 potential NIEs and three potential RIEs that were previously reviewed but required additional information for the Panel's review. Four NIE candidates' applications have been dormant for over one year. Therefore, in accordance with Board Decision B.31/26, the secretariat sent a letter in May 2019 for the second time to the respective Designated Authorities (DAs) of the countries who nominated the NIE applicant of the country informing the inactivity of the applicant entity.
3. After considering the recommendations by the Panel, the Board intersessionally approved: re-accreditation of the Chilean Agency for International Cooperation for Development (AGCID) of Chile as NIE for Chile (decision B.33-34/7); fast-track re-accreditation of the National Environment Management Authority (NEMA) of Kenya as NIE for Kenya (decision B.33-34/8); accreditation of the Environmental Management Agency (EMA) of Zimbabwe as NIE for Zimbabwe (decision B.33-34/10); and the Ministry of Finance and Economic Development (MFED) of Tuvalu as NIE for Tuvalu (decision B.33-34/28).
4. During the period from the thirty-second meeting of the Panel to the date of the finalization of this report, the Panel concluded the review of an application for re-accreditation of the Mexican Institute of Water Technology (IMTA) and reached a consensus to recommend its re-accreditation. The Panel's report on its assessment of the re-accreditation of the NIE is contained in the Annex I to this document.
5. As of the thirty-second meeting of the Panel, 16 applications (13 for potential NIEs and three for potential RIEs) were under review by the Panel as per the following list. For purposes of confidentiality, the assigned code is used to report on the status of each nominated Implementing Entity's application.

- 1) National Implementing Entity NIE018
- 2) National Implementing Entity NIE044
- 3) National Implementing Entity NIE046
- 4) National Implementing Entity NIE057
- 5) National Implementing Entity NIE064
- 6) National Implementing Entity NIE065
- 7) National Implementing Entity NIE066
- 8) National Implementing Entity NIE113
- 9) National Implementing Entity NIE133
- 10) National Implementing Entity NIE136
- 11) National Implementing Entity NIE141
- 12) National Implementing Entity NIE142
- 13) National Implementing Entity NIE145
- 14) Regional Implementing Entity RIE008
- 15) Regional Implementing Entity RIE016
- 16) Regional Implementing Entity RIE017

GENERAL TRENDS

6. As at 15 September 2019, the total number of accredited implementing entities amounts to 49: 31 NIEs, six RIEs, and 12 Multilateral Implementing Entities (MIEs) (Figure 1). Among the 31 NIEs, there are nine accredited NIEs that are from Least Developed Countries (LDCs) and seven accredited NIEs that are from Small Islands Developing States (SIDS) (Figure 2). Out of the 49 accredited implementing entities of the Fund, 22 entities (44.8%) have been re-accredited: nine NIEs, three RIE and 10 MIEs. With respect to the geographic coverage of the 31 NIEs and six RIEs, 13 entities are from Latin American and the Caribbean region, 13 are from Africa region, nine are from Asia-Pacific region and one entity is from Eastern Europe region (Figure 3).

Figure 1. Accredited Implementing Entities by type

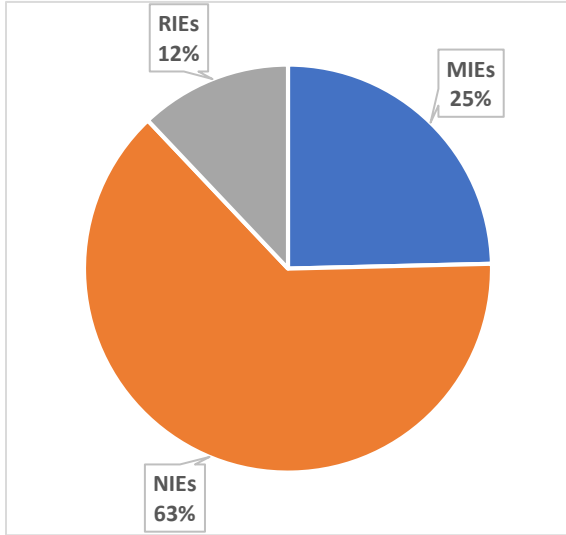


Figure 2. LDCs and SIDS among accredited NIEs

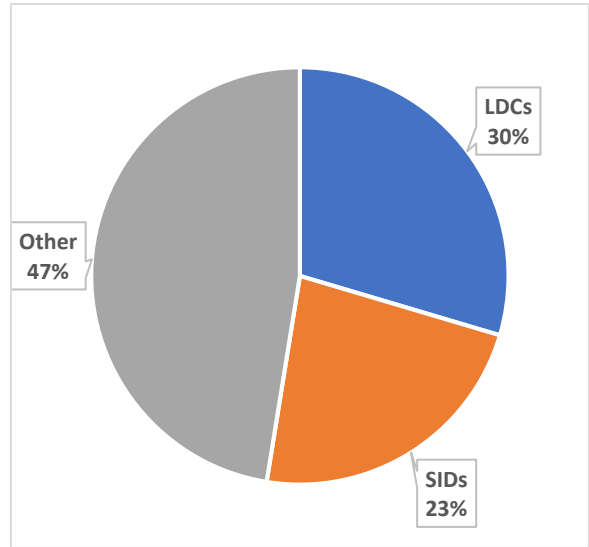
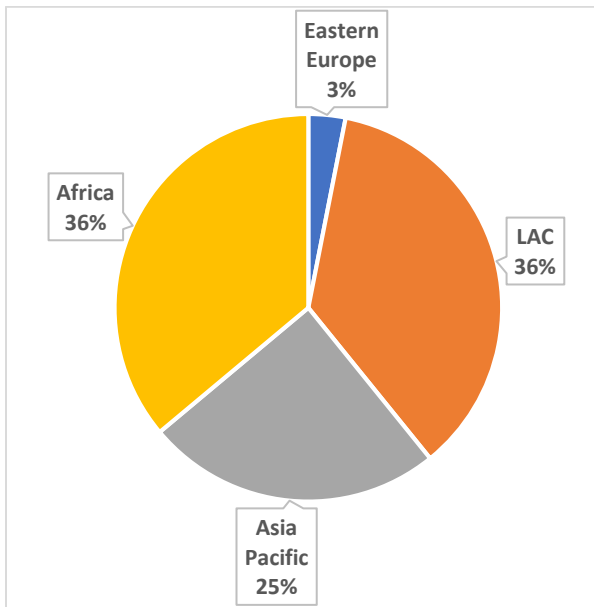


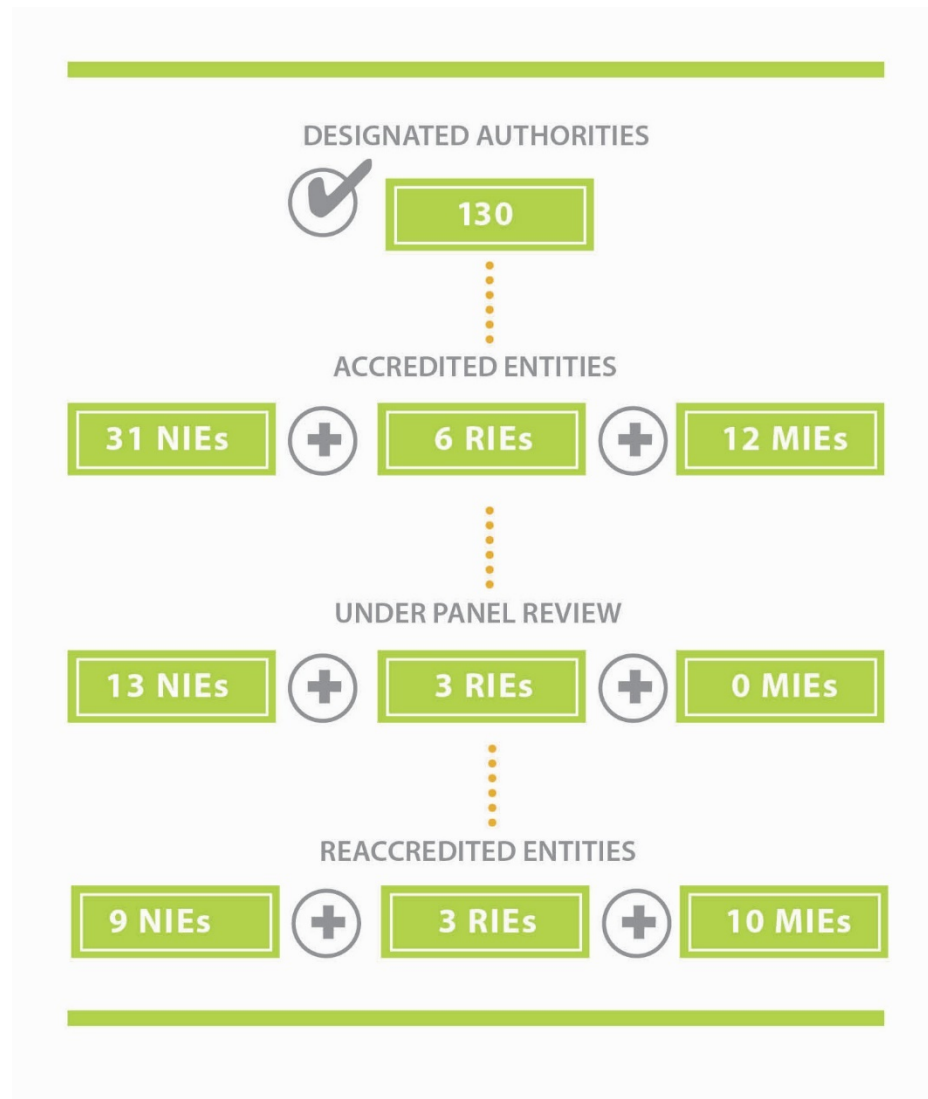
Figure 3. Accredited NIEs and RIEs by region



ACCREDITATION PIPELINE

7. The following infographic (Figure 4) provides an update on the current accreditation pipeline which does not include re-accreditation applications.

Figure 4. The accreditation pipeline of the Adaptation Fund as of 15 September 2019.



STATUS OF APPLICATIONS UNDER REVIEW

	SUBMISSION OF APPLICATION	REFERENCE FOR BACKGROUND INFORMATION	CURRENT STATUS
<u>EXISTING APPLICATIONS</u>			
NIE018	Aug-18	Doc. AFB/B.33/4	On 9 August 2018, the applicant submitted an application. After screening by the secretariat, the application was sent back to the applicant with comments and request of upload of missing supporting documents on 13 September 2018, The Applicant resubmitted application on 12 December 2018. The Panel completed their review of the evidence of the applicant's compliance with legal capacity requirements for accreditation and sent a list of pending questions on 23 August 2019. The applicant's submission of the requested information is pending.
NIE044 (Dormant Application)	Jan-13	Doc. AFB/B.33/4	Despite secretariat's follow-up emails, there has been no progress since AP23 meeting in August 2016. In accordance with AFB Decision 31/26 this application is considered as 'dormant,' and the secretariat sent a letter to the DA informing the inactivity of the applicant for the first time on 22 May 2018. A second letter was sent on 16 January 2019 following by a third one on 21 May 2019. As of AP32 meeting, the DA has yet to acknowledge the receipt of the letter.
NIE046	Dec-12	Doc. AFB/B.33/4	A field visit was conducted in June 2018. The secretariat and the Panel found that the field visit has facilitated the accreditation process. On 21 August 2018, the Panel communicated a list of updated pending documents to be uploaded. On 30 January 2019, the applicant submitted supporting documents. The Panel completed their review of the submitted documents on 13 February 2019 and feedback was shared with the applicant. The Panel completed the review of the documents and updated its assessment report as well as a list of pending information on 14 May 2019. The list of pending information was shared with the applicant on 15 May 2019. The secretariat was informed that the focal point of the applicant has changed in late June 2019. The applicant is preparing the requested documentation.

NIE057 (Dormant Application)	Apr-14	Doc. AFB/B.33/4	The challenge that the applicant is facing is its lack of experience of noncredit (grant) project funding and implementation. There has been no progress since 15 August 2017. The secretariat sent a follow-up email in November 2017 and received a response from the entity thanking the support. In accordance with AFB Decision 31/26 this application has been considered as 'dormant,' and the Secretariat sent a letter to the DA informing the inactivity of the applicant on 22 May 2018, on 16 January 2019 and on 21 May 2019. The DA acknowledged the receipt of the letters respectively and reconfirmed the support to the applicant's accreditation process with the Adaptation Fund. As of AP32 meeting, there is no progress in the application.
NIE064 (Dormant Application)	Apr-16	Doc. AFB/B.33/4	Upon the secretariat's follow-up email, the applicant replied on 12 January 2017 indicating that the government decided to put its NIE accreditation on hold to ensure that the NIE is equipped with its required institutional capacities and rules and procedures. The applicant deems that it will take some time to complete the process. The applicant will contact the secretariat to resume accreditation process again once the process is done. In accordance with AFB Decision 31/26 this application is considered as 'dormant,' and the secretariat sent a letter to the DA informing the inactivity of the applicant on 22 May 2018, on 16 January 2019 and on 21 May 2019. The DA has yet to acknowledge the receipt of the letter. As of AP32 meeting, there is no progress in this application.
NIE065	Aug- 18	Doc. AFB/B.33/4	The applicant has submitted an application on 3 August 2018. The secretariat completed the screening on 13 August 2018 and sent the application back to the applicant with a request of uploading missing supporting documents. The applicant resubmitted application on 9 January 2019. The Panel completed the initial review on 4 March 2019, and shared with the applicant a list of pending documentation on 7 March 2019. The applicant submitted some supporting documents respectively on 20 May and 4 June 2019. The Panel updated the assessment report and sent to the applicant a list of pending questions on 23 June 2019. Applicant's submission of the requested information is pending.

NIE066 (Dormant Application)	Apr-15	Doc. AFB/B.33/4	<p>The applicant is a small organization with limited capacity. The accreditation process is officially under the streamlined accreditation. In the context of the AF South-South Cooperation Grants programme (approved by the Board in March 2016), the applicant has completed its application, initially submitted in August 2015, with the help of an AF accredited NIE in 2017. The Panel was of the view that the applicant made improvement with regard to its financial management and has been working on required policies and procedures, but it may take some time for the applicant to demonstrate the track record of the implementation of the newly set-up system. The secretariat sent the DA an official letter with the Panel summary report on the status of the applicant's application on 18 January 2019. The applicant communicated with the secretariat its willingness and determination to continue the accreditation process on 20 February 2019. As of AP32 meeting, the applicant's submission of the requested information is still pending.</p>
NIE113	Dec-15	Doc. AFB/B.33/4	<p>The application has been under the streamlined accreditation process since an official letter signed by the Designated Authority on the agreement of pursuing streamlined accreditation process was submitted to the Secretariat on 31 October 2016. The applicant had received readiness support from the Fund's accredited NIE under the South-to-South Cooperation Grants Programme. Applicant submitted some of the requested documents on 30 May, 20 July and 20 August 2018. The secretariat/Accreditation team held a bilateral meeting with the applicant during COP24 in Poland in December 2018. The applicant submitted some of the requested documents in April 2019, and the Panel updated its assessment report and a list of pending documentation on 18 April 2019. In May 2019, the applicant submitted some additional documents in May 2019 and the Panel updated its assessment report. A list of pending questions was shared with the applicant on 13 May 2019. Applicant's submission of the requested information is pending.</p>

NIE133	Feb-17	Doc. AFB/B.33/4	The applicant's submission of requested information is pending. The secretariat sent a follow-up email to the applicant on 16 May 2018. Based on the information and documentations received so far, the Panel shared their concern over whether the applicant is suitable for accreditation due to its lack of track record of non-credit and development projects. The corporate mandate and strategies appear to be purely focused on financial and banking goals. The Secretariat sent an official letter with the Panel's summary report to the DA on 18 January 2018. The secretariat was informed that a new DA has been appointed, but has not received an official letter which informs the new DA. As of AP32 meeting, there is no progress in this application.
NIE141	Dec-17	Doc. AFB/B.33/4	The applicant has been receiving readiness support from the accredited NIE under the Fund's South-to-South Cooperation Grants Programme. Applicant's communicated to the Secretariat on 7 July 2018 of the changes related to the DA, NIE applicant's institutional change, and the focal point of the NIE applicant. The secretariat held a bilateral meeting with the delegation of the country to discuss the accreditation process during the Climate Change conference (COP24) in Poland in December 2018, The Secretariat received an official letter of new DA appointment on 8 January 2019. As next steps, the Secretariat advised the applicant that it needs to receive (i) an official letter of endorsement of an NIE applicant due to the 'split' of the existing NIE applicant; (ii) once a new focal point of NIE applicant is confirmed by the new DA, a phone conversation with the new focal point of the NIE applicant will be scheduled. As of AP32 meeting, the afore-mentioned process (i) and (ii) are pending, and the review process is currently on hold.
NIE142	Feb-19	N/A	On 14 February 2019, the applicant submitted an application. After the secretariat completed the screening, the application was sent back to the applicant with comments on 17 March 2019. On 21 May 2019, the applicant resubmitted the application. The Panel completed the initial review and sent a list of pending questions on 18 June 2019. The applicant's submission of requested information is pending.
NIE145	Mar-19	N/A	On 15 March 2019, the applicant submitted an application. After the Secretariat completed the screening, the application was passed onto the Panel for their initial review on 2 April 2019. The Panel completed the initial review on 17 July 2019. The Panel sent a list of pending questions to the applicant on 3 September 2019.

RIE008	Jan-14	Doc. AFB/B.33/4	The application had been dormant for over two years. The Secretariat's receipt of an official letter from the applicant that it intends to withdraw its application from the AF accreditation process in April 2018. The Secretariat sent a letter to the entity providing further clarification, and the applicant acknowledged the receipt of the letter and has yet to request any further clarification. Following the secretariat's communication of the Board decision B.32/1 related to fast-track accreditation and the bilateral meeting with the applicant and the new focal point, that was held during the GCF-Global Programming Conference in Songdo, Korea in August 2019, the applicant confirmed its interests in resuming the accreditation process with the Adaptation Fund.
RIE016	Mar-17	Doc. AFB/B.33/4	Applicant submitted some supporting documents on 28 June 2018. Other requested documents are pending. A field visit was held in early November 2018. The Panel is reviewing the additional documents and response to the third set of questions the applicant submitted in January 2019. The applicant submitted additional documents in April-May 2019. The Panel updated the assessment report and a list of pending documentation on 16 May 2019. Applicant submitted some of the requested documents on 23-24 August 2019. The Panel is reviewing the submitted documents.
RIE017	Jan-19	N/A	On 31 January 2019, the applicant submitted an application. After the secretariat completed the screening, the application was sent back to the applicant with comments on 25 February 2019. The applicant resubmitted the application on 8 April 2019. The Panel completed their initial review and sent a follow-up questions to the applicant on 15 May 2019. Additional documents were submitted by the applicant on 21 May 2019. The Panel updated its assessment report as well as a list of pending questions on 17 June 2019. On 3 September 2019, the applicant submitted additional supporting documents. The Panel is reviewing the supporting documents.

RE- ACCREDITATION			
NIE002	Jun-16	Doc. AFB/B.33/4	Accreditation expired on 21 June 2016. The entity was 'fast-track' accredited with the GCF in February 2019, and therefore became eligible for the Fund's fast-track re-accreditation process. Accordingly, the Panel updated its assessment report on 2 May 2019 and updated list of pending questions on 16 May 2019. The entity submitted additional documents on 31 July 2019. The Panel completed the review of the documents and updated its report as well as a list of pending questions on 13 August 2019. The applicant's submission of documents is pending.
NIE016	Aug-16	Doc. AFB/B.33/4	Accreditation expired on 13 December 2016. Many of the documents were not in English. The entity submitted some of the requested documents in English in late April 2017. The focal point of the entity has changed, and the secretariat, Panel and the new focal point and their team had a conference call to facilitate a smooth handover of the re-accreditation work in June 2017. Since then, the entity submitted some of the requested information in early and late August 2017, but other requested information is still pending. The secretariat sent follow-up emails in May and June 2018. A Bilateral meeting between the secretariat and delegation of the country was held in December 2018 during the COP24, Katowice, Poland. The applicant's submission of the pending documents is pending.
NIE031	Aug-16	Doc. AFB/B.33/4	Accreditation expired on 15 March 2017. In July 2018, the Secretariat was notified by email of a possible re-organization of the NIE. In September 2018, the Secretariat was notified that the NIE re-organization was completed. The entity submitted additional documents on 22 August 2018 and January 2019. On 15 January 2019, the Panel completed the review of the submitted documents and requested the entity to submit pending information and documents. A conference call was held among the Panel, the secretariat, and DIPROSE to clarify the pending information, and the DIPROSE's submission of the requested documents is pending: 7 May 2019. The process related to reorganization of the entity is ongoing in line with Board decision B.33/48. A bilateral meeting was held between the representatives of DIPROSE and the secretariat during the GCF-Global Programming Conference in Songdo, Korea in August 2019. The entity provided supporting documents on 2 September 2019.

NIE034	Aug-19	N/A	Accreditation will expire on 13 August 2019. The entity submitted the re-accreditation application on 19 April 2019. After screening by the secretariat, the application was sent back to the entity with the request of the update considering the secretariat's comments. The entity resubmitted the application on 6 May 2019. The Panel completed the review on 15 May 2019. The entity submitted additional documents in late June 2019. The Panel is updating the report and produced a list of pending questions in August 2019.
NIE037	Jan-19	Doc. AFB/B.33/4	Accreditation expired on 18 November 2017. The entity submitted re-accreditation application on 19 January 2019. The secretariat completed the screening and the Panel started review of the application on 1 February 2019. The Panel completed the initial review and communicated a list of pending documentation to the entity on 1 May 2019. On 3 May 2019, the list was shared with the entity and additional supporting documents were submitted on 10 and 28 June 2019. The Panel is reviewing the documents.
NIE042	Jun-18	Doc. AFB/B.33/4	Accreditation expired on 20 March 2019. The entity re-submitted application on 9 July 2018. The Panel has completed the initial review and communicated the result and a list of pending documents to the Entity on 17 October 2018. As of AP32 meeting, the entity's submission of requested documents is pending.
RIE006	Mar-19	N/A	Accreditation expired on 31 March 2019. The entity resubmitted application on 17 June 2019. The Panel completed the initial review and produced a list of questions on 24 August 2019. The entity submitted additional information on 5 September 2019.

OTHER MATTERS

8. **'Gap analysis' on accreditation standards of the Adaptation Fund and the Green Climate Fund:** This discussion is related to the Board decision B.32/1, paragraph (c): "To request the secretariat to carry out an assessment of the GCF accreditation standards in 2019, including a gap analysis, and to present it to the Board at its thirty-fourth meeting." The first draft of the gap analysis was presented, followed by the Panel's discussions and suggestions. Following the discussion at the thirty-first meeting, the 'gap analysis' was updated. During the thirty-second meeting, the Panel had discussions on the updated analysis, and the outcome is presented as document AFB/EFC.25/6 to the Ethics and Finance Committee (EFC) for its consideration at its twenty-fifth meeting in October 2019.

9. **Discussion on Re-accreditation application form:** This discussion is related to the Board Decision B.32/36 paragraph (c) (i). The secretariat presented a draft updated re-accreditation application form for Panel's discussion and consideration. The Panel exchanged their views and suggestions on the criteria related to project management and the list of supporting documentation which needs to be streamlined to avoid possible duplication of documentation that has already been provided at the time of original accreditation. The Panel's suggestions have been reflected in the updated re-accreditation application form. The form has been finalized as contained in the Annex II to this document.

10. **Discussion on a revision of the Re-accreditation Process:** This discussion is related to the Board Decision B.33/9 subparagraph b) (i). The secretariat, in collaboration with the Accreditation Panel, prepared a possible revision of the re-accreditation process taking into account its implication on the implementing entity's ongoing project implementation. The proposed revised re-accreditation process is presented as Annex I to document AFB/B.34/5 to the thirty-fourth meeting of the Board for consideration and decision.

11. **Matters related to designation of MIE and RIE and the official letters of interest in applying for accreditation with the Fund as RIE:** The secretariat has received two official letters from two organizations, which expressed their interest in applying for accreditation as RIE. The secretariat informed the Panel that it conducted a preliminary assessment based on the Fund's Operational Policies and Guidelines (OPGs) and previous Board decisions, which concluded that there is no clear guidance on how to classify the two entities (either MIE or RIE) for the accreditation purpose. The secretariat also shared with the Panel the relevant discussions the Board had had at its twenty-third meeting on 'designation of multilateral and regional implementing entities' which had been initiated by a Board member who had asked whether a regional development bank was entitled to apply as MIE or RIE¹; and the relevant EFC discussions at its fifteenth meeting, including a conclusion that the designation of MIE and RIE should be part of a wider-ranging discussion, which was taken noted of by the Board at its twenty-fourth meeting.²

12. The thirty-third meeting of the Accreditation Panel will be held on *6-7 February 2020 (venue to be determined)*.

AP Recommendation:

Re-accreditation of the *Instituto Mexicano de Tecnologia de l'Agua (IMTA)* as National Implementing Entity

¹ See paragraphs 48-51 of the AFB 23 Report, available at <https://www.adaptation-fund.org/document/report-of-the-twenty-third-meeting-of-afb-18-21-march-2014/>.

² See paragraphs 75-77 of the AFB 24 Report, available at <https://www.adaptation-fund.org/document/report-of-the-twenty-fourth-meeting-of-afb-7-10-oct-2014/>

13. Having reviewed the accreditation application of the *Instituto Mexicano de Tecnología de l'Agua (IMTA)* of Mexico, the Accreditation Panel recommends that the *IMTA* be reaccredited as a National Implementing Entity (NIE) of the Adaptation Fund.

(Recommendation AFB/AP.32/1)

Secretariat's recommendation related to designation of MIE and RIE

14. Considering the letters from the two organizations which expressed their interest in applying for accreditation as RIE, and relevant Board discussions on designation of MIE and RIE at its twenty-third and twenty-fourth meetings as recorded in documents AFB/B.23/7 and AFB/B.24/7, the Adaptation Fund Board may want to consider providing guidance to the secretariat on how to classify such organizations as either MIE or RIE.

ANNEX I: REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE MEXICAN INSTITUTE OF WATER TECHNOLOGY (IMTA) FOR RE-ACCREDITATION AS A NATIONAL IMPLEMENTING ENTITY (NIE) OF THE ADAPTATION FUND.

BACKGROUND

The Mexican Institute of Water Technology (In Spanish – Instituto Mexicano de Tecnología del Agua or IMTA), a “public decentralized organization” of the Mexican Federal Government, applied for re-accreditation in December 2016. It provided over 200 distinct documents over the course of its re-accreditation application during the Adaptation Fund (AF) Secretariat’s screening process and the review by the Panel. The review also considered other information in IMTA, other Mexican Government and multilateral agency websites.

As a “public decentralized organization” the applicant is subject to certain Federal Government fiduciary policies and frameworks. Developments in Government-wide laws, policies and systems which are relevant to IMTA’s application were therefore taken into account by the Panel. In particular, since IMTA’s initial accreditation, the Mexican Congress passed a series of ambitious governance reforms to enhance public sector accountability, integrity and transparency.

THE APPLICANT – IMTA

IMTA was created for the purpose of developing technology and training the necessary qualified human resources in order to ensure the rational utilization and integrated management of water resources in Mexico. It is a public research center under the Ley de Ciencia y Tecnología (Science and Technology Law) and as such manages a Fondo de Investigación Científica y Desarrollo Tecnológico (Scientific and Technology Development Research Fund) which finances a significant portion of its overall project portfolio.

IMTA delivers services to a wide clientele that includes more than 150 public and private companies, both domestic and foreign, as well as international organizations, who provide funding for projects. It partners in implementing projects with many Mexican public institutions at federal, state and local level as either lead or participating organization. While its projects are primarily research, methodology/analytical tool development or capacity building in nature, there have been a number which also involve infrastructure works. Examples of both types were considered in the analysis against the re-accreditation criteria when relevant. Under its international technical cooperation objective, IMTA participates in international capacity building projects, particularly in Latin America, under South-South and Trilateral aid programs.

IMTA has a portfolio of over 200 projects of which 7 come under Institutional Objective 6 (International Technical Cooperation). In its 2017 results report, the number of projects reported as completed in the period 2013-2017 was 175.

ASSESSMENT FOR RE-ACCREDITATION

The Panel conducted its re-accreditation review in accordance with Board Decision B.31/1 (applying the “regular” re-accreditation process), and Decision B.32/36 updating the application form in respect of policies and procedure related to anti-money-laundering/countering the financing of the terrorism. The Panel considered the following aspects:

Continued compliance with the AF’s fiduciary standards

Compliance with the AF’s environmental and social policy and gender policy

As IMTA has not implemented an AF-funded project during its initial accreditation, the Panel did not consider the results of the assessment of the implementing entity’s performance regarding quality at entry and project/programme implementation in the AF project in progress. IMTA’s continued alignment with related institutional capacity standards was fully reviewed based on IMTA’s other project portfolio.

With regard to the fiduciary standards and compliance with the Fund’s environmental and social policy and gender policy, the Panel noted that, since initial accreditation, IMTA had further strengthened its policies, procedures and capacity in many of the areas subject to review. These are noted where relevant in the analysis that follows. The review is structured according to the revised application form at Annex 2 of AFB/EFC.23/4, adopted by the Board as part of Decision B.32/36.

Financial Management and Fiduciary Standards

Legal Status

IMTA continues to meet this criterion. There have been no substantive changes to its legal status. The Institute has its own legal personality, may enter into agreements with other entities including international organizations, directly receive funds and may sue or be sued in a court of law. As part of its re-accreditation application, it provided various recent examples of agreements demonstrating its continued legal capacities.

Financial statements including Project Accounts and Provisions for Internal and External Audits

IMTA continues to follow the institutional arrangements and format for preparation of annual financial statements which are set across the Mexican Federal Government. Although the government accounting standards are not formally aligned with IPSAS or other international accounting standards, they draw on both IPSAS and Mexican national standards, require financial statements to be prepared on an accrual basis and provide for a statement of activity, a statement of financial position, statement of change in financial position, statement of cash flows, detailed analyses of assets and liabilities, and detailed notes to the accounts. Audit opinions for the year 2017 and the prior three years confirm IMTA’s compliance with the adopted standards.

It continues to be subject to external financial audit by a private firm under arrangements managed by the Ministry of Public Administration (SFP). IMTA has provided its most recent (all unqualified) audit opinions, and examples of the audit observations prepared according to SFP formats. The external financial audit is carried out in accordance with International Standards on Audit. IMTA is also subject to audit by the Mexican Supreme Audit Institution (ASF), particularly for performance audits which include control compliance, economy and efficiency. It was last subject to such audits in 2013 and 2014, for which follow up actions on recommendations have been undertaken and reported in accordance with Government-wide reporting requirements. IMTA provided examples of independently audited project accounts in cases where this was required by project funders.

IMTA continues to use a mature in house developed ERP system (the Sistema Integral Administrativo or SIAD) to control and record financial transactions, provide workflow on project management and a repository for project documents. Using this system, it is able to produce monthly and annual reports to meet both entity and project requirements including those specified by donors.

It continues to follow the Mexican Federal Government's system of internal auditing, which is done through an Internal Control Unit (OIC) with reporting lines to the Ministry of Public Administration as well as the entity's own Director-General and oversight committee. It has suitable organizational and reporting independence and professional standards aligned to the international standards of the Institute of Internal Auditors. IMTA is able to demonstrate that the OIC effectively carries out its function.

IMTA continues to follow the Mexican Federal Government system whereby the functions of an audit committee are exercised by an Institutional Control and Performance Committee (COCODIS) which has external as well as internal members and whose reports are shared with SFP. IMTA provided copies of reports which showed that its COCODIS is active, meeting regularly, covering the range of issues expected of an audit committee and following up on its observations and recommendations.

Internal Control Framework with Particular Reference to Controls over Disbursements and Payments

IMTA continues to follow the institutional arrangements for internal control, which are set across the Mexican Federal Government, which draw on the COSO Framework and include a broad and systematic process of self-assessment of controls and risk management; review by the OIC and COCODIS; and reporting to the Ministry of Public Administration. IMTA has provided evidence of its active application of the Government's internal control framework in the Agency. IMTA has also integrated its internal control measures with a quality management system conforming to ISO9001:2008 for which it has received certification. The 2014 ASF performance audit report had a positive conclusion on IMTA's general control environment and systems.

The payment/disbursement system, including project expenditure, which is subject to additional control, is annually reviewed by the IMTA external auditor without significant observations, and a

recent OIC (internal audit) report on the procure-to-pay cycle was satisfactory, though with recommendations for improvement which are being implemented. With regard to controls against disbursements in violation of Mexico's regulations for Anti-Money Laundering and Counter the Financing of Terrorism (AML-CFT), the first line of defense are controls at the procurement stage, whereby all vendors must be registered in a Government-wide system that includes sanction checks. Furthermore, all disbursements above petty cash limits are made through IMTA's financial institution which is subject to monitoring and reporting requirements for suspicious transactions under national AML-CFT regulations.

Preparation of Business Plans and Budgets and Ability to Monitor Expenditure in Line with Budgets

IMTA's business planning and budgeting, which continue to conform to Mexican Federal Government requirements, meet the criterion. It has provided credible information on the solvency of the entity. The SIAD ERP system permits monitoring of budget implementation at entity and project level. Its performance planning and measurement has been subject to ASF audit for which recommendations for improvement have been assessed by ASF as either addressed or being implemented.

Requisite Institutional Capacity

Procurement

IMTA's procurement system, documented in its own policies and procedures, continues to follow the Mexican Federal Government's laws and policies. A major international financial institution's current country strategy for Mexico notes that "Mexico's public procurement and financial administration and control systems are sound, allowing the Bank to rely on the public procurement subsystems to supervise its operations". Another 2015 international agency review of Mexico's public procurement system is positive although it makes recommendations to further strengthen controls against bid rigging. The IMTA procurement system is subject to regular review from the OIC and a recent procure-to-pay cycle audit was positive albeit with various recommendations for better compliance. Procurement protest guidance and mechanisms are established Government-wide through the Ministry of Public Administration and cases are tracked. Controls to avoid procurement with sanctioned entities, including those on AML-CFT sanctions lists, are also managed on a Government-wide basis, through a procurement management and information system called COMPRANET.

Project cycle management (overview)

IMTA has project management procedures covering the full project cycle, for both internal and contracted projects, which have most recently been updated effective January 2019. These are integrated with IMTA's ISO Quality Management System and the SIAD ERP system. These are supplemented with the Rules and administrative procedures of the Scientific and Technology Development Research Fund managed by IMTA, which include elements of the project cycle. In the absence of implementation of an AF project since initial accreditation, the review re-assessed

IMTA's continuing capacity across the AF's project cycle management criteria with reference to other projects implemented by IMTA.

Project Preparation and Appraisal including impact (environment, socio- economic, political, gender etc.) assessment study with risk assessment and mitigation plans

IMTA provided examples of its continued capability in identifying and preparing both internal and externally commissioned projects. It has developed methodologies to consider various impacts expected by the AF, and guidelines for identifying and evaluating proposals for, and preparing, climate change adaptation projects. Its methodologies recognize that beyond economic and financial factors, analysis should consider impacts on sustainability, natural resources, ecosystem conservation and biological diversity, vulnerable populations, community participation, etc. It has also developed methodologies for gender mainstreaming and has provided an example of its implementation.

IMTA presents its experience in operating the Fondo de Investigación Científica y Desarrollo Tecnológico (Scientific and Technology Development Research Fund). Under the rules of the Fund, IMTA manages both competitive grants and direct grants and the rules set out a process and criteria for appraising project proposals seeking Fund financing. IMTA provided documentation of assessments of various project proposals.

The Institute is a national center of expertise on analyzing risks and has developed methodologies to consider technical, financial, economic, social, environmental, gender and legal aspects in its sectors, as illustrated in various IMTA research products. It provided examples of completed project templates which analyze a range of impacts tailored to the particular types of projects in question, and presentations / impact assessments for large-scale projects. While each dealt with a subset of aspects, they collectively cover the full range of areas expected by the AF. The applicant's earlier procedural documentation focused on risk management during project implementation and in a late 2018 update this was expanded to also cover risk assessment at the planning phase.

Project Implementation Planning and Quality-at-entry Review

The Quality Management System that IMTA has put in place and the rules of the Scientific and Technology Development Research Fund establish a sound system for internal assessment of project planning before approval and for monitoring projects, including any delays to planned schedules, during their implementation. IMTA also demonstrated that it has experience in developing project budgets and has the systems in place to monitor budget execution at project level.

Project Monitoring and Evaluation During Implementation

IMTA demonstrated that it has maintained an M&E system across its project portfolio and is monitoring projects for delays in implementation. A project-at-risk approach has been integrated into the IMTA Quality Management System through the Project Management Procedures. The

SIAD ERP system supports this by reporting on the physical progress of projects, and the percentage of delay from plan, which enables IMTA management to identify and follow up on lagging projects. The SIAD system also supports the production of project accounts and IMTA provided examples of audited project accounts in cases where this was required by project funders.

Project Closure and Final Evaluation

Example of final reports provided illustrate the substantial capacity of IMTA to evaluate, at project closure, in different ways the technical, financial, economic, social, environmental, gender and legal impacts. Evaluations are carried out by independent experts commissioned through the relevant Technical Department or the Director-General. The results and recommendations are reviewed and lessons incorporated by the Technical Departments under the oversight of the Director-General's Office. The multiple documents provided in relation to other project cycle criteria confirm that IMTA has the capacity/competence, supporting systems (SIAD) and procedures to execute or oversee execution of a significant portfolio of projects or programs. An example of a project involving significant infrastructure works demonstrated its capacity beyond research and training. Projects funded by the Scientific and Technology Development Research Fund may be subject to evaluation using the national Methodology for the Evaluation of the Impact of Science and Technology, though in practice these projects are too small to require this. IMTA demonstrated its evaluation capacity with an example for a large commissioned project.

Transparency, self-investigative powers, and anti-corruption measures

Policies and Framework for Dealing with Financial Mismanagement and Other Forms of Malpractices

The policies and mechanisms of the National Anti-Corruption System of the Mexican Federal Government sufficiently establish that violations of anti-fraud and corruption laws and policies by officials or third parties in relationship with the Government will have consequences. IMTA has published a "zero tolerance" statement by the Director General on its public website. This covers IMTA officials and third parties.

IMTA is subject to Mexican Government requirements for anti-corruption, ethical conduct, financial transparency, complaints and whistleblower policy and protection. Both general Government and IMTA policies have been strengthened since the initial accreditation as part of the Government's anti-corruption efforts. In accordance with Federal requirements, IMTA has its own code of conduct, ethics committee, and complaint mechanisms and protocols. Anonymous fraud reporting is available centrally under the Ministry of Public Administration and the Government has strengthened whistle blower protection. With regard to AML-CFT measures, IMTA and its financial institution are subject to national laws and systems. Mexico is a long-standing member of the Financial Action Task Force (FATF), has been subject to regular mutual evaluations and has been continuously improving its national systems for compliance with FATF Recommendations.

The IMTA Internal Control Unit (OIC) carries out investigations of allegations of fraud and corruption, in accordance with standards issued by SFP. From July 2017, investigation capacity

via the Internal Control Units has been supplemented with that of the Supreme Audit Institution (ASF) for cases of “grave misconduct”. The Unit advised that since 2012 only one complaint was received resulting in sanctions of the officials involved. The IMTA Ethics Committee investigates other allegations of breaches of the Code of Ethics and it reports complaints reviewed in its annual report which is published on the IMTA website.

With regard to AML-CFT investigations, responsibility lies with the Financial Intelligence Unit (UIF) in the Ministry of Finance and Public Credit, based on mandatory reports from financial and other institutions covered under AML-CFT laws, and a special prosecutor in the Attorney General’s Department. The 2018 Financial Action Task Force review noted that the UIF functions well and is producing good financial intelligence, accessed on a regular basis by the relevant authorities. It made recommendations to strengthen the prosecution of cases.

Commitment by the entity to apply the Fund’s Environmental and Social (E&S) Policy and Gender Policy

The applicant has strengthened its alignment with this criterion since the initial accreditation. IMTA has confirmed its commitment with regard to AF E&S and Gender policies while at the same time adhering to relevant Mexican laws and policies on environmental protection and integrating gender perspectives in its work, with environmental aspects being more developed. The applicant has incorporated environmental and social aspects into its internal guidelines for identifying and evaluating climate change adaptation projects. It also adopted in December 2016 an Environmental and Social Policy of IMTA as an AF National Implementing Agency and has published this on the IMTA part of the government website. It has demonstrated implementation capacity through in-house expertise and the development of methodologies for managing environmental, social and gender risks and gender mainstreaming and provided examples of how these have been applied in particular projects.

Mechanism to Deal with complaints on Environmental and Social Harms and Gender Harms Caused by Projects/Programs

The IMTA OIC web page complaint format is general enough to accommodate all kinds of complaints and there is a Government-wide complaint lodgment and review mechanism for environmental harms. This has now been supplemented by an AF safeguards complaint policy, posted on IMTA’s website, that will assist third parties in raising E&S or gender concerns and explain how such concerns would be dealt with. IMTA advised that where complaints could not be resolved at project or institutional level, they would be handled in conjunction with the requirements of Mexican government-wide recourse mechanisms. These mechanisms are most developed in relation to environmental harms. With regard to environmental and social

safeguards, the Office of the Federal Prosecutor for Environmental Protection in SEMARNAT is authorized to prosecute any complaint made in breach of Mexican environmental legislation. No central statistics are kept of past complaints of this nature or how they were resolved but the new complaints policy provides for this to be done. Posting information on the policy and complaint mechanism information on the IMTA part of the government website is pending but expected shortly.

CONCLUSION

The Accreditation Panel concludes that the Mexican Institute of Water Technology (IMTA) has continued to comply with the AF's fiduciary standards, complies with the AF's environment and social policy and gender policy, and has demonstrated satisfactory performance regarding quality at entry and project/programme implementation. It therefore recommends that IMTA be reaccredited as the National Implementing Entity of the Adaptation Fund for Mexico.

ANNEX II: REGULAR REACCREDITATION APPLICATION FORM

REGULAR REACCREDITATION APPLICATION FORM

Please fill out all of the background and contact information contained in Section I.

For Sections II-IV, provide a description of how the organization meets the specific required capabilities and attach supporting documentation. Examples of the types of supporting documentation that would provide evidence of meeting the Fund's fiduciary and management standards are included at the end of each of these sections.



SECTION I: Background/Contact

Nominated Entity (if NIE):
Invited Entity (if MIE):
Address:
Country:
Postal Code:
Telephone:
Fax:
Web Address:
Contact Person:
Telephone:
Email:
Useful Background: If there is other relevant information that provides recent background of the applicant please upload (e.g. recent donor reviews of the Entity):

SECTION II: Financial Management and Integrity

■ Specific Capability Required

- a) Legal status to contract with Adaptation Fund Board
- b) Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization;
- c) Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;
- d) Produce forward-looking financial plans and budgets

	Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
1	Legal Status	a) Demonstration of necessary legal personality	Documentation of legal status and mandate (e.g., a copy of articles of incorporation, by-laws, Act, Regulation, and/or Law or any other relevant document, law establishing the government entity or ministry).
		b) Demonstration of legal capacity/authority and the ability to directly receive funds	<ul style="list-style-type: none"> i. Highlight or provide reference to documents provided under 1 above which indicates point 1.b); ii. List of foreign loan/donor funds handled over the last 2 years.
		c) Demonstration of legal authority to enter into contracts or agreement with international organizations	<ul style="list-style-type: none"> i. Highlight or provide reference to documents provided under 1 above which indicates point 1.c); ii. A copy of agreements or contracts with international organizations signed by the head or the person of authority of the entity.
		d) Demonstration of legal capacity to serve as a plaintiff or defendant in a Court of law	Highlight or provide reference to documents provided under 1 above which indicates point 1.d).
2	Financial statements including Project Accounts statement and the provisions for Internal and External Audits	a) Production of reliable audited financial statements that are prepared in accordance with internationally recognized accounting and auditing standards	<ul style="list-style-type: none"> i. Audited Annual Financial Statements (AFS) including the external audit opinion thereon of the latest completed financial year; ii. Management Letter by the external auditors on matters of internal control together with response from Management-related to the AFS audits provided in (i) above and ii.

	Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
		b) Demonstration of existence of accounting procedures (including the use of accounting packages).	i. Only the changes that occurred in the accounting system or software and in the accounting manual that were submitted during accreditation.
		c) Demonstration of functionally independent internal auditing in accordance with internationally recognized standards	i. Only the changes in the documents like the charter, TOR, but would be good if already in the Entity's website. ii. Latest internal audit reports to the oversight committee/Board iii. implementation of the latest risk based annual plan because with this one document we have more information.
		d) Demonstration of a functioning oversight body (e.g. Audit Committee) that properly oversees the assurance functions of the Entity (i.e. external and internal audit, and internal control)	i. Only if there is change in their TOR that was submitted at the time of accreditation. ii. Latest audit committee minutes (at least 2) or the latest Committee report to the governing body.
3	Internal Control Framework with particular reference to control over disbursements and payments	a) Demonstration of use of a control framework that is documented with clearly defined roles for management, internal auditors, and the governing body	i. Only the changes since accreditation.
		b) Demonstration of proven payment/disbursement systems	i. – iv. Only if there are changes since accreditation, v. If there are actual cases of AML/CFT discovered, then an assessment on how this case or cases were addressed or copy of the external/internal audit report where the cases are reported.

	Required competency	Specific capability required	Example of supporting documentation to be provided <i>(please highlight the relevant section/s)</i>
4	Preparation of Business Plans and Budgets and ability to monitor expenditure in line with budgets	a) Production of long-term business plans/ financial projections demonstrating financial solvency	<ul style="list-style-type: none"> i. The new business plan after 5 years. ii. Budget performance reports
		b) Evidence of preparation of corporate, departmental/ ministry budgets and demonstration of ability to spend against budgets	<ul style="list-style-type: none"> i. Annual budgets for the organization and entities within it; ii. Reports that indicate budget versus expenditure is being monitored.

SECTION III: Requisite Institutional Capacity

Specific Capability Required

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



	Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
5	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 - only changes to the policies and procedures that were submitted at the time of accreditation; ii. and iii. Bodies overseeing procurement procedures – only if there are changes in the TOR of the committees involved (Technical evaluators, Financial Evaluators, Procurement Committee) but would need the last copies (2) of minutes of their meetings; iv. this refers to the procurement processes of executing agencies (if the accredited entity is not the one executing the project) so what documentation do we really want to see? Monitoring reports by the entity? v. no change except when result of such audit is already in the submitted audited financial statement or internal audit report so as not to duplicate efforts.
6	Project preparation and appraisal. This should include impact (environment, socio-economic, political, gender etc.) assessment study with risk assessment and mitigation plans	a) Demonstration of capability and experience in identification and design of projects (preferably adaptation projects)	Detailed project plan documents for 2 projects.

	Required competency	Specific capability required	Example of supporting documentation to be provided (please highlight the relevant section/s)
		b) Demonstration of availability of/ access to resources and track record of conducting appraisal activities	<ul style="list-style-type: none"> i. Details of the project appraisal process/procedure; ii. 2 samples of project appraisals undertaken.
		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	Sample of project documents which demonstrate these capabilities.
		d) Evidence procedures/framework in place to undertake risk assessment and integrate mitigation strategies/plans into the project document	<ul style="list-style-type: none"> 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.
7	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> i. Examples of project budgets; ii. Analysis of project expenditure vs budget over time for these projects.
8	Project Monitoring and Evaluation during implementation	a) Demonstration of existing capacities for monitoring and - evaluation that are consistent with the requirements of the Adaptation Fund	<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.

	Required competency	Specific capability required	Example of supporting documentation to be provided <i>(please highlight the relevant section/s)</i>
		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	<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.
		c) Production of detailed project accounts which are externally audited	<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.
9	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.

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

■ Specific Capability Required

a) Competence to deal with financial mismanagement and other forms of malpractice

	Required competency	Specific capability required	Example of supporting documentation to be provided (<i>please highlight the relevant section/s</i>)
10	Policies and Framework to deal with financial mismanagement and other forms of malpractices	a) Evidence/tone/statement from the top emphasising a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by implementing entity staff or from any external sources associated directly or indirectly with the projects	Provide evidence of a statement communicating a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice.
		b) Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice	<ul style="list-style-type: none"> i. Provide copy of documented code of conduct/ethics applicable to the staff; ii. Documentation (including, if available, web link/s) establishing avenues for reporting non-compliance/violation/misconduct and business conduct concerns; iii. Details of policies and procedures relating to managing conflict of interest and whistle blower protection.

		<p>c) Evidence of an objective investigation function for allegations of fraud and corruption</p>	<ol style="list-style-type: none"> I. Details of the structure and process/ procedures within the organization to handle cases of fraud and mismanagement, including breaches of anti-money laundering and anti-terrorism financing laws, and undertake necessary investigative activities; II. Policies and procedures related to non compliance of AML/CFT policies and procedures; III. Data on cases of violation of code of conduct/ethics, frauds and other financial malpractice reported over last 2 years be provided in terms of number of cases, types of violations and summary of status/action taken; IV. Periodical oversight reports of the ethics function/ committee be attached for the last 2 years.
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	Required competency	Specific capability required	Example of supporting documentation to be provided <i>(please highlight the relevant section/s)</i>
11	Commitment by the entity to apply the Fund's environmental and social and gender policy	Evidence of entity's commitment to addressing environmental and social and gender risks	Statement from top management communicating entity's commitment to abide by the AF's environmental and social and gender policy.
12	Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs	Documentation of an accessible, transparent, fair and effective mechanism (either within the entity itself, local, national or project-specific) for receiving complaints about environmental and social harms caused by projects/programmes	<ul style="list-style-type: none"> i. Details of process/avenues (including, if available, web link/s) for the public to submit complaints, including name and contact information of the specific person/office responsible for receiving complaints. ii. Evidence on the manner in which complaints are addressed and action is taken.