



ADAPTATION FUND

26 June 2020

Adaptation Fund Board

Accreditation Panel Recommendation on the Fast Track Accreditation of the Food and Agriculture Organization (FAO) as a Multilateral Implementing Entity (MIE) of the Adaptation Fund

Having reviewed the fast-track accreditation application of the Food and Agriculture Organization (FAO), the Accreditation Panel recommended that FAO be accredited as a Multilateral Implementing Entity (MIE) of the Adaptation Fund.

A summary of the review is presented in Annex I below.

Accreditation Decision:

Having considered the recommendation of the Accreditation Panel and following the fast-track accreditation process approved by Decisions B.32/1, the Adaptation Fund Board decided to accredit ***the Food and Agriculture Organization (FAO)*** as a Multilateral Implementing Entity (MIE) of the Adaptation Fund for five years, as per paragraph 38 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund. The accreditation expiration date is 25 June 2025.

Decision B.35.a-35.b/34

ANNEX I: REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO) FOR FAST TRACK ACCREDITATION AS A MULTILATERAL IMPLEMENTING ENTITY (MIE) OF THE ADAPTATION FUND.

THE APPLICANT

The Food and Agriculture Organization (FAO) is a specialized agency of the United Nations having three global goals of eradication of hunger, food insecurity and malnutrition; elimination of poverty that will drive forward economic and social progress for all; and sustainable management and utilization of natural resources for the benefit of present and future generations.

FAO has 194 Member States, 1 Member Organization and 2 Associated Members and with a governance structure at the apex of which is **the Conference of the Organization (the Conference)** comprising all members and responsible for determining the policy and approval of the budget of the Organization and exercise other powers conferred upon it by its Constitution. A **Council and its Committees** deals with world food and agriculture situation and related matters; current and prospective activities of the Organization, including its Strategic Framework, Medium Term Plan and Programme of Work and Budget; administrative and financial management of the Organization; constitutional and other general concerns. The **Director-General** heads the Secretariat, is appointed by the Conference, and in turn appoints the Staff and establishes the regional and sub-regional offices overseeing the work of the Organization in 130 countries.

Additionally, as a specialized agency, it also reports to the General Assembly through the Economic and Social Council (ECOSOC) of the United Nations. ECOSOC may coordinate the activities of the specialized agencies of the UN through consultation with and recommendations from such agencies and through recommendations to the General Assembly and to the members of the United Nations.

FAO's overall programme of work and budget for 2018-2019 was projected at US \$2.6 billion, of which US \$1.0 billion is for the regular budget funded from assessed contributions by member states and US \$1.6 billion extra-budgetary funded from voluntary contributions by Members and other partners support technical and emergency (including rehabilitation) assistance to governments. At the end of the biennium, US \$3.6 million of the regular budget was unspent which was authorized by the Conference to be available for one time use in the ensuing biennium by the new Director-General. The budget for the new biennium 2020-21 is US \$2.9 billion, of which just over US \$1.0 billion and about US \$1.9 billion will be funded from assessed and voluntary contributions, respectively.

FAO has long been engaged on the climate change agenda at the policy and practice levels due to the nature of its work. It was accredited as an executing agency by the Global Environment Facility (GEF) in 2002 and as an international implementing entity by the Green Climate Fund in 2016. Upon completion of the Accreditation Master Agreement in

June 2018, FAO started to have projects financed and/or co-financed by GCF in Paraguay, El Salvador, Pakistan, Kyrgyzstan, Nepal, Chile and Cuba.

ASSESSMENT FOR FAST-TRACK ACCREDITATION

The assessment of FAO's application for accreditation by the Adaptation Fund is the first implementation of the Board's approval of a **Fast Track Accreditation (FTA)** process for potential national, regional, and multilateral implementing entities that had been accredited by the Green Climate Fund (GCF) pursuant to EB Decisions B.32/1 dated 12 October 2018. It also includes an assessment of the Fund's Accreditation Standards Related to Anti-Money-Laundering/Countering the Financing of Terrorism pursuant to Board Decision B.32/36. The assessment therefore focused on the following criteria:

❖ The Fiduciary Standard related to the legal status

The Panel took note that FAO has the necessary legal personality; legal authority to enter into contracts or agreements with national and international organizations and other parties; and legal capacity to serve as a plaintiff or defendant in a court of law as set out in its Constitution. The Organization's legal capacity and authority to directly receive funds from member states, donors and other partner are provided in the FAO financial regulations.

❖ Policies and Framework to deal with financial mismanagement and other forms of malpractice

FAO's zero tolerance on fraud, financial mismanagement and other forms of malpractice is embedded in its Policy Against Fraud and Other Corrupt Practices that applies to all staff and other parties conducting business with the Organization. It applies to all activities and operations of the Organization, whether funded from regular programme or extra-budgetary funds. The policy mandates that its resources are used solely for their intended purposes, that all operations are free from fraud and other corrupt practices, and to being held accountable to donors and beneficiaries for the implementation of its programmes. FAO's policy is aligned with the principles contained in the United Nations Convention against Corruption¹ and the United Nations Convention against Transnational Organized Crime² based on the UN General Assembly Resolution 55/25 dated 15 November 2000.

FAO adopts the ICSC Standards of Conduct for International Civil Service and these are part of the terms and conditions of all employment contracts issued to all FAO personnel regardless of contract type or funding of their posts. It has an established track record applying a Whistleblower Protection Policy and also Sanctions Procedures ("the Procedures") with respect to third parties engaged in business relationships with the Organization. When screening suppliers, FAO uses the UN Global Market which is a web portal/platform for suppliers to enter into contract and work with UN organizations.

¹ <https://www.unodc.org/unodc/en/treaties/CAC/>

² <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html#GA>

Sanctions against suppliers that do not conform to procurement policies and procedures or renege in their contracts are published in this portal.

The investigation function is robust with the appropriate policies, procedures and guidelines that are in conformity with international professional standards. The Office of the Inspector General (OIG) provides oversight over the programmes and operations of the Organization through internal audit and investigation. The Investigation Section of OIG has 6 professional investigators and two office assistants and is augmented with consultants, when necessary. OIG's mandate as set out in its charter includes having the independence to receive and investigate any allegations of: misconduct, fraud and other corrupt practices; improper use of the Organizations' resources by FAO personnel, or other activity in breach of the Organization's regulations, rules, policies or procedures; retaliation against FAO personnel who report wrongdoing or cooperate with an OIG audit or investigation; all forms of harassment; and sexual exploitation and abuse of authority; and the handling of grievances about environmental and social and gender harms caused by projects .

In its work, OIG uses the Revised Guidelines for Internal Administrative Investigation by the Office of the Inspector-General which are consistent with the principles laid out in the internationally accepted Uniform Guidelines for Investigations endorsed by the investigative offices of international organizations and multilateral financial institutions. The OIG has in its website an accessible and clear process and tools for reporting any allegations or concerns and employs a triage process to prioritize cases to be investigated and a case load management system.

OIG prepares and submits a comprehensive annual report to the FAO Finance Committee and the Audit Committee which also includes the Director-General's comments. This report, which is publicly available, includes detailed analysis of the Office' case load; examples of cases completed without identifying the people involved but indicating the nature of the case, the office where the case occurred, the disposition and the action taken by Management, if appropriate; and lessons learned from Investigations subject to their disclosure policy.

Although FAO has no specific policies on anti-money laundering (AML) and countering the financing of terrorism (CFT), they adopt mitigating practices with regards to disbursements through their vendor management using the "Know Your Customer" (KYC) and the Vendor Banking system. The Organization refers to the Financial Action Task Force (FATF) and the Law Enforcement, Organized Crime and Anti-Money-Laundering Unit (LEOCAMLU) of UNODC, when vetting suppliers and when dealing with preventive measures, international cooperation, technical assistance and information exchange relating to AML and CFT. Its Resource Mobilization Strategy includes oversight measures when pursuing more diversified funding from all sources and new international partners and countries.

The OIG coordinates with other oversight bodies in FAO, the Rome based organizations, the UN System and with other international organizations to maximize their oversight coverage and harmonization through coordination and collaboration and sharing of lessons learned. In early 2019, OIG had an independent external team assess the Investigation unit of the OIG,

which confirmed its compliance with the Uniform Principles and Guidelines of the Conference of International Investigators, the OIG Charter and other applicable FAO regulations, rules and policies.

Based on these policies, guidelines, and practices that are in place and are being implemented, the Panel believes that FAO complies fully with the required policies and framework to deal with financial mismanagement and other forms of malpractice.

❖ **Commitment by the entity to apply the Fund's Environmental and Social and Gender Policy**

The top Management of FAO provided policies, standards, plans, guidelines, and letters that confirm the Organization's full compliance with the Fund's requirements (related to capacity, commitment, complaint mechanisms) and affirm its alignment with the environmental and social standards and the principles of the gender policy of the Fund. The Organization has comprehensive environmental and social and gender policies, guidelines, standards and tools that are substantially in line with the Adaptation Fund's policies and principles.

These are in place and are being implemented in the context of food security and nutrition, agriculture and natural resources, and rural poverty in both their development and humanitarian work. These are as follows:

Environmental and Social Management Guidelines (ESMG) provides for mandatory requirements for managing environmental and social performance of FAO field program, projects, and sub-projects and provide guidelines for FAO headquarters and decentralized offices for the management of environmental and social risks in its strategies, policies and field projects.

Operational Guidelines for Stakeholder Engagement (OGSE) guides Project Task Forces and in particular project formulators/budget holders and lead technical officers on how to comply with stakeholder engagement requirements throughout FAO's project cycle.

The Environmental and Social Management Framework (ESMF) guides the implementing agencies including FAO and any subcontracted entities to adequately screen and address environmental and social impacts of sub-activities, thereby determining the appropriate environmental and social risk category. The ESMF sets out the obligations of the executing entity (EE) and host country in identifying and addressing environmental and social risks and impacts that may require particular attention.

Policy on Gender Equality establishes minimum standards that holds all projects accountable for integrating gender as per the project cycle guidelines. This is embedded in various stages of the project cycle: by assigning a gender marker at formulation stage; meeting social sustainability criteria during implementation; and requirements for reporting and evaluation.

Gender and Rural Advisory Services Assessment Tool (GRAST) an easy-to-use tool and methodology that helps organizations carry out an in-depth analysis of the gender sensitivity of their RAS programmes at policy, organizational and individual levels.

The UN-System-wide Action Plan on Gender Equality and the Empowerment of Women (UN SWAP) FAO is an active participant of the UN-System-wide action plan on Gender Equality and Empowerment of Women (UN SWAP) and in addressing violence against women of affected populations and FAO personnel and consultants as well as in the prevention of harassment, sexual harassment and abuse of authority. In the 2018 comparative performance by entity type in the UN SWAP, FAO's aggregate performance in "meets/exceeds" requirements ratings was 88% outperforming the average performance of the UN system and the specialized agencies of 57% and 54%, respectively.

Guidelines for the Assessment of Gender Mainstreaming issued by FAO's Office of Evaluation (OED) provide its evaluators and staff with step-by-step guidance on how the OED conducts gender assessment in different types of evaluations.

Prevention of Gender-Based Violence (GBV) and Sexual Exploitation and Abuse (SEA). FAO seeks to promote gender equality and reduce discrimination against women through various activities that also support the elimination of violence against women and are focused on the reinforcement of food security and the economic rights of women. FAO developed and issued guides to equip FAO and partner staff with information on gender based violence relevant to their work and provide practical guidance on how to design and deliver food security and nutrition programmes in ways that prevent and mitigate GBV and contribute to the protection of survivors and those at risk.

FAO Guidance Note on Accountability to Affected Populations (AAP) is a people-centered approach, sensitive to the dignity of all human beings, the varying needs of different segments within a community, and the importance of ensuring that women, men, girls and boys can equally access and benefit from assistance.

Collaboration with the European Commission on Gender Equality. FAO, the Directorate for International Cooperation and Development (DEVCO) of the European Commission and other partners have been producing policy guidance notes in the frame of their strategic partnerships to support policy makers address the food security and nutrition situation in their country. Each note provides guidance on how to sharpen the focus of sector policies in order to achieve sustainable food security and nutrition (FSN) outcomes.

The Panel concluded that FAO is committed to apply and align itself with the Fund's environmental and social and gender policies and is well equipped with the appropriate policies, guidelines and standards and the capacity to implement these; has the necessary staffing and organization structures in place; and has provided sufficient evidences of a good track record in their existing projects in both their development and humanitarian operations

❖ **Mechanisms to address complaints on environmental and social harms and gender harms caused by projects/programs**

FAO has in place a robust grievance mechanisms for dealing with complaints about environmental and social and gender harms caused by projects which is set out in a Bulletin issued by the Director-General. Appropriate policies, standards, and guidelines are published and are being implemented; responsibilities of offices and staff dealing with such grievances are well defined, a system of filing of complaints is well explained and is publicly accessible; and a system of monitoring and reporting of cases is used.

Guidelines for Compliance Reviews Following Complaints Related to the Organization's Environmental and Social Standards

To ensure that beneficiaries of FAO programmes have access to an effective and timely mechanisms for addressing their concerns about non-compliance with their ESS, the Office of the Inspector-General has the mandate to independently review the complaints that cannot be resolved at the programme management level. The OIG use these Guidelines when reviewing alleged non-compliance with FAO's environmental and social policy and standards.

FAO's policy is that grievances need to be addressed as close as possible at the source of the problem e.g. at a project location or in a FAO country office, for example the non-judicial grievance mechanism for land disputes. Escalation of a grievance to the Regional Office or to HQ (OIG) should only be necessary in exceptional cases where handling and resolution have proven not possible at project/FAO Representation level.

The OIG reviews non-compliance with FAO's environmental and social standards follow similar process on investigation of fraud and malpractices. Allegations of non-compliance are evaluated to determine if they relate to projects associated with the Organization. In those cases where a connection with the Organization is found, a public comment period is opened, after which OIG launches an inspection to evaluate the situation in the field. A report is then prepared and submitted to the Director-General for consideration and decision.³ Since the issuance of the ESS, a complaint in 2019 which received and assessed by the OIG as not admissible based on the grievance requirements and was referred to the relevant office for review.

Protection from Sexual Exploitation and Abuse (SEA) in the UN System

FAO has not only implemented the relevant policies, procedures and measures in addressing violence against women of affected populations but also made these applicable to all personnel and other parties conducting business with the Organization. FAO has been actively involved and committed in the prevention of harassment, sexual harassment and abuse of authority in the UN system.

³ <http://www.fao.org/aud/47413-047fc8a89bcf96c692c29f6c2176d98fe.pdf>

Taking into account all these guidelines and the working arrangements for the handling of complaints on environmental and social harms and gender harms caused by projects/programs, the Panel concluded that FAO has successfully put in place the appropriate mechanisms in handling the relevant grievances.

CONCLUSION AND RECOMMENDATION

The Accreditation Panel concludes that the Food and Agricultural Organization of the United Nations meets the criteria for fast-track accreditation of the Adaptation Fund. The Organization demonstrated full compliance with the fiduciary standard related to legal status; the appropriate policies and framework for deal with fraud, financial mismanagement and other forms of malpractice including those relating to anti-money laundering and countering the financing of terrorism; commitment to apply the environmental and social and gender policies of the Fund; and the applicable grievance mechanisms to deal with complaints on environmental and social and gender harms that projects may cause. FAO is recommended for fast-track accreditation by the Adaptation Fund Board.